

Coinbase Successfully Invalidates bitFlyer’s “Coinbase” Mark on Grounds of Bad Faith

Coinbase, Inc. v bitFlyer Inc. [2023] SGIPOS 9

To what extent would applying to register a mark in an extremely wide range of goods and services provide grounds for finding that the application was made in bad faith? The Registrar dealt with, inter alia, this issue in *Coinbase, Inc. v bitFlyer Inc. [2023] SGIPOS 9* in which our firm’s Melvin Pang and Zachery Tan successfully acted on behalf of the Applicant, Coinbase, Inc.

Background

The case involves an application for a declaration of invalidity against bitFlyer’s (“**Proprietor**”) registered word mark, “Coinbase” (the “**Mark**”).

The Applicant is a major cryptocurrency exchange based in the United States that goes by and provides its products and services under the same name. Particularly, it operates a digital currency wallet and platform where users can transact using digital currencies such as Bitcoin, Ethereum, and Litecoin. In the same vein, bitFlyer Inc., the Proprietor, is a cryptocurrency exchange based in Japan that enables its customers to trade Bitcoin.

Broadly, the Applicant relied on two grounds in the invalidation, namely that:

the application to register the Mark was made in bad faith; and

the Mark is identical or confusingly similar to its earlier “COINBASE” mark, and they are registered in relation to similar goods and services, resulting in a likelihood of confusion.

Bad faith

Section 23(1) read with section 7(6) of the Trade Marks Act (the “Act”) provide that the registration of a trade mark may be declared invalid to the extent that the application was made in bad faith. The threshold to show bad faith is high – it encompasses actual dishonesty and dealings which would be considered as commercially unacceptable by reasonable and experienced persons in the trade. An allegation of bad faith is a serious one and must be sufficiently supported by evidence (*Valentino Globe BV v Pacific Rim Industries Inc [2010] 2 SLR 1203 at [28] to [30]*).

Copying of the Mark

On this front, the Applicant argued that the Proprietor was well aware of the Applicant’s “COINBASE” mark before the Relevant Date (i.e. the date the application to register the Mark was made) but had nonetheless proceeded to apply to register the “Coinbase” mark without the Applicant’s knowledge, consent, or authority.

There was evidence that at the Relevant Date, the Proprietor had actual knowledge of the Applicant's existence and its "COINBASE" mark. The Proprietor had mentioned the Applicant by its trade name in press releases and the parties had appeared on the same panel discussion together before. They were also in the same niche industry, making it likely that the Proprietor was aware of the Applicant's presence in the market. The Proprietor failed to provide a clear explanation as to how its "Coinbase" mark was derived. In the circumstances, and upon considering the authorities before her, the Registrar agreed with the Applicant that there had been outright copying of its "COINBASE" mark, and this was conduct that fell below acceptable commercial standards. To this end, the application to register the Mark was made in bad faith across the entire range of claimed services.

No bona fide intention to use

In the alternative, the Applicant also argued that the Mark was registered in bad faith as at the Relevant Date, the Proprietor did not have any bona fide intention to use the Mark in relation to the services claimed. There was no compelling evidence that the Proprietor put the mark to genuine use.

The Registrar observed the interesting overlap between (1) the ground of bad faith for a lack of bona fide intention to use a registered mark, and (2) a revocation of the registered mark on the ground of non-use for a continuous period of 5 years. She noted that while these are separate grounds to challenge the registration of a mark, they overlap on the issue on the lack of use – in (1), we are concerned with the lack of intent to use the mark at the time of applying to register it and in (2), it is the fact that there is a lack of use that is relevant. The Registrar noted that evidence of the lack of use may be used to support the finding that there was a lack of intent to use.

