

BAD FAITH IN TRADEMARK LAW: SKY PLC V SKYKICK

29 January 2020

Today Europe's highest court, the Court of Justice of the European Union (CJEU), has handed down its much anticipated judgment in one of the most important referrals in EU trademark law over the last few years. In what is being seen as a relief for brand owners, the [CJEU](#) has stopped short of following every part of the Advocate General's (AG) opinion in respect of deciding the five questions referred by the English Courts, and there is unlikely to be a significant change to the approach to filing practices as a result of the judgment, as some had feared. The questions decided by the [CJEU](#) concerned the role and function of trademark specifications and bad faith filing practices.

The dispute between UK TV and telecoms company Sky and cloud management business SkyKick relates to Sky's claim that SkyKick has infringed four of its EU trademarks and one UK trademark comprising the word SKY through their use of SkyKick. There was also a claim for passing off. Mr Justice Arnold (as he then was) concluded in his February 2018 judgment that SkyKick's counterclaim challenging the validity of the marks could not be decided without guidance from the [CJEU](#). SkyKick's validity attack was two-fold: (1) Sky's trademark specifications lacked the requisite clarity and precision; and (2) Sky's applications had been made in bad faith.

In response to the five questions referred to the [CJEU](#), the Court has ruled as follows:

Questions 1 & 2: Is a lack of clarity and precision as to the terms of a trademark specification a ground of invalidity? Specifically, is the term "Computer Software"

sufficiently clear and precise?

The CJEU held that an EU or national trademark cannot be declared wholly or partially invalid on the ground that terms used to designate the goods and services lack clarity and precision.

In line with the AG, the CJEU noted that whilst this is a ground for refusal during the registration process, the legislation provides an exhaustive list of grounds for invalidity, which does not include the lack of clarity and precision of terms. The CJEU noted that SkyKick's assertion that such unclear and imprecise specifications were contrary to the absolute ground requiring graphic representability did not apply to considerations of scope of the specifications. The CJEU departed from the AG's view that such specifications could be considered invalid on the grounds of being contrary to public policy or public order. In this respect the CJEU determined that the concept of 'public policy' did not relate to characteristics of the trademark application itself. Therefore, it will continue to be difficult to challenge terms for lack of clarity after grant.

Questions 3 & 4: Bad faith - can it constitute bad faith to apply to register a trademark without any intention to use it in relation to some or all of the specified goods and services?

In agreement with the AG, the CJEU held that the registration of a trademark without any intention to use it in relation to the goods and services covered by that registration constitutes bad faith.

The CJEU clarified that the bar for bad faith is high - bad faith may only be established if there is objective, relevant and consistent evidence that the applicant had filed the trademark application with the intention of either (a) undermining, in a manner inconsistent with honest practices, the interests of third parties, or (b) obtaining, without necessarily targeting a specific third party, an exclusive right for purposes other than those falling within the functions of a trademark. Nonetheless, the CJEU stated that bad faith cannot be presumed purely on the basis that the applicant had no economic activity corresponding to the goods and services at the time of the application.

Where there is an absence of intention to use the mark in accordance with the essential

functions of a trademark (e.g. as a designation of origin) but that only concerns certain goods or services covered by the application, that application constitutes bad faith **only** in so far as it relates to those goods and services. Therefore, the trademark would be declared partially-invalid in respect of those goods and services where bad faith could be demonstrated.

This answer in particular will come as a sigh of relief to brand owners who will not risk invalidating their entire mark by making overly broad applications for registration as part of a defensive filing strategy.

Question 5: Whether S.32(3) of the UK's Trademark Act 1994 requiring an applicant to make a statement of *bona fide* intention to use, is compatible with EU law?

The CJEU agreed with the AG's view that infringement of this procedural requirement of national law could not constitute a ground for invalidity but nonetheless the statement may constitute evidence of bad faith. In this regard, the provision was considered compatible with EU law.

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