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Case Nos: A3/2020/1374  
A3/2020/1370

**IN THE COURT OF APPEAL (CIVIL DIVISION)**  
**ON APPEAL FROM THE HIGH COURT OF JUSTICE**  
**BUSINESS AND PROPERTY COURTS OF ENGLAND AND WALES**  
**INTELLECTUAL PROPERTY LIST (ChD)**

**Rt Hon Lord Justice Arnold**  
**[2018] EWHC 155 (Ch)**

Royal Courts of Justice  
Strand, London, WC2A 2LL

Date: 26<sup>th</sup> July 2021

**Before:**

**LORD JUSTICE NEWEY**  
**LORD JUSTICE NUGEE**  
and  
**SIR CHRISTOPHER FLOYD**

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**Between:**

(1) SKY LIMITED (formerly SKY PLC)  
(2) SKY INTERNATIONAL AG  
(3) SKY UK LIMITED

**Appellants**

- and -

(1) SKYKICK, UK LTD  
(2) SKYKICK, INC

**Respondents**

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**Geoffrey Hobbs QC and Philip Roberts QC (instructed by Mishcon de Reya llp) for the**  
**Appellants**  
**Simon Malynicz QC and Stuart Baran (instructed by Field Fisher LLP) for the Respondents**

Hearing dates: 25-27 May 2021  
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**Approved Judgment**

Covid-19 Protocol: This judgment was handed down remotely by circulation to the parties' representatives by e-mail, release to BAILII and publication on the Courts and Tribunals Judiciary website. The date and time for hand-down is deemed to be at 10:30am on  
26 July 2021

**Sir Christopher Floyd:**

1. The issue underlying these proceedings can be shortly stated. It is whether the appellants, who are well-known for broadcasting, telephony and broadband provision (and to whom I will refer collectively as “Sky”) can, by use of their EU and UK registered trade marks for SKY (“the trade marks”), or by a common law action in passing off, prevent the respondents (together “SkyKick”) from using the sign SKYKICK in relation to email migration and cloud storage services. The journey towards a resolution of that issue has thus far entailed no less than four first instance judgments and a judgment of the Court of Justice of the European Union (“CJEU”). On the way, the judge and the CJEU have explored the limits of recognised grounds of invalidity of trade marks, as well as an entirely novel one.
2. The two appeals before this court are from the order of Arnold LJ sitting at first instance (“the judge”) dated 2 July 2020. By that order, the judge (i) declared the trade marks to be invalid to the extent specified in a Schedule to the order; (ii) dismissed Sky’s claim for passing off; (iii) dismissed SkyKick’s counterclaim alleging lack of clarity and precision in the wording of the lists of goods and services covered by the trade marks; and (iv) (save to the extent provided for in the Schedule referred to in (i)) made no order on SkyKick’s counterclaim alleging bad faith in filing the trade marks. Notwithstanding this restriction of Sky’s rights, the judge considered that SkyKick’s email migration and cloud storage services did infringe the trade marks in their restricted form. He accordingly granted Sky an injunction to restrain SkyKick from infringing the trade marks (as well as any post-Brexit UK trade mark equivalent to any of the EU trade marks), and monetary relief for past infringement. In short, Sky emerged from the battle bruised (in that their registered trade mark rights had been cut down, and they had lost on passing off), but overall the victors.
3. Sky appeals against the finding of partial invalidity and consequent restriction of the trade marks, and the dismissal of the passing-off action, with permission granted partly by the judge and partly by me. SkyKick cross-appeals with the judge’s permission against the findings of infringement, and contends for a more extensive restriction of the trade marks.

**The trade marks**

4. Sky International AG is the registered proprietor of the following EU Trade Marks:
  1. No. 3 166 352 filed on 14 April 2003 and registered on 12 September 2012 (“EU 352”) 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).



2. No. 3 203 619 filed on 30 April 2003 and registered on 6 September 2012 (“EU 619”) 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 EU 352, this trade mark is registered in black and white, without any indication of colour.



3. No. 5 298 112 filed on 6 September 2006 and registered on 18 June 2015 (“EU 112”) 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).
4. No. 6 870 992 filed on 18 April 2008 and registered on 8 August 2012 (“EU 992”) 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).
5. 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 (“UK 604”) 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).

