



OFFICE FOR HARMONIZATION IN THE INTERNAL MARKET
(TRADE MARKS AND DESIGNS)

The Boards of Appeal
The Registry

R420a

Alicante, 22/10/2015
R2431/2013-2

HOFHUIS ALKEMA GROEN ADVOCATEN
Keizersgracht 212
NL-1016 DX Amsterdam
PAÍSES BAJOS

Subject: Appeal No. R2431/2013-2 baidu
Your ref.: Baidu/BONT

Notification of a decision of the Boards of Appeal

Please find enclosed the decision of the Second Board of Appeal dated 02/10/2015 concerning the appeal R2431/2013-2.

Article 65 CTMR provides that an action may be brought before the General Court against decisions of the Boards of Appeal. The action shall be brought within two months from the date of notification of the decision of the Board of Appeal.

Please be informed that the texts governing the procedure before the General Court, in particular the Rules of Procedure and the Decision on the lodging and service of procedural documents by electronic means (e-Curia) may be consulted on the Curia web site at http://curia.europa.eu/jcms/jcms/Jo2_7040/.

To the extent that you are adversely affected by the attached decision and you nonetheless decide not to challenge it, please inform us accordingly as soon as possible.

Christelle BERAT
Registry

Enc.: 1 (26 pages)



OFFICE FOR HARMONIZATION IN THE INTERNAL
MARKET
(TRADE MARKS AND DESIGNS)
The Boards of Appeal

DECISION
of the Second Board of Appeal
of 2 October 2015

In Case R 2431/2013-2

CKL Holdings N.V.

Kaasrui 12
BE-2000 Antwerpen
Belgium

CTM Proprietor / Appellant

represented by Hofhuis Alkema Groen Advocaten, Keizersgracht 212, NL-1016
DX Amsterdam, The Netherlands

v

Baidu Online Network Technology (Beijing) Co., Ltd.

Baidu Campus, No. 10
Shangdi 10th Street
Haidian District
Beijing
The People's Republic of China

Cancellation Applicant / Respondent

represented by Jones Day, Prinzregentenstr. 11, DE-80538 Munich, Germany

APPEAL relating to Cancellation Proceedings No 6 467 C (Community trade mark
registration No 5 398 847)

THE SECOND BOARD OF APPEAL

composed of T. de las Heras (Chairperson), H. Salmi (Rapporteur) and
C. Govers (Member)

Registrar: H. Dijkema

gives the following

Decision

Summary of the facts

- 1 By an application filed on 18 October 2006, Baidu Europe, subsequently Baidu Europe B.V. and later transferred to CKL Holdings N.V. (hereinafter 'the CTM proprietor') sought to register the word mark

baidu

for the following list of goods and services:

Class 9 – Computer hardware; computer software used for searching, collecting, indexing and organising information within individual work stations, PCs or computer networks; computer software for electronic mail and workgroup communication via computer networks; computer software for use in creating indexes of information, indexes of websites or indexes of other information sources;

Class 38 – Telecommunications;

Class 42 – Scientific and technological services and research and design relating thereto; industrial analysis and research services; design and development of computer hardware and software; legal services.

- 2 The application was published in the Community Trade Marks Bulletin No 22/2007 of 4 June 2007 and the mark was registered on 29 November 2007.
- 3 On 30 March 2012, Baidu Online Network Technology (Beijing) Co., Ltd. (hereinafter 'the cancellation applicant') filed a request for a declaration of invalidity against the challenged CTM. The cancellation applicant invoked the absolute ground of Article 52(1)(b) CTMR stating that the CTM proprietor:

'was well aware of the cancellation applicant's business and its respective 'Baidu' trade marks when filing its CTM No 5398847 'baidu' on 18 October 2006. Therefore the only reason for the CTM proprietor action was to block the applicant from registering its Baidu trade mark in Europe and to exclude the applicant from the European market'

and - as argued on 10 August 2012- '...to extort money from the applicant'.

The request was directed against all the goods and services covered by the challenged CTM.

- 4 The parties' allegations were summarised in the hereunder mentioned Cancellation Division decision as follows:

In support of its claims, the cancellation applicant submitted the following facts and arguments:

- The cancellation applicant was incorporated in 2000 and is a globally recognised Chinese web services company. It is the largest web services company in China and provides, *inter alia*, an index of over 740 million web pages. It also offers a diverse range of other services, e.g.: 'Baidu PostBar', the

world's first and largest Chinese-language query-based searchable online community platform; 'Baidu Knows', an interactive knowledge-sharing platform; 'Baidu Encyclopaedia', a user-generated Chinese-language encyclopaedia (see Annexes 1 and 2). Revenue for 2005 was approximately EUR 32 million, a 174% increase compared with 2004. In 2005, the cancellation applicant was the number one Chinese-language search engine, the number one site for internet traffic in China and the largest Chinese web index, with over 1 billion pages (see Annex 3). The cancellation applicant received some awards prior to 2006, and in 2005 it was listed on the American NASDAQ stock exchange at USD 27.00 per share, rising to USD 122.54 on the first day of trading on 5 August 2005 (Annex 4) and becoming in 2007 the first Chinese company to be included in the NASDAQ-100 index (see Annex 7). In 2006, the cancellation applicant's revenue reached EUR 81 million (see Annex 5), in 2010 EUR 900 million and in 2011 EUR 1 757 million (Annex 7). It opened its first offshore subsidiary in Japan, officially launching its Japanese-language search service on 25 January 2008 (see Annex 6). Following its enormous success, the cancellation applicant attracted a lot of press attention during the years 2002 to 2005, not only in China but internationally, including in the USA and the EU (see Annex 8). Its website is more popular than Wikipedia, Amazon, Twitter, eBay or Apple and is ranked fifth globally in terms of worldwide internet visitors and page views (see Annex 9). It also enjoyed the largest market share among search engine providers in China for 2003, 2004 and 2005 (see Annex 10). By a decision of 27 May 2009, the China Trade Mark Office (CTMO) recognised the cancellation applicant's trade mark as a well-known mark (see Annex 11) and the trade mark 'BAIDU' is registered or applied for in, *inter alia*, the following countries: China, USA, EU, Hong Kong, Macao, South Korea, etc. (see Annex 12). The applicant started to use the term 'Bai Du' (literal meaning: hundreds of times) in 2000 (see Annex 13). Some of the information on the cancellation applicant's website was available in English at this time (see Annex 14).

