

## EU Court of Justice Delivers Highly Anticipated Sky v. SkyKick Trademark Decision

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The Court of Justice of the European Union (CJEU) last week handed down its decision in the *Sky v. SkyKick* case ([Case C-371/18](#)), widely regarded as one of the most important European trademark decisions of recent years.

### Background

In the US, trademark owners are only permitted to register trademarks for the goods or services provided by the trademark owner. European trademark practice permits trademark owners to seek trademark protection far more broadly. The European practice can prove controversial when trademark owners seek trademark protection for goods and services that are far removed from their own area of business merely to prevent others, even in unrelated business areas, from using a similar trademark (these marks are often referred to as "defensive").

The decision in *SkyKick* considered issues relating to applications covering goods and services that the trademark owner does not intend to offer. The decision also considered the appropriateness of seeking trademark protection for broad terms such as "computer software" that could cover a wide range of related goods.

### Questions referred and the CJEU's judgment

The CJEU considered five questions referred to it by the High Court of England and Wales concerning the validity of European trademarks that covered goods and services that include both imprecise terms and goods and services which the trademark owner had no intention of offering.

The CJEU was asked to rule on whether a European Union Trademark (EUTM) or national trademark registered in an EU member state could be declared wholly or partially invalid on the grounds that some or all of the terms in the trademark specification lacked sufficient clarity and precision. The CJEU answered in the negative: The inclusion of imprecise terms in the list of goods/services did not mean that the EUTM was invalid.

If an EUTM is filed in bad faith, it will be invalid. With this in mind, the CJEU was also asked to rule whether it can constitute "bad faith" to apply to register a trademark without any intention to use that mark in relation to the goods and services covered by the trademark application. If so, is it possible to conclude that an application was made partly in good faith and partly in bad faith if the applicant was found to have intention to use the mark in relation to some – but not all – of the goods and services applied for?

The CJEU concluded that a trademark application made without any intention to use the mark in relation to the goods and services covered by the specification could constitute bad faith. However, the CJEU made clear that bad faith could *only* be established where there was "objective, relevant and clear indicia" that, at the time the trademark was filed, the applicant had the intention of either: (i) undermining the interests of third parties contrary to honest practices or (ii) obtaining an exclusive right for purposes other than those serving the functions of a trademark. Where an application was found to have been made only partly in bad faith, a declaration of invalidity would apply only to those goods and services for which bad faith had been found.

The CJEU stressed there is no requirement for applicants to indicate "or even know precisely" the intended use of the mark applied for at the time of filing, and bad faith therefore cannot be presumed based on an applicant's lack of economic activity relating to the goods and services of the specification at the time of filing.

The CJEU did note that EU law does not preclude individual member states from requiring that the trademark applicant must have a bona fide intention to use the mark for the goods and services covered by the application (similar to the US position).

## **Business as usual?**

Trademark owners are likely to be giving a collective sigh of relief following the CJEU's decision, which largely preserves the status quo and fails to provide an easy route for third parties to challenge imprecise, broad and defensively drafted lists of goods and services.

Whilst the CJEU's decision opens the door to invalidity proceedings based on bad faith, the high evidential burden required – essentially proof of a *positive* intention to undermine the interests of third parties or obtain exclusive rights without any intention to use the mark in respect of goods and services – makes such a bad faith challenge an uphill battle.

## **Key takeaways**

In the US, trademark rights are based on either current or intended use of the mark in question. The identification of goods and services within the application must be specific, definite, clear, accurate and concise. These strict standards have a significant impact on the scope of rights obtained by an owner of a US trademark registration. A trademark owner cannot broaden the scope of its trademark rights beyond the scope of its actual/intended use by using "catch-all" terminology, including terms that are broad or vague, or including terms ancillary to the applicant's use of goods and/or services.

By contrast, with EUTM applications, there is *no* requirement that a trademark which is the subject of an EUTM application be in use, or that there be a bona fide intention to use the mark. The consequence of this is that trademark owners are able to obtain broad protection in respect of goods and/or services for which they may never use the mark. It is possible for an EUTM to be revoked after a period of five consecutive years of non-use, however, the burden is on third parties to bring such revocation actions before the European Union Intellectual Property Office.

Prior to the CJEU's judgment, the Attorney General's opinion given a few months prior had referred to a trademark for computer software as being unjustified because it confers on the proprietor "a monopoly of immense breadth which cannot be justified by any legitimate commercial interest of the proprietor." This had created speculation as to whether the CJEU would take the opportunity to bring EU filing practice more in line with the US approach described above.

In ultimately preserving the status quo, the CJEU's decision can be considered a largely positive decision for existing trademark owners, who may continue to use broader undefined terms (such as "computer software" and "financial services"). It may well be that trademark registries seek to address imprecise terms at the examination stage, requiring that the applicant provide greater clarity or refusing the application, but this remains to be seen.

For the time being, trademark applicants should continue to file a combination of broad and specific terms in the EU. The broader language permitted by the European system can be helpful defensively in the first five years of registration.

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