

CASE STUDY: Bad faith registrarion



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✓ Background

A Spanish medium-size company (“XXX”) that operates in the manufacture and distribution of toys sector decided in 2013 to redesign its logo and register it as a new trademark.

The company used to operate in Europe and in Latin America, mainly in Argentina, Colombia and Chile through distribution agreements. They decided to register the new logo as a Community Trademark at a first stage and waiting a few years before registering the trademark in Latin America, since the former logo was registered in Argentina, Colombia and Chile.

The commercial relations between XXX and its distributor in Chile had become strained, and during the renegotiation of the conditions of the distribution agreement its distributor decided to register the new logo on its own behalf, without informing XXX.

Fortunately, the Spanish company hired a trademark monitoring service that detected such application and duly informed them in the moment that the trademark was published on the Chilean’s Trademarks Official Gazette.

⚙ Alternatives

Alternatives:

- + Objecting the registration within in 30 working days on the following grounds:

Likelihood of confusion between its prior trademark and the applied sign, considering that both trademarks were similar.

Requirements: graphical/phonetical similarity + identity or similarity of products/services

And/or

Unauthorised application by an agent,

as stated on art. 6septies Paris Convention, which is directly applicable in Chile, according to Chilean Supreme Court.

Requirements: proof of prior commercial relationship

- + Sending a Cease-and-Desist letter to its distributor, claiming the withdrawal of the application.

The company decided to send first the C&D Letter and warned of the possible legal actions to be taken in the absence of satisfactory reply (formal objection to the trademark application).

📊 Outcome

The distributor withdrew the application and some months latter XXX applied for the registration of the trademark in Chile.

📖 Lessons learned

It is advisable to hire a trademark monitoring service at least in those markets where your company has strong interest or presence.

Intellectual Property can be used as a weapon during commercial disputes.

Non-contentious approaches can be very effective in certain scenarios and are cheaper than litigation or IP prosecution.

To prevent your distributor/agent/representative to register for one of your trademarks without your authorization, you should furnish evidences of your previous commercial relationship.