- On the other hand, the CTM proprietor was founded in 2003 in Groningen, the Netherlands (see Annex 15). The registered starting date is 23 June 2003 for, *inter alia*, 'software consultancy, web portals, management of commercial affairs, electronic documents and data, etc.'. The CTM proprietor provides a list of its different trade names, according to the relevant trade register, such as 'Baidu Europe, Baidu, Baidu.eu, Baidu.tv, Baidu.nl, etc. (see Annex 16). The Trade Name Registry of the Dutch Chamber of Commerce shows that more than 21 trade names have been registered for the CTM proprietor and abandoned later. Only three, namely 'Baidu Service, Baidu Hosting and Bai Du We', are related to the CTM proprietor. The other names do not have anything to do with it. Some of the names, such as 'Partypoker', 'Partybingo', 'Stanjames' and 'Betfred', had been used on the market long before the CTM proprietor registered the identical trade names in the Netherlands. Most of the names were used for only a very short time. This shows the CTM proprietor's real intention, namely to choose names to try for quick, easy money in the short term, abandoning the name immediately should the business idea not prove successful. On its website, the CTM proprietor describes itself as a services

company offering a wide range of internet services and products. However, the website mainly consists of press articles regarding its conflict with the cancellation applicant and how it intends to gain profit from it (see Annex 17). The CTM proprietor also owns three 'baidu' marks in the Benelux countries; these are challenged by the cancellation applicant on the ground of bad faith before the District Court in Groningen, the Netherlands. Additionally the CTM proprietor owns a US trade mark, 'baidu', and several domain names such as 'Baidu.nl', 'baidu.tv', etc. (see Annex 18). The CTM proprietor has used its earlier Benelux trade mark and the contested CTM as the basis of its opposition against four CTMs filed by the cancellation applicant. These opposition proceedings are currently suspended. All the above-mentioned facts show that the CTM proprietor knew or should have known on the day of filing of the contested CTM that the cancellation applicant was using in at least one Member State an identical or similar sign for identical or similar products capable of being confused. It was and is the CTM proprietor's intention to prevent the applicant from continuing to use the sign 'baidu'. Furthermore, the cancellation applicant's trade mark enjoyed a high degree of protection, at least in the United Kingdom and Germany, prior to the filing of the contested mark. Therefore, the CTM proprietor filed the contested CTM in bad faith. Additionally, the documents submitted show the misuse of rights by the CTM proprietor, and the trade name 'Baidu Europe' misleads consumers about the origin of the goods and services.

- In order to support its arguments, the cancellation applicant filed the following evidence:
 - Annex 1: Full map of BAIDU's services and products;
 - Annex 2: Extract from BAIDU's homepage;
 - Annex 3: BAIDU's Annual Report 2005;
 - Annex 4: Press releases distributed in Europe in 2005, in particular in Germany and the United Kingdom;
 - Annex 5: BAIDU's Annual Report 2006;
 - Annex 6: Copy of the registration for BAIDU Japan, together with its English translation;
 - Annex 7: Baidu annual data for 2010 and 2011;
 - Annex 8: Search Report by the Science and Technology Search Novelty Center of the National Library of China for the period 1 January 1999 to 22 December 2005;
 - Annex 9: Extract from Alexa internet rankings;
 - Annex 10: Copy of survey report from the Internet Society of China;
 - Annex 11: Copy of the opposition decision of the CTMO, dated 27 May 2009, with respect to the Chinese trade mark application No 3 723 038;
 - Annex 12: Copy of a table showing the BAIDU trade marks, together with copies of the registration certificates;
 - Annex 13: Copy of BAIDU's website as at 2000, as saved at archive.org;

- Annex 14: Affirmation signed by Mr Duan Zhiyong, in-house counsel at 'BAIDU', dated 31 May 2012, with annexes;
- Annex 15: Extract from the online-access Trade Register regarding the applicant, together with an English translation;
- Annex 16: Copy of the registration of the applicant in the trade name registry of the Chamber of Commerce, together with an English translation;
- Annex 17: Copy of the website of the applicant;
- Annex 18: Extract from the online database of the United States Patent and Trademark Office with respect to US trade mark registration No 77 127 948 'Baidu'.

The CTM proprietor submitted the following arguments:

- The CTM proprietor did not know of the cancellation applicant's sign when applying for the contested CTM and it argues that the sign was, at the time of filing, not used in the European Union or known by the relevant public. The CTM proprietor was created in summer 2003 by its founder, Peter Ufkes, and it evolved into an internet services company for SME businesses, specialising in software consultancy, automation and web portal design. Its intended service area was the European Union, including the Benelux countries (see Annex 1). Peter Ufkes registered several Benelux 'baidu' trade marks and applied in 2006 for the contested CTM. The CTM proprietor also registered various domain names (see Annex 2). The founder did not know about the cancellation applicant either when he created the CTM proprietor or when the company filed the contested CTM. In this context, it must be taken into account that in an article published on 1 March 2007 in the Chinese press it was mentioned that the cancellation applicant did not have any plans at that time to enter the European market and that outside China it would focus only on entering the Japanese market for 2007 (see Annex 3). An opposition filed by a company associated with the cancellation applicant against the US trade mark 'baidu', filed by the CTM proprietor, was rejected and the CTM proprietor did not file an opposition against the US trade mark filed by the cancellation applicant. Furthermore, the CTM proprietor has continuously and consistently used its self-conceived trade mark 'baidu' since the first filing of the mark in the Benelux countries and in the European Union. According to the facts established, the CTM proprietor had no knowledge of the cancellation applicant's mark 'baidu' at the time of filing of the contested CTM. In this context, it must be pointed out that, according to case-law, a 'must know' must be proven. This, however, was not proven by the cancellation applicant. The CTM proprietor argues that the cancellation applicant's trade mark was not a known sign or a well-known trade mark in the European Union at the time of filing of the contested CTM or at the time of filing of the Benelux marks. The documents submitted by the cancellation applicant show only its activities in China. The articles submitted by the cancellation applicant as Annex 8 show only that 'Baidu' is mentioned in some places. Only 10 short items in 2005, one in 2004 and one in 2002 were published in the entire Western world. And these publications are not about

the 'baidu' trade mark; rather, they relate to the listing of the cancellation applicant on the American NASDAQ since August 2005. These articles are only items in sections of financial media and only one or two are taken from the EU media (there are none from the Benelux). The articles do not produce any evidence of general knowledge of the trade mark 'baidu'. Furthermore, an article published in PCWorld, which was submitted by the cancellation applicant as Annex 8, shows that it has only been active in Japan since 2007 and in Thailand, Egypt and India since 2011. In addition, Annexes 10, 11 and 12 submitted by the cancellation applicant show only that it is a successful company in China, not in the European Union. Of the cancellation applicant's trade mark portfolio, 98% concerns China and Hong Kong, and the trade marks registered elsewhere date back to 2011. This shows that at the time of filing of the contested CTM the cancellation applicant was focused on its home market, China, and that it was not known in the EU. A news item on GlobalPost, dated 9 August 2012, confirms that in 2012 the cancellation applicant's trade mark was still not considered a known brand outside China (Annex 11). Moreover, an article about the entry of the applicant into the European Union market was removed in October 2012 because the cancellation applicant had no immediate plans to expand its search business into the European Union (Annex 12).