6. Although not every trade mark was registered for all these goods and services, Sky relied for their infringement claim on the registrations of the trade marks for the following, referred to as “the Selected 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).

### **The signs complained of**

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



### **SkyKick’s attacks on the trade marks**

8. SkyKick’s first ground of attack on the trade marks was that they should be declared invalid on the ground that they are registered for goods and services that are not specified with sufficient clarity and precision. That ground is no longer live following the ruling of the CJEU in this case, in which it was held that lack of clarity and precision is not a ground on which a trade mark can be declared invalid, but some of Sky’s arguments seek to make use of the CJEU’s conclusions on this issue in support of their case in response to SkyKick’s second ground of attack.
9. SkyKick’s second ground of attack was that the trade marks were all applied for in bad faith because they were all applied for without any genuine intention to use them in relation to all of the goods and services within the registrations. Although SkyKick accept that Sky did intend to use the trade marks in relation to some of the goods and services covered by their registrations, their primary case was that the marks are wholly invalid on this ground. SkyKick’s secondary case was that the trade marks were invalid to the extent that they cover goods and services in relation to which Sky had no intention to use the trade marks. It is important to note that SkyKick did not advance a specific case of bad faith in relation to two of the Selected Goods and Services, namely “telecommunications services” and “electronic mail services”.

## **Sky's infringement case**

10. Sky advanced separate cases of infringement under Article 9(2)(b) of the Regulation<sup>1</sup>/Article 10(2)(b) of the Directive<sup>2</sup> and under Article 9(2)(c) of the Regulation/Article 10(2)(c) of the Directive. The former type of infringement arises where the sign complained of is one where, because of its identity with or similarity to the trade mark and the identity or similarity of the goods or services covered by the mark, there exists a likelihood of confusion on the part of the public. I will refer to this first type of infringement as “Type (b) infringement” (“(b)” referring to the common sub-paragraph lettering in each of the relevant instruments). The latter type of infringement is different in two respects from Type (b) infringement. First, it can arise even if the sign is used in relation to goods or services which are not identical with or similar to those for which the trade mark is registered. Secondly, for this type of infringement, in place of the requirement for a likelihood of confusion, it must be established that the mark has a reputation in the Union and that use of that sign without due cause takes unfair advantage of, or is detrimental to, the distinctive character or repute of the mark. I will refer to this second type of infringement as “Type (c) infringement” (for the same reason). There may be overlap between Type (b) and Type (c) infringement in this respect. If there is a likelihood of confusion, and the mark has a reputation, then it may also be the case that the use of the sign takes unfair advantage of, or is detrimental to, the distinctive character of the mark. Type (c) infringement has a sphere of operation beyond those cases where a likelihood of confusion is established, however, provided the necessary unfair advantage or detriment is shown in some other way.
11. Sky's case was targeted at two products/services marketed by SkyKick. These were (i) Cloud Migration, an email migration product and (ii) Cloud Backup, a product which provides cloud-based, wholesale backups of Office 365 data. These are described in more detail below.
12. SkyKick denied infringement and also raised an own-name defence pursuant to Article 14 of the Regulation and the corresponding provision of the Directive. The own-name defence was rejected by the judge on the basis that the use was not in accordance with honest practices in commercial matters. There is no appeal from that conclusion and I need say no more about it.

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<sup>1</sup> The relevant legislative provisions governing what are now referred to as EU trade marks have been successively replaced and amended. The relevant instruments are Council Regulation 40/94/EC of 20 December 1993 on the Community trade mark, subsequently replaced by Council Regulation 207/2009/EC of 26 February 2009, which was in turn 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 more than one of these instruments, but nothing turns on this. References in this judgment are to article numbers in the Regulation.

<sup>2</sup> The relevant legislative provisions governing national trade marks are to be found in EU Directives and in national laws giving effect to them. The relevant Directives are Directive 89/104/EC of 21 December 1988 to approximate the laws of the Member States relating to trade marks. This 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”). Sky's infringement allegations relate to periods covered by more than one of these instruments, but nothing turns on this. References in this judgment are to article numbers in the Directive. The relevant provisions for present purposes were implemented in the Trade Marks Act 1994.

