

# European Union: Mark on Which Opposition Based Cannot be Challenged on Ground of Bad Faith

*Aldi GmbH & Co KG v. European Union Intellectual Property Office (EUIPO); SKY plc Intervenor (Judgment of the General Court (Fifth Chamber) October 19, 2017 (Case T-736/15))*

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In 2013, Aldi GmbH & Co KG (“Aldi”) applied to register the mark SKYLITE, covering, inter alia, a variety of goods in Classes 9 and 18 (details follow):

Class 9: bags adapted for laptops; sleeves for laptops

Class 18: trunks and travelling bags; Boston bags; elastic bags for clothing; barrel bags; Gladstone bags; athletic bags; holders in the nature of wallets for keys; bags made of imitation leather; bags, pouches of leather; bags for clothes; wheeled shopping bags; pouches, of leather, for packaging; textile shopping bags; net bags for shopping; shopping bags; leather shopping bags

Sky plc (previously, British Sky Broadcasting Group plc) (“Sky”) opposed, based on a number of earlier marks including, in particular, EUTM No. 006870992 for SKY covering, inter alia, “cases, containers, protective coverings and parts and fittings therefor, all for use with MP3 players, music storage devices, media storage devices and other consumer electronic devices” in Class 9 and “leather and goods made of leather and not included in other classes...trunks and travelling bags...handbags, backpacks, school bags, beach bags, ...key cases...pocket wallets, purses, pouches....sling bags, shopping bags,

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suitcases garment bags, tote bags...none of the aforementioned being made from imitations of leather.”

In response, Aldi requested proof of use of Sky’s earlier marks, but was advised by the EUIPO that the request had not been considered since the earlier marks had not been registered for at least five years when the Aldi mark was published, as provided in Art. 42(2) and (3) of Regulation No 207/2009 and Art. 15(1) of that Regulation. The Opposition Division upheld the opposition and rejected the application for the Class 9 and 18 goods. Aldi challenged the decision before the Fourth Board of Appeal of EUIPO, which dismissed the appeal. The Board rejected the request for proof of use for the reason noted above, and upheld the finding of confusing similarity of the marks in respect of the goods sought to be covered. Aldi appealed further to the General Court, on two grounds of law: Namely, the EUIPO and Board erroneously (1) rejected its request for proof of use of the marks relied upon in the opposition and (2) found the marks/goods to be confusingly similar.

### **Proof of Use**

With respect to proof of use, Aldi argued that although the marks relied upon in the opposition had not been registered for the requisite five years prior to publication of its mark, that requirement should be read in conjunction with Rule 22(2) of Reg. No. 2868/1995, governing “abusive” (in effect, bad faith) resort to repeated applications for the same mark, intended to circumvent the five-year requirement. Aldi claimed that Sky had engaged in such bad-faith conduct and thus should not be permitted to rely on the subject marks without proof of use. In particular, Aldi claimed that between 1995 and 2009 Sky “developed a ‘practice of re-filing identical trademark registrations’ by asking, on several occasions, for registration of the word sign ‘sky’ as an EU mark or a national mark, in particular for goods within Classes 9 and 18...[which] ‘clearly’ had the one sole purpose of extending ‘artificially’ the ‘grace period’ referred to in Article 42(2) and (3) and Article 15(1) of Regulation No 207/2009.”

The Court rejected this argument. While acknowledging that filing in bad faith can be an absolute ground to invalidate a mark under Article 52(1) of Regulation No 207/2009, it cannot be relied upon in the context of an opposition, the purpose of which is to contest an application for an EU mark based on prior conflicting rights. The Court noted that the case law is clear on this point—namely, that in the context of an opposition, the marks upon which an opposer relies will be deemed valid, and cannot be

challenged based on criteria that constitute grounds to invalidate a mark. Such a challenge must be brought in a separate invalidity proceeding.

### **Likelihood of Confusion**

Aldi also challenged the Board's finding of visual, aural, and conceptual similarity between the marks and the similarity of the goods at issue. The Court rejected this claim as well, noting that, based on settled case law, likelihood of confusion must be determined "globally...taking into account all factors relevant to the circumstances of the case, in particular the interdependence between the similarity of signs and that of the goods or services covered" (citing *Laboratorios RTB v OHIM – Giorgio Beverly Hills*, T-162/01, EU:T:2003:199, pars 30-33 and cases cited therein). Also based on prior case law, the Court pointed out that in making the "global" assessment of likely confusion, "account should be taken of the average consumer of the category of goods concerned, who is reasonably well informed and reasonably observant and circumspect...[bearing] in mind that the average consumer's level of attention is likely to vary according to the category of goods or services in question" (citing *Mundipharma v OHIM – Altana Pharma*, T-256/04, EU:T:2007:46, par. 42 and cases cited therein). The Court noted that the Board had restricted its assessment of likely confusion to the English-speaking public of the UK and Ireland, and "the point of view of the general public...with an average level of attention." With respect to Class 9, the Board had held, *inter alia*, that "bags adapted for laptops; sleeves for laptops" of the Aldi application were identical to Sky's "cases, containers, protective coverings and parts and fittings therefor, all for use with MP3 players, music storage devices, media storage devices and other consumer electronic devices." In particular, the goods of the Aldi application were included within "protective coverings for consumer electronic devices." As to Class 18, Aldi disputed the Board's findings relating to its "bags made of imitation leather" and Sky's "goods made of leather and not included in other classes." The Court pointed out, however, that while "there is a difference in terms of price, quality and durability" of these respective goods and it could not be "excluded" that some companies that produce leather bags do not necessarily offer bags made of imitation leather, these factors "do not however take away from the fact that the goods in those materials have the same intended purpose," and can be circulated in the same distribution channels as well as at the producer level. The Court also agreed with the Board's conclusion that Aldi's "athletic bags" and Sky's "sling bags" were also sufficiently similar, noting in particular that taking into account

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the intended purpose of these goods, “sling bags” would include “athletic bags” and are thus “highly similar.”

The Court also rejected Aldi’s challenge to the finding of visual, aural, and conceptual similarity of the marks. With respect to visual similarity, the Court agreed with the Board’s conclusion, in effect, that the element SKY was the dominant feature of both marks, noting especially that this element appeared at the beginning of Aldi’s mark, where it would attract the most attention. The Court rejected Aldi’s argument that the figurative nature of its mark sufficed to give a different overall impression, especially given the distinctive and dominant character of the SKY element. For similar reasons, the Court affirmed the Board’s conclusion of aural and conceptual similarity. Finally, the Court pointed out that the earlier mark was incorporated in its entirety as the first element of the Aldi mark, further supporting the conclusion of likely confusion.

In addition to affirming settled case law relating to likely confusion analysis, this decision stands as a reminder that marks on which oppositions are based are presumed valid and that any challenge to such prior rights based on bad faith or absolute grounds must be brought in separate invalidity proceedings.

## **Primary Contacts**

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