- The CTM proprietor had no intention of preventing any use by the cancellation applicant of its mark 'baidu'. The CTM proprietor is not in the habit of filing well-known foreign trade marks whose holders have not yet done so themselves with the aim of selling them to the interested companies. It has never done so and will never do so. Moreover, the cancellation applicant has rejected an offer by third parties to sell its trade mark for a vast amount of money (see Annex 14). Furthermore, it is not unusual for a new company such as the CTM proprietor to use and register other trade names for several new projects and activities which, in the end, are discontinued. The names cited by the cancellation applicant do not include any trade names that show any similarity to well-known foreign trade marks of third parties. The reason that the CTM proprietor registered the names Partypoker, Golden Palace, Stan James and Bet Fred was that it cooperated commercially with and promoted these companies. The CTM proprietor did not know on the date of filing of the contested CTM about the NASDAQ listing of the cancellation applicant, as the CTM proprietor is not part of the financial industry but focuses only on IT services.
- In support of its observations, the CTM proprietor filed the following evidence:
 - Annex 1: Printouts from Baidu Europe's website www.baidu.nl;
 - Annex 2: Registrations of Baidu Europe's domain names baidu.nl and baidu.be;
 - Annex 3: News item dated 2 March 2007 in the Beijing Daily Messenger (original item in Chinese, with a sworn Dutch translation and an English translation thereof);

- Annex 4: Printouts from the BONT (Baidu Online Network Technology) website www.baidu.com;
 - Annex 5: Information about BONT on Wikipedia;
 - Annex 6: News items dated 20 June 2007 from the Chinese media: (a) www.sina.com.cn, ZDNet China; and (b) LonelyJames, CNET Newsweb (original items in Chinese, with sworn Dutch translations and English translations thereof);
 - Annex 7: News item dated 21 June 2007 from the Chinese media: www.jmnews.com.cn (original item in Chinese, with a sworn Dutch translation and an English translation thereof);
 - Annex 8: News item dated 15 September /2011 in PCWorld;
 - Annex 9: News item dated 11 January 2011 on Memebum.com;
 - Annex 10: News item dated 18 January 2011 on the website Tech in Asia.
 - Annex 11: News item dated 9 August 2012 on the website GlobalPost.
 - Annex 12: News items dated 10–12 October 2012: (a) correction in South China Morning Post, further to (b) initial news item in South China Morning Post, further to (c) news item on Yahoo! Finance (press release Charm China).
 - Annex 13: Various rejections of trade mark applications made by BONT outside China in 2011 and 2012: rejections in various jurisdictions (Korea (×3), Vietnam, Iran (×2), Cyprus, Turkey and Armenia) due to prior trade mark rights of others (including Baidu Europe).
 - Annex 14: Press release by Buzz Technologies, dated 4 September 2008;
 - Annex 15: Affiliate accounts with the websites of Stan James, Bet Fred, Goldenpalace and Bwinpartypartners/partypoker.
- 5 On 9 December 2013, the Cancellation Division adopted its decision (hereinafter ‘the contested decision’) declaring the challenged CTM invalid in its entirety and ordering the CTM proprietor to bear the fees and costs. The contested decision can be summarized as follows:
- The fact that the CTM proprietor knew at the time of applying for registration of the contested CTM, that the cancellation applicant was using an identical sign for similar goods and services, has not been directly proven by the cancellation applicant. However, as the cancellation applicant has argued, a presumption of knowledge arises from the combination of several facts.
 - Firstly, it must be stated that the IT services industry to which both the cancellation applicant and the CTM proprietor belong is not limited by national boundaries but is a global, fast-growing business which connects people and companies all over the world and which allows information about everything to be accessed almost immediately. It is a well-known fact that this is not only the case in 2013 but was also the case in 2006, when the contested CTM was filed.

- Secondly, and according to the CTM proprietor's observations, the CTM proprietor is active in the field of software and hardware installation, website design and operation, having evolved into an internet services company for SME businesses, specialising in software consultancy, automation and web portal design. Part of the business of the CTM proprietor is to be informed about the latest developments in the field of IT technology – i.e. related to specific and general internet issues – as it is important to keep up to date with the fast-changing internet industry in order to be able properly to advise clients, as the cancellation applicant claims to do.
- Thirdly, it can also be assumed that the CTM proprietor's owner, Mr Ufkes, also had and still has a personal interest in keeping up to date with all kind of developments in the IT field.
- Fourthly, the cancellation applicant is, and was at the time of filing of the contested CTM, the largest web services company in China, including for various services such as search engines for websites, audio files and images, online community platforms, online user-generated encyclopaedias, etc. The cancellation applicant's services are services which, in part, are offered also by the multinational company GOOGLE, known to literally everyone in the world who is connected to the internet. Although the cancellation applicant's and the CTM proprietor's business fields are not identical, they still belong to the same category, namely to the business of providing IT services, and their services are complementary in the sense that the CTM proprietor uses search engines etc. in order to render its own services.
- Taking into consideration the abovementioned facts, it can be assumed that the CTM proprietor, at the date of the filing of the contested CTM, knew about the use of the trade mark 'BAIDU' by the cancellation applicant.
- A presumption of the CTM proprietor's knowledge is, furthermore, strengthened by the fact that in 2005 the cancellation applicant already had a turnover of EUR 32 million and was the number one Chinese-language search engine, the number one site for internet traffic in China and was the largest Chinese web index, with over 1 billion pages. The presumption is also corroborated by the many press articles submitted by the cancellation applicant as Annex 8. Although it is correct that many of those articles deal with the listing of the cancellation applicant on the American NASDAQ, many articles mention the trade mark BAIDU used by 'a Chinese web search engine successfully increasing share prices in the first days from 27 US\$ to 153,98 US\$' (Annex 8, e.g. *Reuters* article of 17 December 2005, *Wall Street Journal Europe* articles of 16 December 2005 and 28 October 2005, *Financial Times* article of 19 October 2005, etc.). These newspapers and their online versions are the leading business newspapers in Europe, including in the Netherlands, where foreign press is habitually read by a broad public on a daily basis, especially by entrepreneurs such as the owner of the CTM proprietor. It can be assumed that the owner of the CTM proprietor read some of these articles, considering the business field of the CTM proprietor and his interest in the IT industry.

- In conclusion, it follows from the intensive use made by the cancellation applicant of the 'baidu' mark within the same economic sector to which the CTM proprietor belongs, from the global character of this particular sector and from the frequent press coverage in the European financial press that at the time of filing of the contested CTM, the CTM proprietor must have known of the cancellation applicant's use of its mark.
- However, as stated in case-law, the fact that the CTM proprietor knows or must know that the invalidity applicant has been using a similar sign for similar services for which a likelihood of confusion may arise is not sufficient for a finding of bad faith. In order to determine whether there was bad faith, the CTM proprietor's intentions at the time of filing must also be taken into account.
- In this specific case, the cancellation applicant has proved several other facts which are relevant as indications of the CTM proprietor's intention at the time of filing.
- First, it appears that the CTM proprietor's website includes information about the CTM proprietor's intention to negotiate the sale of the contested CTM or related domain names (in fact, as the applicant has pointed out, the website of the CTM proprietor is mainly dedicated to the conflict with the applicant and the possible negotiations between them). Although it may be correct that the CTM proprietor has not yet approached the cancellation applicant in order to start negotiations, it is still clear that the CTM proprietor expects a negotiation to take place (Annex 17: '...we expect it to come to us'). This shows the clear expectation of the CTM proprietor that it will engage in negotiations in order to sell the contested CTM.
- In this context, it is very important to consider that the CTM proprietor has only described its field of business in general terms. However, it has not furnished any concrete facts and no evidence at all as to what exactly the business is about, and it has not shown any use or provided any documents that so much as hint that the contested CTM is actually being used for the services in question. The only statement to this effect is made by the CTM proprietor in paragraph 15 of its observations of 27 February 2013: 'Baidu Europe has continuously and consistently used its self-conceived trade mark 'baidu' since the first filing of the trade mark in (the Benelux and) the EU.' Nevertheless, this statement has not been corroborated by any detailed arguments or evidence. Although the present proceedings are not revocation proceedings, the question of whether or not the contested CTM has been used by the CTM proprietor for the goods and services for which it is registered is nonetheless relevant for the present proceedings, since the lack of use of the mark, combined with the clear intention of the CTM proprietor to sell or auction the contested CTM, is a strong indication that it did not apply for its registration with the intention of using it (see decision of 01/06/2010, 3429C, § 18).
- In addition, it should be noted that the cancellation applicant has proved that, during the years in which the contested CTM and the previous national 'baidu' marks were filed, the CTM proprietor also applied for several trade names of

