

IN THE HIGH COURT OF JUSTICE
BUSINESS AND PROPERTY COURTS
INTELLECTUAL PROPERTY LIST (CHANCERY DIVISION)

Rolls Building
Fetter Lane, London, EC4A 1NL

Date: 6 February 2018

Before :

MR JUSTICE ARNOLD

Between :

(1) SKY PLC **Claimants**
(2) SKY INTERNATIONAL AG
(3) SKY UK LIMITED
- and -
(1) SKYKICK UK LIMITED **Defendants**
(2) SKYKICK INC

Philip Roberts and Jeremy Heald (instructed by **Mishcon de Reya LLP**) for the **Claimants**
Simon Malynicz QC, Tom Hickman and Stuart Baran (instructed by **Dentons UKMEA LLP**) for the **Defendants**

Hearing dates: 16-19, 23 January 2018

Judgment Approved

MR JUSTICE ARNOLD :

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Introduction

1. In this case the Claimants (collectively “Sky”) contend that the Defendants (collectively “SkyKick”) have infringed four European Union trade marks owned by the Second Claimant (“Sky AG”) and one United Kingdom trade mark owned by the First Claimant (Sky plc) comprising the word SKY (“the Trade Marks”) by use of the sign “SkyKick” and variants thereof, and have committed passing off. SkyKick deny infringement and passing off, and counterclaim for a declaration that the Trade Marks are wholly or partly invalidly registered on the grounds that the specifications of goods and services lack clarity and precision and that the applications were made in bad faith. The allegations of infringement of the EU Trade Marks cover the whole of the EU, whereas the allegations of infringement of the UK Trade Mark are necessarily confined to the UK. The case raises some important issues of European trade mark law.

The Trade Marks

2. Sky AG is the registered proprietor of the following EU Trade Marks:
 - i) No. 3 166 352 filed on 14 April 2003 and registered on 12 September 2012 (“EU352”) for the figurative mark shown below in respect of goods and services in Classes 9, 16, 18, 25, 28, 35, 38, 41 and 42, including “apparatus for recording, transmission or reproduction of sound or images” (Class 9), “telecommunications” (Class 38) and “entertainment” (Class 41).



- ii) No. 3 203 619 filed on 30 April 2003 and registered on 6 September 2012 (“EU619”) for the figurative mark shown below in respect of goods and services in Classes 9, 16, 18, 25, 28, 35, 38, 41 and 42, including “apparatus for recording, transmission or reproduction of sound or images” (Class 9), “telecommunications” (Class 38) and “entertainment” (Class 41). Unlike EU352, this trade mark is registered in black and white, without any indication of colour.



- iii) No. 5 298 112 filed on 6 September 2006 and registered on 18 June 2015 (“EU112”) for the word SKY in respect of goods and services in Classes 9, 16, 28, 35, 37, 38, 41 and 42, including “apparatus for recording, transmission, reproduction or reception of sound, images or audiovisual content; computer software; computer software and telecommunications apparatus to enable connection to databases and the Internet; computer software supplied from the Internet; data storage” (Class 9), “telecommunications services; electronic mail services; internet portal services” (Class 38) and “entertainment services” (Class 41).
 - iv) No. 6 870 992 filed on 18 April 2008 and registered on 8 August 2012 (“EU992”) for the word SKY in respect of goods and services in Classes 3, 4, 7, 9, 11, 12, 16, 17, 18, 25, 28, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44 and 45, including “apparatus for recording, transmission, reproduction or reception of sound, images or audiovisual content; computer software; computer software and telecommunications apparatus to enable connection to databases and the Internet; computer software supplied from the Internet; data storage; all the aforesaid including remote and computer apparatus and instruments” (Class 9), “telecommunications services; electronic mail services; internet portal services; computer services for accessing and retrieving information, messages, text, sound, images and data via a computer or computer network” (Class 38) and “entertainment services” (Class 41).
- 3. Sky plc is the registered proprietor of UK Trade Mark No. 2 500 604 filed on 20 October 2008 and registered on 7 September 2012 (“UK604”) for the word SKY in respect of goods and services in 3, 4, 7, 9, 11, 12, 16, 17, 18, 25, 28, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44 and 45, including “apparatus for recording, transmission, reproduction or reception of sound, images or audiovisual content; computer software; computer software and telecommunications apparatus to enable connection to databases and the Internet; computer software supplied from the Internet” (Class 9), “telecommunications services; electronic mail services; internet portal services; computer services for accessing and retrieving information, messages, text, sound, images and data via a computer or computer network” (Class 38) and “entertainment services” (Class 41).
- 4. For reasons that will appear, I must describe the specifications of goods and services of the Trade Marks, both as applied for and as registered, in a little more detail:
 - i) When the application for EU352 was filed, the specification of goods and services consisted of the class headings of the 8th edition of the Nice Classification (as to which, see below) for each of the classes in question. The specification which was ultimately registered consisted of the class headings, but with two qualifications. The first was to “printed matter” in the Class 16 specification: “excluding publications distributed in-flight to airline travellers in connection with airline services and not being predominantly a television or cinema listings magazine”. The second qualification was to the Class 18 specification: “none of the aforementioned being made from imitations of leather”. Those qualifications came about as a result of settlements of oppositions filed by two third parties. The resulting specification runs to 238 words.

- ii) What I have said about the specification of EU352 is equally applicable to the specification of EU619. Again, the specification runs to 238 words.
 - iii) When the application for EU112 was filed, the specification of goods and services consisted of the class headings of the 9th edition of the Nice Classification for each of the respective classes (or slight variants thereof) supplemented by a series of increasingly detailed descriptions of the various types of goods and services. The specification which was registered does not differ materially from that applied for. The specification runs to 2,836 words.
 - iv) What I have said about the specification of EU112 is equally applicable to the specification of EU992. The specification runs to 8,127 words.
 - v) What I have said about the specification of EU112 is equally applicable to the specification of UK604. The specification runs to 8,255 words.
5. By way of illustration of the way which the class headings are supplemented by increasingly detailed descriptions in the specifications of EU112, EU992 and UK604, the class heading to Class 9 in the 9th edition of the Nice Classification includes “apparatus for recording, transmission or reproduction of sound or images”, while the Class 9 specification of EU112 includes the following goods (among many others):
- “apparatus for recording television programmes; apparatus for recording, transmission, reproduction or reception of sound, images or audio visual content; electrical and electronic apparatus for use in the reception of satellite, terrestrial or cable broadcasts; televisions; LCD and plasma screens; home cinema systems; amplifiers; speakers; radios; wireless audio and/or audio visual devices; portable wireless audio and/or audio visual devices; remote controls; games controllers; wireless gaming controllers; wireless keypads; television receivers including a decoder; set-top boxes; digital set-top boxes; high definition set top boxes; personal video recorder; set-top boxes for use in decoding and reception of satellite, terrestrial and cable broadcasts; apparatus for decoding encoded signals including set top boxes for television reception; set top box apparatus including a decoder and an interactive viewing guide; set top box apparatus including a decoder and a recorder for recording television and audio programmes; set top box apparatus including a decoder and a recorder programmable to transfer stored recordings to storage and also to delete the older recordings; satellite dishes.”
6. For the purposes of their infringement claim under Article 9(2)(b) of the Regulation/Article 10(2)(b) of the Directive (as to which, see below), Sky rely upon the registrations of the Trade Marks in respect of the following goods and services (it can be seen from paragraphs 2 and 3 above that not every Trade Mark is registered for all these goods and services):
- i) computer software (Class 9);

- ii) computer software supplied from the internet (Class 9);
 - iii) computer software and telecoms apparatus to enable connection to databases and the internet (Class 9);
 - iv) data storage (Class 9);
 - v) telecommunications services (Class 38);
 - vi) electronic mail services (Class 38);
 - vii) internet portal services (Class 38); and
 - viii) computer services for accessing and retrieving information/data via a computer or computer network (Class 38).
7. It should be noted that SkyKick do not contend that any of the Trade Marks lack distinctive character in relation to any goods or services for which they are registered. Nor have SkyKick counterclaimed for either total or partial revocation of any of the Trade Marks on the ground of non-use even though all but one of the Trade Marks were registered more than five years ago. (It should be noted, however, that that was not the case when these proceedings were commenced. Counsel for SkyKick suggested that SkyKick had not had time, given the trial date which had been fixed, in which to make such a counterclaim, but I do not accept this. SkyKick could have warned Sky shortly in advance that it intended to make such a counterclaim and then applied to amend its statement of case once the five year periods had expired: cf. *Premier Brands UK Ltd v Typhoon Europe Ltd* [2005] FSR 767 at 805. If the trial had been fixed for an earlier date, on the other hand, that would not have been possible.)

The signs complained of

8. Sky complain of the use of the signs “SkyKick”, “skykick” and the figurative signs shown below.



9. Both sides proceeded upon the basis that, in substance, all these signs were variants of the sign “SkyKick”.

The witnesses

Sky’s witnesses

10. Neil Peers has been Director of Operations and Customer Service in Sky Business, Sky’s business-to-business (“B2B”) division, since 2006. He has been an employee of the Third Claimant (“Sky UK”) since 2003. His evidence addressed the nature of Sky’s business, its scope and scale and its reputation. It also addressed the overlap between the goods and services specified in the Trade Mark registrations and the goods and services offered by SkyKick and the likelihood of confusion with, and damage to, the SKY brand.

11. Mr Peers had previously given evidence in proceedings between Skyscape Cloud Services Ltd and Sky (see *Skyscape Cloud Services Ltd v Sky plc* [2016] EWHC 1340 (IPEC), [2017] FSR 6). He exhibited his own witness statement and two witness statements of Elizabeth Darran from the Skyscape litigation. Ms Darren was employed by Sky UK as Director of Brand and Creative from December 2012 to July 2017. Her evidence covered the history of the SKY brand, Sky's investment in marketing and advertising, the recognition of the SKY brand and Sky's enforcement activities. Sky relied upon Ms Darran's evidence as hearsay evidence in the interests of saving costs. Although counsel for SkyKick was mildly critical of this, Mr Peers was able to speak to the points that matter for the purposes of the present case in cross-examination.
12. More importantly, counsel for SkyKick submitted that Mr Peers' evidence was partial and exaggerated, although he did not suggest that it was untrue. I do not consider that Mr Peers' evidence was partial or exaggerated, although inevitably he saw matters from Sky's perspective. I accept Mr Peers' evidence so far as it goes.
13. Robert Tansey has been employed by Sky UK since July 2004. Since then, he has held a succession of positions beginning with Director of DTH (Direct To Home) and Sports Marketing and ending with his current position as Director, Group Internal Communications. From 2004 to 2011 Mr Tansey was the person on the commercial side of Sky's business responsible for the protection of Sky's trade marks. He was also Chairman of the Team Sky professional cycling team owned by Sky from November 2009 to September 2015. His evidence addressed the status of the SKY brand as a key asset of Sky, his relationship with the Sky IP Legal Team, protection of the SKY brand, the circumstances in which three of the applications for the Trade Marks were filed (the applications for EU352 and EU619 were filed before Mr Tansey joined Sky) and the allegation of bad faith made against Sky.
14. Counsel for SkyKick submitted that Mr Tansey's evidence was untruthful. This allegation was not put to Mr Tansey, and in any event I do not accept it. Counsel for SkyKick also submitted that significant parts of Mr Tansey's testimony amounted to attempted *ex post facto* rationalisation of Sky's filing strategy rather than first-hand evidence of what Sky's reasons had actually been at the time. I agree with this, as I will explain in more detail below.
15. Emma Campbell is a solicitor who has been employed by Sky UK since January 2005. She is currently Head Counsel of IP and Operations and has been responsible for managing Sky's UK IP Legal Team since April 2015. Her evidence covered Sky's enforcement actions against third parties using so-called SKY formative trade marks (as to which, see below). She also responded to evidence given by Mr Linneker for SkyKick regarding third party users of SKY formative marks. Ms Campbell's witness statements did not address the allegation of bad faith, because she was not personally involved in making the applications for the Trade Marks. No criticism was made of her evidence.
16. Mr Tansey's evidence was that the senior member of the Sky IP Legal Team (and Head of IP from 2006) at the dates relevant to the bad faith allegation was Simon MacLennan. Mr MacLennan left Sky in 2014. Apart from that, no explanation was given by Sky as to why he was not called as a witness. Counsel for SkyKick did not suggest that any adverse inference should be drawn from Sky's failure to call Mr MacLennan, but he

did point out that the consequence was that Sky had not called anyone who was able to speak to Sky's filing strategy from the legal side.

SkyKick's witnesses

17. Todd Schwartz is the co-founder and co-CEO, together with Evan Richman, of the Second Defendant. He has general executive responsibility for SkyKick's global business and operations. His evidence covered the origins of the SkyKick business and name and SkyKick's subsequent activities. He also explained the nature of SkyKick's products and how they are presented to users.
18. Counsel for Sky submitted that Mr Schwartz was an unreliable witness. This submission was based on two main points. First, Mr Schwartz stated in paragraph 29 of his first witness statement that neither Sky nor its registered trade marks were ever mentioned to him as a potential problem at any point by any of his advisors prior to receipt of the letter before claim from Sky - not his attorneys, brand consultants or anyone else. He also stated in paragraphs 9-11 of his second statement that he was not aware of the judgment obtained by Sky against Microsoft concerning SkyDrive (as to which, see below). Those statements were inaccurate. As discussed in more detail below, two emails drawing Sky and/or the SkyDrive judgment to Mr Schwartz's attention were disclosed by SkyKick prior to trial and a third during the course of the trial. Mr Schwartz's explanation was that, at the time he made his first and second statements, he had forgotten about those emails. He did not correct his first and second statements in any of his subsequent three witness statements, however, and he verified their accuracy in his evidence in chief. Both Mr Linneker (as to whom, see below) and counsel for SkyKick rightly accepted responsibility for this omission, however.
19. Secondly, Mr Schwartz gave evidence that he had received advice with regard to trade mark searches orally rather than in writing. That evidence was inaccurate. While Mr Schwartz was giving evidence, Mr Richman authorised SkyKick's legal team to waive privilege in, and disclose, the relevant communications so as to enable this inaccuracy to be corrected. The problem could have been avoided, however, if SkyKick had not sought to maintain what in my view was an unsustainable claim to privilege in these documents (given that SkyKick were positively relying upon the trade mark searches they had carried out in support of their own name defence) up until then.
20. In my assessment what these points demonstrate is that Mr Schwartz had a poor recollection, rather than any attempt to mislead the Court. It follows that it is necessary to treat his evidence of historical matters with caution, but otherwise I accept it.
21. Counsel for Sky also submitted that the Court should draw an adverse inference from SkyKick's failure to call Mr Richman as a witness. I do not accept this. Mr Richman's evidence would inevitably have been largely, if not entirely, duplicative of that of Mr Schwartz.
22. John Linneker is the solicitor with conduct of this action on behalf of SkyKick. He gave evidence derived from searches of public domain sources carried out by his team under his supervision. Counsel for Sky submitted that Mr Linneker's evidence was inadmissible, since the proper way in which to put the search results into evidence was by way of a hearsay notice. Moreover, some of Mr Linneker's evidence consisted of argument and opinion. Strictly speaking, these submissions are well founded. Sky made

no application for any part of Mr Linneker's evidence to be excluded, however. On the contrary, counsel for Sky cross-examined him upon it. Moreover, I would observe that it is not uncommon in cases of this nature for solicitors to give evidence about searches of public domain sources. This has the advantage compared to a hearsay notice that, if appropriate, the solicitor can be questioned about the nature of the searches that were carried out, how they were carried out and in accordance with what parameters.

Factual background

23. Although much of the factual background is common ground, some is disputed. I will set out my findings of fact topic by topic and approximately chronologically in relation to each topic. There is a considerable amount of detailed evidence concerning Sky's business and brands, and therefore it is necessary for me to summarise.

Sky's business and use of the SKY trade mark

24. Sky have made extensive use of the trade mark SKY in relation to a range of goods and services, and in particular goods and services relating to Sky's core business areas of (i) television broadcasting, (ii) telephony and (iii) broadband provision. SkyKick accept that, by November 2014, SKY was a household name in the UK and Ireland in those areas.
25. Sky rely upon such use for the purposes of: (a) enhancing the inherent distinctive character of the word SKY (which is relevant to the assessment of likelihood of confusion); (b) establishing a broader reputation than that admitted by SkyKick (which is relevant to the assessment of Sky's infringement claim under Article 9(2)(c) of the Regulation/Article 10(2)(c) of the Directive); (c) rebutting the allegation that Sky applied for the Trade Marks in bad faith because it did not intend to use the marks across the full width of the specifications; and (d) their claim for passing off.
26. As will become apparent from the discussion below, many of Sky's products comprise a package of goods and/or services which may fall within a number of terms in a specification of goods and services.
27. *Television.* Sky started business as a satellite television broadcaster in 1982 under the corporate and trading name SATELLITE TELEVISION, but adopted the brand name SKY CHANNEL in 1984. By 1988 the service was available in 19 countries in Europe including the UK and Ireland. Sky launched a DTH satellite television service in 1989. In November 1990 Sky Television merged with a rival satellite broadcaster, British Satellite Broadcasting, and the SKY brand was used by the merged company thereafter.
28. In 1998 Sky launched a digital service, SKY DIGITAL, accessible through a set top box ("STB") branded SKY DIGIBOX. This development allowed additional interactive services to be offered alongside the television broadcasts. They included shopping services and email services made available through websites managed by third parties. By July 1999 SKY DIGITAL had acquired 1.2 million subscribers.
29. In 2001 Sky launched their SKY+ integrated personal video recorder ("PVR"). The SKY+ PVR recorded television programmes to a hard disk at the same quality as broadcast, unlike VHS tapes. The number of households subscribing to SKY+ during

the period 2002 to 2009 (when Sky stopped reporting the number) rose from 28,000 on 30 June 2002 to 6,455,000 on 31 December 2009.

30. In 2006 Sky launched the UK's first high definition (HD) television service along with an upgraded STB capable of decoding and recording HD signals.
31. By 2012 there were 24.24 million "SKY households" in the UK and Ireland, that is to say, households receiving SKY branded television channels either as pay TV channels (whether DTH, cable or digital) or as free-to-air channels.
32. In March 2014 the cumulative monthly reach of the SKY 1, SKY 2 and PICK channels in the UK was just under 34 million people, representing 58% of all television homes, accordingly to data from the Broadcasters' Audience Research Board.
33. By 2015 SKY branded channels included, in addition to SKY 1 and SKY 2, SKY ARTS, SKY ATLANTIC, SKY LIVING, SKY MOVIES, SKY NEWS and SKY SPORTS.
34. Sky's latest STB is SKY Q, which is a wireless home entertainment system which additionally allows the user to download or stream content, alongside music from services like Spotify or play music from another device such as a phone or computer connected via means such as Bluetooth. SKY Q provides access to "cloud-based" services, meaning that they are hosted on remote IT infrastructure and are accessible online.
35. Sky also offer two services which allow the user to watch television programmes over the internet, SKY GO and NOW TV.
36. Sky's television business is not limited to domestic customers – it also provides television services to a substantial number of business customers.
37. *Telephony.* In 1997/8 Sky launched their first telephone service, SKY DIAL. This was replaced by SKY TALK in 1999. SKY TALK was re-launched in 2006 to coincide with the launch of SKY BROADBAND (as to which, see below). The number of subscribers to SKY TALK increased from 2.37 million in June 2010 to just under 5 million in June 2014.
38. *Internet.* In 1999 Sky became an internet service provider ("ISP") under the name SKY NOW, offering a dial-up service. From 2003 to 2004 Sky offered a subscription broadband service under the name SKYSCAPE, which was then re-branded SKY SPORTS BROADBAND.
39. In January 2006 Sky acquired Easynet, a broadband telecommunications specialist, in a £211 million takeover. Following the acquisition, Sky launched its broadband internet access service, SKY BROADBAND, in July 2006. By September 2012 SKY BROADBAND had become the UK's third biggest ISP, with 4.1 million subscribers. By June 2014 that figure had risen to 5.24 million subscribers.
40. In 2012 Sky launched SKY FIBRE, a broadband service which provides faster speeds of up to 76 Mbps.

41. As with television, Sky's broadband services are not limited to the domestic market. Sky also provide connectivity services to businesses, including advisory services. In particular, Sky have an Ethernet fibre leasing business.
42. *WiFi*. Sky acquired a leading public WiFi network, The Cloud, in 2011, now branded SKY WIFI. Sky have set up over 20,000 WiFi access points across the UK allowing Sky customers free internet access.
43. As well as offering WiFi access directly to consumers, Sky offer the installation of WiFi access points to businesses so that their customers may access the internet whilst on site. In doing so, Sky also offer consultancy services regarding how best to satisfy the business's requirements.
44. *Email*. Sky have offered SKY-branded email services to SKY BROADBAND customers since July 2006. The service is not offered separately, but as a "bolt-on" to the broadband service. From July 2006 to August 2007 the service was provided in-house. From August 2007 to April 2013 the service was provided by Google (but under the SKY brand), and since April 2013 it has been provided by Yahoo! (still under the SKY brand).
45. *Online data storage*. From May 2005 to July 2012 Sky offered a service called SKY PHOTOS, which allowed users to create, view, organise, store, print and share photographs online.
46. From February 2008 to December 2011 Sky also offered SKY STORE AND SHARE, which allowed users to upload, store and share photographs, videos, music and documents online. At the time that it closed, this service had just under 40,000 active users.
47. In March 2016 Sky launched SKY SNAPSHOTS, which allows customers to view photos stored on a mobile device on their television using the SKY+ app.
48. SKY Q allows photographs on mobile phones to be transferred to and access via the SKY Q STB. It also allows for the transfer and storage of music.
49. *Online music downloads and streaming*. From October 2009 to December 2010 Sky offered the SKY SONGS service, which offered downloads and ad-free streaming of over four million music tracks.
50. *Other online services*. Sky also offer a range of other SKY-branded online services to Sky Broadband customers including: SKY CALENDAR (electronic calendar); SKY CHAT (instant messaging); and various tools for monitoring and/or securing broadband connections - SKY IDENTITY SHIELD, SKY BROADBAND SHIELD, SKY PARENTAL ALERT and SKY IDENTITY PATROL.
51. In addition Sky offer SKY TOOLS, a portal through which other Sky services can be accessed by customers using their SKY ID, a unique identifier, and a password.
52. *Computer software*. Sky supply and/or make available various kinds of software to customers in order to make possible the delivery of the services outlined above, for

example, the software running on each STB. Sky also use the SKY mark in relation to software provided by third parties which support such services (such as SKY email).

53. Sky also provide software as a service (“SaaS”), in particular SKY ADSMART. This is a B2B targeted advertising service utilising commoditised application programming interfaces. It is not clear from the evidence when this was launched.
54. In addition, Sky have offered a wide range of mobile and tablet applications or apps for accessing Sky content over the years:

Application	Date of first release
Sky+	April 2009 (iPhone). Since made available on Android.
Sky News	May 2009 (iPhone). Since made available on Android, Blackberry and Windows phone.
Sky Sports Live Cricket Score Centre	June 2009 (iPhone)
Sky Sports Live Football Score Centre	September 2009 (iPhone)
Team Sky Cycling	August 2010 (iPhone).
Sky Sports News	August 2010 (iPhone). Since made available on Android and Blackberry.
Sky News for iPad	March 2011 (iPad).
Sky Go	July 2011 (iPhone). Since made available on Android.
Sky Bet	August 2011 (iPhone). Since made available on Android.
Sky Sports TV	August 2011 (iPhone). Since made available on Android.
Sky Movies	November 2011.
Sky Sports for iPad	December 2011.
Sky Arts: Inspiration Everywhere	November 2012.
Sky Tyne and Wear	April 2012 (iPhone). Since made available on Android.
Sky Cloud WiFi	April 2012 (iPhone). Since made available on Android.
NOW TV Powered by Sky	August 2012 (iPhone). Since made available on Android.

55. *Merchandising and promotional goods.* Sky have used the SKY mark on items such as clothing and bags since at least 2004.
56. *Betting services.* Sky have offered betting services under the SKY BET trade mark since August 2002. By July 2013 SKY BET was the fourth-largest online bookmaker in the UK. Sky sold a majority stake in the SKY BET business in 2014, but it continues to operate under an exclusive licence to use marks including SKY BET, SKY VEGAS, SKY BINGO, SKY CASINO, and SKY POKER.

57. *Tickets.* SKY TICKETS was launched in 2014 and offers tickets for a wide range of sports and entertainment events.
58. *Games.* Sky have offered games to consumers via an interactive television service and the website www.skygames.com under the names SKY GAMESTAR (2001 to 2007) and SKY GAMES (2007 onwards).
59. *Magazines.* Up to July 2011, Sky published a monthly TV highlights and information magazine under various names: SKY TV GUIDE, SKY VIEW, SKY CUSTOMER MAGAZINE, SKY THE MAGAZINE, SKY MAG and SKY MAGAZINE. SKY also published SKY MOVIES MAGAZINE and SKY SPORTS MAGAZINE. It continues to publish SKY SPORTS PREVIEW, a monthly magazine for business customers.
60. *Financial services.* Sky first offered a SKY-branded credit card in 1995. In 2005 the SKYCARD credit card was launched. In addition to the usual credit card services, it could be inserted into and used to make payments through a Sky STB. SKY-branded payment protection services were also offered alongside the credit card.
61. *Insurance.* Sky have offered insurance and warranty services in relation to Sky hardware such as STBs under the following names: SKY CARE (from 1999), SKY PROTECTION PLAN (from 2001), SKY REPAIR PLAN (from 2007) and SKY PROTECT (from 2008). In 2013 the SKY PROTECT service was extended to cover phones, tablets, laptops and the like.
62. *Educational services.* The SKY LEARNING service launched in 2007 and offered the ability to search for specific subjects or topics across the SKY television platform. Sky have also provided study guides, sample exam questions, online testing tools and educational information. It is not clear from the evidence whether SKY still provide these services.
63. *Travel.* The SKY TRAVEL channel was set up in 1994 and three travel-themed channels were subsequently offered by Sky: SKY TRAVEL, SKY TRAVEL EXTRA and SKY TRAVEL SHOP. SKY TRAVEL SHOP operated as a travel agent both through teleshopping and through a website located at www.skytravel.co.uk. The SKY TRAVEL business closed in 2010.
64. *Installation services.* The installation of satellite dishes and STBs has always been a core part of Sky's television business, but they do not provide installation services separately from the supply of television equipment.
65. *Transport.* The SKY mark is used prominently on Sky's vehicle fleet, particularly their installation vans, but the only transport service provided by Sky is a bus service for employees and visitors to their Isleworth site which Mr Tansey said was "known as the Sky Bus".
66. *The scale of Sky's business and of its advertising and promotion.* By 2006, and even more so by 2014, Sky's business was very large. The Sky group of companies' turnover in the year ending 30 June 2006 was over £4.1 billion, while the turnover in the year ending 30 June 2014 was over £7.6 billion. In 2006 Sky had over 13,300 employees, while in 2016 they had over 30,000 employees. Sky also spent very large sums on

advertising and promotion. In each of the years 2010-11, 2011-12, 2012-13 and 2013-14 Sky spent over £1 billion on marketing in the UK and Ireland.