## **Sky's business and use of the SKY mark**

13. The judge set out the nature of Sky's business between paragraphs 24 and 68 of his first judgment, which he handed down on 6 February 2018 ("the main judgment"). In summary, Sky's core business is that of (i) television broadcasting, (ii) telephony, and (iii) broadband provision. The judge found that Sky had made extensive use of the mark SKY in relation to these business areas. He found, and SkyKick accepted, that by November 2014 SKY was a household name in the UK and Ireland in those areas. Such a conclusion was inevitable given that, as the judge held:
  1. by 2012 there were 24.24 million "SKY households" in the UK and Ireland, i.e. households receiving SKY branded television channels either as pay TV channels or as free-to-air channels;
  2. in June 2014 there were just under 5 million subscribers to SKY TALK, Sky's telephony service; and
  3. by September 2012 SKY BROADBAND had become the UK's third biggest internet service provider, with 4.1 million subscribers, rising to 5.24 million subscribers in June 2014.
14. The judge went on to make findings about Sky's use of the trade marks in relation to other goods and services. In summary:
  1. WiFi (SKY WIFI). Sky have set up over 20,000 public WiFi access points across the UK, and offer WiFi access points to businesses so that customers may access the internet while on site.
  2. Email. Sky offered an email service to SKY BROADBAND customers under the SKY brand.
  3. Online data storage. Sky have offered SKY PHOTOS, a service which allows users to create, view, organise, store, print and share photographs online; SKY STORE AND SHARE, a service which allowed users to upload, store and share photographs, videos, music and documents online; SKY SNAPSHOTS, a service which allows customers to view photos stored on a mobile device on their television. Moreover SKY-Q, Sky's most recent set top box ("STB") offering, allows for the transfer and storage of music.
  4. Other online services. Sky offer SKY CALENDAR an electronic calendar, SKY CHAT, an electronic messaging service.
  5. Computer software. I set out [52] to [54] of the main judgment:

"52. Sky supply and/or make available various kinds of software to customers in order to make possible the delivery of their services, 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.”

15. The judge then included a table setting out the details of the mobile and tablet applications released by Sky from 2009. These were Sky+, Sky News, Sky Sports Live Cricket Score Centre, Sky Sport Live Football score centre, Team Sky Cycling, Sky Sports News, Sky News for iPad, Sky Go, Sky Bet, Sky Sports TV, Sky Movies, Sky Sports for iPad, Sky Arts: Inspiration Everywhere, Sky Tyne and Wear, Sky Cloud WiFi and NOW TV powered by Sky. Sky’s evidence was that it employed more than 2000 in-house software engineers, one of the largest such teams in Europe, but the judge made no finding about that.
16. From [55] to [65] the judge set out the use Sky had made in relation to merchandising and promotional goods, betting services, tickets, games, magazines, financial services, insurance, educational services, travel, installation services and transport. At [66] he concluded that by 2006, and even more so by 2014, Sky’s business was very large. Sky’s turnover in the year ending 30 June 2006 was over £4.1 billion and in the year ending 30 June 2014 was over £7.6 billion. Very large sums were also spent on advertising: in each of the years between 2011 and 2013-2014 Sky spent over £1 billion on advertising.

### **SkyKick’s business and products**

17. Todd Schwartz and Evan Richman co-founded SkyKick. At the time they conceived the idea for the company they were both living in Seattle, USA and working for Microsoft. Mr Richman was working as a Group Product Manager for the Microsoft Office 365 Partner team. 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”). 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. Mr Schwartz and Mr Rickman had the idea of developing a product which would largely automate the migration process.
18. SkyKick was not the first name alighted upon for the new company. An early choice was “CloudVisors”. SkyKick was ultimately chosen because it was said to be evocative of the company’s service, in which users would kick (migrate) their data into the sky (the cloud).
19. SkyKick UK Limited was incorporated in England on 14 November 2014. The main products of SkyKick were described by the judge in the following terms:

“(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.”