well-known companies in the area of internet gambling, such as Partypoker, Partybingo, Stan James, Betfred and Goldenpalace, trade names which he later abandoned. The fact that nearly all the different trade names requested by the proprietor between 2003 and 2007 correspond to those of very well-known companies in different sectors of online activity is a strong indication that the business in which the CTM proprietor was involved at the time of filing of the contested CTM was in fact that of trade mark hoarding. The argument of the CTM proprietor that it did so because it had relations with these companies is not supported by any evidence of actual consent from those companies (the affiliate accounts submitted are undated and can be made automatically on the websites of the relevant companies by any business wanting to advertise them).

- Finally, and although not necessary in order to establish bad faith, it should also be considered that the arguments and evidence submitted by the applicant show that before the filing of the contested CTM the cancellation applicant had been using the sign ‘BAIDU’ for similar goods and services and that this sign, therefore, probably enjoyed some degree of legal protection as a non-registered trade mark in at least some of the countries of the European Union, such as in Germany, according to § 4 Nr. 2 MarkenG (German Trade Mark Law), and/or the United Kingdom as a result of the common-law tort of passing off.
 - Taking into account all the circumstances of the present case, namely the presumed knowledge of the CTM proprietor of the cancellation applicant’s use of an identical sign for related services, the intention to sell or auction the contested CTM, the apparent lack of genuine use of the contested CTM, the evidence pointing to trade mark hoarding on the part of the CTM proprietor and the degree of protection which the earlier sign enjoyed in some of the Member States, the Cancellation Division concludes that there are sufficient indications that the CTM proprietor filed the contested CTM in bad faith.
- 6 On 4 December 2013, the CTM proprietor filed a notice of appeal against the contested decision. A statement of grounds was filed on 7 February 2014.
 - 7 No revision was granted pursuant to Article 62 CTMR and on 4 March 2014, the appeal was remitted to the Boards of Appeal.
 - 8 On 21 May 2014, the cancellation applicant filed observations in reply to the CTM proprietor’s appeal.
 - 9 On 26 June 2014, the CTM proprietor filed a reply.

Submissions and arguments of the parties

- 10 The CTM proprietor requests that the CTM concerned be upheld as a validly filed and registered Community Trademark, the application for invalidity action be dismissed and that the cancellation applicant be ordered to bear the fees and costs of the proceedings. In support of its view that it had not filed the contested mark in bad faith, the CTM proprietor elaborates on the following allegations.
- It had no knowledge of the Chinese search engine ‘Baidu’ at the time of applying for registration of the contested CTM nor is an assumption of such knowledge justified;
 - It had a legitimate reason for applying for registrations of the contested CTM, given that it commenced this use in the European Union in 2003, independent from the then insignificant Chinese search engine.
 - It never had the sole intention to sell or auction the contested CTM.
 - Its business has never engaged in trade mark hoarding.
 - Baidu has always made genuine use of the contested CTM.
- 11 The cancellation applicant requests the dismissal of the appeal and that the CTM proprietor bear the fees and costs of the appeal. In its view the CTM proprietor is unable to successfully demonstrate that the contested decision violates existing European trademark laws or is not in line with the relevant jurisprudence or practice. The CTM proprietor elaborates upon the following points in its observations:
- The CTM proprietor has no convincing reason for choosing ‘BAIDU’.
 - The CTM proprietor was not unaware of the cancellation applicant’s market position and business activities.
 - The contested decision correctly found that the CTM proprietor was involved in ‘trade mark hoarding’ at the time of the filing of the contested mark.
 - On the basis of the evidence presented, the Cancellation Division correctly concluded that the CTM proprietor had the knowledge that the applicant used an identical trademark for identical or similar goods and services capable of causing confusion which is sufficient for the assumption of bad faith under Article 52(1)(b) CTMR.
 - The CTM proprietor cannot successfully claim that it had a legitimate reason for applying for the contested mark.
 - When arguing that mere knowledge of the cancellation applicant’s use of its ‘BAIDU’ trademark outside Europe was not a sufficient basis for an assumption of bad faith, the CTM proprietor overlooks that the Cancellation Division based its decision on numerous factors which in their entirety allowed for the deduction of bad faith. The Cancellation Division did not only argue that

the CTM proprietor was aware of the cancellation applicant using 'BAIDU' in China or somewhere else in the Asian region and therefore assumed bad faith. Finally, the CTM proprietor is not correct when alleging that the cancellation applicant had until October 2006 used 'BAIDU' only outside EU territory. In its submissions before the Cancellation Division the cancellation applicant showed that it had used the mark in several countries within and outside the European Union (including the United Kingdom and Germany) at least since 2005. (9 August 2012, page 18).

- 12 On 9 March 2015, the Office sent an invitation for the parties to seek a friendly settlement.
- 13 On 13 May 2015, the cancellation applicant informed the Office that it would not wish to engage in mediation and requested a decision in the matter.
- 14 On 21 May 2015, the cancellation applicant submits an e-mail from the CTM proprietor which shows, it is alleged, the sole monetary interest of the CTM proprietor.
- 15 On 21 May 2015, the CTM proprietor submits in reply that it has registered and commenced use of its mark in good faith. The CTM proprietor alleges that it has attempted to resolve the issue by offering for sale its rights to the cancellation applicant who has however not shown any interest.
- 16 On 15 July 2015, the CTM proprietor submitted a request for a total transfer of the contested trade mark to a third party which was subsequently accepted by the Office.

Reasons

Admissibility of the appeal

- 17 The appeal complies with Articles 58, 59 and 60 CTMR and Rule 48 CTMIR. It is, therefore, admissible.

Admissibility of the evidence submitted during the appeal proceedings

- 18 The cancellation applicant argues that Annexes 28a-h and 29 as filed by CTM proprietor for the first time on appeal were submitted late and should therefore not be taken into consideration by the Board.
- 19 The Board notes, as the cancellation applicant itself pointed out, its discretion in accepting or refusing evidence filed late. The evidence submitted consists of evidence that complements arguments used and evidence submitted before the Cancellation Division which may at first sight be relevant for the outcome of the case, in particular they may serve to confirm the Board's position taken on the basis of the facts, evidence and arguments made before the Cancellation Division. Taking into account the circumstances of the case, the Board sees no reason for not accepting the evidence submitted by the CTM proprietor before the Board and

to which the cancellation applicant has been given the opportunity to reply. In any event, the Board's main focus will be on the evidence on file as submitted before the Cancellation Division.

