

**DECISION
of the Fourth Board of Appeal
of 16 August 2023**

In case R 2391/2022-4

Kinglong Protective Products (Hubei) Co., Ltd

1508, Building 5, Fanhai Soho, Huaihai Road,
Jiangnan District
430 000 Wuhan
China

EUTM Proprietor / Appellant

represented by Anna Fiłonowicz, Narbutta 27 app.14, 02-536 Warszawa, Poland

v

Grupa Topex Sp. z o.o. Sp. k.

ul. Pograniczna 2/4
02-285 Warszawa
Poland

Cancellation Applicant / Defendant

represented by Kancelaria Patentowa Aleksandra Marcińska, ul. J. Słowackiego 5/149,
01-592 Warszawa, Poland

APPEAL relating to Cancellation Proceedings No 50 212 C (European Union trade mark registration No 17 575 754)

THE FOURTH BOARD OF APPEAL

composed of N. Korjus (Chairperson), A. Kralik (Rapporteur) and C. Govers (Member)

Registrar: H. Dijkema

gives the following

Decision

Summary of the facts

- 1 By an application filed on 10 December 2017, KINGLONG PROTECTIVE PRODUCTS (HUBEI) CO., LTD previously known as Wuhan Kinglong Protective Products Co. Ltd ('the EUTM proprietor') sought to register the mark

NEO SAFETY

for the following list of goods:

Class 25: Tee-shirts; vests; parkas; topcoats; shirts; jackets [clothing]; smocks; pyjamas; skirts; trousers; cyclists' clothing; headgear for wear; dresses; coats; sweaters; suits; outerclothing; knitwear [clothing]; uniforms; ready-made clothing.

- 2 The application was published on 18 January 2018 and the mark was registered on 26 April 2018.
- 3 On 12 June 2021, Grupa Topex Sp. z o.o. Sp. K ('the cancellation applicant') filed a request for a declaration of invalidity of the registered mark for all the above goods.
- 4 The grounds of the request for a declaration of invalidity were those laid down in Articles 59(1)(b), Article 60(1)(a), (b) and (c) in conjunction with Articles 8(1)(b), 8(3), 8(4) and 8(5) EUTMR.
- 5 The request for a declaration of invalidity was based on following earlier rights:
 - EUTM registration No 10 262 111 for the word mark

neo tools

filed on 13 September 2011 and registered on 1 March 2012 and duly renewed until 13 September 2031 for the following goods and services:

Class 9: Scientific, nautical, surveying, optical, weighing, measuring, signalling, checking (supervision), life-saving apparatus and instruments, apparatus and instruments for conducting, transforming, accumulating, regulating or controlling electricity; fire-extinguishing apparatus; Accumulators, electric, accumulators, electric, for vehicles, acidimeters for batteries, alarms, sound alarms, fire alarms, acoustic (sound) alarms, alarm bells, electric, theft prevention installations, electric, electric locks, batteries for lighting, batteries for pocket lamps, batteries, electric, battery chargers, detectors, metal detectors for industrial and army use, smoke detectors, light dimmers (regulators), electric, distance measuring apparatus, flat irons, electric, calipers, lasers, not for medical purposes, levelling instruments, levelling staffs (surveying instruments), surveyors' levels (spirit levels), instruments for determining the horizontal, measures, measuring instruments, measuring instruments for special purposes, slide calipers, rulers (measuring instruments), rulers (measuring instruments), micrometer screws for optical instruments,

micrometers, scales, precision balances, precision measuring apparatus, roll-up measuring tapes (short), folding rules, measuring tapes, masonry levels, spirit levels, laser levels, manometers, probes, slope indicators, temperature indicators, pressure gauges, automatic indicators of low pressure in vehicle tyres, pressure indicator plugs for valves, pressure indicators, pressure measuring apparatus, binoculars, monoculars, prisms (optics), protection devices for personal use against accidents, protective clothing, life-saving clothing, health and safety articles, safety helmets, protective masks, workmen's protective face-shields, gloves for protection against accidents, filters for respiratory masks, goggles, hearing protectors, masks, helmets, welding shields and goggles, gloves for protection against radiation, gloves for divers, solderers' helmets, plugs and other contacts (electric connections), welding apparatus, electric, soldering apparatus, electric, soldering irons, electric, voltmeters, electric charge welding apparatus, welding electrodes, connections for wires and electric lines, application start-up platform, computer software enabling Internet and P2P connections via a computer network; electronic publications, electronic notice boards.

Class 35: Wholesale, retail and internet sale of metal goods, rubber goods, plastic goods, chemicals, automotive goods, construction, industrial, heating, lighting, refrigerating, decorative goods, stationery, painting goods, paper goods, industrial design goods, scientific, nautical, surveying, photographic, cinematographic, optical, weighing, measuring, signalling, checking (supervision), life-saving, industrial safety and teaching apparatus and instruments, apparatus and instruments for transforming, accumulating, regulating or controlling electricity, machines and machine tools, tools and electrical tools, fire-extinguishing apparatus, parts and fittings for the aforesaid goods; customer complaint services; business services, including administration in the field of repair and maintenance contracts, call-centre services, including the processing of orders, complaints and enquiries; providing and operating service hotlines for internet users, namely product advice (advertising) and/or order placement, invoice management and/or claims management (e-commerce) via service hotlines; advertising of goods, namely demonstration of the benefits of goods for the purpose of their purchase, conducting of advertising campaigns; management of loyalty programmes, customer incentive programmes and promotion and bonus programmes, online information regarding marketing, loyalty and bonus programmes; organisation of exhibitions and presentations for commercial or advertising purposes, including online via computer networks; organisation of trade fairs, business and advertising fairs; marketing, sales promotion; dissemination of samples and materials for advertising purposes.

- Polish trade mark registration No R 206 151 for the word mark

neo

filed on 1 February 2005 and registered on 16 May 2008 and duly renewed until 1 February 2025 for the following goods:

Class 9: Electric accumulators, fire alarms, alarms, battery chargers, calipers, detectors, metal detectors for industrial or military purposes, smoke detectors, electric light dimmers (regulators), distance-measuring apparatus, electric welding apparatus, electric arc welding apparatus, workmen's protective face-shields, gloves for protection against accidents, lasers, not for medical purposes, levelling

instruments, levels (instruments for determining the horizontal), protective masks, measures, measuring apparatus, electric measuring devices, measuring instruments, meters, micrometer gauges, micrometers, precision balances, pressure gauges, pressure indicators, pressure-measuring apparatus, protection devices for personal use against accidents, protective helmets, protective masks, rules (measuring instruments), scales, welding apparatus, electric, soldering irons, electric, spirit levels, laser levels, temperature indicators, electric theft prevention installations, voltmeters. electric accumulators, fire alarms, alarms, battery chargers, calipers, detectors, metal detectors for industrial or military purposes, smoke detectors, electric light dimmers (regulators), distance-measuring apparatus, electric welding apparatus, electric arc welding apparatus, workmen's protective face-shields, gloves for protection against accidents, lasers, not for medical purposes, levelling instruments, levels (instruments for determining the horizontal), protective masks, measures, measuring apparatus, electric measuring devices, measuring instruments, meters, micrometer gauges, micrometers, precision balances, pressure gauges, pressure indicators, pressure-measuring apparatus, protection devices for personal use against accidents, protective helmets, protective masks, rules (measuring instruments), scales, welding apparatus, electric, soldering irons, electric, spirit levels, laser levels, temperature indicators, electric theft prevention installations, voltmeters.