The following question then arises – what else is required to show a lack of intent? This is not a straightforward issue. For one, the applicant is required to prove a negative. Second, the fact that a mark was not used does not necessarily mean that at the time of the application, the proprietor had no intention to use it. As the Registrar notes at [48] of the judgment, the Proprietor could have simply changed his mind due to other reasons e.g., a change in market conditions such that it was no longer economically attractive to use the mark on the goods or services claimed. It is quite common for traders to claim trade mark protection with respect to goods and services not offered by them at the time of the application. In other words, an application can be filed on the basis of intended use.

On this ground, the Applicant pointed to the extremely broad range of claimed services which were wholly unrelated to one another, for example:

“auctioneering; arranging newspaper subscriptions; rental of vending machines; retail services or wholesale services for sea food; veterinary and sanitary preparations and medical supplies; dentifrices, soaps and detergents” in Class 35 and “Providing meteorological information; architectural design; surveying; geological surveys or research; testing, inspection or research of pharmaceuticals, cosmetics or foodstuffs” in Class 42.

The Applicant also tendered extracts from the Proprietor's website and interviews wherein the Proprietor never indicated an intention to expand its range of services beyond those relating to cryptocurrency. The Registrar held that this was cogent evidence reflecting the Proprietor's business interest and focus, which squarely related to

cryptocurrency and not other areas relating to the aforementioned claimed services. Accordingly, the Applicant raised a prima facie case that at the Relevant Date, the Proprietor did not have a “legitimate and sensible commercial position” in seeking to protect the Mark in respect of the aforementioned services. This shifted the evidential burden to the Proprietor to prove that there was in fact a bona fide intention to use the Mark.

However, the Proprietor did not address this in evidence nor did it participate in the full hearing to provide a substantive response. The Applicant thus succeeded in establishing bad faith for a lack of bona fide intention.

Identical mark, similar goods and services

Notwithstanding the finding of bad faith, which would invalidate the Mark in its entirety, the Registrar proceeded to consider the ground of invalidation under section 23(3)(a)(i) read with section 8(2)(a) and (b) of the Act.

Mark identity

Comparing the competing marks, she held that “COINBASE” was identical to “Coinbase”, noting that a mark registered in upper case in plain font covers all stylistic permutations of the mark, and that the same words in plain font are considered identical despite differences in letter case.

Goods and services were similar

On the next limb, the Registrar found that the Proprietor’s claimed Class 42 services relating to designing or maintaining computer programs were similar to the Applicant’s downloadable computer software products in Class 9 and services relating to providing use of online software for electronically transmitting digital currency in Class 42. Such goods and services are used to facilitate electronic transactions conducted by the same group of end users, and are closely connected to software for this purpose.

Likelihood of confusion

Due to the wide range of similar goods and services, which can be inexpensive and readily accessible products on one hand, and more technical, specialised ones on the other, the relevant public included a range of consumers – those who select and purchase electronic commerce-related goods and services without a high degree of care and attention, and those who go through a more involved process of research and comparison (making confusion less likely).

Nonetheless, the Registrar found that there was a reasonable likelihood of confusion amongst the relevant public and this was largely due to the identity between the competing marks.



Key Takeaways

Coinbase, Inc. v bitFlyer Inc. is one of the few cases in Singapore where the high threshold for establishing bad faith was met. The Applicant raised several points which were crucial for the Proprietor to address, but which the latter failed to do so. Choosing to register a mark that is identical or highly similar to a competitor's without a sound explanation may provide sufficient basis for the finding that the mark was registered in bad faith.

More interestingly, seeking protection with respect to an extremely wide range of unrelated goods and services, combined with there being no evidence of the mark actually being used, may raise a prima facie case that there was no bona fide intention to use the mark. The Registrar was careful to stress that had the Proprietor participated in the hearing or adduced evidence to explain a bona fide intention, the case outcome may have been different. The Registrar also emphasised that the decision should not affect the common practice of trade mark applicants claiming a penumbra of goods and services beyond what they already offer.

However, we would add that trade mark applicants should still exercise discretion when deciding the goods and services protection should cover. They should have some connection with the field of business the applicants are in, or one which they foresee an expansion into. In the latter case, evidence of such intention could be important in showing a bona fide intention.

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