Substance

- 20 Under Article 52(1)(b) CTMR, a Community trade mark must be declared invalid on application to the Office, where the applicant for registration was acting in bad faith at the time of filing the application for the trade mark.
- 21 Where the cancellation applicant for a declaration of invalidity seeks to rely on that ground, it is for that party to prove the circumstances which substantiate a finding that the Community trade mark proprietor had been acting in bad faith when it filed the application for registration of that mark (14/02/2012, T-33/11, Bigab, EU:T:2012:77, § 17).
- 22 In general terms, bad faith appears as an inherent defect in the application and suggests that bad faith involves conduct which departs from accepted principles of ethical behaviour or honest commercial and business practices (see Opinion of the Advocate General 11/06/2009, C-529/07, Lindt Goldhase, EU:C:2009:361, § 41 and 60).
- 23 As also correctly pointed out by the cancellation applicant, in order to determine whether the applicant [CTM proprietor] is acting in bad faith for the purposes of Article 52(1)(b) CTMR, account must be taken of all the relevant factors specific to the particular case and, in particular, of the following, where applicable:
- the fact that the applicant [CTM proprietor] knows or should know that a third party is using, in at least one Member State, an identical or similar sign for an identical or similar product liable to be confused with the sign for which registration is sought;
 - the applicant's [CTM proprietor's] intention of preventing 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 (11/06/2009, C-529/07, Lindt Goldhase, EU:C:2009:361, § 53).
- 24 It should be pointed out that the three factors set out in the previous paragraph are only examples of factors which can be taken into account in order to decide whether the applicant [CTM proprietor] was acting in bad faith at the time of filing the application (13/12/2012, T-136/11, Pelikan, EU:T:2012:689, § 26 and case law cited therein).
- 25 It must therefore be held that, in the context of the overall analysis undertaken pursuant to Article 52(1)(b) CTMR, account may also be taken of the commercial logic underlying the filing of the application for registration of the sign as a Community trade mark and the chronology of events relating to the filing (21/05/2015, T-635/14, URB, EU:T:2015:297, § 33 and case law cited therein).

- 26 As to the applicant's [CTM proprietor's] intention at the time when it files the application for registration, this is a subjective factor which has to be determined by reference to the objective circumstances of the particular case (11/06/2009, C-529/07, Lindt Goldhase, EU:C:2009:361, § 41-42).
- 27 It is in the light of those considerations that the parties' arguments must be examined.
- 28 The Cancellation Division considered, taking into account the circumstances of the present case, that there are sufficient indications that the CTM proprietor filed the contested CTM in bad faith. The contested decision mentions the following factors:
- the presumed knowledge of the CTM proprietor of the cancellation applicant's use of an identical sign for related services;
 - the intention to sell or auction the contested CTM;
 - the apparent lack of genuine use of the contested CTM;
 - the evidence pointing to trade mark hoarding on the part of the CTM proprietor and
 - the degree of protection which the earlier sign enjoyed in some of the Member States.
- 29 The Board, in its full review examination in accordance with Article 64 CTMR (23/09/2003, T-308/01, Kleencare, EU:T:2003:241, § 24-26), will now assess the factors that led the Cancellation Division to reach the conclusion that the CTM proprietor had acted in bad faith.

(Presumption of) knowledge of use

- 30 The Board agrees with the Cancellation Division that there is no evidence on file that proves that the CTM proprietor knew (due to direct or indirect relations), at the time of applying for registration of the contested CTM, that the cancellation applicant was using an identical sign for similar goods and services.
- 31 However, the Cancellation Division considered that a presumption of knowledge at the time of applying for registration arises from the combination of several facts.
- 32 Before assessing these facts, the Board notes that a presumption of knowledge, by the cancellation applicant, of the use by a third party of an identical or similar sign for an identical or similar product capable of being confused with the sign for which registration is sought may arise, *inter alia*, from general knowledge in the economic sector concerned of such use, and that knowledge can be inferred, *inter alia*, from the duration of such use. The more that use is long-standing, the more probable it is that the applicant will, when filing the application for registration, have knowledge of it (11/06/2009, C-529/07, Lindt Goldhase, EU:C:2009:361, § 39; emphasis added).

- 33 It should be noted that the (presumption of) knowledge of use is not limited to use in a Member State but also to use outside the European Union (27/06/2013, C-320/12, Malaysia Dairy, EU:C:2013:435, § 37, concerning use in non-Member State Malaysia; see also 29/11/2012, T-537/10 & T-538/10, Fagumit, EU:T:2012:2952, § 19 concerning Article 53(1)(b) in conjunction with Article 8(3) CTMR ‘bad faith’).
- 34 The Board will now proceed to assess the relevant facts as considered by the Cancellation Division concerning the presumed knowledge.
- 35 Insofar as the Cancellation Division considers that the IT services industry is a global, fast-growing business which connects people and companies all over the world and which allows information about everything to be accessed almost immediately, it is correct that this was also the case in 2006, when the contested CTM was filed. However, the mere fact that information about everything is easy accessible through internet does not mean that therefore it can be presumed to be known. This applies even less to the extent the information is available in a language such as Chinese which, taking into account the evidence on file, the CTM proprietor cannot be presumed to understand.
- 36 Furthermore, the Board agrees with the Cancellation Division that:
- the CTM proprietor has an interest ‘...to be informed about the latest developments in the field of IT technology – i.e. related to specific and general internet issues’;
 - the cancellation applicant is, and was at the time of filing of the contested CTM, the largest web services company in China, including for various services such as search engines for websites, audio files and images, online community platforms, online user-generated encyclopaedias, etc. and
 - the cancellation applicant’s services are services which, in part, are offered also by the multinational company GOOGLE, known to literally everyone in the world who is connected to the internet.
- 37 However, the fact that one - or more - of the companies that may render the same services as the CTM proprietor are literally known by everyone in the world who is connected to the internet does not make the CTM proprietor’s mark well known.
- 38 Furthermore, notwithstanding its status as the largest web services company in China, this does not imply that the mark is generally known in the relevant economic sector outside China. Moreover, although it can be expected that the CTM proprietor needs to be continuously kept up-to-date in the dynamic and fast-changing sector of IT technology, the mere allegation does not suffice to accept a presumption of knowledge of a company rendering related services in China.
- 39 In this respect, it should be emphasised that the Cancellation Division did refer to various press articles submitted by the cancellation applicant, many of which mention the trade mark ‘BAIDU’ used by ‘a Chinese web search engine

successfully increasing share prices in the first days from 27 US\$ to 153,98 US\$' (Annex 8, e.g. Reuters article of 17 December 2005, Wall Street Journal Europe articles of 16 December 2005 and 28 October 2005, Financial Times article of 19 October 2005, etc.).