- EUTM registration No 10 533 438 for the figurative mark



filed on 30 December 2011 and registered on 2 August 2012 and duly renewed until 30 December 2031 for the following goods and services:

Class 9: Scientific, nautical, surveying, optical, weighing, measuring, signalling, checking (supervision), life-saving apparatus and instruments, apparatus and instruments for conducting, transforming, accumulating, regulating or controlling electricity; fire-extinguishing apparatus; Accumulators, electric, accumulators, electric, for vehicles, acidimeters for batteries, alarms, sound alarms, fire alarms, acoustic (sound) alarms, alarm bells, electric, theft prevention installations, electric, electric locks, batteries for lighting, batteries for pocket lamps, batteries, electric, battery chargers, detectors, metal detectors for industrial and army use, smoke detectors, light dimmers (regulators), electric, distance measuring apparatus, flat irons, electric, calipers, lasers, not for medical purposes, levelling instruments, levelling staffs (surveying instruments), surveyors' levels (spirit levels), instruments for determining the horizontal, measures, measuring instruments, measuring instruments for special purposes, slide calipers, rulers (measuring instruments), rulers (measuring instruments), micrometer screws for optical instruments, micrometers, scales, precision balances, precision measuring apparatus, roll-up measuring tapes (short), folding rules, measuring tapes, masonry levels, spirit levels, laser levels, manometers, probes, slope indicators, temperature indicators, pressure

gauges, automatic indicators of low pressure in vehicle tyres, pressure indicator plugs for valves, pressure indicators, pressure measuring apparatus, binoculars, monoculars, prisms (optics), protection devices for personal use against accidents, protective clothing, life-saving clothing, health and safety articles, safety helmets, protective masks, workmen's protective face-shields, gloves for protection against accidents, filters for respiratory masks, goggles, hearing protectors, masks, helmets, welding shields and goggles, gloves for protection against radiation, gloves for divers, solderers' helmets, plugs and other contacts (electric connections), welding apparatus, electric, soldering apparatus, electric, soldering irons, electric, voltmeters, electric charge welding apparatus, welding electrodes, connections for wires and electric lines, application start-up platform, computer software enabling Internet and P2P connections via a computer network; electronic publications, electronic notice board.

Class 35: Wholesale, retail and online sale of metal goods, rubber goods, plastic goods, chemicals, automotive goods, construction, industrial, heating, lighting, refrigerating, decorative goods, stationery, painting goods, paper goods, industrial design goods, scientific, nautical, surveying, photographic, cinematographic, optical, weighing, measuring, signalling, checking (supervision), life-saving, industrial safety and teaching apparatus and instruments, apparatus and instruments for transforming, accumulating, regulating or controlling electricity, machines and machine tools, tools and electrical tools, fire-extinguishing apparatus, parts and fittings for the aforesaid goods; customer complaint services; business services, including administration in the field of repair and maintenance contracts, call-centre services, including the processing of orders, complaints and enquiries; providing and operating service hotlines for internet users, namely product advice (advertising) and/or order placement, invoice management and/or claims management (e-commerce) via service hotlines; advertising of goods - demonstration of goods for the sale thereof, conducting of advertising campaigns; management of loyalty programmes, customer incentive programmes and promotion and bonus programmes, online information regarding marketing, loyalty and bonus programmes; organisation of exhibitions and presentations for commercial or advertising purposes, including online via computer networks; organisation of trade fairs, business and advertising fairs; marketing, sales promotion; direct mail advertising, organisation of exhibitions and trade fairs for commercial or advertising purposes; organisation of games, competitions, lotteries and entertainment events for commercial purposes with the use of press, radio, television and internet advertising and with the use of electronic, magnetic and optical data carriers; cost-price analysis, opinion polling, business research; rental and sale of advertising space and time on mass media, production of advertising broadcasts and films, for radio, television, film and the internet; computer file management, arranging sales via the internet; organisation and management consultancy, whether or not assisted by electronic databases, business management consultancy, business information.

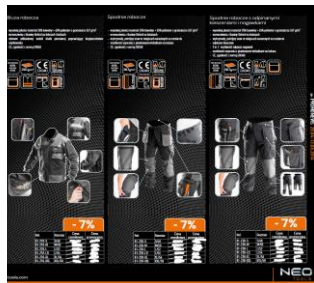
- Non-registered trade mark ‘neo’ and ‘neo tools’.

- 6 By decision of 19 October 2022 ('the contested decision'), the Cancellation Division declared the invalidity of the contested EUTM in its entirety and ordered the EUTM proprietor to bear the costs. It gave, in particular, the following grounds for its decision:

Preliminary arguments

- The application for invalidity was based on several grounds and the examination was first carried out in relation to Article 59(1)(b) EUTMR (bad faith).
- The cancellation applicant states that that it offers more than 500 different types of workwear clothing under the brand 'neo tools' and that it cooperates with 4000 trading partners around the world. It claims that it had been cooperating with the EUTM proprietor since 2012 which was primarily carried out through an intermediary Tanio International Holdings LTD. However from 2017, direct orders were place directly with the EUTM proprietor.
- During their cooperation, the EUTM proprietor had access to all materials related to the cancellation applicant's products (brand name, logo, letters shape, colours, packaging designs and clothing designs). At the end of 2017 the cancellation applicant changed its supplier and terminated the cooperation with the EUTM proprietor.
- Consequently, the EUTM proprietor was well aware of the cancellation applicant's trade mark rights in the signs 'neo' and 'neo tools', as goods marked under at least the 'neo' sign were sold before the filing date of the EUTM and were produced by the EUTM proprietor. Therefore, EUTM proprietor's dishonest intention is clear from the fact that the EUTM was filed to put the cancellation applicant in a position of not being able to sell its clothing within the EU under the 'neo' sign.
- In other words, after ending the cooperation with the cancellation applicant, the EUTM proprietor was aiming to take away the good will, brand and market position gained thanks to the cancellation applicant's effort invested in development of 'neo' branded clothing and to prevent the cancellation applicant from continuing to be on the market. When the cooperation ended between the parties, the EUTM proprietor decided to start new business activities in the same area as the cancellation applicant, i.e. the production and sale of clothes under the brand 'neo safety'.
- The following evidence was submitted by the cancellation applicant in order to prove its business relationship with the EUTM proprietor:
 - Exhibits 51–54: a selection of invoices dated between 27/04/2017 and 08/08/2017 issued by Wuhan Kinglong Protective Products Co., Ltd. to the cancellation applicant: invoice 17055A dated 27/04/2017 for 3393 short pants with code 81-270 and 3189 short pants with code 81-440, for a total amount exceeding 30 000 USD (Exhibit 51); Invoice No 17055B dated 28/04/2017 for 3100 short pants with code 81-330 for a total amount exceeding 15 000 USD (Exhibit 52); Invoice No 17088 dated 07/06/2017 for 3 200 fleece jackets with code 81-500 for a total amount exceeding 10 000 USD (Exhibit 53); Invoice No 17123 dated 08/08/2017 for 8 430 fleece jackets with code 81-500 for a total amount exceeding 35 000 USD (Exhibit 54);

- Exhibit 55: Email correspondence between the cancellation applicant and the EUTM proprietor dated 11/12/2017;
 - Exhibits 56-58: three purchase orders, two dated 19/01/2017 (No KG170101) and one dated 14/02/2017 (No KG170202), issued by the cancellation applicant to the EUTM proprietor;
 - Exhibits 59-63: a selection of purchase orders and (proforma) invoices: two purchase orders dated 03/01/2013 and 24/10/2013; a proforma invoice dated 29/10/2013; invoice No 13091 dated 06/11/2013, invoice No 13098 dated 11/11/2013;
 - Exhibit 64: an authorisation letter issued on 03/06/2013 by the cancellation applicant to Tanio stating that the former is ‘the lawful licensee of the “Topex”, “Neo”, “Verto”, “Graphite” and “Top Tools” trade marks’ and authorising the latter to supply products under the trade mark ‘Topex’ only to the cancellation applicant.
- The following evidence was provided to prove the earlier marks reputation:
- Exhibits 8-9, 24-29, 31, 39-40: a selection of product catalogues, including, inter alia, ‘neo’ branded clothing including a ‘New Products’ Catalogue 2013/2014 (Exhibit 24); ‘Promo News catalogues’ for, inter alia, the periods 28/04/2014-13/06/2014 (Exhibit 25), 15/06/2015-31/07/2015 (Exhibit 29) and 20/09/2017-31/10/2017 (Exhibit 31);



