

CJEU DECISION IN SKYKICK OFFERS RELIEF TO TRADE MARK OWNERS

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Legal Briefings - By **Joel Smith and Joanna Silver**

The CJEU has today handed down a crucial [decision](#) as it seeks to provide clarification on important questions about the extent of the monopoly businesses can obtain legitimately through the registration of a trade mark

The CJEU held that a registered trade mark cannot be declared wholly or partly invalid as a result of a lack of clarity and precision of the terms used to designate the goods and services covered by that registration. Further, whilst invalidity on the ground of bad faith may be triggered where an applicant registers a mark without any intention to use it in relation to specified goods and services, bad faith will only be established in exceptional circumstances. This outcome is very helpful to existing trade mark proprietors and favours the existing status quo of the trade mark system.

BACKGROUND

Trade mark protection in the UK and the EU is granted in respect of the specific goods and services which the applicant has determined the mark should cover. However, there are ambiguities in the EU law relating to the relationship between trade mark specifications and the validity of trade marks. Following a reference from the High Court of Justice (England and Wales) (the 'High Court') to the CJEU in the case [Sky v SkyKick](#), Case C-371/18 (*Sky plc and others v SkyKick UK Limited and other*) the CJEU has given judgment.

For the facts giving rise to the dispute in the main proceedings, please see our previous summary of the case in the Herbert Smith Freehills 'Trade Mark Update for 2018' [here](#). We previously reported on the Opinion of the Advocate-General ('AG') in this case [here](#).

THE DECISION

The reference to the CJEU focussed on the relationship between the specification of goods and services and the validity of trade marks.

Lack of clarity and precision as a ground of invalidity

The CJEU set out that the grounds of invalidity laid down by EU legislation are exhaustive and therefore rejected the idea that a trade mark could be attacked as a separate ground of invalidity on the basis that the specification of the goods or services lacked clarity or precision, or because such lack of clarity and precision was contrary to public policy. The only way to attack a registered mark is on the basis of revocation for non-use, after the event, if the particular goods or services were not in use after five years.

This decision favours the existing status quo of the trade mark system, where big brands often file extensively and widely, taking into account the likely areas of expansion of their use of the trade mark over time. The decision provides a clear, if unexpected, result, despite the steer from the High Court over concern at broad, undefined terms such as “computer software”. The Court chose not to focus upon whether it was possible to claim trade mark protection for terms that do not exactly specify for what a trade mark was or was intended to be used. This contrasts with the AG’s Opinion, which suggested that a lack of clarity in the specification could fall under the public policy absolute ground for refusal of a registration and therefore invalidity. The CJEU found no basis for an attack at all; the only question was whether the trade mark proprietor used the mark and, if not, whether part of the mark could later be revoked for non-use.

Bad faith as a ground for refusal of registration and invalidity

The CJEU confirmed that ‘bad faith’ may be triggered where an applicant registers a mark without any intention to use it in relation to the goods and services covered by that registration. However, it clarified that bad faith will only be established in the exceptional circumstances where it could be demonstrated that the applicant deliberately sought to monopolise classes of goods or services in order to block or undermine the interests of other businesses. Bad faith cannot be presumed on the basis of the mere finding that, at the time of filing, the applicant had no economic activity corresponding to the goods and services referred to in that application. The court should look at the motives of the trade mark owner when they filed their application and at whether they intended to abuse the system by blocking a competitor at that time. This is a very high evidential burden to meet and would only rarely be found. Even where it is, the trade mark would only be partially invalid to the extent that the scope of the goods or services had been improperly applied for.

The High Court will now need to reach a final ruling, with the benefit of the CJEU’s Judgment. At present, it had found that SkyKick had infringed Sky’s trade marks, unless it had a defence and counterclaim by way of seeking to make out that Sky’s trade marks were partially or wholly invalid.

BUSINESS IMPACT

This decision is very favourable to existing trade mark proprietors. Critics will say that it misses an opportunity to regulate the ever increasing thicket of broad trade mark registrations and leaves the burden on third parties to contest such marks. However, the decision effectively favours the status quo, so avoids any concerns regarding a radical new approach being thrust upon the UK at the time of Brexit. Had the CJEU followed the AG's Opinion, all businesses with trade marks, not only big brands, risked their trade marks being found invalid across the EU if they were filed with overly wide specifications, which could have had a chilling effect on companies seeking to enforce their key trade marks in the EU through litigation. Whilst this concern has not materialised, businesses protecting new brands would still be wise to look carefully at the scope of protection that they file for and to be clearer in specifying exactly the goods or services they intend to protect.

This decision will continue to impact businesses in the UK, despite the UK leaving the EU shortly. Following this reference from the UK High Court, the UK Government made detailed submissions to the CJEU upon its interpretation of the legislation. After the UK leaves the EU, the UK will though lose the ability to seek to influence the outcome of such cases (and will no longer have a judicial representative on the CJEU), but the likely consequence of having trade mark law that is so closely aligned with the EU is that the UK courts will nonetheless continue to apply EU case law.

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