67. *Sky Business*. Sky Business' turnover in the year ended 30 June 2014 was a very small fraction of Sky's total turnover (the precise figure is confidential). Most of Sky Business' revenue comes from the provision of television broadcasting services and equipment to businesses. It is clear from Mr Peers' evidence, however, that one of Sky's motives for bringing the present claim is that Sky are in the process of trying to expand Sky Business, and in particular its business in the communications and IT fields. As such, Microsoft Partners represent a potential target market for some of Sky's existing and contemplated future services, but so far Sky have just three Partners as customers. Sky do not currently offer email migration or cloud backup goods or services, nor is there is any evidence that they plan to do so in the immediate future.
68. *The geographical extent of Sky's use of the SKY trade mark*. Until November 2014, Sky's main television, telephony and broadband businesses covered the UK and Ireland. In addition, however, Sky's licensees Sky Italia and Sky Deutschland used the SKY trade mark in Italy and in Germany and Austria respectively. (In November 2014 Sky acquired Sky Italia and a majority interest in Sky Deutschland, and in September 2015 Sky acquired the remainder of Sky Deutschland.) In addition, the SKY NEWS channel was broadcast across Europe. I note that Ms Campbell described Spain as being one of Sky's core territories, but it is not clear from the evidence what use there was in Spain as at November 2014 apart from SKY NEWS.

Sky's enforcement of their trade marks

69. It is common ground that Sky are, and have long been, active in enforcing their trade marks worldwide, both against actual use of signs used by others (in the first instance by sending cease-and-desist letters and, where considered appropriate, by infringement proceedings) and against applications for registration (or registrations) of trade marks by others. Most of Sky's enforcement actions concern the use or registration of what have been referred to in these proceedings as "SKY formative marks", that is to say, SKY followed by another word (or sometimes part of a word), whether combined to form a single word (e.g. SKYLAND) or as two separate words (e.g. SKY MOTION). Some have concerned other kinds of marks which incorporate the word SKY.
70. Ms Campbell exhibited to her second witness statement a remarkable list of no less than 808 "positive" decisions in countries ranging alphabetically from Austria to Yemen and ranging in date from September 2000 to October 2017. The decisions are "positive" in the sense that Sky was wholly or partially successful. It is clear that the number will have increased since the date of the statement.
71. Sky do not pretend that they have always been in successful in such efforts. Moreover, Sky do not claim that they always take enforcement against third parties. The resources Sky devote to enforcement are finite, and Sky prioritise their efforts. As Sky acknowledge, in some cases, Sky take action to prevent or challenge a third party registration at least in part, but either do not try to prevent, or do not succeed in preventing, actual use of the trade mark in question. A prominent example of this is SKYPE: Sky enjoyed considerable success in opposing registration of this trade mark (see in particular Case T-183/13 *Skype Uld v Office for Harmonisation in the Internal Market* [EU:C:2015:359], an appeal against which was withdrawn following a

settlement between the parties), but Skype continues to use the trade mark in relation to its VOIP service on a very substantial scale (as at September 2017 it had over 300 million users worldwide). There are a number of other instances of cases where Sky have obtained a positive decision in relation to a SKY formative mark, but nevertheless the third party is using that trade mark.

72. It is common ground that the positive decisions relied upon by Sky include cases in which Sky has successfully opposed or cancelled SKY formative marks for goods or services which Sky do not trade in. Examples of such oppositions in the European Union Intellectual Property Office (“EUIPO”) include SKYTRON for goods including automatic vending machines, cash registers and fire-extinguishing apparatus, LittleSky for animal skins and footwear, Diamond Sky for goods including motor vehicles and synthetic gemstones and SKYLITE for goods including Gladstone bags.

SkyKick and their business

73. *The idea for the business.* Mr Schwartz and Mr Richman came up with the idea for SkyKick in November 2010. At that time, they were both living in Seattle in the USA and working for Microsoft. Mr Richman was working as a Group Product Manager for the Office 365 Partner team.
74. Microsoft Partners are specialised IT providers who offer their business customers a range of IT services and act as re-sellers of Microsoft products. Partners are typically small- to medium-sized enterprises (“SMEs”) ranging in size from 5-10 employees to over 100 employees. Partners must register with and be approved by Microsoft, and each Partner is given a Microsoft Partner ID number.
75. Office 365 was launched by Microsoft in 2011. It provides subscription-based access to Microsoft Office programs such as Word and Excel and other cloud-based productivity services. The email infrastructure used in Office 365 is quite different to that in the prior Microsoft Office platform. Accordingly, a business wanting to change from Office to Office 365 must “migrate” its email accounts and associated settings and configurations from one infrastructure to another.
76. Mr Schwartz and Mr Richman came up with the idea of developing a product which would largely automate the migration process and selling the product to Microsoft Partners. I shall describe this product in more detail below.
77. *The choice of the name SkyKick.* Mr Schwartz and Mr Richman started establishing their business in February 2011. Initially, they used the name CloudVisors as a temporary name. CloudVisors, Inc was incorporated in the State of Delaware on 28 March 2011. In August 2011 they began searching for a permanent name for the business. Mr Schwartz contacted Natalie Bowman, Director of Brand for Bing at Microsoft. She put him in contact with a branding consultant called Jason Gingold, who suggested three names including Rocketship. That name was considered, but abandoned when it was discovered that another business had registered the name as a trade mark.
78. In October 2011 a second branding consultant, Britt Stromberg, was engaged. On 22 November 2011 Ms Stromberg proposed ten names, of which the top three were SkyKick, Billoh and Levver. Ms Stromberg strongly favoured SkyKick, because it

sounded like “sidekick” and it was evocative of the company’s service, in which users would “kick” (migrate) their data into the “sky” (cloud). Mr Schwartz and Mr Richman accepted her recommendation.

79. Mr Schwartz’s evidence was that the name was picked without any particular thought or attention to Sky. Mr Schwartz accepted that he was aware of the existence of Sky as a television broadcaster in Germany, where he lived for three years in the 1990s, but disclaimed any more detailed knowledge than that.
80. *Trade mark clearance and filing.* On 16 December 2011 Mr Schwartz instructed Perkins Coie (a large and well-established US law firm) to conduct a US trade mark clearance search for SKYKICK for use in connection with the cloud computing services and related consultation and support services which they intended to provide in connection with email migration. Lynne Graybeal of Perkins Coie sent them the results of that search, together with her advice, by email on 22 December 2011. Although the search turned up trade marks containing SKY, KICK and both SKY and KICK, Ms Graybeal advised that the risk associated with the proposed trade mark was no more than a “moderate risk”, which was “generally considered a reasonable business risk”. She also recommended performing international searching in key markets if it was believed that there would be significant international use of the mark.
81. On 12 January 2012 Ms Graybeal sent Mr Schwartz and Mr Richman a follow-up email asking if they would like Perkins Coie to do any international searching or to file a US application. On 16 January 2012 Mr Schwartz replied asking about the process and costs of both.
82. On 20 January 2012 Ms Graybeal replied setting out further information and recommendations regarding both a US application and international searching. In the case of international searching, she offered three options: a Seagis international search (the least expensive), a World Wide Screen Search or engaging a local agent in each country of interest (the most expensive). She also stated that Perkins Coie typically recommended the Seagis search to most clients. The typical cost of a Seagis search was quoted as \$1000-2000, although she cautioned that it could be more if they searched for SKY and KICK marks and not just SKYKICK and variants. Mr Schwartz accepted that \$1000-2000 would have been affordable for SkyKick at that time. There is no reason to think that a slightly higher amount would not been affordable.
83. On the same day Mr Schwartz replied instructing Perkins Coie to proceed with filing a US trade mark application and asking the costs of international filing. Ms Graybeal replied on 22 January 2012 explaining that the costs would depend on the number of countries and that it was possible to cover all countries in the EU by a single filing.
84. On 6 February 2012 Ms Graybeal sent Mr Schwartz and Mr Richman a proposed specification of services in Class 42 beginning with “[Computer services]” and continuing with more detailed terms. She added that, if they offered downloadable software, Perkins Coie recommended including goods in Class 9 beginning with “[Computer software]”. She explained:

“Please review the above descriptions, we have drafted broadly in order to provide the broadest scope of protection and most room for expansion of the offered services. Given the technical

nature of your services, however, please advise (1) if you do not intend to offer any of the goods or services; and (2) if they are any functionalities of the goods or services which you don't believe are encompassed in the above descriptions.

Please note that we have included very broad descriptions [between brackets] for both classes. We recommend including these broad descriptions for two reasons: (i) it will allow to you [sic] include additional types of computer services/computer software in the applications phase if your business focus expands and (ii) it will allow you to seek broader protection internationally, should you decide to file in other jurisdictions.”

85. On 9 February 2012 Mr Schwartz replied approving the draft specifications and confirming that “we do offer a downloadable migration and support application, which is key to our support and pricing strategy”. On 12 March 2012 Mr Schwartz sent a further email saying that all their future plans fell into the categories of computer software and SaaS services. Ms Graybeal replied the same day saying that Perkins Coie would file applications to register SKYKICK in Classes 9 and 42 with specifications essentially as previously proposed the next day.
86. On 21 June 2012 the examiner in the United States Patent and Trademark Office (“USPTO”) issued objections, which I am sure came as no surprise to Ms Graybeal, to the terms “computer software” and “computer services” as being indefinite. In the case of “computer software”, the examiner stated:

“The wording ‘computer software’ in the first clause of the identification of goods is indefinite and must be clarified because its purpose must be listed. See TMEP §1402.01. An identification for computer software must specify the purpose or function of the software. See TMEP §14.02.03(d). If the software is field-specific, the identification must also specify the field of use. *Id.* Clarification of the purpose, function, or field of use of the software is necessary for the USPTO to properly examine the application and make appropriate decision concerning possible conflicts between the applicant’s mark and other marks. See *In re N.A.D. Inc.*, 57 USPQ2s 1872, 1874 (TTAB 2000).”
87. As I understand it, SkyKick’s applications subsequently proceeded to registration with more restricted specifications.
88. It appears from Ms Graybeal’s email of 10 August 2015 (as to which, see below) that in December 2012 Perkins Coie gave SkyKick estimates of the costs of filing trade mark applications in Australia, Canada and the EU, but no action was taken by SkyKick at that stage.
89. *Launch in the USA.* CloudVisors, Inc changed its name to SkyKick, Inc (the Second Defendant) on 29 March 2012. SkyKick’s website was launched in the USA on 15 April 2012. SkyKick’s first beta Partner was signed up on 8 November 2012.

90. *Warnings about Sky.* On 20 September 2013 Michael Kophs (a Microsoft employee) sent Mr Schwartz and Mr Richman an email saying:

“On another note, did you guys hear that UK based Sky network is coming after MS SkyDrive and making us change the name? I haven’t heard anything internally on it, just the public rumors. Wouldn’t be surprise [sic] if you guys got a letter too 😊.”

Mr Kophs was referring to a claim brought by Sky against Microsoft in this Court for trade mark infringement by use of the sign SkyDrive. In a judgment handed down on 28 June 2013, Asplin J (as she then was) found in favour of Sky: see *British Sky Broadcasting Group plc v Microsoft Corp* [2013] EWHC 1826 (Ch).

91. Although he replied to the email later the same day, Mr Schwartz did not respond to the point about Sky. Mr Schwartz’s evidence was that he paid it little attention.
92. On 7 February 2014 Sunil Thambidurai (a former colleague of Mr Schwartz at Microsoft) sent Mr Schwartz an email with the subject “Sky” saying “Does this mean you have to rename your company too?” followed by links to two articles reporting on Sky’s successful infringement claim against Microsoft and Microsoft’s subsequent change of the name SkyDrive to OneDrive.
93. Mr Schwartz replied on 12 February 2014, saying “No I think we’re ok”. Mr Schwartz’s evidence was that he could not recall clicking on the links and again paid the matter little attention. He accepted, however, that by this point he was aware of Sky, that it had a reputation in the EU, that it had trade marks that it sued on and that the facts related by Mr Kophs and Mr Thambidurai were serious.
94. *Expansion into the EU.* SkyKick UK Ltd (the First Defendant) was incorporated on 14 November 2014. At around the same time, SkyKick hired its first employee in the UK (or elsewhere in the EU). As Mr Schwartz accepted, it was at this point that SkyKick first started meaningfully targeting the EU, and in particular the UK.
95. *Another warning about Sky.* On 10 May 2015 Marcelo Halpern of Perkins Coie sent Mr Schwartz and Mr Richman an email with the subject “SkyKick Trademark in International markets” saying:

“Not sure if you guys have looked into trademark issues as you continue SkyKick continues to expand internationally, but one of my colleagues just stumbled across this article that we thought might be of interest to you. ...”

Mr Halpern forwarded an email from his colleague Neal Cohen which linked to a BBC article which Mr Cohen described as being about “Skype’s inability to trademark its name in Europe due to its similarity to Sky (the broadcaster)”.

96. Mr Schwartz’s evidence was again that he paid this email little attention. Mr Schwartz replied to the email on 10 August 2015, copying in Ms Graybeal, saying “Didn’t we do an international TM search when we TM’d SkyKick?”. Ms Graybeal replied the same day explaining that Perkins Coie had not received any instructions to proceed with international searching. She said that Perkins Coie had provided an estimate for filing

in Australia, Canada and the EU in December 2012. Mr Schwartz replied later the same day asking for an updated estimate, which Ms Graybeal supplied the next day. Mr Schwartz did not take the matter further at that stage, however.

97. *SkyKick's products*. SkyKick has three main products:
- i) Cloud Migration. This is the email migration product. Although it is primarily a SaaS-based application, the majority of migrations involve end users downloading a piece of software called the SkyKick Outlook Assistant. The mean number of seats per migration is around 12 and SkyKick's revenue per seat in the EU is about £17. Thus it is an affordable product, and promoted as such. Cloud Migration accounted for approximately 60% of SkyKick's revenue in 2017.
 - ii) Cloud Backup. This is a SaaS-based product which provides cloud-based wholesale backups of Customers' Office 365 data. It can be provided by Partners to their customers either under the Partner's brand name or under the SkyKick brand name. It is an inexpensive product: one Partner in the UK offers it for £1.88 per month including VAT. Cloud Backup accounted for approximately 40% of SkyKick's revenue in 2017. As I understand it, the product was launched more recently than Cloud Migration, although the evidence does not disclose the precise date.
 - iii) Cloud Manager. This is a SaaS-based product which provides Partners with a dashboard to administer cloud-based software applications used by their customers from a central portal. For example, it allows Partners to manage groups of end users, including their permissions to use particular applications or features. It is in its beta phase, meaning that it is available for use and testing by Partners, but it is not finalised and does not yet generate any revenue.
98. Most of the evidence focussed on Cloud Migration. Without a product such as Cloud Migration, there are many details that have to be gathered in order successfully to migrate a business's data as part of a transfer project. These may include recording precisely what data are hosted where, on what types of server, what structure those data (and the various accounts) are held in, to whom they belong, and how they are interlinked. These are aspects that IT professionals would previously have to seek out for themselves. Often they would draw up complex spreadsheets to hold details of exactly how the client business had organised its IT infrastructure, and to try to map that onto an infrastructure that was compatible with Office 365. In a typical SME with just 30 user accounts, SkyKick's research showed that this project would take around 40 man-hours of a specialist IT technician, with tasks naturally prone to mistakes, mistranscriptions and so on. Cloud Migration does much of this work for the technician, with the effect of reducing that typical 40 hour migration project to just 4 hours.
99. SkyKick's products are all adjuncts to Office 365. At present, they have no application outside that environment.
100. *Partners, Customers and End Users*. SkyKick do not sell their products to anyone other than Microsoft Partners. This is an important part of encouraging Partners to work with SkyKick, since Partners know that SkyKick will not compete with them. It is not possible even to access a trial of SkyKick's products without a valid Microsoft Partner

ID. Partners find SkyKick principally via word of mouth via Microsoft or from other Partners or through reading articles in specialist blogs or attending Microsoft trade fairs.

101. A survey (carried out before, and not for the purposes of, the litigation) of SkyKick's target Partners in 2015 characterised them as:

“small business leaders who are highly cerebral, hardworking, and discerning ... highly experienced in both IT and business entrepreneurship issues ... immensely cynical towards marketers ... thoroughly vet potential products or services using multiple channels and a small set of trusted sources”.

102. As discussed above, the Partners provide products and services to their own customers (“Customers”). The Partners will typically deal with the Customer's IT personnel. In a migration, the email accounts of the Customer's ordinary employees (“End Users”, also referred to by SkyKick as “seats”) will be migrated.

103. Although SkyKick only sell to Partners, Mr Schwartz accepted that some of SkyKick's promotional activities were directed at Customers. Furthermore, SkyKick contracts directly with the Customer in every case. The contract deals with various matters including SkyKick's access to the Customer's systems, the Customer's licence to use SkyKick's software and limitations upon SkyKick's liability.

104. *The scale of SkyKick's business in the EU.* SkyKick now have six employees in the UK, and have generated a total revenue of over \$3 million. SkyKick have registered over 6,200 Partners in the EU, of whom just over 1,300 have completed transactions. Those Partners have carried out over 4,100 migrations in the EU, comprising the email accounts of over 121,000 End Users.

The proceedings

105. Sky sent SkyKick a letter before claim on 18 January 2016 and commenced these proceedings on 23 May 2016. The proceedings have had a slightly unfortunate procedural history, including an application by SkyKick for a pre-trial reference to the Court of Justice of the European Union which was dismissed by Birss J on 13 July 2017 (see *Sky plc v SkyKick UK Ltd* [2017] EWHC 1769 (Ch), [2018] FSR 2), which accounts for the slight delay in the matter coming on for trial.

106. On 17 February 2016 SkyKick applied to the EUIPO for cancellation of each of Sky's EU Trade Marks. All of these applications have subsequently been abandoned.

107. On 29 February 2016 SkyKick filed an international trade mark application designating the EU for the trade mark SKYKICK, but subsequently withdrew the EU designation following an opposition brought by Sky.

Third party SKY formative marks

108. SkyKick contend that, because “sky” is a common English word, many traders in English-speaking countries (and some in non-English-speaking countries) legitimately wish to, and do, adopt and use SKY formative marks in a wide range of fields of trade, including in particular IT-related fields. Much of Mr Linneker's evidence was directed

to this issue. As noted above, he exhibited the results of searches of public domain sources carried out by his team under his supervision. There was little challenge to the accuracy of this evidence, so far as it goes, as opposed to the conclusions and inferences to be drawn from it. I would summarise the evidence as follows.

109. First, there are over 1,000 trade marks which have been registered in the UK or EU beginning with the word SKY. Even if one limits the search to classes 9 and 42, there are 112. Sky point out that registration is not evidence of actual use of a trade mark, particularly given that some of the registrations are rather old. SkyKick accept that, but nevertheless contend that this evidence shows the desire of third parties to register, and by inference to use, such marks.
110. Secondly, there are 3,346 companies currently registered in England and Wales with SKY formative names. Again, it is common ground that this does not establish use of those names, particularly since some of the companies may well be dormant, but SkyKick contend that it again shows the desire of traders to use such names.
111. Thirdly, searches of the internet provide evidence of use of a large number of SKY formative marks in the EU by third parties, including: SKYWORKS (analogue semi-conductors); SKYLINE (3D imaging and modelling software); SKYSCANNER (online flight comparison and booking); SKY AIR TEAM (software development); SKYBOOK AVIATION CLOUD (software for airlines and airports); SKYLINE (display and exhibit design and manufacture); SKYFILE (mail, fax, SMS messaging); SKYLYZE (data analytics software); SKYHIGH (cloud security); SKYWARE (satellite communication and signal receiver equipment); SKYLER (financial software); SKYBLUE (web design and marketing); SKYDIVE TRIBE (downloadable software for use by skydivers); SKYTEST (aviation software); SKY HIGH CREATIVE (website design, brand creation and public relations); SKYTECH SOLUTIONS (secure data destruction and IT disposal); SKYTECH RESEARCH (satellite hardware); SKY ANALYTICS (legal expenditure analytics and benchmarking); SKY KID (title of a series of video games); SKYEDGE (satellite tech); SKYVENTURE (hot air balloon adventures); SKYSOFT (IT solutions including data migration); SKYTRONIC (consumer electronics); SKYDREAMS (online market software development); SKYTEC (consumer electronics); SKYWARE (software development); SKYROAM (software-based mobile connectivity); SKYLANDERS (title of a series of computer games); and SKYFISH (online data storage).
112. Ms Campbell gave evidence that, based on a review of the materials exhibited by Mr Linneker, many of these third parties appeared to have little or no presence in Sky's core markets; that Sky had entered into settlement agreements with four of these third parties and was taking enforcement action against three more; and that some were in fields (such as hot air ballooning and legal expenditure analytics) which were remote from Sky's interests.
113. It is also fair to say that many of these third parties are small and/or relatively recently established and/or in somewhat niche fields, but at least one (SKYSCANNER) is long established and well known and a number are substantial concerns (for example, Skyworks Solutions Inc is publicly traded on NASDAQ and has revenues exceeding \$3 billion, SkyHigh Networks Inc was valued at \$400 million in 2017 and Gilat Satellite Networks Inc, which uses SKYEDGE, has revenues exceeding \$235 million). In the case of SKYSCANNER, Sky have entered into a settlement agreement; but that does

alter the fact that SKYSCANNER would have been known to many consumers in the EU, and in particular the UK, in November 2014.

Key legislative provisions

114. At the dates when the applications for the Trade Marks were filed, the legislation which governed what were then called Community trade marks, and are now called EU trade marks, was Council Regulation 40/94/EC of 20 December 1993 on the Community trade mark. This was subsequently replaced by Council Regulation 207/2009/EC of 26 February 2009, which has in turn been amended by European Parliament and Council Regulation 2015/2424/EU of 16 December 2015 and then replaced by European Parliament and Council Regulation 2017/1001/EU of 14 June 2017 (“the Regulation”). Sky’s infringement allegations relate to periods covered by Regulation 207/2009, Regulation 2007/2009 as amended by Regulation 2015/2424 and the Regulation. Save in two respects, there is no material difference for present purposes between the relevant provisions of Regulation 40/94 and their successors, although the numbering of the articles has changed. There have been two amendments which are relevant, however.
115. The key provisions of Regulation 40/94 for present purposes were as follows:

“Article 4

Signs of which a Community trade mark may consist

A Community trade mark may consist of any signs capable of being represented graphically, particularly words, including personal names, designs, letters, numerals, the shape of goods or of their packaging, provided that such signs are capable of distinguishing the goods or services of one undertaking from those of other undertakings.

Article 7

Absolute grounds for refusal

1. The following shall not be registered:
 - (a) signs which do not conform to the requirements of Article 4;

...

Article 9

Rights conferred by a Community trade mark

1. A Community trade mark shall confer on the proprietor exclusive rights therein. The proprietor shall be entitled to prevent all third parties not having his consent from using in the course of trade:

...

- (b) any sign where, because of its identity with or similarity to the Community trade mark and the identity or similarity of the goods or services covered by the Community trade mark and the sign, there exists a likelihood of confusion on the part of the public; the likelihood of confusion includes the likelihood of association between the sign and the trade mark;
- (c) any sign which is identical with or similar to the Community trade mark in relation to goods or services which are not similar to those for which the Community trade mark is registered, where the latter has a reputation in the Community and where use of that sign without due cause takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the Community trade mark.

...

Article 12

Limitation of the effects of a Community trade mark

A Community trade mark shall not entitle the proprietor to prohibit a third party from using in the course of trade:

- (a) his own name or address;

...

provided he uses them in accordance with honest practices in industrial or commercial matters.

Article 15

Use of Community trade marks

1. If, within a period of five years following registration, the proprietor has not put the Community trade mark to genuine use in the Community in connection with the goods or services in respect of which it is registered, or if such use has been suspended during an uninterrupted period of five years, the Community trade mark shall be subject to the sanctions provided for in this Regulation, unless there are proper reasons for non-use.

...

Article 50

Grounds for revocation

1. The rights of the proprietor of the Community trade mark shall be declared to be revoked on application to the Office or on the basis of a counterclaim in infringement proceedings:
 - (a) if, within a continuous period of five years, the trade mark has not been put to genuine use in the Community in connection with the goods or services in respect of which it is registered, and there are no proper reasons for non-use; ...
2. Where the grounds for revocation of rights exist in respect of only some of the goods or services for which the Community trade mark is registered, the rights of the proprietor shall be declared to be revoked in respect of those goods or services only.