04/2014-06/2014



06/2015-07-2015



09/2017-10/2017

- Exhibits 11-12: Google Analytics results for the cancellation applicant’s neo-tools.com webpage between 03/08/2014-02/09/2015 and 01/01/2017-31/12/2018;
- Exhibit 20: a list of the cancellation applicant’s trade mark applications and registrations for the sign ‘neo’ and signs including the element ‘neo’ (such as



NEO
TOOLS

and),

including Chinese trade mark application No 28 457 229 for ‘NEO TOOLS’ (word mark) filed on 02/01/2018 for goods in Class 25 and European Union




trade mark registration No 17 668 617 for (figurative mark), filed on 07/01/2018 and registered on 10/06/2020 for goods in, inter alia, Class 25;

- Exhibits 32-33: Media plans for TV advertising campaigns in 2016 and 2017 in Poland for ‘neo tools’ branded goods.
- The EUTM proprietor states that companies did ‘neither cooperate nor were familiar of owned trade marks’ and that the cancellation applicant is ‘an unknown company’. It contested that the EUTM would take unfair advantage of or be detrimental to the distinctive character or repute of the earlier marks. It claims that the earlier marks and the EUTM are visually, aurally, and conceptually different as a result of the different words ‘TOOLS’ and ‘SAFETY’ included in them. It further requests proof of use of the earlier marks and alleges that the cancellation applicant did not prove that the parties were bound by a cooperation agreement in the past to confirm that the EUTM proprietor acted as a representative or agent of the cancellation applicant. Finally it claims that the onus is on the cancellation applicant to prove that the EUTM proprietor has acted in bad faith.

Evidence

- It has become clear from the evidence provided that there was a direct cooperation between the cancellation applicant and the EUTM proprietor since 2017, in that the former ordered several thousand items of protective work clothing from the latter (Exhibits 51-54 and 56-58). There has also been email correspondence between the parties (Exhibit 55).
- It can be seen also from Exhibits 51-54 and 59-63 and the cancellation applicant’s catalogues submitted as Exhibits 24-29, that at least throughout the period between 2013 to 2017, the cancellation applicant ordered working jackets, working trousers, softshell jackets, short pants, polar fleeces, etc. from the EUTM proprietor, at first via an intermediary, Tanio, and afterwards directly.

Assessment of bad faith

- The EUTM is the word mark ‘neo safety’. It cannot be disputed that the EUTM and the earlier marks are similar. The earlier Polish trade mark No R 206 151 ‘neo’ is entirely contained in the EUTM as its first element playing an independent role. Earlier EUTM No 10 262 111 ‘neo tools’ and the EUTM coincide in their first element, ‘neo’. This element is also the only verbal element of earlier EUTM No 10 533 438 . The EUTM proprietor argues that the element ‘NEO’ will be understood ‘by a significant part of the consumers as a reference to ‘new, young’ and that there are numerous trade marks including the word ‘neo’.
- The cancellation applicant argues that the EUTM proprietor knew about the earlier marks. There is knowledge, for example, where the parties have been in a business

relationship with each other. The cancellation applicant's observations and evidence show that, for several years prior to the filing date of the EUTM, the EUTM proprietor manufactured protective clothing ordered by the cancellation applicant under the brand 'NEO', as shown for instance in the EUTM proprietor's invoices to the cancellation applicant.

- The EUTM was filed on 10 December 2017 and what must be decided is if the EUTM proprietor was aware of the cancellation applicant's use of its earlier marks at the time of filing the contested mark. Considering the evidence and documents submitted, it was concluded that the EUTM proprietor knew or must have known about the use of the earlier marks before the filing of the EUTM, due to the existing business relationship between the parties. The accounting documents show that the number of items manufactured and total amounts in the invoices are substantial.
- Bad faith may, *inter alia*, be inferred from the EUTM proprietor's specific actions before the filing of the contested mark, from the contractual, pre-contractual or post-contractual relationship between the parties, from the existence of reciprocal duties or obligations, including the duties of loyalty and integrity arising because of the present or past occupation of certain positions in the business relationship.
- By filing the EUTM, consisting of the words 'NEO' and 'SAFETY', in a period when an ongoing cooperation was coming to an end, the EUTM proprietor was acting in breach of a duty of fair play in relation to the legitimate interests and expectations of the cancellation applicant. The business relationship between the parties was sufficiently long and important to give rise to such a duty of fair play. By filing a trade mark application for 'neo tools', even if it is (partly) for goods that are not similar to those of the cancellation applicant, the EUTM proprietor was not acting in conformity with honest business practices.
- The fact that the cancellation applicant's goods and the EUTM proprietor's goods belong to not so distant markets, in that they both deal, at least in part, with goods used for covering and protecting parts of the human body, there could easily be an overlap in the relevant public who may even consider that the goods (for instance protective clothing) could be made by the same or an economically linked company (providing fashionable but tough clothing) since the markets are not very distant.
- It can be reasonably assumed that the EUTM proprietor was aware that the cancellation applicant was also marketing 'regular' clothing, or at least extending into the market of 'regular' clothing. By applying for the registration of the EUTM without its business partner's consent, the EUTM proprietor breached the duty of fair play that existed between the two parties on account of their relationship.
- The cancellation applicant submitted evidence to prove that the earlier marks have been intensively used and heavily advertised in the EU, especially in Poland. Some of it illustrates there being some degree of recognition of the earlier marks on the EU market by way of example: the Google Analytics results for the cancellation applicant's neo-tools.com webpage between 03/08/2014-02/09/2015 and 01/01/2017-31/12/2018 (Exhibits 11 and 12) and its media plans for TV advertising campaigns in 2016 and 2017 in Poland for 'neo tools' branded goods (Exhibits 32 and 33).

- Overall, the cancellation applicant submitted sufficient documents to suggest that the earlier marks possessed a power of attraction for goods that, for reasons explained above, belong to a market (protective clothing) which is not so distant from that of the contested goods ('regular' clothing). The nature of protective clothing and 'regular' clothing is the same, as the cancellation applicant already put 'regular' clothing on the market (see the T-shirts, polos, and fleece jackets above), they might perceive the EUTM as a variation of the cancellation applicant's brand, created for what they believe is a new line of products, namely one of regular clothing. Therefore, it cannot be excluded that the contested EUTM was filed with the deliberate purpose of creating an association with the cancellation applicant.
- Considering the above, whether due to the fiduciary relationship between the parties, the EUTM proprietor breached its duty of fair play in relation to the legitimate interests and expectations of the cancellation applicant, whether it filed the EUTM with the deliberate purpose of creating an association with the cancellation applicant in order to take advantage of the attractive force of the earlier brand or whether it intended to prevent the cancellation applicant from continuing to be on the market, it is established that the EUTM proprietor was acting in bad faith when it filed the application for the EUTM.
- The EUTM proprietor's explanations are insufficient to justify the application for registration of the contested mark. It did not in any way rebut the cancellation applicant's claims based on, inter alia, Exhibits 51-55, that the parties had been in a business relationship. Also, in its last observations, it did not provide any information on its relationship, or the alleged absence of such a relationship, with the cancellation applicant.
- Moreover, the EUTM proprietor should have been able to provide plausible explanations on the objectives and commercial logic pursued by the application of the EUTM, which it failed to sufficiently explain.
- As regards the conflicting goods at issue, it is noted there is only a link between certain earlier goods (such as protective clothing) and the contested goods which could result in the association of the earlier brand in the mind of the consumer with the EUTM or which could result in the cancellation applicant being forced out of the market. However, where bad faith is found because the contested EUTM was filed with the deliberate purpose of creating an association with the invalidity cancellation applicant (14/05/2019, T-795/17, NEYMAR, EU:T:2019:329, § 55), the EUTM will normally be declared invalid in its entirety.
- Consequently, the EUTM was applied for in bad faith and the application for a declaration of invalidity is totally successful and the European Union trade mark should be declared invalid for all the contested goods.
- Finally as the application for declaration for invalidity is successful on the grounds of Article 59(1)(b) EUTMR, there is no need to further examine the remaining grounds of the application, namely Article 60(1)(a), (b) and (c) EUTMR in conjunction with Article 8(1)(a), (b) and Article 8(3), (4) and (5) EUTMR.