- 40 As a general remark, the 303 press clippings the cancellation applicant refers to do not seem to be a mere collection of a bigger amount of press articles but rather concern the total amount of a search containing the following search criteria:

Words:	"baidu" OR "Bǎi Du" (in Chinese characters)
Date:	from 1999-01-01 to 2005-12-22
Source:	European publications Or European websites
Company:	all companies
News Theme:	all news themes
Industry:	all industries
Area:	all areas
Language:	Chinese (simplified) Or English

- 41 None of the publications mentioned in the search report concern publications the CTM proprietor would (necessarily) read to keep up-to-date in its field of expertise. They are mainly financial publications from, as also mentioned by the Cancellation Division, leading business newspapers in Europe, including in the Netherlands. This does, however, not constitute sufficient proof to assume that (the owner of) the CTM proprietor, presumably having knowledge of the English language, has read some of these articles.
- 42 The only specialised news item dates from 15 September 2011 and was published – well after the filing of the contested mark - in PCWorld (see CTM proprietor's observations of 27 February 2013, point 50 and the therein mentioned Annex 8). This article is also relevant because it further confirms the Board's hereunder mentioned view that the cancellation applicant did not have any intention of being active in the European Union before or on the filing date of the contested mark (see heading '*Cancellation's applicant interest in the European Union market*' hereunder).
- 43 However, even if taking into account all the evidence on file, at the time of filing of the contested CTM, the CTM proprietor must have known of the cancellation applicant's use of its mark for, this is, as also correctly pointed out by the Cancellation Division not sufficient for a finding of bad faith. In order to determine whether there was bad faith, the CTM proprietor's intentions at the time of filing must also be taken into account (see contested decision, page 7 paragraph 4).
- 44 As a general remark, the Board reiterates that the circumstances prior to filing the application for registration of the Community trade mark (the chronology of events) are of relevance for the present proceedings (see also 01/02/2012, T-291/09, Pollo Tropical chicken on the grill, EU:T:2012:39, § 57-58).

- 45 The Cancellation Division mentioned in the summary of the parties' arguments various events prior to the filing date, but focused in its reasoning on those events pointing to the CTM proprietor's trade mark hoarding and the cancellation applicant's legal protection in some Member States of the European Union.
- 46 Before assessing the considerations concerning the CTM proprietor's trade mark hoarding and the cancellation applicant's legal protection in some Member States of the European Union, the Board will first assess if there may be other events prior to the filing of the contested mark which might be relevant.
- 47 From the evidence on file, it follows that, amongst others, the CTM proprietor:
- obtained three Benelux registrations which included a word mark 'baidu' filed on **22 December 2005** for services in Classes 35, 38 and 42.
 - As pointed out by the cancellation applicant itself during the cancellation proceedings, all three Benelux trade mark registrations were subject to pending invalidity proceedings based on bad faith before the District Court 'Noord-Nederland' in Groningen (see observations dated 9 August 2012, page 15). On 14 August 2013, the District Court rendered its judgment dismissing the cancellation applicant's claim. Although the Board is not bound by the judgment, all the more so since it has no complete information as to the exact basis and evidence the District Court used to come to its conclusion, it is interesting to note that the following considerations of the Dutch District Court are basically also applicable to the circumstances in the case at hand (page 5, paragraph 5.10 and 5.11. of the English translation):

5.10 The District Court holds that a key indicator for the being well-known of the trademark *Baidu* in the Benelux at the time of the registrations in 2005 and 2007 is the knowledge of said trademark in the ICT sector in the Benelux. In this respect it is up to Baidu Online Network to furnish substantiated assertions and if required proof that at the time of the registrations the trademark *Baidu* was known in this sector to such a degree that the qualification "well-known" within the meaning of article 6bis PCPIP is satisfied.

5.11 The District Court takes account of the fact that in substantiation of its assertion that in 2005 and/or 2007 the trademark *Baidu* was a well-known trademark in the Benelux, Baidu Online Network has submitted (newspaper) articles generally originating from or relating to the financial sector and mainly regard the knowledge of the company of Baidu Online Network in the home market China and the success that followed the Nasdaq listing in August 2005. The District Court holds that from this cannot be deduced that in 2005 and/or 2007 the trademark *Baidu* was a well-known trademark in de Benelux or a known trademark in the ICT sector in the Benelux. Rather the opposite, as all submitted Exhibits point to an "ignorance" with the trademark *Baidu* noted everywhere outside China up until 2010, evidently as a result of a strategic choice to refrain from targeting "the West" with its products published exclusively in Chinese characters; a business policy they wished to change only after 2010. For the rest Baidu Online Network has submitted no (further) documents from which might be deduced the being well-known of the trademark *Baidu* at the time of the registrations by Ufkes in 2005 and/or 2007 in the Benelux or in the ICT sector in the Benelux.
 - registered in **June and July 2004** the domain names 'baidu.nl' and 'baidu.be' (see Annex 1 and 2);

- The CTM proprietor started a one-man business under, amongst others, the trade names 'Baidu Europe' and 'Baidu' which were registered on **23 June 2003** in the Trade Register of the Dutch Chamber of Commerce for, inter alia, 'software consultancy, web portals, management of commercial affairs, electronic documents and data, etc.' (see cancellation applicant's observations of 9 August 2012, page 11 and annex 15 as well as CTM proprietor's observations of 27 February 2013, point 6 and appeal statement of grounds annex 16).
- 48 It follows from the above that at least from 23 June 2003 a link is proven between the CTM proprietor and the sign 'Baidu' as well as that there seems to be, at least on paper, a logical expansion continuity or 'commercial trajectory' starting with the registration of a trade name in the Netherlands followed by trade mark registrations in the Benelux and subsequently a Community trade mark. The Board adds 'on paper' because it does not have solid and objective evidence of use of these rights which could have strengthened the view that the filing of the contested mark was logic in commercial terms for the CTM proprietor. On the other hand, the cancellation applicant does not disclose any information which could establish that the filing of the contested mark was artificial in nature and devoid of logic in commercial terms for the CTM proprietor (07/11/2014, T-506/13, Urb, EU:T:2014:940, § 41).
- 49 There is no evidence of a link between the name 'Baidu' and the CTM proprietor before June 2003 (the CTM proprietor's allegation that it chose the company name after positive feedback is not corroborated by any evidence; see appeal statement of grounds page 3, point 6).
- 50 The cancellation applicant argues that it started to use 'Bai Du' in Chinese characters and the English transliteration 'BAIDU' as its trade name and trade mark in its website www.baidu.com since the year 2000.
- 51 In support of its assertion, the cancellation submits various documents (annex 13-14), amongst others, the following (parts):



- (b) 
- (c) 