Article 51

Absolute grounds for invalidity

1. A Community trade mark shall be declared invalid on application to the Office or on the basis of a counterclaim in infringement proceedings,
 - ...
 - (b) where the applicant was acting in bad faith when he filed the application for the trade mark.
 - ...
 3. Where the ground for invalidity exists in respect of only some of the goods or services for which the Community trade mark is registered, the trade mark shall be declared invalid as regards those goods or services only.”
116. Articles 4 and 12(a) were unchanged in Regulation 207/2009. As explained in more detail below, they were amended by Article 1(7) and (13) of Regulation 2015/2424 with effect from 23 March 2016. The amended provisions are now contained in Articles 4 and 14 of the Regulation, which provide:

“Article 4

Signs of which an EU trade mark may consist

An EU trade mark may consist of any signs, in particular words, including personal names, or designs, letters, numerals, colours, the shape of goods or of the packaging of goods, or sounds, provided that such signs are capable of:

- (a) distinguishing the goods or services of one undertaking from those of other undertakings; and

- (b) being represented on the Register of European Union trade marks, ('the Register'), in a manner which enables the competent authorities and the public to determine the clear and precise subject matter of the protection afforded to its proprietor.

Article 14

Limitation of the effects of an EU trade mark

- 1. An EU trade mark shall not entitle the proprietor to prohibit a third party from using, in the course of trade:
 - (a) the name or address of the third party, where that third party is a natural person;
 - ...
- 2. Paragraph 1 shall only apply where the use made by the third party is in accordance with honest practices in industrial or commercial matters.”

117. Parallel provisions to those set out in paragraph 115 above were contained in Articles 2, 3(1)(a),(2)(d), 5(1)(b),(2), 6(1)(a), 10(1), 12(1) and 13 of Directive 89/104/EEC of 21 December 1988 to approximate the laws of the Member States relating to trade marks, which was replaced by European Parliament and Council Directive 2008/95/EC of 22 October 2008, which has in turn been replaced by European Parliament and Council Directive 2015/2436/EU of 16 December 2015 (“the Directive”). Articles 3 and 14(1),(2) of Directive 2015/2436 correspond to Articles 4 and 14 of Regulation 2017/1001.

118. The infringement provisions originally contained in Article 9(1)(b),(c) of Regulation 40/94 and Article 5(1)(b),(2) of Directive 89/104 are now contained in Article 9(2)(b),(c) of the Regulation and Article 10(2)(b),(c) of the Directive. Sub-paragraph (c) of these provisions has been amended so as to reflect the case law of the CJEU interpreting the original provisions. Article 9(2)(c) of the Regulation now reads:

“the sign is identical with, or similar to, the EU trade mark irrespective of whether it is used in relation to goods or services which are identical with, similar to, or not similar to, those for which the trade mark is registered, where the latter has a reputation in the Union and where use of that sign without due cause takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the EU trade mark.”

119. The provisions of Directive 89/104 listed in paragraph 117 above were implemented in the UK by sections 1(1), 3(1)(a),(6), 10(2),(3), 11(2)(a), 46(1)(a) and 47(1) of the Trade Marks Act 1994. By virtue of Article 54(1) of the Directive, the UK has until 14 January 2019 to amend section 1(1) of the 1994 Act so as to remove the requirement that a trade mark be capable of graphical representation in accordance with Article 3 of the Directive and to amend 11(2)(b) of the 1994 Act so as to restrict the availability of the

“own name” defence to natural persons in compliance with Article 14(1) of the Directive. At present, the UK has not done so.

Relevant dates for assessment

The law

120. The relevant date for the assessment of whether a trade mark was applied for in bad faith is the date when the application was made: see Case C-529/07 *Chocoladefabriken Lindt & Sprungli AG v Franz Hauswirth GmbH* [2009] ECR I-4893 at [35]. It is not in dispute that, although the relevant date is the application date, later evidence is relevant if it casts light backwards on the position as at the application date: cf. Case C-259/02 *La Mer Technology Inc v Laboratoires Goemar SA* [2004] ECR I-1159 at [31] and Case C-192/03 *Alcon Inc v Office for Harmonisation in the Internal Market* [2004] ECR I-8993 at [41].
121. The question whether the use of a sign infringes a trade mark pursuant to Article 10(2)(a),(b) of the Directive falls to be assessed as at the date that the use of the sign was commenced: see Case C-145/05 *Levi Strauss & Co v Casucci SpA* [2006] ECR I-3703. It is common ground that the same approach applies to Article 10(2)(c) of the Directive and the corresponding provisions of the Regulation.

The present case

122. There is no dispute that the relevant dates for the assessment of SkyKick’s claim that Sky applied for the Trade Marks in bad faith range from 14 April 2003 to 20 October 2008.
123. Nor is there any dispute that the relevant date for the assessment of Sky’s infringement claims is November 2014, when SkyKick started to target the EU, and in particular the UK.

The Nice Agreement and Classification

124. In order to address SkyKick’s contentions with respect to the validity of the Trade Marks, it is first necessary put them into context by explaining two areas of trade mark law. The first concerns the Nice Agreement and Classification, and the legal frameworks governing the use of the Nice Classification for Community/EU trade marks and for UK trade marks.
125. Trade marks may be registered for any of the vast range of goods and services which are traded. For administrative reasons, in particular so as to facilitate searching, it has long been the practice of trade mark registries throughout the world to classify those goods and services into numbered classes. Although the UK adopted a classification system in conjunction with the first Trade Marks Act in 1875, the present system has its origins in an international conference in London in 1934 when an internationally-agreed list of classes was drawn up. This was adopted in the UK as Schedule IV to the Trade Marks Rules 1938 made under section 40(1)(c) of the Trade Marks Act 1938.

The Nice Agreement

126. In 1957 an international convention concerning the classification of goods and services, the Nice Agreement Concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks, was agreed. This came into force in 1961 and has subsequently been revised or amended on three occasions, the current version dating from 1979. The Nice Agreement provides for the establishment and periodic revision of a Classification consisting of: (i) a numbered list of classes (each of which includes a “class heading” which describes the goods or services comprised in that class) together with explanatory notes; and (ii) an alphabetical list of goods and services with an indication of the class into which each of the goods or services falls: see Article 1(2). The Nice Classification is based on that drawn up at the London conference in 1934.
127. It should be noted that the Nice Agreement is only an agreement as to classification, not as to the effect of classification. Thus Article 2(1) provides:
- “Subject to the requirements prescribed by this Agreement, the effect of the Classification shall be that attributed to it by each country of the Special Union. In particular, the Classification shall not bind the countries of the Special Union in respect of either the evaluation of the extent of the protection afforded to any given mark or the recognition of service marks.”
128. The UK acceded to the Nice Agreement and adopted the Nice Classification, initially by way of amendment of Schedule IV to the 1938 Rules, in 1964: see the account given in *CAL-U-TEST Trade Mark* [1967] FSR 39 at 43-45.

The Nice Classification

129. The Nice Classification is revised by a Committee of Experts appointed under the Nice Agreement every five years. The 8th edition of the Nice Classification entered into force on 1 January 2002. The 9th edition entered into force on 1 January 2007. The 10th edition entered into force on 1 January 2012. The 11th edition entered into force on 1 January 2017. Recently, the Committee of Experts has adopted the practice of promulgating amended versions of the Nice Classification between editions, which are referred to by reference to the year in which they come into effect. Thus the 2016 version of the 10th edition came into force on 1 January 2016.
130. The changes to the Nice Classification between editions or versions can be quite subtle. An example of this which is relevant to the present case is that, in the 8th and 9th editions, the term “computer software” did not appear in the class heading to Class 9, although the explanatory note stated that Class 9 included “all computer programs and software regardless of recording media or means of dissemination”, while in the 10th edition “computer software” was included in the class heading. A more obvious change which is relevant to the present case is that in the 2016 edition of the 10th edition a considerable number of terms were deleted from the class headings, and in particular the class headings to Classes 6, 14, 16, 17, 18 and 20 (see further below).

131. The terms used in the class headings vary between relatively precise ones (such as “cash registers” in Class 9) and much more open-textured ones (such as “telecommunications” or “telecommunications services” in Class 38).

Legislative framework concerning the use of the Nice Classification for Community and EU trade marks

132. Articles 26 and 28 of Regulation 40/94, and of Regulation 207/2009, provided:

“Article 26

Conditions with which applications must comply

1. An application for a Community trade mark shall contain:

...

- (c) a list of goods and services in respect of which the registration is requested;

...

3. An application for a Community trade mark must comply with the conditions laid down in the Implementing Regulation ...

Article 28

Classification

Goods and services in respect of which Community trade marks are applied for shall be classified in conformity with the system specified in the Implementing Regulation.”

133. Rule 2 of Commission Regulation 2868/95/EC of 13 December 1995 implementing Council Regulation 40/94/EC on the Community trade mark provided:

“Rule 2

List of goods and services

- (1) The common classification referred to in Article 1 of the Nice Agreement Concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks of 15 June 1957, as revised and amended, shall be applied to the classification of the goods and services.

- (2) The list of goods and services shall be worded in such a way as to indicate clearly the nature of the goods and services and to allow each item to be classified in only one class of the Nice Classification.

...”

134. Regulation 2015/2424 amended Regulation 207/2009 so as to replace Article 28 with a new Article 28, which is now Article 33 of the Regulation, in the following terms:

“Article 33

Designation and classification of goods and services

1. Goods and services in respect of which trade mark registration is applied for shall be classified in conformity with the system of classification established by the Nice Agreement Concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks of 15 June 1957 (‘the Nice Classification’).
2. The goods and services for which the protection of the trade mark is sought shall be identified by the applicant with sufficient clarity and precision to enable the competent authorities and economic operators, on that sole basis, to determine the extent of the protection sought.
3. For the purposes of paragraph 2, the general indications included in the class headings of the Nice Classification or other general terms may be used, provided that they comply with the requisite standards of clarity and precision set out in this Article.
4. The Office shall reject an application in respect of indications or terms which are unclear or imprecise, where the applicant does not suggest an acceptable wording within a period set by the Office to that effect.
5. The use of general terms, including the general indications of the class headings of the Nice Classification, shall be interpreted as including all the goods or services clearly covered by the literal meaning of the indication or term. The use of such terms or indications shall not be interpreted as comprising a claim to goods or services which cannot be so understood.
- ...
8. Proprietors of EU trade marks applied for before 22 June 2012 which are registered in respect of the entire heading of a Nice class may declare that their intention on the date of filing had been to seek protection in respect of goods or services beyond those covered by the literal meaning of the heading of that class, provided that the goods or services so designated are included in the alphabetical list for that class in the edition of the Nice Classification in force at the date of filing.

The declaration shall be filed at the Office by 24 September 2016, and shall indicate, in a clear, precise and specific manner, the goods and services, other than those clearly covered by the

literal meaning of the indications of the class heading, originally covered by the proprietor's intention. The Office shall take appropriate measures to amend the Register accordingly. The possibility to make a declaration in accordance with the first subparagraph of this paragraph shall be without prejudice to the application of Article 18, Article 47(2), Article 58(1)(a), and Article 64(2).

EU trade marks for which no declaration is filed within the period referred to in the second subparagraph shall be deemed to extend, as from the expiry of that period, only to goods or services clearly covered by the literal meaning of the indications included in the heading of the relevant class.

...”

135. Article 2 of Commission Regulation 2017/1431/EU of 18 May 2017 laying down detailed rules for implementing certain provisions of Council Regulation 207/2009/EU on the European Union trade mark provides:

“*Article 2*

Content of the application

1. The application for an EU trade mark shall contain:

...

- (c) a list of the goods or services for which the trade mark is to be registered, in accordance with Article 28(2) of Regulation (EC) No 207/2009. That list may be selected, in whole or in part, from a database of acceptable terms made available by the Office;

...”

Legislative framework concerning the use of the Nice Classification for UK trade marks

136. Directive 89/100 did not contain any provisions relating to the specification of goods and services or classification, leaving such matters to the laws of the Member States. The same was true of Directive 2008/95. Article 39(1)-(5) of the Directive corresponds to Article 33(1)-(5) of Regulation 2017/1001.

137. Section 34(1) of the 1994 Act provides:

“Goods and services shall be classified for the purposes of the registration of trade marks according to a prescribed system of classification.”

138. Section 65 provides for rules to be made empowering the Registrar to take steps necessary to implement any amended or substituted classification, while section 78(1) contains a general rule-making power for the purposes of the Act.

139. The rules made under section 78(1) in force as at 20 October 2008 were, and remain, the Trade Marks Rules 2008. Rule 7 of the 2008 Rules provides:

- “(1) The prescribed system of classification for the purposes of the registration of trade marks is the Nice Classification.
- (2) When a trade mark is registered it shall be classified according to the version of the Nice Classification that had effect on the date of application for registration.”

The *IP TRANSLATOR* case and its aftermath

140. The second matter in which it is necessary to explain concerns the judgment of the Grand Chamber of the CJEU in Case C-307/10 *Chartered Institute of Patent Attorneys v Registrar of Trade Marks (IP TRANSLATOR)* [EU:C:2012:361], [2013] Bus LR 740 and its aftermath.

141. That case arose out of Communication 4/03 of the President of the Office for Harmonisation in the Internal Market (Trade Marks and Designs) (“OHIM”, now EUIPO) of 16 June 2003 concerning the use of class headings in lists of goods and services for Community trade mark applications and registrations. My understanding is that Communication 4/03 formalised a practice which had been informally adopted by OHIM sometime before then.

142. Paragraph III(2) of Communication 4/03 stated:

“It constitutes a proper specification of goods and services in a [Community Trade Mark] application if the general indications or the whole class headings provided for in the Nice Classification are used. The use of these indications allows a proper classification and grouping. [OHIM] does not object to the use of any of the general indications and class headings as being too vague or indefinite, contrary to the practice which is applied by some national offices in the European Union and in third countries in respect of some of the class headings and general indications.”

143. Paragraph IV(1) of Communication 4/03 stated:

“The 34 classes for goods and the 11 classes for services comprise the totality of all goods and services. As a consequence of this, the use of all the general indications listed in the class heading of a particular class constitutes a claim to all the goods or services falling within this particular class.”

144. In *IP TRANSLATOR* the Chartered Institute of Patent Attorneys (“CIPA”) applied to register the trade mark *IP TRANSLATOR* as a UK trade mark using the class heading of Class 41, namely “education; providing of training; entertainment; sporting and cultural activities”, as the specification of services. The Registrar of Trade Marks interpreted the specification in accordance with Communication 4/03 as covering all services in Class 41, including translation services, and refused the application on the

ground that the trade mark was descriptive in relation to translation services. CIPA appealed to the Appointed Person. Geoffrey Hobbs QC sitting as the Appointed Person referred the following questions of interpretation of Directive 2008/95 to the CJEU:

- “1. Is it necessary for the various goods or services covered by a trade mark application to be identified with any, and if so what particular, degree of clarity and precision?
2. Is it permissible to use the general words of the class headings of the [Nice Classification] for the purpose of identifying the various goods or services covered by a trade mark application?
3. Is it necessary or permissible for such use of the general words of the Class Headings of [the Nice Classification] to be interpreted in accordance with Communication No 4/03 ...?”

145. The CJEU answered these questions as follows:

- “- Directive 2008/95/EC must be interpreted as meaning that it requires the goods and services for which the protection of the trade mark is sought to be identified by the applicant with sufficient clarity and precision to enable the competent authorities and economic operators, on that basis alone, to determine the extent of the protection conferred by the trade mark;
- Directive 2008/95 must be interpreted as meaning that it does not preclude the use of the general indications of the class headings of the Nice Classification to identify the goods and services for which the protection of the trade mark is sought, provided that such identification is sufficiently clear and precise;
- an applicant for a national trade mark who uses all the general indications of a particular class heading of the Nice Classification to identify the goods or services for which the protection of the trade mark is sought must specify whether its application for registration is intended to cover all the goods or services included in the alphabetical list of that class or only some of those goods or services. If the application concerns only some of those goods or services, the applicant is required to specify which of the goods or services in that class are intended to be covered.”

146. In the course of its judgment, the CJEU stated at [54]:

“... it must be observed that some of the general indications in the class headings of the Nice Classification are, in themselves, sufficiently clear and precise to allow the competent authorities to determine the scope of the protection conferred by the trade mark, while others are not such as to meet that requirement where they are too general and cover goods or services which are

too variable to be compatible with the trade mark's function as an indication of origin."

147. As an immediate response to *IP TRANSLATOR*, the President of OHIM issued Communication 2/12 of 20 June 2012 concerning the use of class headings in lists of goods and services for Community trade mark applications and registrations abandoning the approach adopted in Communication 4/03. Communication 2/12 stated that OHIM considered that the intention of applicants for trade marks applied for before that date who used the class headings would have been to include all goods or services in the relevant alphabetical lists. Applicants who used the class headings in applications filed after that date would be required expressly to state whether they intended to cover all the goods or services in the alphabetical lists.
148. On 20 November 2013 the Trade Mark Offices forming the European Trade Mark and Design Network ("TMDN") (namely, EUIPO, the Offices of the Member States and the Norwegian Office) issued version 1.0 of a Common Communication on the Common Practice on the General Indications of the Nice Class Headings as part of a Convergence Programme initiated by EUIPO to harmonise practice. The Common Communication explained that, having reviewed all the general indications in the Nice class headings in order to determine which were sufficiently clear and precise, the TMDN had concluded that the 11 general indications set out below were not clear and precise, and consequently could not be accepted without further specification, whereas the remaining general indications were considered acceptable:
- i) Class 6 – goods of common metal not included in other classes;
 - ii) Class 7 – machines;
 - iii) Class 14 – goods in precious metals or coated therewith;
 - iv) Class 16 – goods made from these materials [paper and cardboard];
 - v) Class 17 – goods made from these materials [rubber, gutta-percha, gum, asbestos and mica];
 - vi) Class 18 – goods made of these materials [leather and imitations of leather];
 - vii) Class 20 – goods (not included in other classes) of wood, cork, reed, cane, wicker, horn, bone, ivory, whalebone, shell, amber, mother-of-pearl, meerscham and substitutes for all these materials, or of plastics;
 - viii) Class 37 – repair;
 - ix) Class 37 – installation services;
 - x) Class 40 – treatment of materials; and
 - xi) Class 45 – personal and social services rendered by others to meet the needs of individuals.

149. The Common Communication explained the TMDN's reasons for concluding that these indications were not sufficiently clear or precise. In the case of "machines" (Class 7), their reasons were as follows:

"... the term 'machines' does not provide a clear indication of what machines are covered. Machines can have different characteristics or different purposes, they may require very different levels of technical capabilities and know-how to be produced and / or used, could be targeting different consumers, be sold through different sales channels, and therefore relate to different market sector."

Similar reasons were given in relation to "repair" (Class 37), "installation services" (Class 37), "treatment of materials" (Class 40) and "personal and social services rendered by others to meet the needs of individuals" (Class 45).

150. On 20 February 2014 the TMDN issued version 1.1 of the Common Communication, but this only differed from version 1.0 in setting out the respective dates on which the participating Offices had implemented, or planned to implement, the Common Practice.
151. In 2015 Regulation 207/2009 was amended to introduce new Article 28, now Article 33 of the Regulation 2017/1001, and Article 36 of the Directive was introduced, as set out above.
152. On 28 October 2015 the TMDN issued version 1.2 of the Common Communication, concluding that just five of the general indications in the class headings lacked clarity and precision:
- i) Class 7 – machines;
 - ii) Class 37 – repair;
 - iii) Class 37 – installation services;
 - iv) Class 40 – treatment of materials; and
 - v) Class 45 – personal and social services rendered by others to meet the needs of individuals.
153. The reason for this change was that the other six general indications had been deleted from the class headings to Classes 6, 14, 16, 17, 18 and 20 in the 2016 version of the 10th edition of the Nice Classification.

Validity of the Trade Marks: clarity and precision of the specifications of goods and services

154. SkyKick contend that each of the Trade Marks should be declared partly invalid on the ground that they are registered for goods and services that are not specified with sufficient clarity and precision. This contention derives from the first ruling in *IP TRANSLATOR*. Although that ruling concerned the interpretation of Directive 2008/95, it is common ground that the Regulation must be interpreted in the same way.

155. This contention raises two issues. The first issue is whether this ground of invalidity may be asserted against a registered trade mark. The second issue is whether, if the ground can be asserted, the specifications of any of the Trade Marks are objectionable. These are important issues of European trade mark law, for reasons that I believe will be fairly obvious from *IP TRANSLATOR* and its aftermath.
156. Before turning to consider those issues, I should note that it is not in dispute that, since all the applications for the Trade Marks were still pending as at the date of the *IP TRANSLATOR* judgment, that judgment is temporally applicable to them: cf. Case C-577/14 *Brandconcern BV v European Union Intellectual Property Office* [EU:C:2017:122] and Case C-501/15 *European Union Intellectual Property Office v Cactus SA* [EU:C:2017:750], [2018] ETMR 4.
157. Nor is it in dispute that, in the cases of EU352 and EU619, although the applications were filed using the class headings as specifications, Sky have not filed any declaration under Article 33(8) of the Regulation, and accordingly the specifications must now be deemed to extend only to goods and services “clearly covered by the literal meaning of the indications included in the heading of the relevant class”. (I must, however, return to Sky’s intention when using the class headings at the time of the applications below.)

Can lack of clarity and precision of the specification be asserted as a ground of invalidity?

158. The judgment in *IP TRANSLATOR* established (and Article 33(2) of the Regulation now requires) that an applicant for a trade mark must specify the goods and services in respect of which registration is sought with sufficient clarity and precision to enable the competent authorities and third parties to determine the extent of the protection conferred by the trade mark. If the applicant fails to do so, the competent office should refuse to allow the application to proceed to registration without the specification being amended to make it sufficiently clear and precise. It does not necessarily follow that, if the applicant fails to do so and the office fails to ensure that the applicant rectifies the lack of clarity or precision during the course of examination of the application, the trade mark can be declared invalid on that ground after registration.
159. In the case of an EU trade mark, Article 128(1) of the Regulation (ex Article 100(1) of Regulation 207/2009, ex Article 96(1) of Regulation 40/94) provides that a counterclaim for declaration of invalidity “may only be based on the grounds for ... invalidity mentioned in this Regulation”. The only ground of invalidity relied on by SkyKick is Article 59(1)(a) of the Regulation (ex Article 52(1)(a) of Regulation 207/2009, ex Article 51(1)(a) of Regulation 40/94) in conjunction with Article 7(1)(a). Article 7(1)(a) provides that “signs which do not conform to the requirements of Article 4” shall not be registered. Article 4 governs the signs of which an EU trade mark may consist. Although Article 4 was amended by Regulation 2015/2424, it still does not contain any express requirement that the specification of goods and services in an EU trade mark registration should be clear and precise.
160. The position is essentially the same in relation to a national trade mark. It is not necessary to recite the relevant provisions in the Directive.
161. In *Stitching BDO v BDO Unibank Inc* [2013] EWHC 418 (Ch), [2013] FSR 35 I held at [42]-[49] that lack of clarity and precision in the specification of goods and services was not a ground of invalidity which could be asserted against a trade mark after

registration. In *Total Ltd v YouView TV Ltd* [2014] EWHC 1963 (Ch), [2015] FSR 7 at [48]-[55] Sales J (as he then was) concluded, however, that the contrary was arguable and that the matter was not *acte clair*. Accordingly, Sky accept that it is likely that this question will have to be referred to the CJEU at some point. Sky contend, however, that it is not necessary to do so in the present case because it is clear that the specifications of the Trade Marks are not lacking in clarity or precision.

Are the specifications of the Trade Marks lacking in clarity or precision?

162. SkyKick contend that each of the parts of the specifications of the Trade Marks relied upon by Sky for the purposes of their infringement claim under Article 9(2)(b) of the Regulation/Article 10(2)(b) of the Directive (see paragraph 6 above) lacks clarity and precision, except for “telecommunications services” and “electronic mail services” in Class 38. In the case of “telecommunications services” and “electronic mail services”, SkyKick contend that, if these are interpreted so broadly as to include the services provided by SkyKick as being identical, then they too lack clarity and precision.
163. SkyKick’s case can be exemplified by considering the first three indications relied upon by Sky, namely “computer software”, “computer software supplied from the Internet” and “computer software and telecoms apparatus to enable connection to databases and the internet”. It is not necessary separately to consider the other indications relied upon, because they all to a greater or lesser extent give rise to similar points (including “telecommunications services”, although “electronic mail services” is in my view less problematic than the others).
164. So far as “computer software” is concerned, counsel for SkyKick submitted that this term lacked clarity and precision because it was hopelessly broad. In support of this submission, he relied upon the reasoning of the TMDN in the Common Communication in relation to “machines” (paragraph 149 above) and argued that it was equally applicable to “computer software”.
165. Counsel for SkyKick also relied upon what Laddie J said in *Mercury Communications Ltd v Mercury Interactive (UK) Ltd* [1995] FSR 850 at 864-865:

“The defendant argues that on its present wording, the plaintiff’s registration creates a monopoly in the mark (and confusingly similar marks) when used on an enormous and enormously diffuse range of products, including products in which the plaintiff can have no legitimate interest. In the course of argument I put to [counsel for the plaintiff] that the registration of a mark for ‘computer software’ would cover any set of recorded digital instructions used to control any type of computer. It would cover not just the plaintiff’s type of products but games software, accounting software, software for designing genealogical tables, software used in the medical diagnostic field, software used for controlling the computers in satellites and the software used in the computers running the London Underground system. I think that in the end he accepted that some of these were so far removed from what his client marketed and had an interest in that perhaps a restriction on the scope of

the registration to exclude some of the more esoteric products might be desirable.

In any event, whether that was accepted or not, in my view there is a strong argument that a registration of a mark simply for ‘computer software’ will normally be too wide. In my view the defining characteristic of a piece of computer software is not the medium on which it is recorded, nor the fact that it controls a computer, nor the trade channels through which it passes but the function it performs. A piece of software which enables a computer to behave like a flight simulator is an entirely different product to software which, say, enables a computer to optically character read text or design a chemical factory. In my view it is thoroughly undesirable that a trader who is interested in one limited area of computer software should, by registration, obtain a statutory monopoly of indefinite duration covering all types of software, including those which are far removed from his own area of trading interest.”