- 7 On 5 December 2022, the EUTM proprietor filed an appeal against the contested decision, requesting that the decision be entirely set aside. The statement of grounds of the appeal was received on 17 February 2023.
- 8 In its response received on 26 April 2023, the cancellation applicant requested that the appeal be dismissed.

Submissions and arguments of the parties

- 9 The arguments raised in the statement of grounds by the EUTM proprietor may be summarised as follows:
 - The EUTM proprietor did not act in bad faith when filing its trade mark ‘NEO SAFETY’.
 - By claiming that the contested mark has been filed in bad faith, credible evidence and proof must be demonstrated and the onus is squarely on the cancellation applicant for invalidity to prove that the EUTM proprietor has acted in bad faith. It is not for the EUTM proprietor to prove its good faith. Good faith is presumed until the opposite is proven.
 - Furthermore, knowledge of an existing mark is not proof of bad faith, and it is not sufficient to merely claim that the EUTM proprietor knows or ought to know that a third party is using similar sign for similar product.
 - The only purpose of the EUTM proprietor’s application for registration of its ‘NEO SAFETY’ trade mark at the EUIPO was nothing more than to secure protection for a sign that would distinguish its products in the market from those of other manufacturers.
 - Firstly, the earlier marks and the contested mark are not identical, and cannot be considered similar either. The Cancellation Division focused on the identical weak element ‘neo’ and did not analyse in detail the remaining elements of the signs, namely the words ‘safety’ and ‘tools’.
 - Secondly the word ‘neo’ in its position as a prefix will be understood by a significant part of the consumers as a reference to ‘new young’. This element ‘neo’ is also not the dominant element in both marks. As a result, the combination of the same word NEO with the different words ‘SAFETY’ and ‘TOOLS’ respectively, results in a different visual, phonetical, and conceptual impression.
 - As regards the EUTM proprietor’s intention at the filing date of the EUTM, there are no objective criteria which might indicate that the EUTM proprietor had dishonest intentions when filing the contested trade mark. Therefore, in the absence of such objective criteria, it must be presumed that he acted in good faith.
 - The purpose of filing the contested mark was to acquire the protection of its trade mark to the territory of the European Union. The EUTM proprietor was free to apply for registration of the sign as an EUTM in order to receive protection at European

level and the contested mark was filed because it was in the EUTM proprietor's legitimate interest to protect the sign.

- The following are EUTMs registered with the prefix 'neo', and this shows that there already coexist similar marks in the market using the element 'neo':
 - EUTM No 3 690 906 for the figurative mark NEO CONTRA;
 - EUTM No 2 137 685 NEO SERIES;
 - EUTM No 2 892 578 NEO BLUE;
 - EUTM No 3 340 668 for the figurative mark NEO DISHER;
 - EUTM No 18 209 174 NÉONAIL.
- The application for invalidity is unfounded and should be dismissed.

10 The arguments raised in reply to the appeal by the cancellation applicant may be summarised as follows:

- The EUTM proprietor was acting in bad faith when it applied for the contested mark, and it is clear that it knew about the existence of the cancellation applicant's earlier marks before filing the contested mark and this was obvious due to the previous existing business relationship between the parties.
- By filing the contested mark at the time when the business cooperation between the parties was coming to an end and without prior consent, the EUTM proprietor was acting in breach of a duty of fair play; it was not acting in conformity with honest business practice and furthermore breached the duty of fair play that existed between both parties.
- If there are objective circumstances that indicate bad faith, this leads to a rebuttal of the presumption of good faith for the proprietor of the contested EUTM. Such circumstances have been proven by the cancellation applicant by numerous documents – invoices, orders, catalogues, emails with the EUTM proprietor. Therefore, the EUTM proprietor was obliged to explain his intentions while filing the contested mark.
- As evidence and arguments have been provided in the course of the proceedings to prove the EUTM proprietor's lack of good faith, it is up to the EUTM proprietor to provide a plausible explanation regarding the objectives and the commercial logic pursued by the application of registration of the contested mark. The EUTM proprietor failed to provide any plausible explanation in this respect.
- No justification, business plans, or brand development history were provided to support the EUTM proprietor's claim that the only purpose in applying for the contested mark was to secure protection for a sign that would distinguish its goods from those of other manufacturers on the market. Without any evidence to the contrary, it is clear that the EUTM proprietor effectively placed a potential obstacle to the cancellation applicant's business activities on the European Union market. Such

an intention can never be considered compatible with accepted standards of honest or ethical conduct or in pursuit of a legitimate objective.

- The EUTM proprietor may have been aiming to take away the goodwill, brand and market position gained thanks to the cancellation applicant's effort invested in the development of its 'neo' branded clothing. Therefore, the EUTM proprietor acted with a deliberate intention to either create an association with the earlier 'NEO' trade marks and by doing so ride on the back of the attractive force of the earlier marks. Therefore, the addition of the word 'SAFETY' a typical aim of most of the cancellation applicant's protective clothing, to the word 'NEO' the main brand which enjoys a degree of reputation, also points to bad faith intentions on the part of the EUTM proprietor.
- Both signs are similar.
- There has been direct cooperation between the cancellation applicant and the EUTM proprietor since 2017, and several thousand items of protective work clothing were ordered by the cancellation applicant from the EUTM proprietor for the signs 'NEO' and this is detailed in Exhibits 51-54 and 56-58).
- The existence of similar trade marks on the market using the prefix 'NEO' for different kinds of goods has no direct impact on this case.
- It was correctly concluded that the EUTM proprietor acted in bad faith when filing the contested mark, and the declaration for invalidity is well founded and the contested mark 'NEO SAFETY' should be declared invalid in its entirety.

Reasons

- 11 All references made in this decision should be seen as references to the EUTMR (EU) No 2017/1001 (OJ 2017 L 154, p. 1), codifying Regulation (EC) No 207/2009 as amended, unless specifically stated otherwise in this decision.
- 12 The appeal complies with Articles 66, 67 and Article 68(1) EUTMR. It is admissible.

Scope of the appeal

- 13 The EUTM proprietor appealed the contested decision in its entirety. Therefore, the Board will examine whether the Cancellation Division rightly declared invalidity of the contested EUTM pursuant to Article 59(1)(b) EUTMR.

Additional documents provided in the appeal proceedings

- 14 The EUTM proprietor, together with the statement of grounds submitted various additional documents.
- 15 Pursuant to Article 95(2) EUTMR, the Office may disregard facts or evidence which are not submitted in due time by the parties concerned. Pursuant to Article 27(4) EUTMDR, the Board of Appeal may accept facts or evidence submitted for the first time before it only where those facts or evidence are, on the face of it, likely to be relevant for the outcome of

the case and they have not been produced in due time for valid reasons, in particular where they are merely supplementing relevant facts and evidence which had already been submitted in due time, or are filed to contest findings made or examined by the first instance of its own motion in the decision subject to appeal.

