Conduct counts: Leveraging bad faith and no intention to use grounds in a trademark opposition

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Two recent decisions from the Trademarks Opposition Board offer valuable guidance for how trademark rightsholders may be able to successfully oppose applications based on an applicant's bad faith (Section 38(2)(a.1)) or lack of bona fide intention to use the applied-for mark (Section 38(2)(e)) under the *Trademarks Act*.

In *FrieslandCampina Nederland B.V. v Cong Ty Co Phan Sua Vietnam*, 2025 TMOB 134, and *Tepee Sun LLC v Lidl Stiftung & Co. KG*, 2025 TMOB 137, the Board considered allegations under both grounds and upheld the oppositions. While these provisions have historically seen limited traction, the decisions make one thing clear: evidence makes all the difference. With a well-developed record, conduct-based grounds can be powerful tools in an opposition strategy leaving applicants vulnerable if they fail to address claims head-on.

History and policy

Both Section 38(2)(a.1) and 38(2)(e) were enacted into force on June 17, 2019, when the *Trademarks Act* experienced a significant overhaul. Section 38(2)(a.1) permits an opposition on the basis that a trademark application was filed in bad faith. Section 38(2)(e) permits an opposition on the basis that the applicant was not using and did not propose to use the trademark in Canada in association with the covered goods or services.

As generally newer provisions in the *Trademarks Act*, these grounds have had relatively limited successful application. In part, this is due to the grounds' difficult evidentiary thresholds, as they require opponents to establish relevant facts that are more readily available to and particularly within the knowledge of an applicant, including insight into the applicant's intentions or motivations.

While the *Trademarks Act* does not define "bad faith," the few decisions that have considered this ground emphasize that bad faith is a flexible concept, shaped by the factual matrix and context of each case. Similarly, the evidentiary threshold for establishing a lack of bona fide intent is still developing, with limited case law

addressing what constitutes sufficient proof. Though often pleaded, both grounds have historically been difficult to advance. The decisions below offer welcome and practical guidance.

FrieslandCampina Nederland B.V. v. Cong Ty Co Phan Sua Vietnam: Dishonest conduct during application process leads to finding of bad faith

In *FrieslandCampina*, the opponent opposed the registration of a trademark application for "Vinamilk Ông Thọ" in design form filed by Cong Ty Co Phan Sua Vietnam (Vinamilk). The opposition was based on various grounds, including that the trademark was confusing with several of the opponent's trademarks used in association with its LONGEVITY brand, and that the application was filed in bad faith.

The opponent's allegations of bad faith were two-fold. First, the opponent argued Vinamilk was seeking to trade upon, profit, or inappropriately benefit from the goodwill and reputation associated with the opponent's trademarks. Second, that Vinamilk deliberately misled the Registrar by indicating that the English translation of "ÔNG THỌ" was "Mr. Tho" rather than "longevity" in order to avoid potential objections to registration of the mark at issue arising from the opponent's existing LONGEVITY brand. Specifically, Vinamilk provided inconsistent and misleading translations in the context of different trademark applications:

- In an earlier application, Vinamilk explicitly stated that "ÔNG THỌ" translates to "LONGEVITY."
- In a separate application involving the term "THO," Vinamilk again confirmed it translates to "LONGEVITY."
- In the present application for "ÔNG THỌ," Vinamilk offered a different translation — despite prior acknowledgments to the contrary.

Vinamilk elected not to file any written representations, and its evidence did not explain the inconsistent translations.

In the absence any competing explanatory statements or evidence from Vinamilk, the Board accepted the opponent's evidence at face value and noted that this shift in translation came after the Registrar had objected to the earlier "ÔNG THỌ & Design" application, on the basis that it may be confused with the opponent's "LONGEVITY" marks. The timing and inconsistency suggested a deliberate strategy to avoid a likely objection to the mark — a tactic that raised serious questions about Vinamilk's motivations.

Although the Board dismissed a portion of the bad faith claims due to insufficient evidence (namely, Vinamilk's alleged intent to trade on the opponent's goodwill), it accepted the inconsistent translations as sufficient evidence to establish Vinamilk's bad faith in filing the application. Without any competing explanation, the Board viewed Vinamilk's conduct during the application process as a deliberate effort to mislead the Registrar and secure an unfair advantage in the registration process.

Tepee Sun LLC v. Lidl Stiftung & Co. KG: Summary cancellation proceedings shed light on applicant's lack of bona fide intent to use its trademark under Section 38(2)(e)

In *Tepee Sun*, the opponent plead Section 38(2)(e), among other grounds, to oppose an application for ULTIMATE SPEED filed by Lidl Stiftung & Co. KG (Lidl). The opponent argued that Lidl did not use, and never intended to use, the applied-for trademark in Canada in association with the listed goods.

The opponent's evidence set out to build a compelling narrative surrounding the applicant's clear pattern of conduct that suggested a lack of bona fide intention to use the applied-for trademark. The opponent argued:

- **Repeat expungements**: Lidl had several other trademarks expunged in Section 45 (summary cancellation non-use) proceedings before the Registrar. In each of these decisions, Lidl chose to file "deficient" evidence which the Registrar previously found unpersuasive.
- **Procedural delays and inaction**: Despite having decisions rendered against it in prior Section 45 proceedings, the opponent argued Lidl still opted to file the same type of evidence "solely to delay the proceedings and otherwise make no substantive submissions in them." Lidl also had a pattern of repeatedly delaying proceedings, failing to appear at scheduled hearings, and ultimately submitting no evidence. In the present opposition, Lidl failed to cross-examine the opponent's affiant despite securing an order to do so.
- **Strategic intent to maintain registration**: Lidl's conduct — filing deficient evidence, avoiding hearings, and initiating procedural steps it would never complete — suggested a strategy of delay and intent to keep the mark on the Register without actually intending to use it.

Lidl elected to not file any evidence or written representations to explain its conduct.

The Board accepted that the cumulative effect of these factors were sufficient to meet the opponent's initial evidential burden. In the Board's view, the absence of any evidence from the Lidl (despite more than seven years having passed since the application was filed) called into question whether the mark had ever been used in Canada in association with the claimed goods. That, combined with the Lidl's track record of its trademarks being expunged for failure to show use, as well as its pattern of procedural delay, led the Board to support the opponent's assertion that Lidl was maintaining a presence on the Register without any genuine intent to use the mark. In making that conclusion, the Board pointed out the "[a]pplicant has made no effort whatsoever to produce evidence or make submissions that would suggest an alternate explanation."

Key takeaways

Together, *FrieslandCampina* and *Tepee Sun* offer practical guidance for opponents considering conduct-based grounds such as bad faith or a lack of bona fide intent to use a trademark.

- A key takeaway is that evidence is king. Here, the applicants' failure to file any explanatory evidence or statements left the Board with no alternative but to accept the opponents' evidence at face value. While there are cases where the Board has rejected these grounds despite an applicant's silence, these decisions show that compelling evidence can tip the balance.
- These decisions also underscore that the integrity of the registration process itself, and how an applicant engages with it, can be just as critical as the mark on file. Opponents should take note of any patterns of procedural delay, inconsistent representations, or strategic dishonest filing behaviour.
- For trademark applicants, the message is clear: act with integrity, maintain clear and consistent records, and treat the opposition process as more than a box-ticking exercise.

Contact us

If you have any questions about this article or if you need assistance navigating oppositions under the *Trademarks Act*, please do not hesitate to reach out to the contacts below or any member of BLG's Trademarks Group.

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