



JUDICIARY OF
ENGLAND AND WALES

**Case C-371/18 *Sky plc v SkyKick UK Ltd*:
Lack of clarity and precision of specifications of goods or services
and bad faith through lack of intent to use as grounds of invalidity**

(Mr Justice) Richard Arnold

Markenforum

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The Trade Marks I

Sky own four registered EU trade marks and one registered UK trade mark consisting either of the word SKY or figurative depictions of that word (“the Trade Marks”).

Two of the EUTMs were applied for in 2003 in respect of goods and services in Classes 9, 16, 18, 25, 28, 35, 38, 41 and 42 by reference to the class headings of the 8th edition of the Nice classification.

One of the EUTMs was applied for in 2006 in respect of goods and services in Classes 9, 16, 28, 35, 37, 38, 41 and 42 by reference to the class headings of the 9th edition of the Nice classification supplemented by a series of increasingly detailed descriptions of more specific goods and services.

One of the EUTMs and the UKTM were applied for in 2008 in respect of goods and services in Classes 3, 4, 7, 9, 11, 12, 16, 17, 18, 25, 28, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44 and 45 by reference to the class headings of the 9th edition of the Nice classification supplemented by a series of increasingly detailed descriptions of more specific goods and services. The specifications run to 8,127 words and 8,255 words.

The Trade Marks II

For the purposes of their infringement claim under Article 9(2)(b) of the EUTM Regulation/Article 10(2)(b) of the TM Directive, Sky relied upon the registrations of the Trade Marks in respect of the following goods and services:

- **computer software (Class 9);**
- **computer software supplied from the internet (Class 9);**
- **computer software and telecoms apparatus to enable connection to databases and the internet (Class 9);**
- **data storage (Class 9);**
- **telecommunications services (Class 38);**
- **electronic mail services (Class 38);**
- **internet portal services (Class 38); and**
- **computer services for accessing and retrieving information/data via a computer or computer network (Class 38).**

Use and reputation of the Trade Marks

Sky had made extensive use of the trade mark SKY in the UK, Ireland and elsewhere in the EU in relation to a range of goods and services, and in particular goods and services relating to Sky's core business areas of (i) television broadcasting, (ii) telephony and (iii) broadband provision.

SkyKick accepted that, by November 2014, SKY was a household name in the UK and Ireland in those fields.

SkyKick

SkyKick is a small to medium sized enterprise which was founded in the USA by two former Microsoft employees in 2011.

SkyKick initially developed a product called Cloud Migration which largely automated the process of migrating email from Microsoft Office to Office 365. The name SkyKick was chosen because users of the product would “kick” (migrate) their clients’ data into the “sky” (i.e. the cloud).

Subsequently SkyKick developed two other products: Cloud Backup (a cloud-based backup facility) and Cloud Manager (a facility for administering cloud-based software applications).

SkyKick only sold their products to Microsoft Partners (i.e. software professionals), but the Partners used SkyKick’s products to provide services to their customers (“Customers”) for the benefit of the Customers’ users (“End Users”).

In November 2014 SkyKick started expanding its business into the EU, and in particular the UK. Hence this was the relevant date for assessing Sky’s infringement claim.

The infringement claim

Sky contended that SkyKick had infringed the Trade Marks under Article 9(2)(b) of the Regulation/Article 10(2)(b) of the Directive through use of the similar sign SkyKick in relation to goods and services identical to those for which the Trade Marks were registered.

The High Court held that:

- the distinctive character of the Trade Marks and the identity of SkyKick's goods and services with some of those covered by the Trade Marks were factors that supported the existence of a likelihood of confusion;**
- the similarities between the sign SkyKick and the Trade Marks were such that the average consumer was capable of perceiving the sign as a sub-brand of SKY, but whether this was likely depended in particular on the degree of care and attention exercised by the average consumer;**
- Partners were unlikely to be confused given the fairly high degree of care and attention they would exercise, but there was a likelihood of confusion in the case of Customers and End Users given the lower degrees of care and attention they would exercise;**
- if the Trade Marks were validly registered in respect of the goods and services relied upon by Sky, then SkyKick had infringed them.**

The counterclaim for a declaration of invalidity

SkyKick contended that the Trade Marks were wholly or partly invalidly registered on the grounds that:

- (1) the specifications of goods and services lacked clarity and precision as required by Case C-307/10 *Chartered Institute of Patent Attorneys v Registrar of Trade Marks (IP TRANSLATOR)*; and**
- (2) the applications were made in bad faith since Sky had not intended to use the Trade Marks in relation to all of the specified goods and services.**

Lack of clarity and precision I

In *IP TRANSLATOR* CIPA applied to register the trade mark by reference to the class heading of Class 41, namely “education; providing of training; entertainment; sporting and cultural activities”. The UKIPO refused the application on the ground that the trade mark was descriptive in relation to translation services applying Communication 4/03 of the President of OHIM (use of class headings covers all goods and services in class). On appeal three questions were referred to the CJEU.

