

United Kingdom: Sky's Defensive Filings Partially Succumb to Skykick's Bad-faith Claims

By [Sahil Yadav](#)

Sky Plc & Ors v SkyKick UK Ltd & Anr, [2020] EWHC 990 (Ch)

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The UK High Court recently heard the *Sky v. Skykick* case ([2018] EWHC 155 (Ch)) case again after it had earlier referred it to the Court of Justice of the European Union ("CJEU") to decide the validity of Sky's registrations. The CJEU had held that inclusion of broad terms in identifications of goods ("computer software" in this case) is not grounds for invalidity, but that bad faith can be a ground for invalidity where there is no bona fide intention to use a mark.

The UK High Court applied the law clarified by the CJEU's judgment (which we discussed earlier here) to the facts of the case to reach its decision.

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 were 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 trade mark 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 trade mark 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 trade mark, 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.

The CJEU dismissed 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 filed 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.” The CJEU did not address the question of whether “computer software” specifically was an overly broad identification.

UK High Court’s decision

The UK High Court dismissed Skykick’s claim that “computer software” lacks clarity and precision and that Sky’s registrations ought to be invalidated on that basis, in line with the CJEU’s decision.

However, the UK High Court held that Sky had not intended to use the trade marks in relation to some of the claimed goods and services and that its registrations were filed partially in bad faith. Further, the Court found that “...*Sky made the applications pursuant to a deliberate strategy of seeking very broad protection of the trade marks regardless of whether it was commercially justified. Sky thus applied for the trade marks with the intention of obtaining an exclusive right for purposes other than those falling within the functions of a trade mark, namely purely as a legal weapon against third parties.*”

Accordingly, the UK High Court ordered partial invalidation of Sky’s registrations for such goods and services, as described below.

On the question of the broad term “computer software,” the UK High Court observed “*The fact that Sky did not intend to use the trade marks across the breadth of this category of goods does not mean that they did not intend to use the trade marks in relation to any computer software. On the contrary, I made findings in the Main Judgment that Sky had actually used the trade marks in relation to some kinds of software.*” The Court went on to craft a description of goods and services which indicated those claimed in bad faith by Sky and ordered that Sky’s registrations be declared invalid in relation to “*computer software*” except “*computer software supplied as part of or in connection with any television, video recording or home entertainment apparatus or service; computer software supplied as part of or in connection with any telecommunications apparatus or service; electronic calendar software; application software for accessing audio, visual and/or audio-visual content via mobile telephones and/or tablet computers; games software*”.

Despite partial invalidation of Sky's registrations, it was able to retain "telecommunication services, electronic mail services; internet portal services" since Skykick did not challenge these services (SkyKick attempted to amend its case to include challenges to these services at the last moment but the UK High Court denied the amendment). The UK High Court held that Skykick infringed Sky's trademark, at least in relation to "electronic mail services."

Significance for Brand Owners

The UK High Court and CJEU's ruling that a broad specification is not a ground for invalidation gives brand owners assurance that registrations covering class headings or broad specifications will not be subject to invalidation on that basis. However, brand owners may find it more difficult to maintain defensive filings because we are likely to see more challenges to such registrations on the basis of bad faith based on a lack of bona fide intention to use the mark.