- 16 Those same principles are reiterated in Article 54(1) BoA-RP, according to which such facts or evidence may also not be disregarded if they were not available before or at the time the contested decision was taken or are justified by any other valid reason.
- 17 In the present case, the Board considers that the requirements for taking into account the evidence submitted in the appeal proceedings pursuant to Article 95(2) EUTMR and Article 27(4) EUTMDR are met. The documents submitted on the appeal proceedings by the EUTM proprietor are relevant to the outcome of the present proceedings, as they are aimed to rebut the findings of the contested decision. In addition, the stage in the proceedings in which the documents were filed, as well as the circumstances surrounding it, do not oppose the inclusion of these documents. Moreover, the cancellation applicant had an opportunity to submit its observations.
- 18 Therefore, the additional documents provided in the course of the appeal proceedings by the EUTM proprietor are admissible.

Article 59(1)(b) EUTMR – bad faith

- 19 Pursuant to Article 59(1)(b) EUTMR, a European Union trade mark must be declared invalid on application to the Office where the applicant was acting in bad faith when it filed the application for the trade mark.
- 20 The concept of bad faith referred to in Article 59(1)(b) EUTMR is not defined, delimited, or even described in any way in the legislation, or in European Union legislation, nor should it be substantiated by national legislation. However, the Court of Justice provided some guidance on how to interpret this concept in its judgment in the same case, as did the General Court in several cases (01/02/2012, T-291/09, Pollo Tropical chicken on the grill, EU:T:2012:39; 14/02/2012, T-33/11, Bigab, EU:T:2012:77; 13/12/2012, T-136/11, Pelikan, EU:T:2012:689). In its preliminary ruling of 27/06/2013, C-320/12, Malaysia Dairy, EU:C:2013:435, the Court of Justice declared that the concept of bad faith is an autonomous concept of European Union law, which must be given a uniform interpretation in the European Union.
- 21 In line with the case-law of the Court, the notion of bad faith can be considered to amount to dishonesty which would fall short of the standards of acceptable commercial behaviour. This reflects the wording that appears in Article 14(2) EUTMR, which allows for the use of an EUTM, by other than its proprietor, to in accordance with ‘honest practices in industrial or commercial matters’. That is, in substance, there is a duty to act fairly in relation to the legitimate interests of current trade mark owners (07/01/2004, C-100/02, Gerri, EU:C:2004:11, § 24).
- 22 While, in accordance with its usual meaning in everyday language, the concept of ‘bad faith’ presupposes the presence of a dishonest state of mind or intention, that concept must also be understood in the context of trade mark law, which is that of the course of trade. In that regard, the European Union Trade Mark Regulation has the objective of establishing and functioning of the internal market. The rules on the EU trade mark are aimed, in

particular, at contributing to the system of undistorted competition in the European Union, in which each undertaking must, in order to attract and retain customers through the quality of its goods or services, be able to have registered as trade marks signs which enable the consumer, without any possibility of confusion, to distinguish those goods or services from others which have a different origin (12/09/2019, C-104/18 P, *STYLO & KOTON* (fig.), EU:C:2019:724, § 45), and the case-law cited and 29/01/2020, C-371/18, *SkyKick*, EU:C:2020:45, § 74).

- 23 Consequently, the absolute ground for invalidity referred to in Article 59(1)(b) EUTMR applies where it is apparent from relevant and consistent indicia that the proprietor of an EU trade mark has filed the application for registration of that mark not with the aim of engaging fairly in competition but with the intention of undermining, in a manner inconsistent with honest practices, the interests of third parties, or with the intention of obtaining, without even targeting a specific third party, an exclusive right for purposes other than those falling within the functions of a trade mark, in particular the essential function of indicating origin referred to in the previous paragraph (12/09/2019, C-104/18 P, *STYLO & KOTON* (fig.), EU:C:2019:724, § 46), and 29/01/2020, C-371/18, *SkyKick*, EU:C:2020:45, § 75).
- 24 In its ‘*Lindt Goldhase*’ judgment, the Court of Justice provided some references for interpreting the term bad faith pursuant to Article 59(1)(b) EUTMR in the context of a preliminary ruling. Accordingly, the applicant’s bad faith must be appreciated globally, with consideration of all the relevant factors at the time of filing the application, namely:
- the fact that the applicant knowingly or had to know that a third party uses an identical or similar sign, or a similar product or service, capable of being confused with the sign for which protection is sought, in at least one Member State;
 - the intention on the part of the applicant to prevent that third party from continuing to use such a sign;
 - the degree of legal protection enjoyed by the third party’s sign and by the sign for which registration is sought;
 - whether the EUTM proprietor in filing the contested EUTM was in pursuit of a legitimate objective (11/06/2009, C-529/07, *Lindt Goldhase*, EU:C:2009:361, § 53).
- 25 As will be seen, the Board considers these examples to be relevant to this case. In any case, it is apparent from the reasoning used in the *Lindt Goldhase* judgment that the factors set out therein are only examples drawn from a number of perspectives which can be taken into account in order to decide whether the applicant was acting in bad faith at the time of filing the application for the trade mark (14/02/2012, T-33/11, *Bigab*, EU:T:2012:77, § 20; 13/12/2012, T-136/11, *Pelikan*, EU:T:2012:689, § 26 and 11/07/2013, T-321/10, *Gruppo Salini*, EU:T:2013:372, § 22). Consequently, the fact that any one of those factors is not present does not necessarily preclude, depending on the particular circumstances of the case, a finding that the applicant acted in bad faith (23/05/2019, T-3/18 & T-4/18, *ANN TAYLOR / ANNTAYLOR et al.*, EU:T:2019:357, § 52 and the case-law cited).
- 26 In the context of the overall analysis undertaken pursuant to Article 59(1)(b) EUTMR, account may also be taken of the commercial logic underlying the filing of the application for registration of that sign as a European Union trade mark (14/02/2012, T-33/11, *Bigab*,

EU:T:2012:77, § 21), and the chronology of events of the application (03/06/2010, C-569/08, Internetportal, EU:C:2010:311, § 52).

- 27 The system of registration of a European Union trade mark is based on the ‘*first-to-file*’ principle, laid down in Article 8(2) EUTMR. In accordance with that principle, a sign may be registered as a European Union trade mark only if this registration is not precluded by an earlier mark, whether a trade mark registered in a Member State or by the Benelux Office for Intellectual Property, a trade mark registered under international arrangements which has effect in a Member State or a trade mark registered under international arrangements which have effect in the European Union. On the other hand, without prejudice to the possible application of Article 8(4) EUTMR, the mere use by a third party of a non-registered mark does not preclude an identical or similar mark from being registered as a European Union trade mark for identical or similar goods or services (11/07/2013, T-321/10, Gruppo Salini, EU:T:2013:372, § 17, 29/06/2017, T-343/14, CIPRIANI / CIPRIANI, EU:T:2017:458, § 23). The same principle applies to the use by a third party of a trade mark registered outside the Union (21/03/2012, T-227/09, FS, EU:T:2012:138, § 31).
- 28 The application of that principle is moderated entirely by means of Article 59(1)(b) EUTMR. It is for the applicant for invalidity who intends to rely on that ground to establish the circumstances which allow the conclusion that the holder of a European Union trade mark was acting in bad faith at the time of filing the application for its registration (14/02/2012, T-33/11, Bigab, EU:T:2012:77, § 17; 21/03/2012, T-227/09, FS, EU:T:2012:138, § 32).
- 29 It is apparent from Article 59(1)(b) EUTMR that the relevant time for determining whether there was bad faith on the part of the applicant for registration is the time of filing the application for registration (11/06/2009, C-529/07, Lindt Goldhase, EU:C:2009:361, § 35).
- 30 As correctly stated by the EUTM proprietor good faith is presumed until proof to the contrary is adduced (13/12/2012, T-136/11, Pelikan, EU:T:2012:689, § 57; 16/06/2015, T-395/14, Best-Lock, EU:T:2015:380, § 43).
- 31 It is in the light of these factors and considerations that the Board will assess the cancellation applicant’s claim of bad faith pursuant to Article 59(1)(b) EUTMR.