166. Finally, counsel for SkyKick relied upon the US Patent and Trademark Office’s Trademark Manual of Examining Procedure (“TMEP”), which states at §1402.03(d):

“Any identification of goods for computer programs must be sufficiently specific to permit determinations with respect to likelihood of confusion. The purpose of requiring specificity in identifying computer programs is to avoid the issuance of unnecessary refusals of registration under 15 U.S.C. §1052(d) where the actual goods of the parties are not related and there is no conflict in the marketplace. *See In re Linkvest S.A.*, 24 USPQ2d 1716 (TTAB 1992). Due to the proliferation and degree of specialization of computer programs, broad specifications such as ‘computer programs in the field of medicine’ or ‘computer programs in the field of education’ will not be accepted, unless the particular function or purpose of the program in that field is indicated. For example, ‘computer programs for use in cancer diagnosis’ or ‘computer programs for use in teaching children to read’ would be acceptable.

Typically, indicating only the intended users, field, or industry will not be deemed sufficiently definite to identify the nature of a computer program. However, this does not mean that user, field, or industry indications can never be sufficient to specify the nature of the computer program adequately. For example, ‘downloadable geographical information system (GIS) software’ would be acceptable. Geographical information systems, also known in the industry as GIS, are well-defined computer applications that do not need further definition.

If an applicant asserts that the computer programs at issue serve a wide range of diverse purposes, the applicant must submit appropriate evidence and/or specimens to substantiate such a

broad identification of goods. *See* 37 C.F.R. §2.61(b); TMEP §§1402.03(b)–(c).

Generally, an identification for ‘computer software’ will be acceptable as long as *both* the function/purpose *and* the field of use are set forth. However, specifying the field of use is not required when the identified software has a clear function and is not field-specific/content-specific. Further, some general wording is allowed. ...”

It was this practice that the examiner of SkyKick’s US applications invoked when objecting to the term “computer software” (see paragraph 86 above).

167. As for “computer software supplied from the Internet”, counsel for SkyKick submitted that this term was equally lacking in clarity. It made no difference that the software was supplied from the internet, because almost any software could be supplied from the internet.
168. Turning to “computer software and telecoms apparatus to enable connection to databases and the Internet”, counsel for SkyKick submitted that this term was equally lacking in clarity. It made no difference that the software or apparatus enable connections to databases and the internet, because most software these days enabled connection to a database (which was in itself a broad term) and/or the internet.
169. Counsel for Sky submitted that the term “computer software” was clear and precise. He pointed out that the TMDN had concluded that it was unobjectionable in the Common Communication, that it was a very common term in specifications of both EU and national trade marks and that courts and tribunals in Europe had often issued decisions (for example, in opposition proceedings) in cases involving it. He also relied upon the observations of Sales J in *Total* at [57]–[63] to the effect that it was inevitable that terms used in specifications of goods and services would have some uncertainty at the margins and that the terms in issue in that case, which included “telecommunications services”, were sufficiently certain. He submitted that, as with “telecommunications services”, it was immaterial that the term “computer software” was of broad scope.
170. Counsel for Sky also submitted that, even if “computer software” was unclear or imprecise because it was too broad, the second and third terms were unobjectionable since they were more specific.
171. In my view, registration of a trade mark for “computer software” is too broad for the reasons given by Laddie J in *Mercury v Mercury*, which apply with even more force 23 years later now that computer software is even more ubiquitous than it was in 1995. In short, registration of a trade mark for “computer software” is unjustified and contrary to the public interest because it confers on the proprietor a monopoly of immense breadth which cannot be justified by any legitimate commercial interest of the proprietor. This is clearly recognised by the USPTO’s practice quoted above.
172. It does not necessarily follow, however, that the term “computer software” is lacking in clarity and precision. Indeed, at first blush, it appears to be a term whose meaning is reasonably clear and precise. Indeed, as will appear, it is sufficiently clear and precise to make it possible to decide whether SkyKick’s goods are identical to it. On the other

hand, I find it difficult to see why the reasoning of the TMDN with respect to “machines” in Class 7 is not equally applicable to “computer software”.

173. For reasons that will appear, it could make a real difference to the outcome of this case if SkyKick are correct that the Trade Marks are partly invalid because the relevant parts of the specifications are lacking in clarity and precision. Accordingly, I have concluded that this is an issue of interpretation of the Regulation and the Directive on which it is necessary to seek guidance from the CJEU.

Conclusion

174. For the reasons given above, I propose to refer questions to the CJEU, the precise wording of which I will hear the parties on, but the essence of which are as follows:
- (1) Can an EU trade mark or a national trade mark registered in a Member State be declared wholly or partially invalid on the ground that some or all of the terms in the specification are lacking in sufficient clarity or precision to enable the competent authorities and third parties to determine the extent of the protection conferred by the trade mark?
 - (2) If the answer to (1) is yes, is a term such as “computer software” lacking in sufficient clarity or precision to enable the competent authorities and third parties to determine the extent of the protection conferred by the trade mark?

Validity of the Trade Marks: bad faith

175. SkyKick contend that the Trade Marks were registered in bad faith because Sky did not intend to use the Trade Marks relation to all of the goods and services specified in the respective specifications. SkyKick accept that Sky intended to use the Trade Marks in relation to some of the goods and services specified. Nevertheless, SkyKick’s primary case is that the Trade Marks are invalid in their entirety. In the alternative, SkyKick’s secondary case is that the Trade Marks are invalid to the extent to that the specifications cover goods and services in relation to which Sky had no intention to use the trade marks. Sky dispute the factual basis for SkyKick’s contentions, but in any event contend that applying to register a trade mark without intending to use it in relation to all of the goods and services covered by the specification cannot constitute bad faith, and that, even if it does, it cannot have the consequence that the registration is wholly (rather than partly) invalid. These contentions raise important issues of European trade mark law, most of which I considered at some length in *Red Bull GmbH v Sun Mark Ltd* [2012] EWHC 1929 (Ch), [2013] ETMR 53 at [113]-[163], but now I must reconsider them afresh.
176. Before doing so, I shall attempt to put them into context by briefly explaining the importance of these issues. The circumstances in which registration of a trade mark may be achieved, and the scope of the coverage thereby obtained, are key features of any trade mark system, and are critical to the balancing of the system. There are undoubtedly advantages to permitting registration of trade marks without requiring actual use of them, as the European system does (unlike, for example, the US system). Two of the key advantages are that it makes it easier for brand owners to obtain protection of their trade marks in advance of a commercial launch and that it makes the registration process simpler, faster and cheaper. But if registration can be obtained too

easily and/or too broadly, then the result will be mounting barriers to entry for third parties as the supply of suitable trade marks is diminished, increasing costs which may be passed on to consumers and an erosion of the public domain.

177. If the applicant applies to register a trade mark without intending to use it in relation to the specified goods and services, there is nothing to stop the trade mark being registered (assuming that the trade mark is otherwise registrable). Furthermore, the only way in which the registration can be cancelled, or restricted in scope, prior to the expiry of the five-year period required for a non-use attack is on the basis that the application was made in bad faith. If a trade mark can be registered without any intention to use it in relation to all or some of the specified goods and services, and the registration cannot be attacked or limited on bad faith grounds, then the system will be open to abuse. Examples of such abuses can be seen in the case law reviewed below. This problem will be particularly acute if broad specifications of goods and services cannot be attacked on grounds of lack of clarity and precision.

TRILLIUM

178. The case law starts with the early decision of the OHIM First Cancellation Division in *TRILLIUM Trade Mark* (Case C00005347/1, 28 March 2000). In that case the proprietor of the Community trade mark had applied to register the trade mark in respect of “computer software; communications software”. The applicant alleged that the proprietor had had no intention to use the mark in relation to computer software other than telecommunications switching software, and therefore argued that the proprietor had made the application in bad faith to the extent that it covered other software. The Cancellation Division rejected this argument for the following reasons:

- “8. The request is unfounded because, under European trade mark law, there is no ‘intention to use’ requirement, and thus the United Kingdom and CTM systems are different. Under UK law an application for registration of a trade mark is required to contain a statement to the effect that the mark is being used by the applicant, or with his consent, in relation to the relevant goods or services, or that he has a bona fide intention to so use the mark. Any registration applied for without such bona fide intention would be regarded, under Sections 32(3) and 3(6) of the UK Trade Marks Act 1994, as having been applied for in bad faith. In comparison with the CTM system, the UK 1994 Act differs completely because the use in commerce is not a prerequisite for a CTM registration. In general, and as a matter of principle, it is entirely left to the applicant to file a list of goods and services as long as he sees fit, i.e. a list exceeding his actual scope of business activity, and try later to expand his activities in order to be able to show genuine use of his CTM or face revocation under Article 50(1)(a) CTMR and other sanctions, respectively. It is exactly this ‘liberal’ concept which underlies Articles 15 and 50 CTMR because otherwise a grace period of five years would make little sense, if any.
9. There may be cases where an applicant files a list of goods and services where all or part of it does not have the slightest

connection with his actual economic activity, and where it might even appear unimaginable that said applicant would ever be able to expand. If in such case the holder of the CTM immediately took action, based on ‘remote’ goods or services, against third parties, it might be worth considering Article 51(1)(b) CTMR. But this can be left undecided because it is not the case in the present proceedings before us. The CTM is registered, in class 9, for computer software, and the actual activities of the proprietor relate to software.”

179. It can be seen that the Cancellation Division left open the possibility that applying to register a trade mark in respect of goods and services which were “remote” from the applicant’s actual economic activity might constitute bad faith. Apart from an extreme case such as that, however, it held there was no requirement in the Community system, as distinct from the UK system, that the applicant should intend to use the mark in relation to all the goods and services applied for. Subsequent case law from higher courts casts considerable doubt on the correctness of this statement of the law, however.

Case law of the CJEU

180. To date, the CJEU has had relatively little opportunity to consider what constitutes filing a trade mark application in bad faith and has not had occasion directly to address the question of whether it is bad faith to apply to register a trade mark without a genuine intention to use the trade mark in relation to the goods and/or services specified in the application. Nevertheless, its case law casts some light on that question.
181. The first case on the subject, *Lindt*, remains the leading authority. In that case Lindt had applied to register the shape of its gold bunny chocolates as a trade mark in circumstances where competitors had long sold similar products. The CJEU ruled that, in order to determine whether the applicant is acting in bad faith, the national court must take into consideration all the relevant factors specific to the particular case which pertained at the time of filing the application for registration of the sign as a Community trade mark, and in particular: (i) the fact that the applicant knows or must know that a third party is using, in at least one Member State, an identical or similar sign for an identical or similar product capable of being confused with the sign for which registration is sought; (ii) the applicant’s intention to prevent that third party from continuing to use such a sign; and (iii) the degree of legal protection enjoyed by the third party’s sign and by the sign for which registration is sought.
182. The following passage in the judgment is of particular relevance for present purposes:
- “41. ... in order to determine whether there was bad faith, consideration must also be given to the applicant’s intention at the time when he files the application for registration.
42. It must be observed in that regard that, as the Advocate General states in point 58 of her Opinion, the applicant’s intention at the relevant time is a subjective factor which must be determined by reference to the objective circumstances of the particular case.

43. Accordingly, the intention to prevent a third party from marketing a product may, in certain circumstances, be an element of bad faith on the part of the applicant.
 44. That is in particular the case when it becomes apparent, subsequently, that the applicant applied for registration of a sign as a Community trade mark without intending to use it, his sole objective being to prevent a third party from entering the market.
 45. In such a case, the mark does not fulfil its essential function, namely that of ensuring that the consumer or end-user can identify the origin of the product or service concerned by allowing him to distinguish that product or service from those of different origin, without any confusion ...”
183. Two points should be noted about this reasoning. First, the purpose of registering a trade mark is to prevent third parties from using (or registering) that trade mark (and similar signs). If the applicant does not intend to use the trade mark, it is immaterial whether the applicant intends to prevent a specific third party from doing so, or third parties at large. Secondly, the point made in [45] is equally true whenever an application is made to register a trade mark without an intention to use it in relation to the goods or services in question. These points would suggest that the making of such an application should constitute bad faith.
184. The CJEU has also considered the impact of bad faith in the context of Commission Regulation 874/2004/EC of 28 April 2004 laying down public policy rules concerning the implementation and functions of the .eu top level domain and the principles governing registration in Case C-569/08 *Internetportal und Marketing GmbH v Schlicht* [2010] ECR I-4871. In that case Internetportal and Marketing GmbH (“IMG”) registered 33 Swedish trade marks each consisting of a generic term, but with the special character “&” before and after each letter. One of the trade marks it registered was &R&E&I&F&E&N& in respect of “safety belts” in Class 9. It did not intend to use the trade mark for safety belts. Subsequently it registered the domain name www.reifen.eu during the sunrise period on the basis of the trade mark by virtue of the fact that Article 11 of Regulation 874/2004 provided for special characters such as “&” to be ignored. Its intention in registering the domain name was to operate an internet portal for trading in tyres, “reifen” being German for “tyres”. It had applied to register 180 generic terms as domain names.
185. Mr Schlicht was the proprietor of a Benelux registration for the word mark REIFEN in Classes 3 and 35 and had applied to register the same word as a Community trade mark in the same classes. He intended to market a cleaning preparation for windows and similar surfaces, and had coined the mark from the first three letters of the German words “Reinigung” (cleaning) and “Fenster” (window).
186. Mr Schlicht contested IMG’s registration of the domain name. The ADR panel held that IMG had registered the domain name in bad faith. IMG challenged that decision in the Austrian courts. The Oberster Gerichtshof (Austrian Supreme Court) referred a number of questions to the CJEU. The CJEU treated the fifth question as seeking an interpretation of the concept of bad faith within the meaning of Article 21(b) of Regulation 874/2004. The CJEU held at [42] that whether an applicant was acting in

bad faith had to be the subject of an overall assessment, taking into account all the factors relevant to the particular case, applying *Lindt*. It went on to hold that the national court must take into consideration seven factors which it summarised at [77] as follows:

“With regard to the conditions under which registration of the trade mark was obtained, the national court must take into consideration, in particular:

- the intention not to use the trade mark in the market for which protection was sought;
- the presentation of the trade mark;
- the fact of having registered a large number of other trade marks corresponding to generic terms; and
- the fact of having registered the trade mark shortly before the beginning of phased registration of .eu top level domain names.

With regard to the conditions under which the .eu top level domain name was registered, the national court must take into consideration, in particular:

- the abusive use of special characters or punctuation marks, within the meaning of Article 11 of Regulation No 874/2004, for the purposes of applying the transcription rules laid down in that article;
- registration during the first part of the phased registration provided for in that regulation on the basis of a mark acquired in circumstances such as those in the main proceedings; and
- the fact of having applied for registration of a large number of domain names corresponding to generic terms.”

187. So far as the first of these factors was concerned, the Court held as follows:

“45. In that regard, consideration must first be given to the intention of the appellant in the main proceedings at the time when it filed the application for registration of that mark as a subjective factor which must be determined by reference to the objective circumstances of the particular case (see, to that effect, *Chocoladefabriken Lindt & Sprüngli*, paragraphs 41 and 42).

46. The fact of applying for registration of a mark without the intention of using it as such but for the sole purpose of subsequently registering, on the basis of the right to that mark, a .eu top level domain name during the first part of the phased registration provided for in Regulation No 874/2004 may, under

certain circumstances, indicate conduct in bad faith within the meaning of Article 21(1)(b) of that regulation.

47. In the present instance, it is apparent from the order for reference that, although the appellant registered the word mark &R&E&I&F&E&N& in Sweden for safety belts, it actually intended to operate an internet portal for trading in tyres, which it intended to register.
48. Consequently, according to the national court's findings, and as the appellant in the main proceedings itself admits, the latter had no intention of using the mark which it had thus registered for the goods covered by that registration.”
188. This reasoning appears to support the view that it is bad faith to apply to register a trade mark without intending to use it in relation to the specified goods and services.
189. Case C-320/12 *Malaysia Dairy Industries Pte. Ltd v Ankenævnet for Patenter og Varemærker* [EU:C:2013:435], [2013] Bus LR 1106 adds little to the *Lindt* case, but should be mentioned for completeness. The CJEU confirmed that “bad faith” is an autonomous concept of European Union law which must be given a uniform interpretation. In order to permit the conclusion that the person making the application for registration of a trade mark is acting in bad faith, it is necessary to take into consideration all the relevant factors specific to the particular case which pertained at the time of filing the application for registration. The fact that the person making that application knows or should know that a third party is using a mark abroad at the time of filing his application which is liable to be confused with the mark whose registration has been applied for is not sufficient, in itself, to permit the conclusion that the person making that application is acting in bad faith within the meaning of that provision.

Case law of the General Court

190. There is now a considerable body of case law on bad faith from the General Court in appeals from the Boards of Appeal of OHIM/EUIPO. Inevitably, a lot of the cases depend on their individual facts. Although the General Court has not yet squarely addressed the question of whether it is bad faith to apply to register a trade mark without a genuine intention to use the trade mark in relation to the goods and/or services specified in the registration, it has shed some light on the question in a number of cases. These appear to indicate an evolution in the Court's thinking on this issue.
191. One of the first cases on bad faith in the General Court was Case T-507/08 *Psytech International Ltd v Office for Harmonisation in the Internal Market* [2011] ECR II-165. The respondent had registered the trade mark 16PF in classes 9, 16, 35, 41 and 42. The appellant applied for a declaration of invalidity on various grounds, one of which was that the application had been made in bad faith. The application was dismissed by the Cancellation Division. Successive appeals by the appellant to the Second Board of Appeal and the General Court of the European Union were dismissed. The appellant advanced three arguments in support of its case on bad faith before the General Court. The first of these was that “the number of goods and services in respect of which the intervener applied for and obtained registration is too large and that the intervener had no intention of using the mark at issue for the entire list of goods and services in the

application for registration”. That argument was rejected by the General Court for the following reasons:

- “88. In the present case it must be pointed out, first, that neither Regulation No 40/94 nor the case-law provides a basis that would enable the Court to find that there is bad faith in view of the size of the list of goods and services in the application for registration ...
89. In any event, an examination of the goods and services in respect of which the intervener applied for and obtained registration shows that they are precisely the kind of goods and services which it provides in the context of its commercial activities. The intervener filed its application in respect of the goods and services for which it was using the mark 16PF or for which it intended to do so and the specifications in the list are not too extensive in relation to its activities. Furthermore, on the basis of the material in the file, it may be stated that the mark 16PF is already widely used for a number of goods and services designated in the registration document.”
192. Having regard to the points made in the second paragraph quoted, the statement in the first paragraph went further than was necessary for the disposal of the case and therefore may be regarded in common law terms as obiter. Moreover, it must be read in the light of the General Court’s subsequent case law.
193. Case T-33/11 *Peeters Landbouwmachines BV v Office for Harmonisation in the Internal Market* [EU:T:2012:77] was a case in which the applicant alleged that the intervener had applied to register the trade mark BIGAB in bad faith because the intervener’s sole intention was to prevent the applicant from marketing agricultural goods under a very similar mark (BIGA). The General Court upheld the rejection of this claim by the First Board of Appeal. Part of the General Court’s reasoning was as follows:
- “24. ... it cannot be claimed that the intervener registered the mark at issue with no intention of using it and with the sole objective of preventing a third party from entering the market, since the goods have been marketed under that mark in a great many areas of the European Union since the date of that registration.”
25. In that connection, it should be noted that, as a rule, it is legitimate for an undertaking to seek registration of a mark, not only for the categories of goods and services which it markets at the time of filing the application, but also for other categories of goods and services which it intends to market in the future.
26. In the present case, it has not been shown in any way that in so far as the application for registration of the mark at issue concerned the goods in Class 7 – in particular, cranes – it was artificial and not commercially logical for the intervener. That is all the more so because it is not disputed that the goods in that

class were marketed by the intervener, even if under another mark. Accordingly, the mere fact that the application for registration covered goods in Class 7, to which the goods marketed by the applicant belong, does not demonstrate that the application was motivated solely by the intervener's intention of preventing the applicant from continuing to use the mark BIGA."

194. This reasoning appears to recognise that, at least in some circumstances, registering a trade mark with no intention of using it can constitute bad faith.

195. In Case T-136/11 *Pelicantravel.com sro v Office for Harmonisation in the Internal Market* [EU:T:2012:689] the intervener had registered a figurative trade mark containing the word Pelikan as a Community trade mark in respect of services in inter alia Classes 35 and 39. The applicant contended that the intervener had applied to register the trade mark in bad faith. One of the applicant's arguments was that the length of the list of services in Classes 35 and 39, together with the fact that the intervener had not shown use of the trade mark in relation to those services, showed that it had acted in bad faith. The General Court rejected this argument for the following reasons:

"54. As regards the applicant's argument that the range of proposed services in Classes 35 and 39 is too wide, the Board of Appeal was correct in stating, in paragraph 41 of the contested decision, that 'the mere registration of a large variety of goods and services as such is a rather common practice of companies trying to obtain a (Community) trade mark registration; it does not involve conduct that departs from accepted principles of ethical behaviour or honest commercial and business practices'. As a rule, it is legitimate for an undertaking to seek registration of a mark, not only for the categories of goods and services which it markets at the time of filing the application, but also for other categories of goods and services which it intends to market in the future (*BIGAB*, paragraph 25).

55. Furthermore, neither Regulation No 207/2009 nor the case-law provides any basis for making a finding of bad faith because of the length of the list of goods and services set out in the application for registration (... *Psytech International* ..., paragraph 88). That argument must therefore be rejected."

196. After referring to *Lindt*, the Court went on:

"58. Furthermore, in determining whether there was bad faith, it is not a matter of examining the use which has been made of a contested Community trade mark, but rather of assessing whether, at the time of filing the application for its registration, it was intended to make use of a Community trade mark.

59. It should be noted that acceptance of the applicant's argument concerning use of the contested Community trade mark would mean that the five-year grace period, granted to every registered

Community trade mark under Regulation No 207/2009, would be divested of all practical effect.

60. Moreover, the applicant has not produced sufficient evidence to prove that Pelikan had no intention of using the contested Community trade mark; nor has the applicant demonstrated that Pelikan's intention was to prevent a third party from entering the market."
197. This reasoning again appears to leave the door open to the conclusion that, at least in some circumstances, applying to register a trade mark without intending to use it can amount to bad faith.
198. In Case C-327/12 *Simca Europe Ltd v Office for Harmonisation in the Internal Market* [EU:T:2014:240] the applicant's predecessor in title Mr Wöhler had registered SIMCA as a Community trade mark in respect of goods in Class 12. The intervener had marketed motor vehicles under that trade mark from the 1930s to the late 1970s, the trade mark still had a residual reputation and it was still protected by national registrations. Mr Wöhler had worked for the intervener as a contractor and was aware of the history of the trade mark. Mr Wöhler had marketed electric bicycles under the trade mark since at least shortly after the application. The Board of Appeal held that Mr Wöhler had applied to register the trade mark in bad faith because he had intended to free-ride on the reputation of the trade mark, and the General Court dismissed the applicant's appeal. In that context the General Court stated:
- "38. ... as the Board of Appeal rightly stated ..., it is apparent from the wording used in the judgment in *Chocoladefabriken Lindt* ..., that the three factors set out ... are only examples drawn from a number of factors which can be taken into account in order to decide whether the applicant was acting in bad faith at the time of filing the application (*BIGAB* ..., paragraph 20).
39. It must therefore be held that, in the context of the overall analysis undertaken pursuant to Article 52(1)(b) of Regulation No 207/2009, account may also be taken of the origin of the word or the sign which forms the mark at issue and of the earlier use of that word or sign in business as a mark, in particular by competing undertakings, and of the commercial logic underlying the filing of the application for registration of that word or that sign as a Community trade mark."
199. In recognising that it is relevant to enquire into the applicant's commercial logic for filing its application, this reasoning again appears to support the view that applying without intent to use can amount to bad faith.
200. In Case T-82/14 *Copernicus-Trademarks Ltd v European Union Intellectual Property Office* [EU:T:2016:396], [2015] ETMR 36 the Fourth Board of Appeal held that the applicant, which was represented by Mr A, had applied to register the trade mark LUCEO in bad faith because it had applied for the registration solely so as to be able to oppose the intervener's application for registration of the trade mark LUCEA LED. In

support of that conclusion it relied upon similar fact evidence concerning the filing practices of companies represented by Mr A.

201. In its review of the law, the General Court stated:

- “28. The concept of bad faith referred to in Article 52(1)(b) of Regulation No 207/2009 relates to a subjective motivation on the part of the trade mark applicant, namely a dishonest intention or other ‘sinister motive’. It involves conduct which departs from accepted principles of ethical behaviour or honest commercial and business practices (see, to that effect, ... *BIGAB* ..., paragraphs 35 to 38, and the Opinion of Advocate General Sharpston in *Chocoladefabriken Lindt* ..., paragraph 60).
29. In order to assess whether a depositor is acting in bad faith, it is necessary inter alia to examine whether he intends to use the mark applied for. In that context, it should be noted that the essential function of a trade mark is to ensure that the consumer or end-user can identify the origin of the product or service concerned by allowing him to distinguish that product or service from those of different origin, without any confusion (... *Chocoladefabriken Lindt* ..., paragraph 45).
30. The intention to prevent the marketing of a product may, in certain circumstances, be an element of bad faith on the part of the applicant. That is in particular the case when it becomes apparent, subsequently, that the latter applied for registration of a European Union trade mark without intending to use it, solely with a view to preventing a third party from entering the market (... *Chocoladefabriken Lindt* ..., paragraphs 43 and 44, and *Simca Europe* ..., paragraph 37).
31. The intention of the applicant at the relevant time is a subjective factor which must be assessed by taking into consideration all the relevant factors specific to the particular case which pertained at the time of filing the application for registration of a sign as a European Union trade mark. Those grounds are normally established by reference to objective criteria, including, in particular, the commercial logic underlying the filing of the application for registration (see, to that effect, ... *Chocoladefabriken Lindt* ..., paragraphs 37, 42 and 53).
32. In the context of the overall analysis undertaken pursuant to Article 52(1)(b) of Regulation No 207/2009, account may also be taken of the origin of the contested sign and its use since its creation, the commercial logic underlying the filing of the application for registration of that sign as a European Union trade mark, and the chronology of events leading up to that filing (see, to that effect, ... *BIGAB* ..., paragraphs 21 to 23).