### **The steps in the proceedings**

20. The proceedings were commenced on 23 May 2016. SkyKick made a pre-trial application for a reference to the CJEU which was dismissed by Birss J (as he then was) on 13 July 2017: see *Sky plc and others v SkyKick UK Ltd and another* [2017] EWHC 1769 (Ch), [2018] FSR 2. The trial took place between 19 and 23 January 2018, following which the judge handed down the main judgment on 6 February 2018. The judge summarised his main conclusions at [358] as follows:

“(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.”

21. The attacks based on lack of clarity and precision, and on bad faith through lack of intention to use were therefore the subject of the reference to the CJEU. In the course of the main judgment, the judge made findings of fact in relation to the allegation of bad faith to which I will have to return. The judge's finding numbered (iv) meant that if the marks were not restricted in scope (or wholly invalidated) as a result of the validity attacks, SkyKick had committed Type (b) infringement. He had earlier concluded that the goods supplied by SkyKick were identical to “computer software”, “computer software supplied from the internet” and “computer software ... to enable connection to databases”: see the main judgment at [297], and at [302] to [303], so that as a result of the overall assessment there was a likelihood of confusion amongst some classes of consumer. The above summary of conclusions does not include a reference to Type (c) infringement. That is because the judge had approached Type (c) infringement on the assumption that, contrary to his conclusion on Type (b) infringement, there was no likelihood of confusion due to the use of the SkyKick sign: see [304]. He concluded at [322] that, on this basis, Sky's case of Type (c) infringement was not made out.
22. In a subsequent judgment dated 27 April 2018 (“the second judgment”), the judge dealt with a number of issues arising out the main judgment, including the form of the questions to be posed to the CJEU. An attempt was made by Sky to short circuit the reference by appealing to this court, but the application for permission to appeal was refused, after an oral hearing, by Lord Justice Kitchin (as he then was) and me: *Sky plc and others v SkyKick UK Ltd and another* [2018] EWCA Civ 2004; [2019] RPC 3.
23. The reference to the CJEU therefore went ahead. An Opinion of Advocate General Tanchev was issued on 16 October 2019 and the Court gave judgment on 29 January 2020: Case C-371/18 *Sky plc and another v SkyKick UK Ltd and another* ([EU:C:2020:45], [2020] ETMR 24) (“*Sky CJEU*”). I will return to *Sky CJEU* when I deal with the law in relation to bad faith. For present purposes it is sufficient to say that *Sky CJEU* confirmed that lack of intention to use could, in some circumstances, be relevant to and evidence of bad faith, but that if bad faith existed in relation to only some of the goods or services referred to in the specification of goods and services, then the mark was to be declared invalid only for those goods and services.
24. The judge delivered a further judgment (“the third judgment”) on 29 April 2020, following the guidance from the CJEU. For reasons associated with the Covid-19 pandemic, the parties ultimately agreed to dispense with oral argument and to confine themselves to written submissions.
25. In its submissions in preparation for the third judgment, Sky specifically raised a procedural point. At [85] to [87] of their skeleton argument they said that if SkyKick wished to rely on a claim for partial as opposed to total cancellation for bad faith, then they should place before the court the narrower specification which it is contended the court should impose by way of part cancellation. As they put it, “[T]his is the natural

procedural consequence of giving effect to the rebuttable presumption of validity in adversarial proceedings”. SkyKick’s response was to maintain their position that the trade marks were totally invalid on the ground of bad faith, but to claim in the alternative that the marks had to be “subject to some invalidation”. To this end they put forward a restricted version of the Selected Goods and Services in an Annex (Annex B). Annex B was formulated by reference to paragraphs of the Main Judgment where findings about use of those goods and services were made. Annex B also contained proposals to cut down “electronic mail services” and “telecommunications services” even though no claim for invalidation of those services on the ground of bad faith had ever been made. In a further skeleton, Sky submitted, once again, that it was for SkyKick to specify:

“which listings are they actually asking the Court to suppress by way of “partial invalidation”, and on what factual basis ... they maintain that the Court should find that the requirements for a determination of ‘bad faith’ in accordance with the legal criteria identified in the CJEU judgment are actually satisfied in relation to those listings”.