Outline of the main events

- 32 The cancellation applicant is the owner of the three earlier marks which were filed and registered several years before the filing date of the EUTM and duly renewed, namely earlier Polish trade mark ‘neo’ filed on 1 February 2005 and registered on 16 May 2008, earlier EUTM ‘neo tools’ filed on 13 September 2011 and registered on 3 March 2012 and earlier EUTM ‘neo’ (fig.) filed on 30 December 2011 and registered on 2 August 2012. The earlier marks were registered for goods and services in Classes 9 and 35, and these are only similar to some extent to the contested goods (for instance, *protective clothing* covered in Class 9 of earlier mark 2 is similar to a low degree to some of the contested goods, such as *trousers*).
- 33 It is undisputed that the EUTM proprietor was the cancellation applicant’s subcontractor for several years prior to the filing date of the contested EUTM, and the EUTM proprietor manufactured protective clothing ordered by the cancellation applicant under the brand

‘NEO’. In particular, it has been established that the cancellation applicant ordered several thousand items of protective clothing in 2013 and 2014 through an intermediary, Tanio, which in turn ordered them from the EUTM proprietor (Exhibits 59-63). Tanio undertook not to infringe the cancellation applicant’s trade mark rights, albeit in a sign different from the earlier marks, ‘Topex’ (Exhibit 64). All the accounting documents submitted as evidence by the cancellation applicant, namely the cancellation applicant’s purchase orders issued to Tanio, Tanio’s proforma invoice to the EUTM proprietor, and the EUTM proprietor’s invoices to Tanio, clearly refer to the brand ‘NEO’.

- 34 It follows from the evidence in the file that the cancellation applicant and the EUTM proprietor were engaged in a direct cooperation since 2017. In particular, the cancellation applicant ordered several thousand items of protective work clothing from the EUTM proprietor (Exhibits 51-54 and 56-58). There has also been email correspondence between the parties (Exhibit 55). Even though this correspondence took place on 11 December 2017, that is, one day after the filing date of the EUTM (on 10 December 2017), it clearly shows that the parties’ cooperation was already ongoing several months prior thereto. Indeed, the first of these three emails refers to an order of black polar fleece jackets which had been already under mass production and reports on an order of shorts placed in April 2017. The email correspondence also contains the EUTM proprietor’s confirmation that it never uses the applicant’s brand. In particular the EUTM proprietor stated the following: ‘Please kindly note we never use your brand for any other customer, even somebody asking for it! We push them to use their own brand.’
- 35 As regards the period from 2013 to 2017, the evidence demonstrates that the cancellation applicant ordered from EUTM proprietor various products, including working jackets, working trousers, softshell jackets, short pants, polar fleeces (see product codes included in the (proforma) invoices and purchase orders submitted as Exhibits 51-54 and 59-63 and the applicant’s catalogues submitted as Exhibits 24-29). The cooperation between the parties occurred, at first via an intermediary, Tanio, and afterwards directly.
- 36 According to the cancellation applicant, the cooperation between the parties ended at the end of 2017 when the cancellation applicant changed its supplier.
- 37 Furthermore, it must be noted that the EUTM proprietor in its statement of grounds did not challenge the Cancellation Division’s findings regarding the existence of commercial relationship between the parties.

Degree of legal protection enjoyed by the third party’s sign and by the sign for which registration is sought

- 38 As regards the existence of legal protection, it must be examined whether an exclusive right which enjoyed some degree of legal protection existed before the time of filing of the application for the contested mark (11/06/2009, C-529/07, Lindt Goldhase, EU:C:2009:361, § 46, 01/02/2012, T-291/09, Pollo Tropical chicken on the grill, EU:T:2012:39, § 53).
- 39 As explained above, the cancellation applicant owns prior Polish and EUTMs for the trade marks ‘neo’, ‘neo tools’ and ‘neo’(fig.).
- 40 The cancellation applicant’s word element ‘neo’, which is incorporated in all three prior rights, is fully reproduced in the contested EUTM, which also contains the word element

‘safety’. Since the second element clearly refers to the positive qualities of the goods in question, namely to their capability of protecting the user from harm or danger, it possesses only a limited degree of distinctiveness. Based on these considerations the cancellation applicant’s earlier marks and the contested EUTM are highly similar, at least from the perspective of the relevant public who will perceive it as a meaningless term.

- 41 The EUTM proprietor argues that the element ‘NEO’ will be understood by a significant part of the consumers as a reference to ‘new, young’ (from Ancient Greek, prefix νεο- (neo), see judgment of European Court of Justice 03/07/2013, T-236/12, Neo, EU:T:2013:343). It also contends that this word, when seen on its own, bears a laudatory reference denoting that the goods in question are newly elaborated, innovative, or launched as a new line of products and therefore, it may have some reduced distinctiveness for the consumers who understand it with the above outlined concept. Furthermore, it argues that numerous trade marks include the word ‘NEO’. Even if it is true that the element ‘neo’ may have some reduced distinctiveness for consumers who understand it, this (i) is only true for part of the public that perceives it as meaningful, and not for the remainder, who does not necessarily understand it, and (ii) still leaves the element ‘neo’, whether on its own or in combination with other elements, with some degree of distinctiveness. Indeed, when dealing with the distinctiveness of an earlier mark as a whole, the latter should always be considered to have at least a minimum degree of inherent distinctiveness, because earlier marks, whether EUTMs or national marks, enjoy a ‘presumption of validity’. As to the existence of several trade mark registrations, this is not per se particularly conclusive, as it does not necessarily reflect the situation in the market. In other words, on the basis of register data only, it cannot be assumed that all such trade marks have been effectively used. As regards the five examples of use of the element ‘NEO’ in the market, the Board finds that they are not conclusive. Firstly, they do not relate to the goods and services which are at stake in the present proceedings. Secondly, with the exception of the first example relating to the video game ‘Neo Contra’, the screenshot provided by the EUTM proprietor post-date the filing date and therefore do not necessarily reflect the perception of this word element at the relevant time. Thirdly, the Board concludes that five examples adduced by the EUTM proprietor are not capable of demonstrating that consumers have been exposed to widespread use of, and have become accustomed to, trade marks that include ‘neo’. Regardless of whether or not the element ‘NEO’ is weak from the perspective of a part of the relevant public and considering the low distinctive value of the additional verbal (‘SAFETY’, ‘tools’) and figurative elements, it cannot be denied that the earlier marks and the EUTM are similar.
- 42 Moreover, the Board finds that certain proximity must be established between the contested goods in Class 25 and the goods in Class 9 designated by the earlier EUTMs, in particular safety helmets, goggles, protective clothing and life-saving clothing to the extent that these goods coincide in their general purpose, nature, method of use and end-users.
- 43 The General Court has held that the identical nature of the marks at issue ‘cannot be fortuitous’ (28/01/2016, T-335/14, Doggis, EU:T:2016:39, § 59-60). More recent case-law, however, shows that bad faith does not necessarily imply likelihood of confusion and it may come in all forms and shapes. In fact, the Court of Justice has held that it does not stem from the Lindt Goldhase judgment that bad faith presupposes likelihood of confusion. Even in the absence of the latter, there might be other factual circumstances that may reasonably constitute relevant indicia of bad faith. The Court of Justice concluded in the Koton judgment that, for the application of the bad faith ground for invalidity, there is no

need for a likelihood of confusion between the conflicting signs. In particular, the Court clarified that in the case of an invalidity application on the ground of bad faith, there is ‘no requirement whatsoever that the applicant for that declaration be the proprietor of an earlier mark for identical or similar goods or services’. The Court added that it is necessary to examine all relevant factors including the previous business relationship between the parties and the commercial logic underlying the filing of the contested mark (12/09/2019, C-104/18 P, *STYLO & KOTON* (fig.), EU:C:2019:724, § 53).