33. Where the applicant for a declaration of invalidity seeks to rely on that ground, it is for that party to prove the circumstances which substantiate a finding that the European Union trade mark proprietor had been acting in bad faith when it filed the application for registration of that mark (judgment of 11 July 2013 in *GRUPPO SALINI*, T-321/10, EU:T:2013:372, paragraph 18).”
202. The General Court went on to uphold the conclusion that the applicant had applied to register the trade mark in bad faith for reasons which it encapsulated as follows:
- “48. ... as is apparent from the Board of Appeal’s findings, Mr A. submitted chains of applications for registration of national trade marks, which were filed every six months, alternately in Germany and in Austria, just before the expiry of the six-month period of reflection in order to claim priority for a European Union trade mark in accordance with Article 29(1) of Regulation No 207/2009. Those applications were successively cancelled due to non-payment of registration fees and were therefore not examined by the national trade mark offices.
49. Such conduct cannot be considered to be legitimate business activity, but must be considered to be contrary to the objectives of Regulation No 207/2009.
50. As the Board of Appeal correctly stated, Article 29(1) of Regulation No 207/2009 provides that the person filing an application for registration of a national trade mark enjoys a six-month period of reflection to decide whether he wants also to submit an application for registration of a European Union trade mark for that mark and for goods and services identical to those in respect of which that mark is filed or contained within the latter. For its part, Article 51(1)(a) of that regulation provides that the proprietor of a European Union trade mark is to be declared to be revoked on application to EUIPO or on the basis of a counterclaim in infringement proceedings if, within a continuous period of five years, the trade mark has not been put to genuine use in the European Union in connection with the goods or services in respect of which it is registered, and there are no proper reasons for the non-use.
51. It must be noted that the successive chain of applications for registration of national trade marks for the same sign in respect of goods and services covered by classes which are at least partially identical seeks to grant Mr A. a blocking position. When a third party files an application for registration of an identical or similar European Union trade mark, Mr A. applies for registration of a European Union trade mark, claims priority for it by relying on the last link of the chain of applications for registration of national trade marks and brings opposition proceedings on the basis of that application for a European

Union trade mark. The successive chain of applications for registration of national trade marks is designed therefore to grant him a blocking position for a period exceeding the six-month period of reflection provided for by Article 29(1) of Regulation No 207/2009 and even the five-year grace period provided for by Article 51(1)(a) of that regulation.

52. Therefore, it must be noted that not only the filing strategy practiced by Mr A. is incompatible with the objectives pursued by Regulation No 207/2009, but that it is not unlike the cases of ‘abuse of law’, which are characterised by circumstances in which, first, despite formal observance of the conditions laid down by European Union rules, the purpose of those rules has not been achieved, and, secondly, there exists an intention to obtain an advantage from those rules by creating artificially the conditions laid down for obtaining it (judgments of 14 December 2000 in *Emsland-Stärke*, C-110/99, EU:C:2000:695, paragraphs 52 and 53, and of 21 July 2005 in *Eichsfelder Schlachtbetrieb*, C-515/03, EU:C:2005:491, paragraph 39).”
203. It can be seen from this reasoning that the General Court considered that conduct which was not legitimate business activity, but contrary to the objectives of Regulation 207/2009, amounted to bad faith, because it was akin to abuse of the law. Although there were additional factors present in that case, this reasoning appears to support the view that filing a trade mark without intending to use it in relation to the specified goods and services amounts to bad faith. I note that an appeal against the General Court’s decision was dismissed by the CJEU by reasoned order as manifestly inadmissible: Case C-101/17 *Verus EOOD v European Union Intellectual Property Office* [EU:C:2017:979].
204. In Case T-132/16 *PayPal, Inc. v European Union Intellectual Property Office* [EU:T:2017:316], [2017] ETMR 30 the intervener had registered VENMO as a Community trade mark in respect of goods and services in Classes 9 and 36. The applicant contended that the intervener had applied to register the trade mark in bad faith. The Cancellation Division concluded that the intervener had acted in bad faith, but the Fifth Board of Appeal allowed the intervener’s appeal. The General Court set aside the Board of Appeal’s decision as containing a number of errors, one of which the General Court described as follows:
- “63. the Board of Appeal accepted that the evidence did not establish the intervener’s intention to use the VENMO mark genuinely. In that regard, it nevertheless stressed that, under the EU trade mark system, applicants were not under an obligation to use the trade mark immediately after registration, but enjoyed a five-year grace period.
64. However, while the five-year grace period enjoyed by all registered EU trade marks, laid down in Regulation No 207/2009, had not yet expired on the date of adoption of the Board of Appeal’s decision, it follows from the abovementioned

case-law that the intention to prevent a third party from marketing a product may, in certain circumstances, be an element of bad faith on the part of applicant, when it becomes apparent, subsequently, that the applicant applied for registration of a sign as an EU trade mark without intending to use it (... *Chocoladefabriken Lindt & Sprüngli* ..., paragraphs 43 and 44, and ... *BIGAB* ... , paragraph 24).

65. In that regard, the intervener conceded at the hearing that it had never used the mark at issue, neither before the filing of the application for registration of the mark applied for, nor after it.”
205. This appears to be the closest the General Court has yet come to a clear statement that applying to register a trade mark without intending to use it in relation to the specified goods or services in and of itself constitutes bad faith.
206. In Case T-343/14 *Cipriani v European Union Intellectual Property Office* [EU:T:2017:458] the intervener had registered the trade mark CIPRIANI in respect of goods and services in Classes 16, 35 and 42. The applicant contended that the application had been made in faith. The Cancellation Division dismissed the applicant’s application, and the Fourth Board of Appeal and the General Court dismissed the applicant’s appeals. In its judgment the General Court said:
- “46. It is true that the applicant submits that the intervener’s predecessor in title, which operates only in the hotel sector, acted in bad faith to the extent that it filed the contested mark without intending to use it for services other than hotel services, in particular for independent restaurant services. That argument made by the applicant must however be rejected. It must be observed, as the intervener points out, that it is common ground that, at the relevant date, the intervener’s predecessor in title offered restaurant services to residents of the hotel but also to other customers. Consequently, the facts of the case do not show that, at the relevant date, the predecessor in title did not intend to use the contested mark for the restaurant services in respect of which registration was sought. Furthermore, the applicant has not produced any evidence in support of his allegation that the sole intention of the intervener’s predecessor in title was to hinder his activity in the independent restaurant sector.
47. Finally it cannot be deduced from the fact that the intervener’s predecessor in title applied for registration for the services within Class 42, but also for goods and services covered by Classes 16 and 35 respectively, that it intended to pursue an objective other than that of a commercial and foreseeable development of its activities.”
207. Reasoning *a contrario* can be dangerous, but again this appears to recognise that it is relevant to enquire into the commercial logic for the application.

The UK legislative framework

208. As noted above, the UK legislative framework implements the Directive (except for the amendments required by 14 January 2019). The 1994 Act contains a provision which is not mandated by the Directive and has no counterpart in the Regulation, however. Section 32(3) provides:

“The application [for registration of a trade mark] shall state that the trade mark is being used, by the applicant or with his consent, in relation to those goods or services [sc. the goods or services in relation to which it is sought to register the trade mark], or that he has a *bona fide* intention that it should be so used.”

Case law of UK courts and tribunals

209. There is a considerable body of UK case law on bad faith. Again, a lot of the cases depend on their individual facts. By comparison with the General Court, UK courts and tribunals have focussed more closely on the requirement of intention to use because of the role that section 32(3) of the 1994 Act plays in the UK trade mark system. I will review the principal cases on this question together with one English decision concerning an EU trade mark.
210. Although it was not a case about intention to use, it is appropriate to begin by quoting the statement of Lindsay J in *Gromax Plasticulture Ltd v Don & Low Nonwovens Ltd* [1999] RPC 367 at 379 that bad faith “includes dishonesty and ... some dealings which fall short of the standards of acceptable commercial behaviour observed by reasonable and experienced men in the particular area being examined” because it has been widely quoted subsequently in both domestic and some European case law.
211. In *DEMON ALE Trade Mark* [2000] RPC 345 the applicant applied to register the trade mark for beer, but admitted that he did not intend to use it. Geoffrey Hobbs QC sitting as the Appointed Person upheld the hearing officer’s conclusion that the application had been made in bad faith since the applicant’s section 32(3) declaration was false. He saw no reason to doubt that section 32(3) was compatible with Community law.
212. In *Decon Laboratories Ltd v Fred Baker Scientific Ltd* [2001] RPC 17 Pumfrey J rejected a claim that the claimant had filed its Community trade mark in bad faith in so far as the specification extended beyond certain goods, saying at [35] that it was “improbable (but not impossible) that a decision as to the width of a specification of goods would lack good faith”.
213. In *LABORATOIRE DE LA MER Trade Marks* [2002] FSR 51, a non-use case, Jacob J said obiter at [19] that “it seems bizarre to allow a man to register a mark when he has no intention whatever of using it. Why should one have to wait until five years from the date of registration before anything can be done?”.
214. In *Knoll AG’s Trade Mark* [2003] RPC 10 the defendant had registered its international trade mark in respect of inter alia “pharmaceutical preparations and substances” and “dietetic substances adapted for human use” in Class 5 as well as goods and services in Classes 16 and 41. The claimant contended that the application had been made in bad faith in so far as the specification extended beyond pharmaceutical preparations and

substances for the treatment of obesity. The defendant's evidence was that it intended to use the mark in relation to other goods and services "if such a decision was commercially viable in the future". Neuberger J held that the attack on the key parts of the Class 5 specification did not have a real prospect of success, whereas the attack on the remainder of the registration did. He said that it might be arguable that section 32(3) was inconsistent with the Directive.

215. In *Ferrero SpA's Trade Marks* [2004] RPC 29 the proprietor had filed 68 applications to register UK trade marks including the word KINDER, but had only used six of them. The proprietor did not answer the applicant's evidence alleging that the proprietor had not intended to use the five trade marks in suit, but rather had filed the applications to obtain broad protection for a descriptive word. David Kitchin QC sitting as the Appointed Person (as he was then) upheld the hearing officer's conclusion that the proprietor had no bona fide intention to use the trade marks and therefore the applications had been made in bad faith. He saw no reason to doubt that section 32(3) was compatible with Community law.
216. In *32Red plc v WHG (International) Ltd* [2012] EWCA Civ 19, [2012] ETMR 14 the defendants alleged that the claimant 32Red had registered the number 32 as a UK trade mark without any intention to use it and in order to prevent the defendants from using it. The Court of Appeal upheld the judge's conclusion that the claimant had not acted in bad faith as it had a sufficient intention to use 32 on the basis that the claimant regarded 32 as "part and parcel of our identity" and it was possible that claimant would make use of 32 in the future.
217. In *Red Bull* the claimant had obtained international registrations designating the UK for the trade mark BULLIT for goods and services in Classes 32, 33 and 34. The defendant contended that the claimant had made the applications in bad faith since it had had no intention to use the trade mark. I found that the claimant did not have any concrete intention to use the trade mark in relation to those goods or services at the relevant dates, but that it did contemplate the possibility of using the mark at some future point, most likely in relation to energy drinks, in countries which might include the UK. I held that claimant had not acted in bad faith in so far as the applications covered energy drinks, since a possible or contingent intention to use the mark in the future sufficed to avoid bad faith. It was unnecessary to reach a conclusion in relation to the other goods and services.
218. In *Total* the claimant had registered its trade mark YOUR VIEW in respect of various goods and services in Classes 9, 35 and 38. The defendant alleged that the claimant had made the application in bad faith since it had had no intention to use the trade mark. The claimant's witness accepted that it had had no positive intention to use the trade mark in relation to certain goods and services covered by the specification, although it had not ruled out doing so. Sales J held that the claimant had not acted in bad faith since the specification was properly related to the area in which it proposed to use the trade mark and allowed legitimate commercial flexibility for future adaptation by the claimant to the market and competitive environment in that area. He said that it might be arguable that section 32(3) is inconsistent with the Directive.
219. In *Jaguar Land Rover Ltd v Bombardier Recreational Products Inc* [2016] EWHC 3266 (Ch), [2017] FSR 20 the claimant had registered the trade mark DEFENDER as an EU trade mark for "land vehicles, motor vehicles, motor land vehicles" in Class 12. The

defendant alleged that the claimant had made the application in bad faith since it had not intended to use the trade mark for all of the goods covered by the specification, but only in relation to “cars”. Nugee J held, relying upon *Psytech*, that that could not as a matter of law constitute bad faith, but went on to hold that, even if that was wrong, the allegation was untenable because the claimant had in fact used the trade mark on a wider range of vehicles than “cars” and therefore it was unarguable that it should have confined its specification to “cars” if acting in good faith. It should be noted that the latest decision of the General Court cited in the decision is *Peeters*.

220. In *HTC Corp v One Max Ltd* (O/486/17) the applicant, which had been dormant for a long period, applied to register UK two trade marks consisting essentially of the words ONE MAX in relation to goods and services in Classes 9 and 42, the specification of the second of which included mobile phones and tablet computers, after having learned that the opponent planned to launch its HTC One Max product. Daniel Alexander QC sitting as the Appointed Person upheld the hearing officer’s conclusion that the applicant had acted in bad faith. There was a very considerable mismatch between the goods and services in respect of which the marks had been applied for and anything which the applicant had done or said it was proposing to do, the purported justifications for registration of the trade marks were flimsy as regards both timing and scope and the evidence justified the inference that the applicant had intended to block the opponent.

221. In his decision Mr Alexander said:

“21. ... it is necessary to give an applicant for a trade mark very considerable latitude before treating an application as filed in bad faith on the basis that the applicant either did not have a sufficiently specific intention at the time of the application to use the mark in respect of all of the goods or services for which application was made or that the applicant was staking a claim contrary to the interests of the opponent and was intended to prevent the opponent from using its own mark. Moreover, in many cases, specifications are drafted by trade mark attorneys who should not have to enquire in meticulous detail about an applicant’s precise business plans before putting forward a specification that bears a reasonable relationship to the business the applicant is already in or has some prospect of entering in the future.

22. ... it is therefore appropriate for the relevant tribunal to consider, in particular, in any case where bad faith is alleged whether, at the date of the application, having regard to the chronology and all the circumstances, the applicant had commercial reason to register the mark at all or to register it for the goods or services applied for on the basis of an arguable claim to legitimate protection of its actual or potentially extended future business under the mark.”

222. In *Paper Stacked Ltd v CKL Holdings NV* (O/036/18) the opponent adduced evidence which it contended showed that: (i) the sole director of the applicant, Mr Gleissner, owned a large international network of companies through which he had acquired a wide portfolio of trade marks; (ii) the only evidence of use of these marks was in legal

proceedings in order to oppose or cancel third party trade marks and/or to acquire domain names; (iii) the instant application to register the name ALEXANDER formed part of a pattern of behaviour whereby applications were made to register trade marks consisting of common words which were likely to come into conflict with the trade marks of third parties; and (iv) this was part of a wider strategy to register multiple trade marks and companies in numerous jurisdictions in order to gain commercial benefit from blocking the use of identical or similar trade marks by third parties and/or acquiring domain names with commercial value. The applicant filed no evidence to controvert this evidence. Geoffrey Hobbs QC sitting as the Appointed Person upheld the hearing officer's conclusion that the application had been made in bad faith because it was part of a blocking strategy and because the applicant had no intention to use the trade mark in accordance with its essential function.

223. In his decision Mr Hobbs observed:

- “21. The line which separates legitimate self-interest from bad faith can only be crossed if the applicant has sought to acquire rights of control over the use of the sign graphically represented in his application for registration in an improper manner or for an improper purpose. I accept that the provisions of s.32(3) of the Act should not be interpreted and applied so as to establish a more onerous requirement for use than that which is substantively imposed and regulated by the provisions of the legislative scheme relating to revocation of trade mark registrations for non-use.
22. However, that does not detract from the proposition that a declaration made pursuant to the requirement of s.32(3) can be false by reason of the absence of any bona fide intention to use a mark, with that in fact being indicative or symptomatic of the relevant mark having been put forward for registration in relation to goods or services of the kind specified in an improper manner or for an improper purpose, such as to justify refusal of the relevant application for registration on the ground of bad faith.”

Summary of the present state of the law on lack of intent to use

224. I draw the following conclusions from this review of the case law.
225. First, although there is no express requirement of an intention to use in either the Regulation or the Directive, and a registered trade mark cannot be revoked for non-use until five years have expired, the jurisprudence of the CJEU and the General Court suggests that, at least in certain circumstances, it may constitute bad faith to apply to register a trade mark without any intention to use it in relation to the specified goods or services.
226. Secondly, the case law indicates that it is not sufficient to demonstrate bad faith that the applicant has applied to register the trade mark in respect of a broad range of goods or services if the applicant has a reasonable commercial rationale for seeking for such protection having regard to his use or intended use of the trade mark. Nor is it sufficient

to demonstrate bad faith that the applicant only has a contingent intention to use the trade mark in relation to certain goods or services in the future.

227. Thirdly, although the court or tribunal must exercise caution for the reasons given in the preceding paragraph, the case law suggests that, in an appropriate case, it may be possible to conclude that the applicant made the application partly in good faith and partly in bad faith if the applicant had an intention to use the trade mark in relation to some of the specified goods or services, but no intention to use the trade mark in relation to other specified goods or services.
228. Fourthly, provided that section 3(6) of the 1994 Act is interpreted and applied consistently with European law, then it appears probable that section 32(3) is compatible with European law.
229. Neither side contended that the law on these points was *acte clair*, and in my judgment they were right not to do so. As counsel for Sky submitted, however, it does not necessarily follow that questions should be referred to the CJEU. That depends on whether SkyKick's case is factually well-founded. Before turning to consider the facts, however, I must first consider a distinct, although related, issue of law.

Extent of invalidity

230. Let it be assumed that an applicant for registration of a trade mark is found to have made the application in bad faith in so far as the application covers certain goods and/or services, but in good faith in so far as the application covers other goods and/or services. Is the legal consequence of those findings partial invalidity of the resulting registration or total invalidity? The answer to this question does not (or at least does not necessarily) depend on the factual basis for the finding of bad faith. Such a finding could arise, for example, in a case where the applicant is trying to obstruct a third party in one field, but takes the opportunity to include within his application coverage of a different field in which the third party is not interested.
231. In Case T-321/10 *SA.PAR. Srl v Office for Harmonisation in the Internal Market* [EU:T:2013:372] the applicant registered the trade mark GRUPPO SALINI in respect of services in Classes 36, 37 and 42. The intervener applied for a declaration of invalidity relying both upon relative grounds and upon bad faith. The First Board of Appeal found that there was a likelihood of confusion in relation to some services, but others. The Board of Appeal also found, however, that the applicant had applied to register the trade mark in bad faith. The basis for that finding was that the applicant had a substantial shareholding in the intervener and its directors sat on the intervener's board, and thus the applicant must have been aware of the intervener's use of the sign SALINI, and that a dispute was pending between the parties. The General Court dismissed the applicant's appeal in relation to bad faith, and therefore held that it was unnecessary to consider the applicant's other grounds of appeal. In that context the General Court stated at [48]:

“As OHIM rightly states, the existence of bad faith at the time the application for registration is filed entails of itself the nullity in its entirety of the mark at issue.”

232. Counsel for SkyKick relied upon this as a correct statement of the law. Counsel for Sky submitted that it was in common law terms obiter since it was not necessary for the decision and that it was in any event simply wrong. As he pointed out, the General Court made no reference in its decision to Article 52(3) of Regulation 207/2009 (ex Article 51(3) of Regulation 40/94, now Article 59(3) of the Regulation), which expressly provides for partial invalidity on absolute grounds. As he also pointed out, courts and tribunals in the UK have consistently proceeded on the basis that a trade mark may be held to be partly valid and partly invalid as a consequence of a finding of bad faith, although the contrary does not appear to have argued before now.
233. Nevertheless, it appears that the EUIPO accepts the correctness of the statement made by the General Court. The EUIPO's *Guidelines for Examination of European Union Trade Marks*, Part D Cancellation (1 October 2017 edition), states at para 3.3.5:

“When bad faith of the EUTM owner is established, the whole EUTM is declared invalid, even for goods and services that are unrelated to those protected by the invalidity applicant's mark. The only exception is where the applicant has directed its invalidity application against only some of the goods and services covered by the contested EUTM, in which case a finding of bad faith will invalidate the EUTM only for the goods and services that have been contested.

For example, in its decision R 219/2009-1 (GRUPPO SALINI / SALINI), the Board of Appeal concluded that bad faith had been proven and declared the contested EUTM invalid in its entirety, that is to say, also for services (insurance, financial and monetary services in Class 36 and services related to software and hardware in Class 42) that were dissimilar to the invalidity applicant's building, maintenance and installation services in Class 37.

The General Court confirmed the Board of Appeal's decision and stated that a positive finding of bad faith at the time of filing the contested EUTM could only lead to the invalidity of the EUTM in its entirety (judgment of 11/07/2013, T-321/10, Gruppo Salini, EU:T:2013:372, §48).

Whereas the Court did not expand on the reasons for this conclusion, it can be safely inferred that it took the view that the protection of the general interest in business and commercial matters being conducted honestly justifies invalidating an EUTM also for goods/services that are dissimilar to the invalidity applicant's ones and do not even belong to an adjacent or neighbouring market.

Therefore, it seems only logical that the invalidity, once declared, should extend to all the goods and/or services covered by the contested EUTM, even those that in a pure Article 8(1)(b) EUTMR scenario would be found to be dissimilar.”

234. In those circumstances, although it is my view that counsel for Sky is correct and that a trade mark may be declared to be partly invalid if the application was made partly in bad faith, I do not consider that that conclusion can be said to be *acte clair*.

The facts in the present case

235. It will be appreciated from what I have said already that there is a potential distinction in the present case between Sky's four EU Trade Marks and the UK Trade Mark. In the case of the UK Trade Mark, Sky plc made a declaration of intention to use as required by section 32(3) of the 1994 Act. In the case of the EU Trade Marks, Sky AG made no such declaration since none was required.
236. There is also a potential distinction between EU352 and EU619 on the one hand, and EU112 and EU992 on the other hand, in that EU352 and EU619 were filed using just the class headings as specifications whereas EU112 and EU992 were filed with much longer and more detailed specifications.
237. Sky accept that it was their intention, when filing EU352 and EU619 using the class headings as specifications, to cover all of the goods and services in the relevant classes even though those applications were filed before Communication 4/03. Furthermore, Sky accept that they had the same intention when filing the other Trade Marks. Although Mr Tansey did not know, I consider that it is obvious that the reason why Sky included long and detailed lists of goods and services in the specifications for EU112, EU992 and UK604 was that, by the dates those applications were filed, the Sky IP Legal Team appreciated that there was a risk that the "class headings covers all goods and services" approach articulated in Communication 4/03 was legally impermissible. The question had been much discussed by trade mark lawyers in the UK even before Mr Hobbs made the reference in *IP TRANSLATOR* on 27 May 2010.
238. As I have explained, SkyKick contend that, at the dates of filing the applications for the Trade Marks, Sky had no intention use them in relation to all of the specified goods and services. SkyKick accept that Sky intended to use the Trade Marks in relation to some of those goods and services, in particular goods and services relating to television broadcasting, telephony and broadband provision, but contend that Sky deliberately and unjustifiably framed the specifications much more broadly.
239. Sky accept that, in the event, they have not made use of the Trade Marks in relation to all of the specified goods and services. Sky contend, however, that they had a reasonable commercial rationale for seeking a broad scope of protection for the Trade Marks given that the SKY brand was (and remains) a key asset of the business. Sky also contend that, even if they made an error of judgment in framing the specifications more broadly than was objectively reasonable, that cannot amount to bad faith. In this regard, Sky rely upon the well-established principles that the burden of proving bad faith lies on SkyKick, that bad faith is a serious allegation and that it cannot be inferred from facts which are equally consistent with good faith.
240. In seeking to resolve these factual issues, the starting point is that Sky have not disclosed any contemporaneous documents setting out, let alone explaining or justifying, their filing strategy, and in particular their reasons for seeking such broad protection, at the relevant dates. Sky's evidence does not explain whether this is because the strategy was never recorded in any document or whether it was recorded in

documents which have subsequently been lost or destroyed or whether it was recorded in documents in respect of which Sky claims privilege. Whichever is the correct explanation, it would be wrong to draw an inference adverse to Sky from the absence of such documents. Nevertheless, the absence of such documents means that it is necessary to look elsewhere for evidence as to Sky's intentions.