The Grand Chamber of the CJEU ruled in answer to question 1:

“Directive 2008/95/EC must be interpreted as meaning that it requires the goods and services for which the protection of the trade mark is sought to be identified by the applicant with sufficient clarity and precision to enable the competent authorities and economic operators, on that basis alone, to determine the extent of the protection conferred by the trade mark.”

Lack of clarity and precision II

In the course of its judgment, the CJEU stated at [54]:

“... it must be observed that some of the general indications in the class headings of the Nice Classification are, in themselves, sufficiently clear and precise to allow the competent authorities to determine the scope of the protection conferred by the trade mark, while others are not such as to meet that requirement where they are too general and cover goods or services which are too variable to be compatible with the trade mark’s function as an indication of origin.”

Lack of clarity and precision III

The European Trade Mark and Design Network's Common Communication on the Common Practice on the General Indications of the Nice Class Headings of 20 November 2013 concluded that 11 general indications (subsequently reduced to 5) were not clear and precise, and consequently could not be accepted without further specification:

“the term ‘machines’ [in Class 7] does not provide a clear indication of what machines are covered. Machines can have different characteristics or different purposes, they may require very different levels of technical capabilities and know-how to be produced and / or used, could be targeting different consumers, be sold through different sales channels, and therefore relate to different market sectors.”

Similar reasons were given in relation to “repair” (Class 37), “installation services” (Class 37), “treatment of materials” (Class 40) and “personal and social services rendered by others to meet the needs of individuals” (Class 45).

Lack of clarity and precision IV

SkyKick contended that each of the terms relied upon by Sky for the purposes of their infringement claim lacked clarity and precision.

Sky accepted that it was arguable that lack of clarity and precision in the specification of goods and services was a ground of invalidity which could be asserted against a trade mark after registration even though it is not expressly provided in the legislation, but disputed that any of the terms relied on lacked clarity or precision.

The High Court concluded:

“registration of a trade mark for ‘computer software’ is unjustified and contrary to the public interest because it confers on the proprietor a monopoly of immense breadth which cannot be justified by any legitimate commercial interest of the proprietor. This is clearly recognised by the USPTO’s practice ...

It does not necessarily follow, however, that the term ‘computer software’ is lacking in clarity and precision. Indeed, at first blush, it appears to be a term whose meaning is reasonably clear and precise. ... On the other hand, I find it difficult to see why the reasoning of the TMDN with respect to ‘machines’ in Class 7 is not equally applicable to ‘computer software’.”

Lack of clarity and precision V

The High Court referred the following questions to the CJEU:

- “(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 to enable the competent authorities and third parties to determine on the basis of those terms alone the extent of the protection conferred by the trade mark?”**
- (2) If the answer to (1) is yes, is a term such as ‘computer software’ too general and covers goods which are too variable to be compatible with the trade mark’s function as an indication of origin for that term to be sufficiently clear and precise to enable the competent authorities and third parties to determine on the basis of that term the extent of the protection conferred by the trade mark?”**

Lack of clarity and precision VI

Compare the recent decision of the Grand Chamber of the CJEU in Case C-320/17 *Levola Hengelo BV v Smilde Foods BV*:

“40. For there to be a ‘work’ as referred to in Directive 2001/29, the subject matter protected by copyright must be expressed in a manner which makes it identifiable with sufficient precision and objectivity...

41. That is because, first, the authorities responsible for ensuring that the exclusive rights inherent in copyright are protected must be able to identify, clearly and precisely, the subject matter so protected. The same is true for individuals who must be able to identify, clearly and precisely, what is the subject matter of protection which third parties, especially competitors, enjoy. ...”

Bad faith I

Article 51 of Regulation 40/94 (Article 52 of Regulation 207/2009, Article 59 Regulation 2017/1001):

“1. A Community [EU] trade mark shall be declared invalid on application to the Office or on the basis of a counterclaim in infringement proceedings,

(b) where the applicant was acting in bad faith when he filed the application for the trade mark

3. Where the ground for invalidity exists in respect of only some of the goods or services for which the Community [EU] trade mark is registered, the trade mark shall be declared invalid as regards those goods or services only.”

