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Specifications and bad faith – The CJEU Skykick ruling

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As trade marks are classified in classes according to the relevant goods and/or services, trade mark applications are often filed with class headings. A class heading broadly describes the nature of the goods and services in that class in accordance with the International Nice Classification system. While these specifications may require amending, either as a consequence of a third party objection or as required by the Trade Mark Office, many trade marks are registered with class headings.

For this reason, the defence raised by Skykick in trade mark opposition proceedings by Sky raised legitimate concerns to brand holders, especially since the Attorney General ("AG") in October 2019, advised the Court of Justice of the European Union ("CJEU") that a trade mark filed without any intention to use the mark for the goods and services listed constitutes bad faith and should be invalidated in its entirety.

Background

SKY PLC, the broadcaster, instituted trade mark infringement proceedings against Sky Kick, an information technology services company, on the grounds that it had infringed four of its EU trade marks and one UK trade mark consisting of the word "Sky" through Sky Kick's use of the sign "SKY KICK" and versions thereof.

Sky Kick counter claimed that Sky's trade marks upon which it relied were invalid on the grounds that the goods and service specifications of the SKY marks were broad, lacking clarity and precision, and that those applications had as a consequence been made in bad faith.

Contrary to the AG's opinion, the CJEU found that while a trade mark application filed without any intention to use the mark in relation to the goods and services in the specification could demonstrate bad faith, this principle only applies to those goods and services shown to have been applied for in bad faith.

As a consequence of the CJEU's ruling:

- Trade mark owners are not required to amend existing broad goods and service specifications since a trade mark cannot be invalidated if the specification is not precise. Had the CJEU followed the AG's recommendations, terms that are contained in class headings under the International Nice Classification system could demonstrate bad faith and brand owners may have faced a deluge of attacks on trade marks on the EU register. Examples include terms contained in class headings such as "Financial services" (class 36); "Computer Software" (class 9) and "Pharmaceutical preparations" (class 5).
- A mark can be partially invalidated for those goods and services where the mark is not used - as in the instance of Mcdonald's "MC" marks.
- Lack of economic activity is not a ground for invalidation and cancellation for non-use. While a trade mark application made without any intention to use it in relation to the goods and services covered by the registration may constitute bad faith, this may only be established where "*objective, relevant and consistent*" indications show that the applicant had the intention to either:
- undermine the interests of others; or
- secure registration, and as a consequence exclusivity to a mark, not aligned to a "trade mark function" such as distinguishing the goods and services under that trade mark from those of others.

Best practice

The general principle is that if a trade mark is not used for a certain period of time it is vulnerable to cancellation for non-use in most territories. Brand owners therefore refile trade marks, also known as "ever greening" and the SkyKick decision does not imply otherwise. So as to reduce the likelihood of an application being regarded as an application made in bad faith the following requires consideration when filing trade marks:

- Clear circumstances surrounding the marks' creation and use / commercial logic;
- Nature of the mark;
- Degree of distinctiveness;
- Timing of the application;
- Policy of refiling the trade mark application at five yearly intervals; and
- A previous bad faith application.

This can be further mitigated by evidence of honest intention, taking into account the degree of similarity to other marks and where the goods or services for which protection is sought is tailored.



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