241. The next point is that, as explained above, no one from the Sky IP Legal Team gave evidence as to Sky's filing strategy, and in particular their reasons for seeking such broad protection, at the relevant dates. The only witness who gave evidence as to Sky's intentions was Mr Tansey. Mr Tansey's evidence, however, was that he took advice from the Sky IP Legal Team, with whom he had regular (approximately quarterly) review meetings, with additional meetings on an ad hoc basis to discuss particular cases.
242. Mr Tansey explained that the Sky IP Legal Team, which formed part of Sky's wider Legal & Business Affairs department, was responsible for IP legal issues across the business and interacted with different business teams within Sky on a daily basis. As a result, the Sky IP Legal Team had a good awareness of new products and services that were in development or being considered for development.
243. Mr Tansey also explained that:
- “... the Sky IP Legal Team were the legal experts on IP protection and ultimately it was their job to use their expertise when it came to the specifics of protecting Sky's brands. Accordingly, having taken on board upstream inputs from across the business (including from me), the Sky IP Legal Team took the lead, applying their expert judgment, in preparing the detailed description of goods and services.”
244. Mr Tansey's evidence was that EU112 was filed at a time of “particularly prolific expansion” for Sky and that many of the goods and services covered by EU992 and UK604, but not by EU112, reflected products, initiatives and plans that he was involved in or aware of. He acknowledged, however, that:
- “... I cannot marry up every single article or service in the 2008 filings (or indeed the 2006 filing) with a Sky product or initiative from the filing date of the trade mark in issue. As I have already explained ..., that level of detail was appropriately left to the Sky IP Legal Team given its breadth of knowledge of Sky's business (and therefore its needs) and their expertise in framing trade mark specifications.”
245. The core of Mr Tansey's evidence in his witness statement is contained in the following paragraphs:
- “35. I do not recall at any stage during the time when I was responsible for branding (and the principal point of contact with the Sky IP Legal Team in relation to brand protection) any discussion about applying for trade marks with the intention of blocking third parties from trading legitimately whether in relation to cloud computing services or otherwise. In fact the

opposite was the case - trade mark protection was sought in order to protect Sky and one of our core assets i.e. our brands.

36. I was aware that a comprehensive list of goods and services was a feature of many of Sky's trade mark applications, and that our house mark (i.e. SKY) in particular encompassed a diverse range of goods and services. However, there were sound commercial reasons for having broad trade mark coverage, especially for our house mark, in particular to ensure that the applications covered both actual use of the brand as at the date of filing and potential future use. Given that (as I understood) it was not necessary to show current use as a prerequisite to securing trade mark protection (at least not in the UK or the EU more broadly), there was no commercial sense in foregoing protection for prospective use of the SKY brand at the date of the trade mark application
37. I would make three further points. First, as far as I am aware, and was during the Relevant Period, it is perfectly legitimate to apply for broad trade mark protection. Trade mark Offices (notably in the UK and EU, where there is no requirement to show actual use of a mark at the filing date) accepted Sky's trade mark application for such trade mark specifications. I was aware from discussions with Mr MacLennan during the Relevant Period that it was normal and legitimate to include within a trade mark application most of if not all the goods or services in a particular class. If at any stage I had learnt that filing for trade marks with broad specifications (including all the general items in a class) was improper I would have ensured that our practice changed and fell into line with the appropriate rules. Second, as I recall Sky's usual practice during the Relevant Period was to apply for both general descriptions (for example 'entertainment services') followed by a more granular list of sub-categories (for example in the context of entertainment services, video on demand services to the production of TV programme). Whilst this may have led to lengthy trade mark specifications I understand that it had the benefits of ensuring clarity for Sky (and indeed for third parties) as regards the scope of protections. Again, as far as I was aware during the Relevant Period, filing for a combination of broad and specific terms was normal, legitimate and lawful. Third, I understand that SkyKick takes particular objection to software related goods and services within Sky's portfolio. However, as explained by Neil Peers in his witness statements Sky has actually used the SKY mark on such products."
246. In cross-examination, however, Mr Tansey was frequently unable to say that Sky had had any intention to use the Trade Marks in relation to particular goods or services covered by the specifications. Rather, he sought to put forward *ex post facto* rationalisations for the inclusion of such goods and services in the specifications. Some examples of this are as follows:

- i) Mr Tansey sought to defend registrations for environmental, renewable energy and power generation goods and services on the grounds that Sky had “pioneered a very strong green agenda” and had sought to reduce their own carbon footprint.
 - ii) Mr Tansey sought to justify the inclusion of “bleaching preparations and other substances for laundry use” on the ground that Team Sky “have a high attention towards hygiene in order to stop infections among riders and staff [and therefore] it is not inconceivable that they might come up with some super-duper cleaning product which we would then want to put our brand on”.
 - iii) Mr Tansey suggested Sky might have applied for protection for “animal skins” because “chamois leather and chamois leather cream [are] commonly used by cyclists ... so it is entirely possible we would have a Sky branded chamois of some description and chamois [comes] from Swiss deer, I believe.”
 - iv) Mr Tansey sought to justify registration for “motor vehicles” (which falls within “vehicles”) on the ground that Sky’s engineers travelled in motor vehicles to visit customers. He was unable to say that Sky had had any intention to trade in motor vehicles, however.
 - v) Mr Tansey suggested that Sky might have applied for registration for “carbon monoxide detectors” and “fire extinguishers” because there had been discussions about Sky providing home security, although he accepted that he did not know of any plans relating to carbon monoxide detectors or fire extinguishers specifically.
 - vi) Mr Tansey sought to justify registration for “luggage” on the ground that it was “not inconceivable” that Team Sky “would want to have their own bags”.
 - vii) Mr Tansey sought to justify registration for “Christmas decorations” on the basis that it was “entirely plausible” that Sky might start to market them because Sky have a Christmas marketing campaign each year. (It is immaterial that the precise term used in the relevant Trade Marks is “decorations for Christmas trees”.)
 - viii) Mr Tansey attempted to justify inclusion of “insulation materials, in particular, for the conservation of heat within residential and commercial buildings” on the basis Sky had subsequently launched solar panels (which are completely different goods in a different class), although he accepted that he could not say that there was any intention to market insulation materials.
247. Mr Tansey accepted on several occasions that he had no evidential basis for suggesting that the rationales that he was putting forward formed any part of Sky’s thinking at the relevant time, and it can be seen that a number of them are rather far-fetched. Moreover, some of Mr Tansey’s rationales related to Team Sky. There are two problems with Mr Tansey’s reliance upon Team Sky. The first is that Team Sky was not launched until late 2009 or early 2010, and therefore cannot justify applications made several years before that. The second is that the only trading activity of Team Sky, if it trades at all, is its participation in cycling races. The *raison d’être* of Team Sky is to promote the SKY brand. It is simply a way of bringing the SKY brand to the attention of consumers, like advertising.

248. In relation to the second point, counsel for Sky pointed out that it was not until 15 January 2009 that the CJEU handed down its judgment in Case C-495/07 *Silberquelle GmbH v Maselli-Strickmode GmbH* [2009] ECR I-137, holding that use of a trade mark on promotional goods did not constitute genuine use of the mark, and submitted that prior to that the issue was an open question. I am prepared to accept that, and hence to accept Mr Tansey's evidence in his witness statement that he "would have expected the SKY brand to be protected for articles which could have been used in sponsorship, marketing and promotional activities". At least two of the examples I have given do not relate to promotional goods, however.
249. I would add that, in a few cases, even Mr Tansey was unable to think of any justification for the inclusion of the item in the specification. Two examples of this are "fuel additives ... for enhancing combustion of fuels" (Class 4) and "whips" (Class 18). The same applies to "Gladstone bags", which are not specifically mentioned in any of Sky's specifications, but would have been covered by the Class 18 specifications under Communication 4/03.
250. The conclusion I draw from Mr Tansey's evidence is that, at the dates of applying for the Trade Marks, Sky did not intend to use the Trade Marks in relation to all of the goods and services covered by the specifications. Sky were already using the Trade Marks in relation to some of the goods and services; Sky had concrete plans for using the Trade Marks in relation to some other goods and services; and Sky had a reasonable basis for supposing that they might wish to use the Trade Marks in the future in relation to some further goods. But the specifications include goods and services in respect of which Sky had no reasonable commercial rationale for seeking registration. I am forced to conclude that the reason for including such goods and services was that Sky had a strategy of seeking very broad protection of the Trade Marks regardless of whether it was commercially justified.
251. It is important to note that the specifications included goods and services in relation to which I find that Sky had no intention to use the Trade Marks in three different ways. First, the specifications included specific goods in relation to which I find that Sky no intention to use the Trade Marks at all. Examples of this are "bleaching preparations" (Class 3, EU992 and UK604), "insulation materials" (Class 17, EU992 and UK604) and "whips" (Class 18, EU352, EU619, EU992 and UK604). Secondly, the specification included categories of goods and services that were so broad that Sky could not, and did not, intend to use the Trade Marks across the breadth of the category. The paradigm example of this is "computer software" in EU112, EU992 and UK604, but there are others such as "telecommunications/telecommunications services" in all five trade Marks. Thirdly, the specifications were intended to cover all of the goods and services in relevant classes. For example, the Class 9 specifications, including the Class 9 specifications in EU352 and EU619, were intended to cover not just any computer software, but a great deal more besides. I would add that I suspect that some of the specifications covered whole Classes in respect of which Sky had no intention to use (e.g. Class 4 in EU992 and UK604), but since this was not put to Mr Tansey I make no finding on the point.
252. Counsel for SkyKick submitted that it was impossible to distinguish between the parts of the specifications that covered goods and services in relation to which Sky intended to use the Trade Marks and the parts of the specifications that covered goods and services in relation to which Sky had no such intention, because Sky had never

themselves attempted to do so. I do not accept this. Drawing the line would be a labour-intensive task, primarily because of the sheer length of the specifications of the later three Trade Marks, but I am satisfied that in principle it would be possible. I do not propose to undertake the exercise at this stage, however, since the questions of whether it is necessary to draw the line, and if so the test to be applied when placing the line, depend on the resolution of the legal issues discussed above.

253. Counsel for Sky submitted that, even if Sky had not intended to use the Trade Marks across the full width of the specifications, it could not be said that Sky had thereby acted in bad faith, because Sky was merely acting in a manner which has been expressly sanctioned by OHIM in Communication 4/03. As counsel for SkyKick pointed out, however, all that Communication 4/03 sanctioned was the use of class headings as a means of covering all the goods or services in a particular class. It is perfectly possible for a trader to have a reasonable commercial rationale for applying to register a trade mark in respect of all the goods or services in a class. Communication 4/03 said nothing about applying to register trade marks in respect of goods or services where there was no intention to use the trade mark.
254. It follows from my findings above that, in the case of UK604, Sky plc's declaration in accordance with section 32(3) that it intended to use the Trade Mark in relation to the specified goods and services was, in part, false.
255. It also follows that Sky have used the Trade Marks (and other trade marks they own) to oppose parts of trade mark applications by third parties which cover goods and services in relation to which Sky had no intention of using the Trade Marks.
256. Whether Sky made the applications for the EU Trade Marks in bad faith within the meaning of Article 51(1)(b) of Regulation 40/94 in so far as they did not intend to use them in relation to some of the goods and services applied for, and if so whether the consequence is partial or total invalidity of the EU Trade Marks, depends on the resolution of the legal issues discussed above. In the case of UK604, there is the additional issue of the compatibility of section 32(3) of the 1994 Act with European law.
257. Counsel for Sky submitted that, even if the issues of law were resolved in SkyKick's favour, it would not make a difference to the infringement case. I do not accept this. First, if the consequence of a partial lack of intention to use is total invalidity of the Trade Marks, then that would put an end to the infringement case. Secondly, even if that is not the consequence, it could well make a difference to the infringement case if terms like "computer software" and "telecommunications services" are held to be too broad on bad faith grounds.

Conclusion

258. For the reasons given above, I propose to refer questions to the CJEU, the precise wording of which I will hear the parties on, but the essence of which are as follows:
 - (3) Can it constitute bad faith to apply to register a trade mark without any intention to use it in relation to the specified goods or services?

- (4) If the answer to question (3) is yes, is it possible to conclude that the applicant made the application partly in good faith and partly in bad faith if the applicant had an intention to use the trade mark in relation to some of the specified goods or services, but no intention to use the trade mark in relation to other specified goods or services?
- (5) Is section 32(3) of the 1994 Act compatible with the Directive and its predecessors?

Territorial aspects of Sky's claim for infringement of the EU Trade Marks

259. Sky's claim form claims "injunctive relief (throughout the European Union), damages (throughout the European Union)" for infringement of the EU Trade Marks. Consistently with this, Sky's Amended Particulars of Claim alleges that Sky enjoy a considerable reputation in and to the Sky brand "in Europe, including in the UK" in relation to particular goods and services and that SkyKick have supplied goods and services "throughout the European Union, including the United Kingdom" under the signs complained of, and seeks an injunction to restrain SkyKick from infringing the EU Trade Marks "anywhere in the European Union". SkyKick's Amended Defence and Counterclaim admits that Sky have a reputation "in the UK and in the EU" for certain goods and services. The allegation that SkyKick's use of the signs has extended throughout the EU also appears to be admitted.
260. The written evidence served by both sides concentrates on the UK, although Sky's evidence also covers Ireland, and rather more briefly, the other countries mentioned in paragraph 68 above.
261. Save for the fact that Sky's skeleton argument referred in passing to the fact that Sky had operations "throughout the EU" and that SkyKick had expanded into "the UK and EU", neither side's skeleton argument addressed the territorial dimension to the claim for infringement of the EU Trade Marks. During counsel for Sky's opening speech, I noted that Sky's claim for infringement of the EU Trade Marks extended EU-wide, but that the evidence was rather UK-focussed, and raised the question of whether I could simply make a single assessment for the whole of the EU or whether I needed to take into consideration the understanding by citizens of other Member States of the English language. Counsel for Sky responded that Sky contended that there was no material difference between the Member States for the purposes of the infringement claim. Counsel for SkyKick did not mention the matter in his opening speech.
262. There was no cross-examination of any witness by either side directed to this point.
263. In Sky's written closing submissions, Sky contended that, in assessing their infringement claims, it was not necessary to distinguish between the position in the UK and that in other Member States because neither party had pleaded or put forward evidence that the inherent distinctive character of SKY differed between Member States and SKY's reputation in the EU was admitted at least in relation to certain goods and services. SkyKick's written closing submissions said nothing about this point.
264. In his closing speech counsel for Sky briefly reiterated what had been said in Sky's closing submissions. In his closing speech counsel for SkyKick submitted for the first time that any finding of infringement, and therefore any relief, should be confined to

the UK, Ireland, Germany and Italy, and sought to rely upon my decision in *Enterprise Holdings Inc v Europcar UK Ltd* [2015] EWHC 300 (Ch). In that case I limited the successful claimant's relief to the UK for four reasons, of which counsel for SkyKick relied on the second. That reason was that I took the view that, in a case under Article 9(1)(b) or (c) of Regulation 207/2009 as opposed to one under Article 9(1)(a), the onus lay upon the trade mark proprietor to establish a likelihood of confusion or one of the kinds of injury specified in Article 9(1)(c) in each Member State.

265. Since then, however, the CJEU has decided Case C-223/15 *combit Software GmbH v Commit Business Solutions Ltd* [EU:C:2016:719], in which it held:

“30. In order to guarantee the uniform protection which EU trade marks are afforded throughout the entire area of the European Union, the prohibition on proceeding with acts which infringe or would infringe an EU trade mark must, as a rule, extend to the whole of that area (see, with regard to Council Regulation (EC) No 40/94 of 20 December 1993 on the Community trade mark (OJ 1994 L 11, p. 1), repealed and replaced by Regulation No 207/2009, the judgment of 12 April 2011, *DHL Express France*, C-235/09, EU:C:2011:238, paragraphs 39 to 44).

31. However, as follows from paragraph 48 of the judgment of 12 April 2011, *DHL Express France* (C-235/09, EU:C:2011:238), in a situation in which — as in the case in the main proceedings — an EU trade mark court finds that the use of the similar sign in question for goods that are identical to those for which the EU trade mark at issue is registered does not, in a given part of the European Union, create any likelihood of confusion, in particular for linguistic reasons, and therefore cannot, in that part of the Union, adversely affect the trade mark's function of indicating origin, that court must limit the territorial scope of the aforementioned prohibition.

32. Indeed, where an EU trade mark court concludes, on the basis of information which must, as a rule, be submitted to it by the defendant, that there is no likelihood of confusion in a part of the European Union, legitimate trade arising from the use of the sign in question in that part of the European Union cannot be prohibited. As the Advocate General has observed in points 25 to 27 of his Opinion, such a prohibition would go beyond the exclusive right conferred by the EU trade mark, as that right merely permits the proprietor of that mark to protect his specific interests as such, that is to say, to ensure that the mark is able to fulfil its functions (see, to that effect, judgment of 12 April 2011, *DHL Express France*, C-235/09, EU:C:2011:238, paragraphs 46 and 47).”

266. It is clear from this that, as a general rule, the onus lies upon the trade mark proprietor to establish a likelihood of confusion in at least part of the EU. If he does so, then he will be entitled to EU-wide relief unless the defendant demonstrates that there is no likelihood of confusion in other parts of EU, for example, for linguistic reasons. There

is no reason to think that the allocation of the burden of proof is any different under Article 9(2)(c) of the Regulation.

267. In the present case SkyKick have neither pleaded, nor adduced any evidence to show, that, if there is a likelihood of confusion in part of the EU, there are nevertheless reasons why that likelihood of confusion does not exist elsewhere in the EU. It follows that, if Sky establish that there is a likelihood of confusion in the UK and Ireland, then Sky are entitled to EU-wide relief. I would add that I am doubtful whether the position would be materially different in other Member States, because although SKY may have less of a reputation (at least in countries other than Austria, Germany and Italy), the word SKY will be more distinctive to non-English-speaking consumers. There is more room, in my view, for a different conclusion under Article 9(2)(c), but for reasons that will appear it is not necessary to consider this.

Contextual assessment of Sky's infringement claims

268. In determining whether there is a likelihood of confusion under Article 9(2)(b) of the Regulation/Article 10(2)(b) of the Directive and whether the use falls within Article 9(2)(c) of the Regulation/Article 10(2)(c) of the Directive, the court must take into account the precise context in which the sign has been used: see Case C-533/06 *O2 Holdings Ltd v Hutchison 3G UK Ltd* [2008] ECR I-4231 at [64], and Case C-252/12 *Specsavers International Healthcare Ltd v Asda Stores Ltd* [EU:C:2013:497], [2013] ETMR 46 ("*Specsavers (CJEU)*") at [45]. As Kitchin LJ (with whom Sir John Thomas PQBD and Black LJ agreed) put it in *Specsavers International Healthcare Ltd v Asda Stores Ltd* [2012] EWCA Civ 24, [2012] FSR 19 at [87] with reference to likelihood of confusion:

"In my judgment the general position is now clear. In assessing the likelihood of confusion arising from the use of a sign the court must first consider the matter from the perspective of the average consumer of the goods and services in question and must take into account all the circumstances of that use that are likely to operate in that average consumer's mind in considering the sign and the impression it is likely to make on him. The sign is not to be stripped of its context."

269. In *Specsavers (CJEU)* the CJEU ruled that:

"Article 9(1)(b) and (c) of Regulation No 207/2009 must be interpreted as meaning that where a Community trade mark is not registered in colour, but the proprietor has used it extensively in a particular colour or combination of colours with the result that it has become associated in the mind of a significant portion of the public with that colour or combination of colours, the colour or colours which a third party uses in order to represent a sign alleged to infringe that trade mark are relevant in the global assessment of the likelihood of confusion or unfair advantage under that provision."

270. In the present case EU619 is registered in monochrome, and therefore covers use in the same shade of blue as SkyKick use for their current logo (see *Phones 4u Ltd v*

Phone4u.co.uk Internet Ltd [2006] EWCA Civ 244, [2007] RPC 5 at [70]), but Sky do not contend that the likelihood of confusion or association is increased because they have used that logo in a particular colour.

271. In *J.W. Spear & Sons Ltd v Zynga, Inc* [2015] EWCA Civ 290, [2015] FSR 19 counsel for the trade mark proprietor submitted, in reliance upon *Specsavers (CJEU)*, that “if something appears routinely and uniformly in immediate association with the [trade] mark when used by the proprietor, it should be taken into account as part of the relevant context. This submission was rejected by Floyd LJ (with whom Patten and Tomlinson LJ agreed) for reasons which he expressed at [47] as follows:

“... The CJEU’s ruling does not go far enough for [counsel’s] purposes. The matter not discernible from the register in *Specsavers* was the colour in which a mark registered in black and white was used. It is true that in one sense the colour in which a mark is used can be described as ‘extraneous matter’, given that the mark is registered in black and white. But at [37] of its judgment the court speaks of colour as affecting ‘*how the average consumer of the goods at issue perceives that trade mark*’ and in [38] of ‘the use which has been made of it [i.e. the trade mark] in that colour or combination of colours’. By contrast [counsel’s] submission asks us to take into account matter which has been routinely and uniformly used ‘in association with the mark’. Nothing in the court’s ruling requires us to go that far. The matter on which [counsel] wishes to rely are not matters which affect the average consumer’s perception of the mark itself.”

272. Counsel for Sky accepted this as a correct statement of the law. Accordingly, he did not rely, for the purposes of Sky’s claim for infringement of the Trade Marks, on the fact that Sky have made extensive use of SKY formative marks, frequently consisting of SKY plus a descriptor (e.g. SKY BROADBAND), but sometimes consisting of SKY plus a word which was merely allusive (e.g. SKY ATLANTIC, SKY ADSMART) and sometime consisting of SKY joined to another word (e.g. SKYSCAPE). Nor did he advance any case based upon a “family” of trade marks.
273. Counsel for Sky nevertheless submitted that the Court should take into account the fact that consumers were well acquainted with the practice of brand owners of using brand names together with sub-brands. Counsel for SkyKick did not dispute this.

The average consumer

The law

274. It is settled that many issues in European trade mark law fall to be assessed from the perspective of the “average consumer” of the relevant goods or services, who is deemed to be reasonably well-informed and reasonably observant and circumspect. I reviewed this concept in *Enterprise Holdings Inc v Europcar Group UK Ltd* [2015] EWHC 17 (Ch), [2015] FSR 22 at [130]-[138]. Since then, it has been considered by the Court of Appeal in *London Taxi Corporation Ltd v Frazer-Nash Research Ltd* [2017] EWCA Civ 1729, [2018] FSR 7, where Floyd LJ (with whom Kitchin LJ agreed) said:

- “31. I agree ... that the notion of an average consumer requires the court to consider any relevant class of consumer, and not to average them. I believe that conclusion to be consistent with the approach taken by this court in *Interflora Inc and another v Marks and Spencer plc* ...
34. As with all issues in trade mark law, the answer to disputed questions is normally provided by considering the purpose of a trade mark which, broadly speaking, is to operate as a guarantee of origin to those who purchase or use the product. In principle, therefore, and in the absence of any authority cited to us which is directly in point, I would consider that the term average consumer includes any class of consumer to whom the guarantee of origin is directed and who would be likely to rely on it, for example in making a decision to buy or use the goods....
35. In the present case I cannot therefore see any *a priori* reason for excluding the hirer of a taxi from the class of consumers whose perceptions it is necessary to consider. The guarantee of origin which the mark provides is directed not only at purchasers of taxis but also at members of the public, such as hirers of taxis. The hirer is a person to whom the origin function of the vehicle trade mark might matter at the stage when he or she hires the taxi. I entirely accept that the hirer is also a user of taxi services, so that any dissatisfaction with the taxi or its performance is likely to be taken up with the taxi driver or his company. But if, for example, the taxi were to fail for reasons not associated with the taxi service, it would be on the manufacturer identified by his trade mark that the hirer would, or might, wish to place the blame. ...”

The present case

275. The average consumer for the purposes of an infringement claim must be a consumer of the relevant goods and/or services who is both (i) familiar with the trade mark and (ii) exposed to, and likely to rely upon, the sign. In the present case, because SKY is accepted to be a household name at least in relation to television broadcasting, telephony and broadband provision, it can be safely assumed that all the potentially relevant consumers are familiar with it. Accordingly, attention can be focussed upon those who are exposed to, and likely to rely upon, the sign SkyKick.
276. Counsel for SkyKick submitted that the relevant class of consumers in the present case consisted exclusively of Microsoft Partners, since they were SkyKick’s immediate customers. It is common ground that Partners are IT professionals, although Mr Schwartz accepted that their size, degree of IT sophistication, knowledge and expertise was variable.
277. Counsel for SkyKick also submitted that, given that Partners were IT professionals and that SkyKick’s products were specialised IT products, Partners would exercise a high degree of care and attention. Counsel for Sky relied upon the fact that the products were

inexpensive as militating against this. In my view Partners would exercise a fairly high degree of care and attention even though the products are inexpensive.

278. Counsel for Sky submitted that Customers (in the form of their IT personnel) and End Users were also relevant classes of consumers to consider, because they were exposed to, and would rely upon, the SkyKick sign.
279. I did not understand counsel for SkyKick to dispute that the evidence establishes that both Customers and End Users are exposed to the SkyKick sign. In the case of Customers, this can occur in various ways: for example, through seeing SkyKick's advertising, through being sold and using Cloud Backup where the Partner sells it under the SkyKick brand name and through the contract between SkyKick and the Customer. In the case of End Users, this is most likely to occur when downloading the SkyKick Outlook Assistant.
280. Counsel for SkyKick submitted, however, that neither Customers nor End Users would rely upon the SkyKick sign. In the case of Customers, I consider that it is clear from the evidence that they would rely upon the sign. After all, the Customer contracts directly with SkyKick. If a migration or backup goes wrong in some way, then the Customer is likely to blame SkyKick as well as the Partner, particularly if there is any indication that there was a bug in SkyKick's software.
281. Mr Schwartz accepted that Customers were generally less technically skilled than Partners and that many were micro-businesses. Furthermore, for the reasons explained in the preceding paragraph, it is not just the IT professionals in the Customers who must be considered, but also managers. Still further, while the individuals in the Customers would exercise some care and attention, they would not exercise as much care and attention as the Partners, because they would rely upon the care and attention exercised by the Partners.
282. The position is more equivocal in the case of End Users. Counsel for SkyKick relied strongly upon evidence from Mr Peers that End Users would not even know that their email was being migrated because it "happens in the background" and is "system stuff". But End Users would be aware of it, and exposed to the SkyKick sign, where they downloaded the SkyKick Outlook Assistant. Moreover, in such cases they would be exposed to it again when logging into the SkyKick Outlook Assistant. Furthermore, Mr Schwartz accepted that, in at least in some cases, Partners would notify the End Users in advance in order to re-assure them that the SkyKick Outlook Assistant was a trusted piece of software. Accordingly, I consider that, at least in some cases, End Users would rely upon the SkyKick sign.
283. I do not understand there to be any dispute that End Users would not be likely to exercise any particular care or attention with respect to SkyKick's products.