Article 3(2)(d) of Directive 89/104 (Article 3(2)(d) of Directive 2008/95, Article 4(2) of Directive 2015/2436) corresponds.

Bad faith II

Section 32(3) of the UK Trade Marks Act 1994:

“The application [for registration of a trade mark] shall state that the trade mark is being used, by the applicant or with his consent, in relation to those goods or services [sc. the goods or services in relation to which it is sought to register the trade mark], or that he has a *bona fide* intention that it should be so used.”

This provision is not derived from the Trade Marks Directive and has no counterpart in the EUTM Regulation.

The UK courts have held that, at least in some circumstances, an applicant who makes a false statement that he intends to use the trade mark in relation to the specified goods or services thereby acts in bad faith.

Bad faith III

SkyKick contended that the Trade Marks were registered in bad faith because Sky did not intend to use the Trade Marks in relation to all of the goods and services specified in the respective specifications. SkyKick accepted that Sky intended to use the Trade Marks in relation to some of the goods and services specified. Nevertheless, SkyKick's primary case was that the Trade Marks were invalid in their entirety, relying upon Case T-321/10 *SA.PAR. Srl v Office for Harmonisation in the Internal Market (GRUPPO SALINI)* at [48] and EUIPO's *Guidelines for Examination of European Union Trade Marks*, Part D Cancellation para 3.3.5.

In the alternative, SkyKick's secondary case was that the Trade Marks were invalid to the extent to that the specifications covered goods and services in relation to which Sky had no intention to use the Trade Marks.

Sky disputed the factual basis for SkyKick's contentions, but in any event contended that applying to register a trade mark without intending to use it in relation to all of the goods and services covered by the specification could not constitute bad faith, and that, even if it did, it could not have the consequence that the registration was wholly (rather than partly) invalid.

Bad faith IV

On the evidence, the High Court found that Sky had intended to use the Trade Marks in relation to some of the goods and services specified in the applications, but had not intended to use them in relation to other goods and services.

The specifications included goods and services in relation to which Sky had no intention to use the Trade Marks in three different ways:

- the specifications included specific goods in relation to which Sky no intention to use the Trade Marks at all e.g. “bleaching preparations” “insulation materials” and “whips”;**
- the specifications included categories of goods and services that were so broad that Sky could not, and did not, intend to use the Trade Marks across the breadth of the category e.g. “computer software”; and**
- the specifications were intended to cover all of the goods and services in the relevant classes even though Sky did not intend to use the Trade Marks in relation to all goods or services in each class.**

Bad faith V

The High Court concluded:

“... although there is no express requirement of an intention to use in either the Regulation or the Directive, and a registered trade mark cannot be revoked for non-use until five years have expired, the jurisprudence of the CJEU and the General Court suggests that, at least in certain circumstances, it may constitute bad faith to apply to register a trade mark without any intention to use it in relation to the specified goods or services.

... the case law suggests that, in an appropriate case, it may be possible to conclude that the applicant made the application partly in good faith and partly in bad faith if the applicant had an intention to use the trade mark in relation to some of the specified goods or services, but no intention to use the trade mark in relation to other specified goods or services.

... although it is my view that ... a trade mark may be declared to be partly invalid if the application was made partly in bad faith, I do not consider that that conclusion can be said to be *acte clair*.”

Bad faith VI

The High Court referred the following questions to the CJEU:

- “(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?”**
- (4) If the answer to question (3) is yes, is it possible to conclude that the applicant made the application 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, but no intention to use the trade mark in relation to other specified goods or services?**
- (5) Is section 32(3) of the UK Trade Marks Act 1994 compatible with Parliament and Council Directive 2015/2436/EU and its predecessors?”**

Bad faith VII

In his article “*So Precisely What Will You Use Your Trade Mark For?*” *Bad Faith and Clarity in Trade Mark Specifications* (2018) 49 IIC 940 Prof Phillip Johnson argues that the test for intention to use as at the application date should be aligned with the test for use in the context of application for revocations for non-use as stated in cases such as Case T-126/03 *Reckitt Benckiser (ALADIN)* [2005] ECR II-2861 i.e. an intention to use will only suffice for a category of goods or services if it cannot be divided into distinct sub-categories other than in an arbitrary manner.