



Sky v SkyKick

The High Court has issued its decision in the *Sky v SkyKick* case. The judgment follows the Advocate General's opinion and the Court of Justice of the European Union's (CJEU) decision of 29 January 2020 on questions referred to it by the High Court regarding broad specifications of goods and services.

Background

Sky, the UK TV Broadcaster, alleged trade mark infringement of a number of their UK and EU registered rights ("Sky's registered rights") for the word SKY by SkyKick, a cloud management software company, through use of the sign SkyKick and variants thereof. Sky's registered rights cover a broad range of goods and services, including "computer software" in Class 9 and "telecommunications services" in Class 38, which they relied upon. SkyKick denied the allegations and counter-claimed that each of Sky's registered rights should be declared (partly) invalid on the ground that (i) they are registered for goods and services that are not specified with sufficient clarity and precision, and (ii) the applications were made in bad faith since Sky had no intention of using the trade marks in relation to all the goods and services covered.

The High Court found that SkyKick infringed Sky's registered rights subject to their validity. In addressing validity, the High Court stayed the proceedings and referred a number of questions to the CJEU as arbiter of European Union trade mark law which can be summarised as follows:

1. Can a trade mark be declared wholly or partially invalid on the grounds that its specification is lacking in sufficient clarity and precision?
2. If so, can a term as broad as "computer software" be considered sufficiently clear and precise?
3. Does 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?
4. If so, is it possible to conclude that the applicant made the application partly in good faith and partly in bad faith?

The principles of clarity and precision were previously addressed in the IP TRANSLATOR case (C-307/10). The CJEU held that the terms claimed should enable the competent authorities and economic operators to determine the extent of the protection conferred by a trade mark on that basis alone. It followed that terms such as "machines" were no longer acceptable. In the present case, the questions referred to the CJEU concerned the validity of a trade mark which contained unclear or unprecise terms, including terms that were commonly accepted e.g. "computer software".

As EU trade mark law does not explicitly require an applicant to

declare a bona fide intention to use a trade mark, there was concern that a finding of bad faith would amount to a fundamental change in filing practice, especially where brand owners may have developed a practice of defensive filings.

The Advocate General's Opinion and Decision of the CJEU

Ahead of the CJEU's decision, the Advocate General Tanchev issued an opinion whereby he found that (i) whilst lack of clarity and precision do not per se provide a ground for invalidity, the requirement of clarity and precision may be covered by the grounds for refusal or invalidity of marks which are contrary to public policy and (ii) there may be bad faith where the use of broad terms such as "computer software" by the applicant is to prevent a third party from entering the market, including where there is evidence of an abusive filing strategy. Whilst a decision from the CJEU in this sense may have had significant implications for trade mark owners, and particularly those holding very broad registrations, the decision of the CJEU (C-371/18) departed from the Advocate General's opinion.

The CJEU ruled that broad specifications cannot be invalidated (wholly or partly) on the basis that they are imprecise or unclear. Furthermore, a lack of clarity or precision does not render the registration contrary to public policy. Regarding bad faith, the CJEU ruled that registering a trade mark with no intention to use it could constitute bad faith, but only where there is evidence that the applicant acted dishonestly with the intention to undermine third parties or where they attempted to obtain a right which is inconsistent with the essential function of a trade mark. Therefore, mere registration in relation to goods and services which do not correspond to the applicant's commercial activities at the time of filing is not in itself sufficient to find bad faith.

The Decision of the High Court

Whilst the CJEU's decision maintains the status quo as regards the validity of broad filing activity, the High Court takes the CJEU's decision a step further by finding that applying to register a trade mark without any intention to use it for specified goods or services may constitute bad faith. In this instance, the High Court found that not only did Sky not intend to use the trade marks relied upon in relation to some of the goods and services registered, but there was also "no foreseeable prospect that they would ever intend to use the Trade Marks in relation to such goods and services". The High Court also found that there was no commercial justification for Sky to cover such a wide spectrum of goods and services and concluded that the filing of extensive specifications served "purely as a legal weapon against third parties, whether in threats of infringement claims or actual infringement claims or oppositions to third party applications for registration". In particular, the High Court found that there was no commercial justification for the registration of "computer software" at large and concluded that the term was applied for in

bad faith. The High Court added that in the case of goods ‘bleaching preparations’, ‘insulation materials’ and ‘whips’, Sky made a partly false section 32(3) declaration (declaration of intention to use the mark applied for) which supports the conclusion that Sky’s application was made in bad faith.

As a result, part of Sky’s specification was considered invalid on the grounds of bad faith and could not be relied upon in the infringement claim. However, instead of dismissing those terms altogether, the High Court devised a specification which reflects the extent of the bad faith proved, through the notable use of relevant sub-classes.

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What it Means for Trade Mark Owners

In addition to the requirements of clarity and precision as set forth in the IP TRANSLATOR case, practitioners and trade mark owners should also factor in bad faith considerations as part of UK filing strategies and should have regard to the potential for a counter-claim for invalidity when seeking to enforce registered rights claiming broad terminology. Particular attention should be paid to the wording used in specifications to reflect all current and potential commercial activities, as failure to do so may result in, partial or whole, invalidation on the grounds of bad faith.

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