Knowledge of the use of the cancellation applicant’s sign

- 44 As stated in *Lindt Goldhase* judgment, knowledge may be presumed to exist on the basis of the duration of use of the earlier sign. The longer the use of a sign, the more likely it is that the EUTM owner had knowledge of it (11/06/2009, C-529/07, *Lindt Goldhase*, EU:C:2009:361, § 46).
- 45 In such a case, the EUTM proprietor’s sole aim in taking advantage of the rights conferred by the European Union trade mark might be to compete unfairly with a competitor who is using a sign which, because of characteristics of its own, has by that time obtained some degree of legal protection (11/06/2009, C529/07, *Lindt Goldhase*, EU:C:2009:361, § 47).
- 46 The cancellation applicant argues that the EUTM proprietor knew about the earlier marks. The Board recalls that there is knowledge, for example, where the parties have been in a business relationship with each other and, as a result thereof, the EUTM proprietor ‘could not ignore, and was probably aware that the invalidity applicant had been using the sign for a long time’ (11/07/2013, T-321/10, *Gruppo Salini*, EU:T:2013:372, § 25) or when the identity or quasi-identity between the contested mark and the earlier signs ‘manifestly cannot be fortuitous’ (28/01/2016, T-335/14, *Doggis*, EU:T:2016:39, § 60). The applicant’s observations and evidence show that, for several years prior to the filing date of the EUTM, the EUTM proprietor manufactured protective clothing ordered by the applicant under the brand ‘NEO’, as explicitly shown for instance in the invoices and purchase orders (Exhibits 56-58, 59-63).
- 47 Furthermore, it must be noted that the EUTM proprietor in its statement of grounds did not challenge the Cancellation Division’s findings regarding the knowledge of the use of the sign ‘NEO’ prior to the filing of the contested EUTM.

EUTM proprietor’s intention

- 48 One situation that may give rise to bad faith is when the EUTM proprietor intends through registration to lay its hands on the trade mark of a third party with whom it had contractual or pre-contractual relations, or any kind of relationship, where good faith applies and imposes on the EUTM proprietor the duty of fair play in relation to the legitimate interests and expectations of the other party (13/11/2007, R 336/2007-2, *CLAIRE FISHER / CLAIRE FISHER*, § 24). Bad faith may apply both when the application was made in order to misuse the EUTM system or in order to misappropriate the rights of others (13/11/2007, R 336/2007-2, *CLAIRE FISHER / CLAIRE FISHER*, § 20).
- 49 In such instances, the Court of Justice of the European Union (11/06/2009, C-529/07, *Lindt Goldhase*, EU:C:2009:361, § 48, 53) has stated that the factors mentioned in paragraph 24 above should be taken into consideration.

- 50 Those factors are only examples drawn from a number of factors which can be taken into account in order to determine whether or not the applicant was acting in bad faith when filing the application; account may also be taken of other factors (14/02/2012, T-33/11, Bigab, EU:T:2012:77, § 20-21; 21/03/2012, T-227/09, FS, EU:T:2012:138, § 36). As regards specifically the first example, it has been explained above that not all the contested goods are similar to the applicant's goods, but this issue will be dealt with in further detail below in the present decision.
- 51 The relevant point in time, in which the intention of the EUTM proprietor must be assessed, is the filing of the contested mark. In the present case, the EUTM was filed on 10 December 2017. The relevant question, therefore, is, whether or not at this point of time, the EUTM proprietor must have known about the applicant's use of the earlier marks.
- 52 Having examined the invoices and accounting documents, the Board concludes that the EUTM proprietor knew or must have known about the use of the earlier marks before the filing of the EUTM, due to the existing business relationship between the parties. This knowledge is even more likely in light of the fact that, according to the accounting documents, the number of manufactured items and the invoiced amounts are substantial, namely at least several hundred, if not several thousand items, for each type of good, and amounts which all are substantial in economic terms.
- 53 However, the fact that the EUTM proprietor must have known of the invalidity applicant's use of the sign is not sufficient, in itself, for a finding of bad faith (11/06/2009, C-529/07, Lindt Goldhase, EU:C:2009:361, § 40). In order to determine whether there was bad faith, the central element to be considered is the EUTM proprietor's intention at the time of filing. This is a subjective factor which has to be determined by reference to the objective circumstances of the case.
- 54 Bad faith may, inter alia, be inferred from the EUTM proprietor's specific actions before the filing of the contested mark, from the contractual, pre-contractual or post-contractual relationship between the parties, from the existence of reciprocal duties or obligations, including the duties of loyalty and integrity arising because of the present or past occupation of certain positions in the business relationship, etc. (12/09/2019, C-104/18 P, STYLO & KOTON (fig.), EU:C:2019:724, § 47; 11/02/2020, R 2445/2017-G, Sandra Pabst, § 34 et seq.).
- 55 Therefore, the concept of bad faith involves a subjective motivation on the part of the trade mark applicant, namely a dishonest intention or other deceitful motive. It involves conduct that departs from accepted principles of ethical behaviour or honest commercial and business practices (14/05/2019, T-795/17, NEYMAR, EU:T:2019:329, § 23).
- 56 The EUTM proprietor argues that the only purpose of its application for registration of the contested 'NEO SAFETY' trade mark at the EUIPO was nothing more than to secure protection for a sign that would distinguish its products in the market from those of other manufacturers. However, taking into account the chronology of events and the evidence submitted by the cancellation applicant, the Board takes the view that by filing the contested EUTM, consisting of the words 'NEO' and 'SAFETY', in a period when an ongoing cooperation with the cancellation applicant was coming to an end, the EUTM proprietor was acting in breach of a duty of fair play in relation to the legitimate interests and expectations of the cancellation applicant. The business relationship between the parties was sufficiently long and important to give rise to such a duty of fair play. By filing

a trade mark application, even if it also covers goods that are not identical or similar to those of the applicant, the EUTM proprietor was not acting in conformity with honest business practices. Indeed, although the contested goods, which are ‘regular’ clothing, and the protective clothing for which the cancellation applicant has been using the earlier marks are clearly not similar, let alone identical, this is not decisive on its own. As indicated above, certain proximity of the sectors concerned cannot be denied in view of the common nature, purpose, methods of use and end-users. As rightly stated by the Cancellation Division, it is foreseeable that the same or economically linked undertakings produced and market both casual clothing as well as tough and resistant clothing to be used in severe weather and harsh conditions. These considerations are corroborated by the fact that some of the cancellation applicant’s clothing, although technically protective clothing, looked like ‘regular’ clothing already in the years preceding the filing date of the EUTM, as is shown for instance in the Promo News catalogue for the period 28 April 2014-

13 June 2014 which depicts polos and T-shirts



Similarly, the Promo News catalogue for the period 20 September 2017 – 31 October 2017



depicts a fleece jacket which does not differ substantially for the regular fleece jackets available on the market. It cannot be ignored that the EUTM proprietor gained access to all materials related to the cancellation applicant’s products (brand name, logo, letters shape, colours, packaging designs and clothing designs), and it can be reasonably assumed that the EUTM proprietor was aware of the applicant’s ‘regular’ clothing, or at least of the possibility to expand into adjacent markets comprising ‘regular’ clothing.

57 By applying for the registration of the EUTM without the consent of its long-term business partner, the EUTM proprietor breached the duty of fair play that existed between the two parties on account of their relationship. This is all the more so since the cancellation applicant was entitled to expect that the EUTM proprietor would not in any way harm its trade mark rights, as it confirmed in the abovementioned email dated one day after the filing date of the EUTM (Exhibit 55).

