



## A kicking for Sky? EU Court issues long-awaited judgment in *Sky v. SkyKick*: decision is good news for trade mark owners

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On January 29, 2020, the Court of Justice of the European Union (“CJEU”) handed down its long-awaited judgment in *Sky v. SkyKick* (Case C-371/18).

The CJEU judgment departs from the opinion of the Advocate General (“AG”) and, overall, is more favourable to existing trade mark owners than the AG’s decision. The CJEU effectively maintained the status quo of the trade mark system in the EU.

The case concerned underlying (and on-going) trade mark infringement proceedings brought by Sky against SkyKick in the United Kingdom. SkyKick filed a counterclaim, arguing that the earlier marks on which Sky’s infringement action was premised were invalid, either partially or totally, on the grounds that the specifications thereof lacked clarity and precision. SkyKick also claimed that Sky’s marks were filed in bad faith because Sky had no intention of using the marks in relation to all goods and services for which they were filed.

The English High Court determined that SkyKick’s claim raised a number of issues, the answers to which were not *acte clair*. The High Court therefore referred five questions to the CJEU, which it answered in turn as follows:

1. *Can an EU trade mark or a national trade mark registered in a Member State be declared wholly or partially invalid on the ground that some or all of the terms in the specification of goods and services are lacking in sufficient clarity and precision?*

The CJEU, following the AG’s opinion, ruled that a registered EU trade mark or a national trade mark cannot be declared wholly or partially invalid on the grounds that terms used to designate the goods and services in respect of which that trade mark was registered lack clarity and precision.

There had been a concern prior to the CJEU’s judgment that an affirmative answer to the first question would have obliged trade mark owners to restrict all of their existing trade mark registrations containing broad terms lacking “sufficient clarity and precision”. While dispelling any such anxiety, the CJEU’s judgment noted that, in any event, a national or EU trade mark registered (for more than five years) in relation to goods and services which lack clarity and precision is only capable of being protected in respect of the goods and services for which it has been put to genuine use. Accordingly, the Court felt evidently that existing legislative provisions already served to mitigate any perceived imbalance caused by broad terms. While brand owners may not be compelled to make immediate amendments to their trade mark portfolios, non-use attacks launched against broad terms are likely to be at least partially successful. In those circumstances, the term will be narrowed according to the goods/services for which use can be demonstrated.

2. *If the answer is yes, is a term such as “computer software” too general and [does it cover] goods which are too variable to be compatible with the trade mark’s function as an indication of origin for that term?*

Since the CJEU answered the first question negatively, the decision does not specifically address the issue raised in the second question, namely whether the term “computer software” is too



general (which, notably, was the AG's view). However, again contrary to the AG's view, the CJEU found that a lack of clarity and precision in the wording of the goods/services covered by a trade mark registration cannot be considered contrary to public policy.

As a result of the judgment, trade mark owners may therefore continue to include broad terms such as "computer software", "telecommunication services" and "financial services" in their trade mark filings in the EU without immediate risk of objection. That said, it is possible that, when examining trade mark applications, such terms may be subject to greater scrutiny in the future, particularly in light of the AG's opinion. Therefore, alongside such broader terms, it is prudent for trade mark owners to consider filing for narrower terms aligned to their specific interests.

3. *Can it constitute bad faith simply to apply to register a trade mark without any intention to use it in relation to the specified goods or services?*

The CJEU ruled that a trade mark application made without any intention to use the trade mark in relation to the goods and services covered by the registration constitutes bad faith, **if** the applicant for registration of that mark had the intention either of (i) undermining, in a manner inconsistent with honest practices, the interests of third parties, or (ii) obtaining, without even targeting a specific third party, an exclusive right for purposes other than those falling within the functions of a trade mark.

While the CJEU found that a lack of intention to use a trade mark at the time of filing may constitute bad faith, the requisite threshold for establishing bad faith conduct appears to have been set high. In fact, what is needed is "objective, relevant and consistent indicia" of, in essence, a positive intention to obtain a registration for illegitimate purposes. Only time will tell how this new subjective test will be applied in the future; the reference to 'consistent' suggests, however, that a finding of bad faith may be contingent on a concerted course of conduct.

4. *If yes, is it possible to conclude that the application was made partly in good faith and partly in bad faith if and to the extent that the applicant had an intention to use the trade mark in relation to some of the specified goods or services?*

The CJEU ruled that when an absence of intention to use a trade mark in accordance with its essential functions concerns only certain goods or services referred to in the application for registration, that application will constitute bad faith only in so far as it relates to those goods or services.

The CJEU's judgment is therefore unlikely to seriously discourage trade mark owners from filing for broad specifications, including for goods/services that exceed their current or potential commercial interests. Notwithstanding the apparently high evidential threshold required to establish bad faith, in the event of a challenge by a third party the registration in question would only be partially invalidated in respect of those goods and services for which bad faith is established.

5. *Is section 32(3) of the UK Trade Marks Act 1994 [which requires applicants to state that the trade mark is being used, or that the applicant has a "bona fide intention" to use the trade mark] compatible with [Directive (EU) 2015/2436] and its predecessors?*

The CJEU answered this question by stating that EU law does not preclude national law from imposing a condition compelling a trade mark applicant to positively assert that his/her trade mark is either in use for the goods/services for which registration is sought, or that he/she has a bona fide intention that it should be so used, *provided* breach of that obligation does not constitute, in itself, a ground for invalidity of a registered trade mark.

Again, the CJEU's answer to this fifth question favours the status quo, since it found that the infringement of an obligation to make a good faith statement of intent cannot constitute a new ground of refusal for invalidity under EU law. However, any such infringement may constitute evidence for the purposes of establishing possible bad faith on the part of a trade mark applicant.



It is worth noting that – subject to any extension of the transition period – the United Kingdom will be under no obligation to follow the judgments of the CJEU from 1 January 2021. While the English Courts and UKIPO are expected to adhere (at least in the short-term) to the CJEU’s historical jurisprudence, it is not inconceivable that at some point the UK will elect to depart from EU law. While the High Court’s decision following referral is anticipated prior to the expiry of the transition period, it will be interesting to see how Arnold J approaches the CJEU’s “objective, relevant and consistent indicia” test and whether he gives any indication that it could be dispensed with, or altered, in a post-Brexit future.

For more information on the matters discussed in this *Locke Lord QuickStudy*, please contact the authors.

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