- 52 The cancellation applicant did not clarify the numbering 20000824090514 or the date 2005-6-17. However, taking into account that document a) mentioned above refers to 24 August 2000, it seems likely that a part of the numbering in document c), namely 20000824, refers to the same date.
- 53 However, even if this were to be considered solid evidence of the existence of the cancellation applicant's website in 2000, the Board does not consider that this is sufficient to assume that the CTM proprietor was aware or should have been aware in 2000 (or in 2003 when it choose the company name 'Baidu') that a third party was using the sign Baidu (in China or anywhere else) for any goods or services. This is even more the case since it is unclear from the English documents in Annex 13 if they are original texts as published on the website www.baidu.com in 2000 or, what is, at least, equally plausible, mere English translations of the Chinese text on the website. There is no evidence on file which justify a presumption that the CTM proprietor has a special link with China and/or understands Chinese.
- 54 Insofar as the cancellation applicant argued before the Cancellation Division that it had provided evidence - in particular by means of the press clipping in the period from 2002 to 2005 (Annex 8 Search Report by the Science and Technology Search Novelty Center of the National Library of China) - that it was the leading Internet search engine in China, with respect to 2002 and 2003, the cancellation applicant highlights the following publications:

2002

- FT Financial Times, 14.9.2002, p. 578
- FT Financial Times, 13.9.2002, p. 580

2003

- Private Equity Investor PLC, 19.12.2003, p. 565
- AFP, 21.11.2003, p. 572
- The Business, 16.11.2003, p. 573
- AFP, 13.11.2003, p. 575
- AFP, 25.5.2003, p. 576

- 55 It should be noted that the period of the search report in annex 8 is from 1 January 1999 to 22 December 2005. In this respect, insofar as the cancellation applicant highlights the above publications of 2002 and 2003, these are the only publications of 2002 and 2003. There are no sources from before 2002.
- 56 Moreover, only the two 2002 publications and the publication of the 'AFP' ('Agence France Presse') are before the date the CTM proprietor registered its trade names.
- 57 Furthermore, even if all 2002 and 2003 publications were to be taken into account, 7 is an extremely low number of publications, all the more so taking into account the search strategy of the search report as mentioned above (see paragraph 40 above).
- 58 Moreover, none of the articles deal with 'Baidu' as the main subject or give any indication that the Chinese search engine 'Baidu' - which has a rather large market share in China in 2003 (30.7%) according to a survey conducted by the Internet Society of China (Annex 9) - is (well-)known outside China.
- 59 Therefore, the press clippings do not demonstrate that the CTM proprietor on 22 June 2003, that is when it registered its company name Baidu (Europe), can be presumed to have knowledge of the cancellation applicant's 'Baidu' sign and even less about the nature of goods and/or services rendered under this sign.
- 60 As to the choice of the name 'Baidu', the Board accepts the CTM proprietor's corroborated allegation that the combination 'bai' and 'du' means 'with you' [or, 'at your place'] in the dialect of East-Groningen.
- 61 The cancellation applicant does not seem to dispute the meaning but argues that irrespective of the fact that 'bai du' may have the meaning of 'near you' in the dialects of Groningen and other areas in the north-eastern part of the Netherlands, the allegations made by the CTM proprietor as to his motivation for choosing the term in question as a trade name and as a trademark lack credibility.
- 62 The Board does not agree with the cancellation applicant.
- 63 The address of the trade names 'Baidu' and 'Baidu Europe' as registered in the Chamber of Commerce of Groningen on 23 June 2006 is in Groningen. Moreover, Groningen is also the home region of Mr. Ufkes, the person that requested registration of aforesaid trade names. Therefore, there is a clear link between the meaning of the sign and the CTM proprietor. Bearing in mind also the aforesaid link, the Board, contrary to the cancellation applicant, does not consider it odd -

or unconvincing - for a company offering IT related services to purposely refer to 'provincial backwaters' in its trade name.

- 64 This is not made any different by adding the word 'Europe' which suggests that the CTM proprietor is active in Europe. The Board cannot conclude that because of the word 'Europe' in the trade name 'Baidu Europe', the CTM proprietor intended to give the impression that it is the European branch of the cancellation applicant. It follows from the above evidence, or better said the lack of evidence, that on 26 June 2003 the CTM proprietor cannot be considered to (presumed to) have known of the existence of the cancellation applicant. Whether or not, as also argued but not corroborated by the cancellation applicant, the company name 'Baidu Europe' suggests that the company is bigger than it actually is, which may be consumer deception in e.g. Germany; this is irrelevant for the issue at hand.

Additional factors

- 65 Subsequent to the above assessment of the chronology of events of various registrations, the Board will now return to the additional factors that were mentioned by the Cancellation Division as supporting the finding of bad faith by the CTM proprietor, namely:

Intention to sell / extort money

- 66 The cancellation applicant argues that the CTM proprietor's aim is to sell the trade marks and to extort significant money from the cancellation applicant.
- 67 It is undisputed that the CTM proprietor had the intention of selling the contested mark. As to the amount mentioned on the CTM proprietor's website, namely the CTM proprietor's wish to begin the bidding at 1.2 million Euro for its 'BAIDU' brand name and domain names (see cancellation application's observations dated 9 August 2012, page 21, last paragraph and page 3 of Annex 17 mentioned therein), this seems rather high, all the more so taking into account that the CTM proprietor did eventually sell all its Baidu marks (Benelux and CTM and domain names for 78 000 Euro to a third party (see page 1 of the agreement as attached to the transfer request).
- 68 However, the desire to obtain at least a financial compensation of 1.2 million Euro – or the actual sale of various rights including the contested mark for 78.000 Euro - does not suffice to establish bad faith on the part of the CTM proprietor, at the time the contested mark was filed.
- 69 This was also recognised by the Cancellation Division which did not consider the possible sale of the contested mark in and of itself sufficient to indicate the CTM proprietor's intention but combined it, amongst others, with the lack of use of the contested mark.

Apparent lack of genuine use of the contested mark

- 70 The Cancellation Division considered correctly that the CTM proprietor has not furnished any concrete facts and no evidence at all as to what exactly the business is about, and it has not shown any use or provided any documents that so much as hint that the contested CTM is actually being used for the services in question.
- 71 However, it is to be stressed that it is not the CTM proprietor who has to prove good faith or lack of bad faith. In the case at hand it is up to the cancellation applicant to prove this. It has not been validly established by the cancellation applicant that the CTM proprietor was not using his mark in the Benelux or that he had not taken steps to develop his mark within the European Union.
- 72 Moreover, even if the lack of genuine use had been established, this in combination with the intention to sell the contested mark does not justify bad faith from the CTM proprietor at the moment the contested mark was filed. It should be noted that it is common for entrepreneurs, in particular starting entrepreneurs, to have rather big ideas about their companies' future. It can certainly not be excluded that a lack of genuine use – if such were established – is 'simply' because the CTM proprietor's ideas did not work out as planned. However, this in combination with the intent to sell its marks does not imply bad faith at the moment the CTM proprietor filed its CTM (or its previous earlier rights).
- 73 For completeness' sake, the Board notes that only a few months after the invalidity request, the CTM mark was made subject to compulsory use. From this moment on, the cancellation applicant had - and still has - the possibility to file a revocation action against the contested mark.