26. Applying the CJEU’s rulings, the judge first dismissed that part of SkyKick’s counterclaim which relied on lack of clarity and precision in the specifications of goods, before turning to bad faith. The question which fell to be addressed was how far, in the light of the findings of fact made in the main judgment, the counterclaim for invalidity succeeded in relation to the Selected Goods and Services (other than “telecommunications services” and “electronic mail services”, as to which there was no attack based on bad faith). The judge noted that the main problem with SkyKick’s formulation in Annex B was that its categories were explicitly based on his findings as to the actual use which Sky had made of the trade marks. He continued at [28]:

“But it does not follow that Sky had no commercial justification for seeking protection wider than their actual use. On the contrary, it is well established that trade mark proprietors have a legitimate interest in seeking protection in respect of goods or services in relation to which they may wish to use the trade mark in question in future. Furthermore, as the non-use cases show, even in that context proprietors also have a legitimate interest in seeking a modest penumbra of protection extending beyond the specific goods and services in relation to which use had been proved (but not to distinct categories or subcategories of goods and services).”

27. The judge therefore proceeded to consider and rule on whether any, and if so what, restriction was necessary in the case of each of the Selected Goods and Services. The specifications as cut down or approved by the judge are set out in the following table, deletions shown by strike-through and additions in italics:

	Selected goods/services	Modified by judge?	Modified specification
1	Computer software	Yes	Computer software <i>supplied as part of or in connection with any television, video recording or home entertainment apparatus or service; computer software supplied as part of or in connection with any telecommunications apparatus or service; electronic calendar software; application software for accessing audio, visual and/or audio-visual content via mobile telephones and/or tablet computers; games software</i>
2	Computer software supplied from the internet	Yes	Computer software supplied from the internet <i>in connection with any television, video recording or home entertainment apparatus or service; computer software supplied from the internet as part of or in connection with any telecommunications apparatus or service; electronic calendar software supplied from the internet; application software supplied from the internet for accessing audio, visual and/or audio-visual content via mobile telephones and/or tablet computers; games software supplied from the internet</i>
3	Computer software and telecoms apparatus to enable connection to databases and the internet	Yes	Computer software and telecoms apparatus to enable connection to databases and the internet <i>to enable connection to databases of audio, visual and/or audio-visual content and documents; computer software and telecoms apparatus to enable connection to the internet</i>
4	Data storage	Yes	<del>Data</del> storage <i>of audio, visual and/or audio-visual content and documents</i>
5	Telecommunications services	No (no attack on the ground of bad faith)	
6.	Electronic mail services	No (no attack on the ground of bad faith)	

7	Internet portal services	No (no change required)	
8	Computer services for accessing and retrieving information/data via a computer or computer network	Yes	Computer services for accessing and retrieving information/data "... audio, visual and/or audio-visual content and documents ..." via a computer or computer network

28. It can be seen from the table that the restrictions were designed to limit Sky's trade mark protection to goods and services with some connection to Sky's established businesses.
29. Next, the judge considered what to do about the specifications of the trade marks insofar as they extended beyond the Selected Goods and Services. He considered that the right approach was to give Sky an opportunity formally to abandon any claim of infringement extending beyond the Selected Goods and Services. In due course, by a letter dated 30 April 2020, Sky provided this confirmation. The judge accordingly made no order on the counterclaim insofar as it sought a declaration of invalidity in respect of those parts of the trade marks. There is no appeal against this aspect of his rulings.
30. The judge then turned to Type (b) infringement. He concluded at [39] that SkyKick had infringed the trade marks "at least in so far as SkyKick have used the signs complained of in relation to their email migration service [Cloud Migration] and in so far as the trade marks are registered for "electronic mail services". The judge went on to say at [42] that this conclusion was, for practical purposes, conclusive of the dispute between the parties, but this was not strictly accurate, as it did not deal specifically with SkyKick's Cloud Backup service. He did, however, go on to consider whether there was Type (b) infringement based on "telecommunications services". He concluded at [57], after some discussion of the principles to be applied, that this term was to be interpreted as "services consisting of or relating to telecommunications *per se*". Given that "telecommunications" included email, it followed that this infringement case added nothing to the case based on "electronic mail services". