

European Union: Broad Identifications Not Grounds for Invalidating Trademark Registrations

By [Sahil Yadav](#)

Sky Plc & Ors v SkyKick UK Ltd & Anr (Case C-371/18)

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The Court of Justice of the European Union recently issued its decision in the referral from the UK High Court in the *Sky v. Skykick* case ([2018] EWHC 155 (Ch), in which the CJEU held that inclusion of broad terms in identifications of goods (“computer software” in this case) is not grounds for invalidity. However, the decision is not entirely positive for brand owners as the CJEU also held that bad faith can be a ground for invalidity where there is no bona fide intention to use a mark.

Background and Procedural History

Sky, Plc (“Sky”) brought suit against Skykick, Inc. (“Skykick”) at the UK High Court for infringement of several of its trademark registrations for SKY-formative marks.

In defense, Skykick alleged that Sky’s registrations were invalid on the basis that Sky’s trade mark specifications lacked clarity and precision because they were too broad, that the specifications included certain goods for which there was a clear lack of intention to use the marks, and such lack of intention constituted bad faith.

The UK High Court concluded that Skykick infringed Sky's trademarks if these trademarks are determined to be validly registered. However, on the question of the validity of Sky's trademarks, it sought the guidance of the CJEU on the following questions:

- Can a trademark 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?
- If yes, whether certain terms commonly used in trademark specifications, e.g., 'computer software' are invalid on the ground they lack clarity and precision?
- Whether there should be a finding of bad faith when an application is made covering a wide list of goods and services with no intention to use the mark for all the specified goods and services?
- Whether a mark found invalid because the application was made in bad faith due to lack of intention to use the mark in relation to all the specified goods/services should be struck down in its entirety, or only for the affected goods/services?

On October 16, 2019, the Advocate General of the CJEU ("AG") issued a non-binding opinion on these questions and stated that although a lack of clarity and precision was not a ground for invalidity of a registered trademark, inclusion of very broad terms may be contrary to public policy.

The CJEU issued its decision on January 29, 2020 addressing the questions referred by the UK High Court, disagreeing with the AG's opinion on most points, and holding Sky's registrations valid.

CJEU's Decision

The CJEU answered "No" to the first question, dismissing the argument that lack of clarity and precision of the specification of goods or services is a ground for invalidation. Contrary to the AG's opinion, it also held that as the concept of "public policy" does not relate to the characteristics of a trademark application itself, a lack of clarity and precision of the specification terms cannot be considered contrary to public policy and cannot be a ground for invalidating a registration.

Regarding invalidation on the basis of bad faith, the CJEU noted that a trademark application made without any intention to use the trademark in relation to the goods and services covered by the registration may constitute bad faith. However, it also set a high threshold for establishing bad faith, i.e., a mark would be found invalid only in circumstances where it could be shown that the applicant sought to monopolize classes of goods or services to block or undermine the interests of other businesses.

The CJEU further clarified that if bad-faith grounds for invalidity do exist for certain goods or services, the application “constitutes bad faith only in so far as it relates to those goods or services.”

Finally, the CJEU held that EU law does not preclude a provision of national law that the trademark applicant must state that its trademark is being used in relation to the claimed goods and services, or that they have a bona fide intention to do so.

The CJEU did not address the question of whether “computer software” specifically was too broad.

Significance for brand owners

This decision is important as brands and businesses risked losing trademark registrations containing broad specifications or, in the case of defensive registrations, covering goods or services for which the owners never intended to use the mark in the EU. The CJEU’s ruling that invalidation on the ground of bad faith would only occur in exceptional circumstances where the applicant sought to monopolize classes of goods/services deliberately to block or undermine third parties is heavily in favor of brand owners due to the high evidentiary threshold.

One downside of the decision for brand owners is that the CJEU failed to appreciate the reality that all businesses are now technology companies in some way, and that registrants being granted exclusive rights for “computer software” in general can be problematic in the long run.

For now, the status quo appears to have been maintained and brand owners can continue to follow the usual practice of drafting broad trademark specifications to allow their commercial exploitation of a trademark to grow and develop over time. While we may see more challenges to defensive registrations covering goods and services for which brand owners have no plans to use the trademarks, it remains to be seen whether these challenges are able to meet the high evidentiary threshold for establishing bad faith by way of monopolization set by the CJEU.