Trade mark hoarding

- 74 Insofar as the cancellation applicant argues that the CTM proprietor has operated under many different trade names, it is true that the CTM proprietor has registered and abandoned various trade names of well-known companies in the area of internet gambling, such as Partypoker, Partybingo, Stan James, Betfred and Goldenpalace (see also contested decision page 8, paragraph 2). Moreover, the evidence submitted by the CTM proprietor to show that it was an official affiliate of gambling websites is rather weak. Furthermore, the allegation that as soon as the CTM proprietor found out that it is forbidden to promote internet gambling in the Netherlands without a permit it voluntarily cancelled the trade names is not convincing (see statement of grounds, page 6, paragraph 19). The CTM proprietor abandoned e.g. the trade names 'Golden Palace', 'Party Poker' and 'Party Bingo' on 27 April 2006 but registered on the same or a subsequent date, for example, the trade names 'SlaCasino' and 'KSPoker'.
- 75 On the other hand, the cancellation applicant's allegation that the CTM proprietor's business concept consists, at least partially, in securing someone else's right in order to make fast and easy money is speculative.
- 76 Firstly, as to the 'easy and fast money in the short term' argument, taking into account the fact that the case is now pending before the Board of Appeal, that

there are several related opposition proceedings pending before the Office as well as the fact that there has been Court proceedings in the Netherlands resulting in a judgment unfavourable to the cancellation applicant, the CTM proprietor cannot be accused of trying to attain easy and fast money in the short term only to abandon the name immediately should the business idea not prove successful. Moreover, the CTM proprietor correctly pointed out that the registrations as mentioned by the cancellation applicant are all registrations of trade names. In the Netherlands the mere registration of trade names does not lead to rights (see statement of grounds, page 6-7, paragraphs 19-20). Furthermore, there is no indication of the CTM proprietor having (had) any other trade mark applications/registrations other than the 'Baidu' marks. Moreover, there is no indication that the CTM proprietor tried to request any sum of money from any of the companies referred to in the previous paragraph.

- 77 Taking into account the lack of clear evidence on either side and taking into account that it is the cancellation applicant who has to prove its allegations, the Board cannot agree with the Cancellation Division that there is a strong indication that the business in which the CTM proprietor was involved at the time of filing of the contested CTM was in fact that of 'trade mark hoarding'.

Degree of legal protection

- 78 The Cancellation Division considered that the cancellation applicant's sign probably enjoyed some degree of legal protection as a non-registered trade mark in at least some of the countries of the European Union, such as in Germany, according to § 4 Nr. 2 MarkenG (German Trade Mark Law), and/or the United Kingdom as a result of the common-law tort of passing off.
- 79 Firstly, the specific German Law reference as well as passing off was mentioned by the Cancellation Division but not invoked by the cancellation applicant. Furthermore, the cancellation applicant refers to use but does not elaborate on how this would generate protection in the United Kingdom and Germany. The fact that the UK and German press articles inform the reader about BAIDU being listed on NASDAQ does not seem to suffice to prove any legal protection in the UK, Germany or any other Member State. Therefore, the arguments and evidence on file do not justify that the cancellation applicant's sign probably enjoyed some degree of legal protection as a non-registered trade mark in at least some of the countries of the European Union. As a final remark, if the cancellation applicant considered that its sign enjoyed legal protection as a non-registered trade mark, then it could have invoked 8(4) an invalidity action.
- 80 Furthermore, the Board stresses the following factor, which it considers of high importance in the case at hand, even if the CTM proprietor were to be presumed to have knowledge of a Baidu sign in China.

Cancellation's applicant interest in the European Union market

- 81 There is no evidence on file showing that the cancellation applicant had before or on the filing date of the contested mark any interest to protect and/or use its mark anywhere in the European Union.
- 82 Firstly, insofar as the cancellation applicant refers to its numerous 'Baidu' trade mark applications/registrations in various countries, they are - with the exception of four Community trade mark applications (3 of these applications are opposed by the CTM proprietor, 1 in Chinese characters is accepted) - all outside the European Union and mainly in China. As to the four Community trade mark applications, they were all filed in 2010 or 2011 which is well after the filing of the contested trade mark in 2006. This is also a further factor relevant in establishing that the CTM proprietor cannot be presumed to have been aware of the cancellation applicant's mark on the filing date of the contested mark (or the previous registration dates of the CTM proprietor's rights in the Netherlands and the Benelux).
- 83 Secondly, apart from the admissible allegations made by the CTM proprietor in this respect (see appeal statement of grounds page 5, point 3: 'In 2006 and the following years, BONT [the cancellation applicant] had only been focussing on the Asian market and was unknown to the general public in Europe (Annex 9, 10, and 28-a-h)...' as well as page 8 and 9, point 26), the Board mentions as an example some quotations from the annual report of 2005 provided by the cancellation applicant (see cancellation application's observations, dated 9 August 2012, Annex):
- '...Since founding Baidu over six years ago, we have been focusing on providing Chinese Internet search users with the best search experience possible' (page 3, paragraph 1);
- '...The potential market for keyword search in China is huge and potential customers are dispersed all over the country in areas with widely differing levels of economic developments. We are opening direct sales offices in cities with more sophisticated only marketers, while continuing to strengthen our distributor network in other parts of China...' (page 7, paragraph 2).
- 84 Moreover, in December 2006 (around the time the CTM proprietor filed the contested mark) the cancellation applicant incorporated its first offshore subsidiary in Japan, launching a Japanese language search services on 23 January 2008 (see cancellation application's observations, dated 9 August 2012, page 4).
- 85 As to the alleged use in 2005 in Germany and the United Kingdom, the Board has already dealt with this above when assessing the cancellation applicant's 'degree of legal protection' in the European Union. The mere fact that the UK and German press articles as provided for by the cancellation applicant inform the reader about 'BAIDU' being listed on NASDAQ does not prove any intention of use in the UK, Germany or any other Member State.

Conclusion

86 In light of the foregoing, and taking into account particularly that:

- 1) 'good faith' has to be presumed, unless otherwise proven; and
- 2) the 'onus' lies with the cancellation applicant who has to prove 'bad faith

the Board cannot – on the basis of the facts, arguments and evidence on file – reach a finding that the CTM proprietor acted in bad faith at the time of filing the contested mark.

87 Therefore, since the cancellation applicant has not proven that the CTM proprietor acted in bad faith, the application for a declaration of invalidity has to be rejected as unfounded.

Costs

88 The cancellation applicant is the losing party and shall be ordered to bear the costs of the cancellation and appeal proceedings, pursuant to Article 85(1) CTMR. In accordance with Article 85(6) CTMR and Rule 94(7)(d)(iv) and (v) CTMIR, the Board fixes the CTM proprietor's representation costs to be reimbursed by the cancellation applicant at EUR 550 in the appeal proceedings and EUR 450 in the invalidity proceedings. Pursuant to Rule 94(6) CTMIR, the appeal fee of EUR 800 must also be borne by the cancellation applicant. The total amount is EUR 1 800.

Order

On those grounds,

THE BOARD

hereby:

- 1. Annuls the contested decision;**
- 2. Rejects the application for a declaration of invalidity;**
- 3. Orders the cancellation applicant to bear the costs of the cancellation and appeal proceedings;**
- 4. Fixes the amount to be paid by the cancellation applicant to the CTM proprietor at a total of EUR 1 800.**

Signed

T. de las Heras

Signed

H. Salmi

Signed

C. Govers

Registrar:

Signed

H.Dijkema