Infringement under Article 9(2)(b) of the Regulation/Article 10(2)(b) of the Directive

284. Sky contend that SkyKick have infringed each of the Trade Marks pursuant to Article 9(2)(b) of the Regulation/Article 10(2)(b) of the Directive by use of each of the signs complained of. For the purposes of this claim, Sky rely upon the registrations of the Trade Marks in respect of the goods and services set out in paragraph 6 above. I shall

assume that the Trade Marks are validly registered in relation to those goods and services.

The law

285. In order to establish infringement under Article 9(2)(b) of the Regulation/Article 10(2)(b) of the Directive, six conditions must be satisfied: (i) there must be use of a sign by a third party within the relevant territory; (ii) the use must be in the course of trade; (iii) it must be without the consent of the proprietor of the trade mark; (iv) it must be of a sign which is at least similar to the trade mark; (v) it must be in relation to goods or services which are at least similar to those for which the trade mark is registered; and (vi) it must give rise to a likelihood of confusion on the part of the public. In the present case, there is no issue as to conditions (i)-(v). Nevertheless, it is still necessary for me to consider condition (v), because there is a dispute between the parties as to whether SkyKick's goods and services are identical with, or merely similar to, goods and services covered by the Trade Marks. This is relevant to the assessment of the likelihood of confusion.
286. *Comparison of goods and services.* In considering whether goods and services are similar to each other, all relevant factors relating to the goods and services must be considered, including their nature, their intended uses, their method of use and whether they are in competition with each other or are complementary: see Case C-106/03 *Canon KKK v Metro Goldwyn Mayer Inc* [1998] ECR I-5507 at [23] in the corrected English translation.
287. *Likelihood of confusion.* The manner in which the requirement of a likelihood of confusion in Article 9(2)(b) of the Regulation and Article 10(2)(b) of the Directive, and the corresponding provisions concerning relative grounds of objection to registration in both the Directive and the Regulation, should be interpreted and applied has been considered by the CJEU in a large number of decisions. The Trade Marks Registry has adopted a standard summary of the principles established by these authorities for use in the registration context. The current version of this summary, which takes into account the point made by the Court of Appeal in *Maier v ASOS plc* [2015] EWCA Civ 220, [2015] Bus LR 1063 at [76], is as follows:
- “(a) the likelihood of confusion must be appreciated globally, taking account of all relevant factors;
 - (b) the matter must be judged through the eyes of the average consumer of the goods or services in question, who is deemed to be reasonably well informed and reasonably circumspect and observant, but who rarely has the chance to make direct comparisons between marks and must instead rely upon the imperfect picture of them he has kept in his mind, and whose attention varies according to the category of goods or services in question;
 - (c) the average consumer normally perceives a mark as a whole and does not proceed to analyse its various details;

- (d) the visual, aural and conceptual similarities of the marks must normally be assessed by reference to the overall impressions created by the marks bearing in mind their distinctive and dominant components, but it is only when all other components of a complex mark are negligible that it is permissible to make the comparison solely on the basis of the dominant elements;
- (e) nevertheless, the overall impression conveyed to the public by a composite trade mark may, in certain circumstances, be dominated by one or more of its components;
- (f) and beyond the usual case, where the overall impression created by a mark depends heavily on the dominant features of the mark, it is quite possible that in a particular case an element corresponding to an earlier trade mark may retain an independent distinctive role in a composite mark, without necessarily constituting a dominant element of that mark;
- (g) a lesser degree of similarity between the goods or services may be offset by a greater degree of similarity between the marks, and vice versa;
- (h) there is a greater likelihood of confusion where the earlier mark has a highly distinctive character, either per se or because of the use that has been made of it;
- (i) mere association, in the strict sense that the later mark brings the earlier mark to mind, is not sufficient;
- (j) the reputation of a mark does not give grounds for presuming a likelihood of confusion simply because of a likelihood of association in the strict sense; and
- (k) if the association between the marks creates a risk that the public might believe that the respective goods or services come from the same or economically-linked undertakings, there is a likelihood of confusion.”

288. The same principles are applicable when considering infringement, although as discussed above it is necessary for that purpose to consider the actual use of the sign complained of in the context in which it has been used.

289. It is important to appreciate that, when assessing whether there is a likelihood of confusion, it is necessary to assume that the trade mark is being used by the proprietor across the full width of (the relevant part of) the specification of goods or services even if that is not in fact the case: see *Maier* at [78], [80], [85] and [87]. (If the registration is more than five years old, the proprietor can be forced to prove use of the trade mark; but the proprietor cannot be required to provide proof of use if the mark is less than five years old even if it is alleged that the registration was abusive, the proper context for such an allegation being a counterclaim for cancellation on the ground of bad faith: see

Case T-736/15 *Aldi GmbH & Co KG v European Union Intellectual Property Office* [EU:T:2017:729] at [17]-[41].)

290. If the only similarity between the trade mark and the sign complained of is a common element that is descriptive or otherwise of low distinctiveness, that points against there being a likelihood of confusion: see *Whyte and Mackay Ltd v Origin Wine UK Ltd* [2015] EWHC 1271 (Ch), [2015] FSR 33 at [43]-[44].

Assessment

291. For convenience I shall mainly express myself in the present tense, but in doing so I am referring to the position as at November 2014.
292. *The distinctive character of the Trade Marks.* Sky contend that the Trade Marks are both inherently distinctive for the relevant goods and services and have an enhanced distinctive character by reason of the use which Sky have made of them. (Counsel for Sky did not argue that the figurative elements of EU352 and EU619 added materially to the distinctive character of those Trade Marks.) As noted above, SkyKick do not contend that the Trade Marks are lacking in distinctive character. SkyKick do contend, however, that the Trade Marks are low in distinctive character both because SKY is a common English word which is allusive for cloud-based IT goods and services and because SKY formative marks are widely used by third parties.
293. In my judgment the Trade Marks have a moderately high degree of inherent distinctive character in relation to the goods and services in question. While for English-speaking consumers the word SKY has a slightly allusive character in relation to “computer software”, “telecommunications services” and the like, I do not consider that it is strongly allusive even where such goods and services are cloud-based, let alone where they are not. Moreover, in my judgment, the evidence of use of SKY formative marks by third parties does not go far enough to lower the inherent distinctive character of the Trade Marks. None of the marks consists of the word SKY on its own, none of them is well known except for SKYSCANNER and many of them are have been used in relation to different goods and services (or at least in a niche area) or (so far as the evidence goes) on a small scale or for a short period of time.
294. On the other hand, I do not consider that the Trade Marks have acquired an enhanced distinctive character in relation to the goods and services as result of the use that has been made of them. Although Sky have undoubtedly supplied computer software, with one or two possible minor exceptions, the software they have supplied has been software related to their core activities and they have not supplied software independently of those activities. The same is true of the other goods and services relied on. Even in the case of email services, Sky have only provided these as an adjunct to SKY BROADBAND. Moreover, the use of SKY formative marks by third parties must be taken into account, notwithstanding the points made above. I should make it clear that, in reaching this conclusion, I have taken into account the moderately high level of inherent distinctive character of the Trade Marks, and thus the question is whether Sky’s use has increased that level of distinctive character.
295. *Comparison of goods and services.* As discussed above, SkyKick have so far marketed two products, Cloud Migration and Cloud Backup. In the case of Cloud Migration, part of what SkyKick supplies consists of goods, namely downloadable software.

Otherwise, the products are services. Sky contend that the goods and services supplied by SkyKick are identical to each of the goods and services covered by the Trade Marks set out in paragraph 6 above.

296. Counsel for SkyKick argued in his closing submissions that the evidence established that the goods and services supplied by SkyKick were different to those actually marketed by Sky. I accept this, but it is irrelevant. The relevant comparison is with the goods and services covered by the terms in the specifications of the Trade Marks relied upon by Sky.
297. In the light of the evidence, it is clear that the goods supplied by SkyKick are identical to “computer software”, “computer software supplied from the internet” and “computer software ... to enable connection to databases ...” in Class 9. Mr Schwartz accepted that SkyKick’s products provided access to data storage, but they provide this as a service not as a good. Thus they are similar, but not identical, to “data storage” in Class 9. Mr Schwartz also accepted that SkyKick’s products were provided over telecommunications links, namely the internet. Whether this means that SkyKick provides “telecommunications services” in Class 38 depends on how broadly that term is interpreted. Sky’s case requires it to be very broadly interpreted, which engages SkyKick’s case on clarity and precision. If it is narrowly interpreted, it is debatable whether SkyKick’s products are even similar. Turning to “electronic mail services”, there is no dispute that SkyKick provide an email migration service. I consider that this is identical. As for “internet portal services”, again there is a question of interpretation. Mr Schwartz accepted that SkyKick had an internet portal, but I understood him to be referring to their website (and not the portal in Cloud Manager). In my assessment SkyKick do not provide internet portal services to third parties, and it is debatable whether they provide anything similar. Finally, it is clear that the services provided by SkyKick are “computer services for accessing and retrieving information/data via a ... computer network”.
298. In summary, therefore, SkyKick’s goods and services are identical to some, but not all, of the goods and services covered by the Trade Marks.
299. *Comparison of the Trade Marks and the sign.* It is not in dispute that the first part of the sign SkyKick is visually, aurally and conceptually identical to the Trade Marks (or the word element of the Trade Marks in the case of EU352 and EU619), nor is it in dispute that the second part of the sign is visually, aurally and conceptually completely different. In my view SkyKick is a sign which the average consumer is capable of perceiving as a sub-brand of SKY. Whether the average consumer is likely to do so depends on an assessment of all the relevant factors, and in particular the degree of care and attention exercised by the average consumer.
300. *Absence of evidence of actual confusion.* SkyKick rely strongly upon the fact that, despite searches by both sides, there is not a scintilla of evidence of any actual confusion between SkyKick and Sky. The weight of this factor varies from case to case. It is well established that it is not necessary for a trade mark proprietor to show that there has been actual confusion in order to succeed in a claim under Article 9(2)(b) of the Regulation/Article 10(2)(b) of the Directive. Equally, there have been cases where the absence of evidence of actual confusion despite side-by-side trading on a substantial scale for a significant period has been found to negate the existence of a likelihood of confusion.

301. In the present case, I do not consider that the absence of evidence of actual confusion compels the conclusion that there is no likelihood of confusion. This is for a number of reasons. First, the scale of SkyKick's business in the EU since November 2014 has been relatively modest. Secondly, only a little over three years have elapsed. Thirdly, given the nature of SkyKick's products and their relationship with Partners, it is possible that confusion amongst Customers and End Users may not have come to either Sky's or SkyKick's attention. Fourthly, and perhaps most importantly, there is little overlap between Sky's business customer base and SkyKick's customer base. Out of about 400,000 Partners worldwide, Sky currently only do business with three, whereas SkyKick have done business with over 1,300 in the EU. This helps to explain the absence of actual confusion, but does not exclude a likelihood of confusion given that the Trade Marks have specifications that extend well beyond Sky's actual trading activities.
302. *Overall assessment.* The distinctive character of the Trade Marks and the identity of SkyKick's goods and services with some of those covered by the Trade Marks are factors that support the existence of a likelihood of confusion. The similarities between the sign and the Trade Marks are such that the average consumer is capable of perceiving the sign as a sub-brand of SKY, but whether this is likely depends in particular on the degree of care and attention exercised by the average consumer. In my judgment Partners are unlikely to be confused given the fairly high degree of care and attention they would exercise, but there is a likelihood of confusion in the case of Customers and End Users given the lower degrees of care and attention they would exercise.
303. *Conclusion.* Accordingly, I conclude that, if the Trade Marks are validly registered in respect of the goods and services relied upon by Sky, then SkyKick have infringed them pursuant to Article 9(2)(b) of the Regulation/Article 10(2)(b) of the Directive unless SkyKick can rely upon the own name defence.

Infringement under Article 9(2)(c) of the Regulation/Article 10(2)(c) of the Directive

304. In the alternative to their case under Article 9(2)(b) of the Regulation/Article 10(2)(b) of the Directive, Sky contend that SkyKick have infringed each of the Trade Marks pursuant to Article 9(2)(c) of the Regulation/Article 10(2)(c) of the Directive. For the purposes of this claim, Sky rely upon the registrations of the Trade Marks in respect of the following goods and services: television services, television reception equipment, telephony services, broadband provision, computer software, electronic mail services and advisory services relating to computer hardware and software. I shall consider this claim on the assumption that, contrary to the conclusion reached above, there is no likelihood of confusion due to use of the sign SkyKick.

The law

305. In C-408/01 *Adidas-Salomon AG v Fitnessworld Trading Ltd* [2003] ECR I-12537 the CJEU held that it is not necessary for the trade mark proprietor to establish a likelihood of confusion in order to succeed in a claim under these provisions.
306. Accordingly, in order to establish infringement under Article 9(2)(c) of the Regulation/Article 10(2)(c) of the Directive, nine conditions must be satisfied: (i) the trade mark must have a reputation in the relevant territory; (ii) there must be use of a

sign by a third party within the relevant territory; (iii) the use must be in the course of trade; (iv) it must be without the consent of the proprietor of the trade mark; (v) it must be of a sign which is at least similar to the trade mark; (vi) it must be in relation to goods or services; (vii) it must give rise to a “link” between the sign and the trade mark in the mind of the average consumer; (viii) it must give rise to one of three types of injury, that is to say, (a) detriment to the distinctive character of the trade mark, (b) detriment to the repute of the trade mark or (c) unfair advantage being taken of the distinctive character or repute of the trade mark; and (ix) it must be without due cause. In the present case, there is no issue as to ingredients (ii), (iii), (iv), (v) or (vi). So far as issue (i) is concerned, SkyKick accept that the Trade Marks have a reputation in the EU, but Sky contend that the reputation is more extensive than SkyKick concede.

307. *Reputation of the trade mark.* This is not a particularly onerous requirement. As the Court of Justice explained in Case C-375/97 *General Motors Corp v Yplon SA* [1999] ECR I-5421:

“24. The public amongst which the earlier trade mark must have acquired a reputation is that concerned by that trade mark, that is to say, depending on the product or service marketed, either the public at large or a more specialised public, for example traders in a specific sector.

25. It cannot be inferred from either the letter or the spirit of Article 5(2) of the Directive that the trade mark must be known by a given percentage of the public so defined.

26. The degree of knowledge required must be considered to be reached when the earlier mark is known by a significant part of the public concerned by the products or services covered by that trade mark.

27. In examining whether this condition is fulfilled, the national court must take into consideration all the relevant facts of the case, in particular the market share held by the trade mark, the intensity, geographical extent and duration of its use, and the size of the investment made by the undertaking in promoting it.”

308. Although in the case of an EU trade mark the mark must be known by a significant part of the relevant public in a substantial part of the territory of the EU, in an appropriate case the territory of a single Member State may suffice for this purpose: see Case C-301/07 *PAGO International GmbH* [2009] ECR I-9429.

309. *Link.* Whether the use of the sign gives rise to a link between the sign and the trade mark in the mind of the average consumer must be appreciated globally having regard to all the circumstances of the case: see *Adidas-Salomon v Fitnessworld* at [29]-[30] and *Specsavers (CJEU)* at [120]. The fact that the sign would call the trade mark to mind for the average consumer, who is reasonably well informed and reasonably observant and circumspect, is tantamount to the existence of such a link: see Case C-252/07 *Intel Corp Inc v CPM United Kingdom Ltd* [2008] ECR I-8823 at [60] and *Specsavers (CJEU)* at [121].

310. *Detriment to the distinctive character of the trade mark.* In *Intel* the Court of Justice held as follows in relation to this type of injury:
- i) The more immediately and strongly the trade mark is brought to mind by the sign, the greater the likelihood that the current or future use of the sign is detrimental to the distinctive character of the mark: [67].
 - ii) The stronger the earlier mark's distinctive character and reputation, the easier it will be to accept that detriment has been caused to it: [69].
 - iii) The existence of a link between the sign and the mark does not dispense the trade mark proprietor from having to prove actual and present injury to its mark, or a serious likelihood that such an injury will occur in the future: [71].
 - iv) The more "unique" the trade mark, the greater the likelihood that use of a later identical or similar mark will be detrimental to its distinctive character: [74].
 - v) Detriment to the distinctive character of the trade mark is caused when the mark's ability to identify the goods or services for which it is registered and used as coming from the proprietor is weakened. It follows that proof that the use of the sign is or would be detrimental to the distinctive character of the earlier mark requires evidence of a change in the economic behaviour of the average consumer of the goods or services for which the mark is registered consequent on the use of the sign, or a serious likelihood that such a change will occur in the future: [77].
311. In Case C-383/12 *Environmental Manufacturing LLP v Office for Harmonisation in the Internal Market* [EU:C:2013:741] the Court of Justice re-iterated that proof that the use of the sign is, or would be, detrimental to the distinctive character of the trade mark requires evidence of a change in the economic behaviour of the average consumer of the goods or services for which the mark is registered consequent on the use of the sign, or a serious likelihood that such a change will occur in the future. In this connection, the Court held:
42. Admittedly, Regulation No 207/2009 and the Court's case-law do not require evidence to be adduced of actual detriment, but also admit the serious risk of such detriment, allowing the use of logical deductions.
 43. None the less, such deductions must not be the result of mere suppositions but, as the General Court itself noted at paragraph 52 of the judgment under appeal, in citing an earlier judgment of the General Court, must be founded on 'an analysis of the probabilities and by taking account of the normal practice in the relevant commercial sector as well as all the other circumstances of the case'."
312. In Case T-215/03 *SIGLA SA v Office for Harmonisation in the Internal Market* [2007] ECR II-711 the General Court held at [38]:

“... the risk of dilution appears, in principle, to be lower if the earlier mark consists of a term which, because of a meaning inherent in it, is very common and frequently used, irrespective of the earlier mark consisting of the term at issue. In such a case, reuse of the term in question by the mark applied for is less likely to result in a dilution of the earlier mark. Thus in *SPA-FINDERS*, ... paragraph 44, the Court found that, since the term ‘spa’ was frequently used to designate, for example, the Belgian town of Spa and the Belgian racing circuit of Spa-Francorchamps or, in general, places for hydrotherapy such as hammams or saunas, the risk of another mark also containing the word element ‘Spa’ being detrimental to the distinctive character of the mark SPA appeared to be limited.”

313. *Unfair advantage*. The Court of Justice described taking unfair advantage of the distinctive character or repute of a trade mark in Case C-487/07 *L’Oréal SA v Bellure NV* [2009] ECR I-5185 at [41] as follows:

“As regards the concept of ‘taking unfair advantage of the distinctive character or the repute of the trade mark’, also referred to as ‘parasitism’ or ‘free-riding’, that concept relates not to the detriment caused to the mark but to the advantage taken by the third party as a result of the use of the identical or similar sign. It covers, in particular, cases where, by reason of a transfer of the image of the mark or of the characteristics which it projects to the goods identified by the identical or similar sign, there is clear exploitation on the coat-tails of the mark with a reputation.”

314. The Court of Justice explained the correct approach to determining whether unfair advantage has been taken of the distinctive character or repute of the trade mark in that case as follows:

“44. In order to determine whether the use of a sign takes unfair advantage of the distinctive character or the repute of the mark, it is necessary to undertake a global assessment, taking into account all factors relevant to the circumstances of the case, which include the strength of the mark’s reputation and the degree of distinctive character of the mark, the degree of similarity between the marks at issue and the nature and degree of proximity of the goods or services concerned. As regards the strength of the reputation and the degree of distinctive character of the mark, the Court has already held that, the stronger that mark’s distinctive character and reputation are, the easier it will be to accept that detriment has been caused to it. It is also clear from the case-law that, the more immediately and strongly the mark is brought to mind by the sign, the greater the likelihood that the current or future use of the sign is taking, or will take, unfair advantage of the distinctive character or the repute of the mark or is, or will be, detrimental to them (see, to that effect, *Intel Corporation*, paragraphs 67 to 69).

45. In addition, it must be stated that any such global assessment may also take into account, where necessary, the fact that there is a likelihood of dilution or tarnishment of the mark.

...

49. In that regard, where a third party attempts, through the use of a sign similar to a mark with a reputation, to ride on the coat-tails of that mark in order to benefit from its power of attraction, its reputation and its prestige, and to exploit, without paying any financial compensation and without being required to make efforts of his own in that regard, the marketing effort expended by the proprietor of that mark in order to create and maintain the image of that mark, the advantage resulting from such use must be considered to be an advantage that has been unfairly taken of the distinctive character or the repute of that mark.”

315. It is clear both from the wording of Article 9(2)(c) of the Regulation/Article 10(2)(c) of the Directive and from the case law of the Court of Justice interpreting these provisions that this aspect of the legislation is directed at a particular form of unfair competition. It is also clear from the case law both of the Court of Justice and of the Court of Appeal in this country that the defendant’s conduct is most likely to be regarded as unfair where he intends to take advantage of the reputation and goodwill of the trade mark. Nevertheless, in *Jack Wills Ltd v House of Fraser (Stores) Ltd* [2014] EWHC 110 (Ch), [2014] FSR 39 at [80] I concluded that there is nothing in the case law to preclude the court from holding in an appropriate case that the use of a sign the objective effect of which is to enable the defendant to benefit from the reputation and goodwill of the trade mark amounts to unfair advantage even if it is not proved that the defendant subjectively intended to exploit that reputation and goodwill. Counsel for SkyKick did not challenge that conclusion.

316. *Due cause*. The CJEU held in Case C-65/12 *Leidseplein Beheer BV v Red Bull GmbH* [EU:C:2014:49], [2014] Bus LR 280 at [60] that:

“ Article 5(2) of [Directive 2008/95] must be interpreted as meaning that the proprietor of a trade mark with a reputation may be obliged, pursuant to the concept of ‘due cause’ within the meaning of that provision, to tolerate the use by a third party of a sign similar to that mark in relation to a product which is identical to that for which that mark was registered, if it is demonstrated that that sign was being used before that mark was filed and that the use of that sign in relation to the identical product is in good faith. In order to determine whether that is so, the national court must take account, in particular, of:

- how that sign has been accepted by, and what its reputation is with, the relevant public;
- the degree of proximity between the goods and services for which that sign was originally used and the product for which the mark with a reputation was registered; and

- the economic and commercial significance of the use for that product of the sign which is similar to that mark.”

Assessment

317. *Reputation.* SkyKick admit that the Trade Marks have reputation in the UK in relation to television services, television reception equipment, telephony services and broadband provision provided to domestic consumers. Sky contend, and I accept, that their reputation is not limited to domestic consumers, but extends to business consumers. Sky also contend that their reputation extends to computer software, electronic mail services and advisory services relating to computer services relating to computer hardware and software. I do not consider that the evidence establishes that the Trade Marks have a reputation in relation to those goods and services, however. My reasons are essentially the same as those I gave in relation to enhanced distinctive character (see paragraph 294 above). I would add that Sky have adduced little evidence of the kind envisaged in *General Motors* at [27] which is specific to these additional goods and services. For example, there is no evidence as to Sky’s market share in the fields of computer software, electronic mail services and advisory services, but I infer that it is much smaller than their market share in their core fields.
318. *Link.* As discussed above, SKY is a household name in relation to television, telephony and broadband. As also discussed above, the sign SkyKick is partly identical and partly different to SKY. SkyKick’s goods and services are in my judgment somewhat similar to the goods and services for which Sky have a reputation, but not very similar. Taking all these factors into account, I consider that the sign SkyKick would be likely to bring SKY to the average consumer’s mind.
319. *Detriment to the distinctive character of the Trade Marks.* SkyKick contend that dilution cannot occur because the SKY trade mark is already thoroughly diluted by the use of SKY formative marks by third parties. I do not accept this. In my view use of a SKY formative mark in relation to television services and equipment would be likely to dilute the distinctive character of the trade mark. But the present case is not such a case. SkyKick’s use in relation to goods and services which are merely somewhat similar to those for which Sky have a reputation. Moreover, in the IT field, SKY is far from being unique having regard to the SKY formative marks used by third parties. In all the circumstances I am not persuaded that, in the absence of a likelihood of confusion, that there is any real risk of detriment to the distinctive character of the Trade Marks.
320. *Unfair advantage.* In his written closing submissions counsel for Sky essentially relied upon the same factors as he relied upon for detriment to the distinctive character of the Trade Marks as establishing unfair advantage. In his oral submissions he also argued that SkyKick benefitted from being associated with a household name. In my judgment Sky have not established any case of unfair advantage. It is not suggested that SkyKick intend to take advantage of the reputation of the Trade Marks, and there is no basis for believing that there is likely to be any transfer of image from SKY to SkyKick.
321. *Due cause.* Having regard to my conclusions above, SkyKick do not need to establish due cause.

322. *Conclusion.* If there is no likelihood of confusion, then Sky's case under Article 9(2)(c) of the Regulation/Article 10(2)(c) of the Directive is not made out.