58 Furthermore, it cannot be excluded that, as the cancellation applicant points out, the EUTM proprietor may have been ‘aiming to take away the good will, brand and market position gained thanks to the cancellation applicant’s effort invested in development of “neo” branded clothing’. The applicant submitted evidence to prove that the earlier marks have been intensively used and heavily advertised in the EU, especially in Poland. As observed

by the Cancellation Division, even though the evidence is not exhaustive and part of it postdates the filing date of the EUTM, it nevertheless illustrates there being some degree of recognition of the earlier marks on the EU market, especially in Poland. In this regard, the Board points out the Google Analytics results for the cancellation applicant's neo-tools.com webpage (Exhibits 11 and 12) and its media plans for nationwide TV advertising campaigns in 2016 and 2017 in Poland for 'neo tools' branded goods (Exhibits 32 and 33).

- 59 The evidence adduced by the cancellation applicant is sufficient to suggest that the earlier marks possessed a power of attraction for goods that, for reasons explained above, belong to a market which is not so distant from that of the contested goods. Where bad faith is found because the contested EUTM was filed with the deliberate purpose of creating an association with the invalidity applicant (14/05/2019, T-795/17, NEYMAR, EU:T:2019:329, § 55), the EUTM will normally be declared invalid in its entirety.
- 60 In this context, the evidence in the file, considered as a whole, and the parties' submissions do not demonstrate what could have been the commercial logic on the part of the EUTM proprietor when applying for the EUTM other than a deliberate intention to, either create an association with the mark of the cancellation applicant and thus to ride on the coattails of its attractive force. The combination of the word 'NEO', which is the applicant's main brand that has been widely used and promoted and the laudatory and descriptive term 'SAFETY', may indeed cause customers that are familiar with the cancellation applicant's brand and goods to perceive it as one of the cancellation applicant's marks. As the nature, general purpose, methods of use and end-users of protective clothing and equipment and the contested goods is the same and considering that as the cancellation applicant had already put 'regular' clothing on the market (see the T-shirts, polos, and fleece jackets above), the relevant public might perceive the contested EUTM as a variation of the cancellation applicant's brand, created for what they believe is a new line of products, namely one of regular clothing. Therefore, it cannot be excluded that the contested EUTM was filed with the deliberate purpose of creating an association with the applicant.
- 61 In line with the case-law of the Court, it is appropriate to assess whether the EUTM proprietor filed the contested application not with the aim of engaging fairly in competition, but with the intention of obtaining, potentially without targeting a specific third party, an exclusive right for purposes other than those falling within the functions of a trade mark, in particular the essential function of indicating origin. Indeed, if the EUTM proprietor, as the applicant of the contested EUTM had knowledge of a third party's use of the sign at issue, its application would necessarily be targeting that party (28/10/2020, T-273/19, TARGET VENTURES, EU:T:2020:510, § 28 and 41).
- 62 The Board takes the view that the registration of the contested mark merely served as a tool to acquire the trade mark rights by entity who had long-term business relationship with the cancellation applicant and who was aware of the existence of the brand 'NEO'. As a result, such conduct would prevent the cancellation applicant from receiving the economic benefits resulting from rights and protections in the marketplace and would allow the EUTM proprietor to exploit the recognition of the cancellation applicant's earlier marks resulting from the long-lasting use of those marks and investment into their promotion.
- 63 It may be the case that the burden to show that an application was applied for in bad faith falls on the cancellation applicant – as noted above, good faith is assumed unless the contrary is proved. This is because an allegation of bad faith is a serious charge which must be distinctly proved – cogent evidence is required. It is not enough to prove facts which

are also consistent with good faith. Nevertheless, the standard required to demonstrate the latter should not be so strenuous that the applicant is placed at a significant disadvantage. Evidence of bad faith must be distinctly proved, but not in the in the sense of being caught in *flagrante delicto* (i.e. ‘in blazing offence’, as it were), or indeed, something just short of this.

- 64 As indicated above, the absolute ground for invalidity referred to in Article 59(1)(b) EUTMR applies where it is apparent from relevant and consistent indicia that the proprietor of an EU trade mark has filed the application for registration of that mark not with the aim of engaging fairly in competition but with the intention of undermining, in a manner inconsistent with honest practices, the interests of third parties, or with the intention of obtaining, without even targeting a specific third party, an exclusive right for purposes other than those falling within the functions of a trade mark, in particular the essential function of indicating origin (12/09/2019, C-104/18 P, *STYLO & KOTON* (fig.), EU:C:2019:724, § 46; 29/01/2020, C-371/18, *SKY*, EU:C:2020:45, § 75; 28/10/2020, T-273/19, *TARGET VENTURES*, EU:T:2020:510, § 41).
- 65 It must be borne in mind that, where the objective circumstances of the particular case relied on by the applicant for a declaration of invalidity may lead to the rebuttal of the presumption of good faith applying to the application for registration of the mark at issue, it is for the proprietor thereof to provide plausible explanations on the objectives and commercial logic pursued by the application for registration of that mark. The owner of the trade mark is best placed to provide the EUIPO with information on its intentions at the time of applying for registration of that mark and in order to provide it with evidence capable of convincing it that, in spite of objective circumstances such as those prevailing in this case, those intentions were legitimate (23/05/2019, T-3/18 & T-4/18, *ANN TAYLOR / ANNTAYLOR et al.*, EU:T:2019:357, § 36-37 and the case-law cited). These considerations are also applicable to the present case.
- 66 However, despite having had the ample opportunity to do so, the EUTM proprietor failed to provide any persuasive explanations regarding the underlying commercial logic or objective commercial trajectory that would be capable of demonstrating that its intentions were legitimate.

Conclusions

- 67 Considering the chronology of events, fiduciary relationship between the parties, existence of prior trade mark rights containing the coinciding element ‘NEO’, and awareness of the cancellation applicant’s brand ‘NEO’, the Board considers that there are strong indications that the EUTM proprietor, by filing the contested EUTM, departed from accepted principles of ethical behaviour and honest commercial business practices, and thus was acting in bad faith. The Board considers that the EUTM proprietor tried to appropriate the value of the cancellation applicant’s designation with a view to depriving it of the economic earnings resulting from rights and protections in the marketplace.
- 68 If the bad faith of the EUTM proprietor is established, the entire EUTM will be declared invalid, even if the registered goods and services are not connected to those protected by the mark of the applicant for cancellation (11/07/2013, T-321/10, *Gruppo Salini*, EU:T:2013:372, § 48). The protection of the general interest in good conduct in trade justifies extension of the invalidity to all registered goods in Class 25.

- 69 Therefore, the invalidity request must be upheld, and the contested decision is confirmed in its entirety. The appeal is dismissed.
- 70 Since the invalidity proceedings were successful based on the absolute grounds of Article 59(1)(b) EUTMR, there is no need to analyse the conditions of relative grounds for invalidity of the EUTM based on Article 60(1)(a), (b) and (c) in conjunction with Articles 8(1)(b), 8(3), 8(4) and 8(5) EUTMR.

Costs

- 71 Pursuant to Article 109(1) EUTMR and Article 18 EUTMIR, the EUTM proprietor, as the losing party, must bear the cancellation applicant's costs of the cancellation and appeal proceedings.
- 72 As to the appeal proceedings, these consist of cancellation applicant's costs of professional representation of EUR 550.
- 73 As to the cancellation proceedings, the Cancellation Division ordered the EUTM proprietor to bear the cancellation applicant's representation costs which were fixed at EUR 450 and the cancellation fee of EUR 630. This decision remains unaffected. The total amount for both proceedings is, therefore, EUR 1 630.

Order

On those grounds,

THE BOARD

hereby:

- 1. Dismisses the appeal.**
- 2. Orders the EUTM proprietor to bear the cancellation applicant's costs in the appeal proceedings, which are fixed at EUR 550. The total amount to be paid by the EUTM proprietor in the appeal and cancellation proceedings is EUR 1 630.**

Signed

N. Korjus

Signed

A. Kralik

Signed

C. Govers

Registrar:

Signed

p.o. N. Granado
Carpenter