Own name defence

323. SkyKick rely, if necessary, on the "own name" defence provided by Article 12(a) of Regulation 207/2009 (in respect of the EU Trade Marks) and Article 6(1)(a) of Directive 2008/95 (in respect of the UK Trade Mark).
324. So far as the EU Trade Marks are concerned, SkyKick's reliance upon Article 12(a) of Regulation 207/2009 in respect of use of the signs complained of prior to 23 March 2016 has been rendered moot, because Sky have abandoned any claim to financial relief in respect of acts committed before that date. So far as acts committed after that date are concerned, it is common ground that neither Defendant is a natural person, and thus SkyKick cannot rely upon Article 12(a) of Regulation 207/2009 as amended by Regulation 2015/2436 or Article 14(1)(a) of the Regulation. SkyKick contend, however, that the amendment of Article 12(a) of Regulation 207/2009 so as to restrict its availability to natural persons was invalid and that the limitation of Article 14(1)(a) of the Regulation to natural persons is likewise invalid. This issue only arises, however, if SkyKick would otherwise be able to rely upon this defence. That depends on whether their use of the sign SkyKick is "in accordance with honest practices in industrial and commercial matters".
325. So far as the UK Trade Mark is concerned, as noted above, the UK has not yet amended section 11(2)(b) of the 1994 Act so as to comply with Article 14(1)(a) of the Directive and is not obliged to do so until 14 January 2019. For this reason, SkyKick do not contend that the amendment of Article 6(1)(a) of Directive 2008/95 so as to restrict its availability to natural persons was invalid, although their argument on invalidity is equally applicable to this amendment. It is common ground that each of the signs complained of is the "own name" of each of the Defendants. Accordingly, the only issue is whether their use of the sign SkyKick is "in accordance with honest practices in industrial and commercial matters".
326. For the avoidance of doubt, the bases upon I am considering this issue are that (a) the Trade Marks are validly registered, (b) Sky have established a likelihood of confusion, but (c) absent a likelihood of confusion, Sky's case under Article 9(2)(c) of the Regulation/Article 10(2)(c) of the Directive is not made out.

Is SkyKick's use of the sign in accordance with honest practices?

327. *The law.* I would summarise the principles laid down by the CJEU for determining whether the use of a sign is "in accordance with honest practices in industrial or commercial matters" as follows.
328. First, the requirement to act in accordance with honest practices in industrial or commercial matters "constitutes in substance the expression of a duty to act fairly in relation to the legitimate interests of the trade mark proprietor": see Case C-63/97 *Bayerische Motorenwerke AG v Deenik* [1999] ECR I-905 at [61], Case C-100/02 *Gerolsteiner Brunnen GmbH & Co v Putsch GmbH* [2004] ECR I-691 at [24], *Anheuser-Busch* at [82], Case 228/03 *Gillette Co v LA-Laboratories Ltd Oy* [2005] ECR I-2337 at [41] and Case C-17/06 *Céline SARL v Céline SA* [2007] ECR I-7041 at [33].

329. Secondly, the court should “carry out an overall assessment of all the relevant circumstances”, and in particular should assess whether the defendant “can be regarded as unfairly competing with the proprietor of the trade mark”: see *Gerolsteiner* at [26], *Anheuser-Busch* at [84] and *Céline* at [35].
330. Thirdly, an important factor is whether the use of the sign complained of either gives rise to consumer deception or takes unfair advantage of, or is detrimental to, the distinctive character or repute of the trade mark. If it does, it is unlikely to qualify as being in accordance with honest practices: see *Gillette* at [49], *Anheuser-Busch* at [83] and *Céline* at [34].
331. Fourthly, a mere likelihood of confusion will not disqualify the use from being in accordance with honest practices if there is a good reason why such a likelihood of confusion should be tolerated. Thus in *Gerolsteiner*, which was a case under Article 6(1)(b) of Directive 89/104, the Court of Justice held at [25]:

“The mere fact that there exists a likelihood of aural confusion between a word mark registered in one Member State and an indication of geographical origin from another Member State is therefore insufficient to conclude that the use of that indication in the course of trade is not in accordance with honest practices. In a Community of 15 Member States, with great linguistic diversity, the chance that there exists some phonetic similarity between a trade mark registered in one Member State and an indication of geographical origin from another Member State is already substantial and will be even greater after the impending enlargement.”

332. In applying these principles in a number of cases, I have found it of assistance to consider the following list of factors which I first set out in *Samuel Smith v Lee* [2011] EWHC 1879 (Ch), [2012] FSR 7 at [118]:
- i) whether the defendant knew of the existence of the trade mark, and if not whether it would have been reasonable for it to conduct a search;
 - ii) whether the defendant used the sign complained of in reliance on competent legal advice based on proper instructions;
 - iii) the nature of the use complained of, and in particular the extent to which it is used as a trade mark for the defendant’s goods or services;
 - iv) whether the defendant knew that the trade mark owner objected to the use of the sign complained of, or at least should have appreciated that there was a likelihood that the owner would object;
 - v) whether the defendant knew, or should have appreciated, that there was a likelihood of confusion;
 - vi) whether there has been actual confusion, and if so whether the defendant knew this;

- vii) whether the trade mark has a reputation, and if so whether the defendant knew this and whether the defendant knew, or at least should have appreciated, that the reputation of the trade mark would be adversely affected;
- viii) whether the defendant's use of the sign complained of interferes with the owner's ability to exploit the trade mark;
- ix) whether the defendant has a sufficient justification for using the sign complained of; and
- x) the timing of the complaint from the trade mark owner.

333. I do not understand the Court of Appeal to have disapproved of the consideration of these factors, as opposed to the conclusion to be drawn on the facts of the particular case, in *London Taxi* at [95]-[96]. The list of factors set out in *Samuel Smith* is essentially an expanded list of the factors set out by Kitchin LJ (with whom Underhill LJ agreed) in *Maier* at [148]:

“In considering whether a defendant is acting fairly in relation to the legitimate interests of the trade mark proprietor it will be relevant to consider, among other things, whether there exists a likelihood of confusion; whether the trade mark has a reputation; whether the use of the sign complained of takes advantage of or is detrimental to the distinctive character or repute of the trade mark; and whether the possibility of conflict was something which the defendant was thought to have been aware. The national court must carry out an overall assessment of all the circumstances in determine whether the defendant is competing unfairly.”

334. *Assessment.* Considering the *Samuel Smith* factors, I find that the position is as follows:

- i) SkyKick knew that Sky had trade mark rights in Europe which Sky had successfully enforced against Microsoft's use of SkyDrive before SkyKick began to target the EU in November 2014. Although SkyKick did not have any detailed knowledge of those rights at that date, that was because SkyKick had not carried out an international search which they had been recommended to carry out and could have afforded even in 2012. In my view, given what SkyKick knew by November 2014, it would have been reasonable for SkyKick to carry out a search before launching in the EU. On the other hand, it would also have been reasonable for SkyKick to consider the judgment of Asplin J in the *SkyDrive* case. If SkyKick had done so, they would have found that her reasoning was partly, although not wholly, dependent on evidence of actual confusion.
- ii) SkyKick did not use the sign complained of in reliance on competent legal advice based on proper instructions.
- iii) SkyKick use the sign as a trade mark for their goods and services.

- iv) SkyKick did not know that Sky objected to the use of the sign in November 2014, but in my view SkyKick should have appreciated that there was a likelihood that Sky would object.
- v) SkyKick did not know that there was a likelihood of confusion, but in my view SkyKick should have appreciated that there was a likelihood of confusion (assuming that the Trade Marks are valid).
- vi) There has been no actual confusion.
- vii) The Trade Mark have a reputation, and SkyKick knew this in outline although not in detail. SkyKick neither knew, nor should have appreciated, that the reputation of the Trade Marks would be adversely affected.
- viii) SkyKick's use of the sign interferes with Sky's ability to exploit the Trade Marks because it represents an obstacle to Sky Business' expansion into the IT field.
- ix) In my view SkyKick have no real justification for using the sign. The first justification proffered is that SkyKick adopted the sign innocently and were already using it in the USA. I do not consider that that is of much weight given that trade marks are territorial. It is not uncommon for businesses to have to use different trade marks in different territories because of the prior rights of other traders, and SkyKick could have done so in November 2014, albeit that it would obviously have been preferable to use the same trade mark. The second justification proffered is that SkyKick are using their sign in relation to specialised IT products and that SkyKick do not compete with Sky. I consider that this has more weight, but I do not regard it as decisive (assuming that the Trade Marks are valid).
- x) Sky complained promptly once they became aware of SkyKick, but this was over two years after SkyKick started targeting the EU.

335. Considering the position overall, I am not satisfied that SkyKick's use of its name is in accordance with honest practices in industrial and commercial matters because in my view SkyKick have not acted fairly in relation to Sky's legitimate interests (assuming that the Trade Marks are valid). In particular, I consider that Sky are justified in being concerned that, even though there has no actual confusion to date, confusion may yet occur in the future.

Was the amendment to Article 12(a) of Regulation 207/2009 invalid?

336. SkyKick contend that the amendment to Article 12(a) of Regulation 2007/2009 by Article 1(13) of Regulation 2015/2424 to restrict the own name defence to natural persons was invalid since it was an unjustified or disproportionate interference with EU fundamental rights. Given my conclusion that SkyKick cannot rely upon this defence in any event, it is not necessary to consider this issue. I will nevertheless do so in case I am wrong about the honest practices point.

337. *The legislative history in more detail.* I have set out the relevant provisions above. For the purposes of considering SkyKick’s invalidity case, however, it is necessary to explain the legislative history in a little more detail.
338. On 25 November 1980 the Commission of the European Communities published its Proposal for a Directive and a Regulation together under the title *New trade-mark system for the Community* (COM(80) 635 final). Article 5(a) of the proposed Directive provided that the trade-mark would not entitle the proprietor to prohibit a third party from using in the course of trade “his surname or address ... provided he does not use them as a trade-mark”. Similarly, Article 10(a) of the proposed Regulation provided that a Community trade-mark would not entitle the proprietor to prohibit a third party from using in the course of trade “his own surname or address ... provided he does not use them as a trade-mark”. The commentary to the proposals did not indicate whether these provisions were limited to natural persons or extended to legal persons.
339. On 31 July 1984 the Commission published an Amended Proposal for a Regulation (COM(84) 470 final)). This amended the wording of Article 5(a) so as to replace “surname” by “name” and by substituting the proviso “provided he uses them in accordance with honest industrial or commercial practice”. The commentary still did not indicate whether this provision was limited to natural persons or extended to legal persons.
340. On 19 December 1985 the Commission published an Amended Proposal for a Directive (COM(85) 793 final). This amended the wording of Article 10(a) so as to replace “surname” by “own name” and by substituting the proviso “provided he uses them in accordance with honest industrial or commercial practice”.
341. Directive 89/104 was adopted by the Council on 21 December 1988. The minutes of the Council meeting recorded a series of joint statements by the Council and Commission which, since were expressed to be “without prejudice to the interpretation of [the legal text] by the Court of Justice”. The joint statement in relation to what had become Article 6(1)(a) stated that the Council and Commission considered that “his own name” applied “only in respect of natural persons”. Regulation 40/94 was adopted by the Council on 20 December 1993. The minutes of the Council again recorded a series of joint statements by the Council and Commission, and the joint statement in relation to Article 12 stated that the Council and Commission considered that “his own name” applied “only in respect of natural persons”. The joint statements were subsequently published by OHIM ([1996] OJ OHIM 606).
342. In *Anheuser-Busch*, however, the CJEU held at [79]-[80] held that the joint statement in relation to Article 6(1)(a) of Directive 89/104 had no legal significance since there was no reference to that restriction in the text of Article 6(1)(a). In other words, if the Commission and the Council wished to limit the scope of Article 6(1)(a) in that way, they should have said so in the actual legislation. Plainly the same reasoning was applicable to Article 12(a) of Regulation 40/94.
343. Subsequently the Commission commissioned a Study on the Overall Functioning of the European Trade Mark System from the Max Planck Institute for Intellectual Property and Competition Law (“the MPI”) dated 15 February 2011 as a precursor to proposing amendments to the legislation. In the Study the MPI noted at paragraph 2.240 that the

broad interpretation of Article 6(1)(a) adopted in *Anheuser-Busch* was not in accordance with the joint statement. The MPI went on:

“2.254 Due to the broad interpretation by the ECJ, Article 6(1)(a) TMD and Article 12(a) CTMR at present apply to all trade names, even where they do not contain the personal name of the owner. Such a broad scope of the limitation does not seem appropriate. It creates unequal conditions for trade names and trade marks in case of conflicts, as trade names are regularly granted unrestricted protection against younger trade marks. It thereby clashes with a maxim which is well-established in the legal tradition of most or all Member States, namely that all types of distinctive signs belong to the same branch of law, and that conflicts between them should be uniformly resolved on the basis of the priority principle. Exceptions from that rule are necessary only where the use of the later sign is founded on the legitimate interest of the owner to use his own personal name in commerce in order to designate his business.

2.255 Article 6(1)(a) TMD and Article 12(a) CTMR should therefore be restricted to the use of the name of natural persons. The Study does not take a position on whether this is limited to family names or includes also forenames, and whether the right to use a name will continue when there is a succession in ownership and when there are transformations, such as from a partnership to a limited liability company.”

344. On 27 March 2013 the Commission published a Proposal for a Regulation amending Regulation 207/2009 (COM/2013/0161 final). In paragraph 5.3 the Commission made the following proposal in relation to Article 12(a) of Regulation 207/2009:

“Limitation of the effects of a European trade mark (Article 12)

The limitation in Article 12(1)(a) is restricted to cover the use of personal names only in accordance with the Joint Statement of the Council and the Commission ...”

345. In due course this proposal was approved by the European Parliament and Council and found its way into Article 1(13) of Regulation 2015/2424 and then Article 14(1)(a) of Regulation 2017/1001. Recital 21 to Regulation 2015/2424 stated, and recital 21 to Regulation 2017/1001, state:

“The exclusive rights conferred by an EU trade mark should not entitle the proprietor to prohibit the use of signs or indications by third parties which are used fairly and thus in accordance with honest practices in industrial and commercial matters. In order to create equal conditions for trade names and EU trade marks against the background that trade names are regularly granted unrestricted protection against later trade marks, such use should only be considered to include the use of the personal name of the third party ...”

346. Article 6(1)(a) of Directive 2008/95 was replaced by Article 14(1(a) of Directive 2015/2436 at the same time. Recital 27 to Directive 2015/2436 is in the same terms as recital 21 to Regulation 2017/1001 save that it refers to trade marks rather than EU trade marks.
347. In summary, therefore, the effect of the amendments has been to restrict the own name defence in the Regulation and the Directive to the scope which the Commission and the Council envisaged at the time that Directive 89/104 and Regulation 40/94 were adopted.
348. *Relevant provisions of the Charter.* The Charter of Fundamental Rights of the European Union includes the following provisions:

“Article 11

Freedom of expression and information

1. Everyone has the right to freedom of expression. This right shall include freedom to hold opinions and to receive and impart information and ideas without interference by public authority and regardless of frontiers.

...

Article 16

Freedom to conduct a business

The freedom to conduct a business in accordance with Union law and national laws and practices is recognised.

Article 17

Right to property

1. Everyone has the right to own, use, dispose of and bequeath his or her lawfully acquired possessions. No one may be deprived of his or her possessions, except in the public interest and in the cases and under the conditions provided for by law, subject to fair compensation being paid in good time for their loss. The use of property may be regulated by law in so far as is necessary for the general interest.
2. Intellectual property shall be protected.

Article 20

Equality before the law

Everyone is equal before the law.

Article 21

Non-discrimination

1. Any discrimination based on any general ground such as sex, race, colour, ethnic or social origin, genetic features, language, religion or belief, political or any other opinion, membership of a national minority, property, birth, disability, age or sexual orientation shall be prohibited.

...

Article 51

Field of application

1. The provisions of this Charter are addressed to the institutions, bodies, offices and agencies of the Union with due regard for the principle of subsidiarity and to the Member States only when they are implementing Union law. They shall therefore respect the rights, observe the principles and promote the application thereof in accordance with their respective powers and respecting the limits of the powers of the Union as conferred on it in the Treaties.

...

Article 52

Scope and interpretation of rights and principles

1. Any limitation on the exercise of the rights and freedoms recognised by this Charter must be provided for by law and respect the essence of those rights and freedoms. Subject to the principle of proportionality, limitations may be made only if they are necessary and genuinely meet objectives of general interest recognised by the Union or the need to protect the rights and freedoms of others.

...

3. In so far as this Charter contains rights which correspond to rights guaranteed by the Convention for the Protection of Human Rights and Fundamental Freedoms, the meaning and scope of those rights shall be the same as those laid down by the said Convention. This provision shall not prevent Union law providing more extensive protection.

4. In so far as this Charter recognises fundamental rights as they result from the constitutional traditions common to the Member States, those rights shall be interpreted in harmony with those traditions.

...

7. The explanations drawn up as a way of providing guidance in the interpretation of this Charter shall be given due regard by the courts of the Union and of the Member States.”

349. The explanations to Article 17 state:

“Protection of intellectual property, one aspect of the right of property, is explicitly mentioned in paragraph 2 because of its growing importance and Community secondary legislation. Intellectual property covers not only literary and artistic property but also inter alia patent and trademark rights and associated rights. The guarantees laid down in paragraph 1 shall apply as appropriate to intellectual property.”

350. *Relevant principles.* The relevant principles were summarised by the CJEU in Case C-210/03 *R (on the application of Swedish Match AB) v Secretary of State for Health* [2004] ECR I-11893 as follows:

- “72. According to the case-law of the Court, the freedom to pursue a trade or profession, like the right to property, is one of the general principles of Community law. Those principles are not absolute rights, however, but must be considered in relation to their social function. Consequently, restrictions may be imposed on the exercise of the freedom to pursue a trade or profession, as on the exercise of the right to property, provided that the restrictions in fact correspond to objectives of general interest and do not constitute, in relation to the aim pursued, a disproportionate and intolerable interference, impairing the very substance of the rights guaranteed (see, inter alia, Case 265/87 *Schröder* [1989] ECR 2237, paragraph 15; Case C-280/93 *Germany v Council* [1994] ECR I-4973, paragraph 78; Case C-293/97 *Standley and Others* [1999] ECR I-2603, paragraph 54; Joined Cases C-37/02 and C-38/02 *Di Lenardo and Dilexport* [2004] ECR I-0000, paragraph 82, and *Spain and Finland v Parliament and Council*, paragraph 52).

73. The prohibition on the marketing of tobacco products for oral use laid down in Article 8 of Directive 2001/37 is indeed capable of restricting the freedom of manufacturers of such products to pursue their trade or profession, assuming that they have envisaged such marketing in the geographical region concerned by that prohibition. However, the operators’ right to property is not called into question by the introduction of such a measure. No economic operator can claim a right to property in a market share, even if he held it at a time before the introduction of a measure affecting that market, since such a market share constitutes only a momentary economic position exposed to the risks of changing circumstances (Case C-280/93 *Germany v Council*, paragraph 79). Nor can an economic operator claim an acquired right or even a legitimate expectation that an existing situation which is capable of being altered by decisions taken by

the Community institutions within the limits of their discretionary power will be maintained (see Case 52/81 *Faust v Commission* [1982] ECR 3745, paragraph 27).”

351. In Case C-447/14 *Pillbox 38 (UK) Ltd v The Secretary of State for Health* [EU:C:2016:324], [2016] 4 WLR 110 the CJEU stated:

“48. It should be borne in mind at the outset that, according to the settled case-law of the Court, the principle of proportionality, which is one of the general principles of EU law, requires that acts of the EU institutions be appropriate for attaining the legitimate objectives pursued by the legislation at issue and do not exceed the limits of what is necessary in order to achieve those objectives; when there is a choice between several appropriate measures, recourse must be had to the least onerous, and the disadvantages caused must not be disproportionate to the aims pursued (see, to that effect, judgments in *British American Tobacco (Investments) and Imperial Tobacco*, C-491/01, EU:C:2002:741, paragraph 122; *ERG and Others*, C-379/08 and C-380/08, EU:C:2010:127, paragraph 86; and *Gauweiler and Others*, C-62/14, EU:C:2015:400, paragraphs 67 and 91).

49. With regard to judicial review of the conditions referred to in the previous paragraph of the present judgment, the EU legislature must be allowed broad discretion in an area such as that at issue in the main proceedings, which entails political, economic and social choices on its part, and in which it is called upon to undertake complex assessments. Consequently, the legality of a measure adopted in that area can be affected only if the measure is manifestly inappropriate having regard to the objective which the competent institutions are seeking to pursue (see, to that effect, judgment in *British American Tobacco (Investments) and Imperial Tobacco*, C-491/01, EU:C:2002:741, paragraph 123).”

352. In summary, therefore, once it is established that there is an interference with, or restriction upon, a fundamental right, the court must consider whether the measure is justified by legitimate objectives and whether it exceeds the limits of what is necessary in order to achieve those objectives, bearing in mind the broad discretion enjoyed by the EU legislature in an area such as this, which entails economic and social choices. Only if the measure is manifestly inappropriate will it be invalid.

353. *Assessment.* SkyKick contend that the restriction of the own name defence to natural persons is an interference with, or restriction upon, a number of fundamental rights enjoyed by companies such as SkyKick, and in particular those under Articles 11 and 16 of the Charter. Although Sky took issue with this, counsel for Sky did not advance any cogent argument to the contrary. In my judgment the restriction of the own name defence to natural persons is an interference with, or restriction upon, the commercial freedom of expression and the freedom to conduct a business of legal persons.

354. In my judgment, however, the measure is justified by legitimate objectives and is not manifestly inappropriate. The objective pursued by the measure is the protection of

intellectual property protected by Article 17(2), namely trade marks. The purpose of the own name defence is to give a trader a defence to a claim for trade mark infringement where the trader would otherwise be infringing. It is plain that different considerations are involved in affording a defence for the defendant's use of their own name depending on whether the defendant is a natural person or a legal person. A natural person will generally be given their name by their parents at birth (although, at least in English law, natural persons can acquire names subsequently) and the choice of name will generally be strongly influenced by family history and other cultural factors. By contrast, legal persons are named when they are formed and generally have a free choice of name within the law. Family history and other cultural factors are, if not entirely irrelevant, certainly much less relevant when naming a legal person than when naming a natural person. It is fair to say that this difference between the positions of natural and legal persons could be accommodated by the requirement that the use of the sign be in accordance with honest practices in industrial and commercial matters, but in my view it does not follow that the legislature's decision that only natural persons should be able to rely upon the own name defence is manifestly inappropriate. It was a legitimate policy choice, which was recommended by a distinguished academic institute as part of a detailed study of the European trade mark system as a whole, as to the circumstances in which the defence should be available. As counsel for Sky pointed out, the same solution has been adopted by English common law in the context of passing off: see *Asprey and Garrard Ltd v WRA (Guns) Ltd* [2001] EWCA Civ 1499, [2002] FSR 31 at [41]-[43] (Peter Gibson LJ, with whom Chadwick and Kay LJ agreed). Moreover, it has the advantage of providing a bright-line rule for legal persons rather than leaving matters to a case-by-case assessment, the difficulties of which are illustrated by the split decision of the Court of Appeal in *Maier* (see Kitchin LJ at [145]-[160], Underhill LJ at [189]-[195] and Sales LJ dissenting at [239]-[258]).

355. Accordingly, I reject SkyKick's contention that the amendment to Article 12(a) of Regulation 207/2009 by Regulation 2015/2424 was invalid.

Passing off

356. Both counsel dealt with passing off briefly in their submissions, and I shall follow their example. The legal principles are well known and not in dispute, and therefore it is unnecessary to set out them. The key issue in applying those principles to the present case is whether SkyKick's use of their sign gave rise to a misrepresentation in November 2014. The relevant considerations are very similar to those which fall to be taken into account under Article 9(2)(b) of the Regulation/Article 10(2)(b) of the Directive, but there are two important differences. First, the issue is to be approached having regard to the actual extent of Sky's use of the SKY trade mark by that date, rather than upon the basis of Sky's deemed use by virtue of the specifications of the Trade Marks. This is a factor which militates against there being a misrepresentation, particularly given the absence of evidence of actual confusion. Secondly, in this context, Sky can rely upon their own extensive use of SKY formative marks. This is a factor which supports the existence of a misrepresentation, because it supports the proposition that consumers may believe that SkyDrive is another sub-brand of SKY. In my judgment the issue is finely balanced, but in the end I have concluded that the first point tips the balance in SkyKick's favour. Accordingly, Sky's claim for passing off is dismissed.

Reference to the CJEU

357. It follows from the conclusions reached above that, if the Trade Marks are validly registered in respect of the goods and services set out in paragraph 6 above, then SkyKick have infringed the Trade Marks pursuant to Article 9(2)(b) of the Regulation/Article 10(2)(b) of the Directive and do not have an own name defence. Thus the outcome of the case depends on whether the Trade Marks are validly registered for those goods and services. As I have explained, the validity of the Trade Marks depends on a number of issues of European law upon which the guidance of the CJEU is required. Since this Court is not a court of last resort, I have a discretion as to whether to make a reference or attempt to decide the issues myself. In my judgment, in the circumstances of the present case, it is better to make a reference myself for the following reasons. First, SkyKick urged me to make a reference. Secondly, although Sky contended that no reference was necessary to decide the case, Sky did not urge me not to refer if I concluded that a reference was necessary. Thirdly, I consider that, if I did not refer, it is highly likely that the Court of Appeal would do so, thereby entailing further costs and delay for the parties. Lastly, the issues are ones of general public importance, and so the CJEU should be asked to rule upon them sooner rather than later.

Summary of principal conclusions

358. For the reasons given above, I conclude that:

- i) SkyKick's contention that the Trade Marks are partly invalid because the relevant parts of the specifications of goods and services lack clarity and precision raises issues upon which guidance from the CJEU is required;
- ii) SkyKick's contention that the Trade Marks are wholly or partly invalid because the applications were made in bad faith since Sky did not intend to use the Trade Marks in relation to all of the specified goods and services also raises issues upon which guidance from the CJEU is required;
- iii) I shall therefore refer questions along the lines set out in paragraphs 174 and 258 above to the CJEU;
- iv) if the Trade Marks are valid, then there is a likelihood of confusion within Article 9(2)(b) of the Regulation/Article 10(2)(b) of the Directive as a result of SkyKick's use of the SkyKick sign;
- v) if the Trade Marks are valid, and there is a likelihood of confusion within Article 9(2)(b) of the Regulation/Article 10(2)(b) of the Directive, SkyKick's use of the SkyKick sign is not in accordance with honest practices in industrial and commercial matters and therefore SkyKick do not have an own name defence; and
- vi) Sky's claim for passing off is dismissed.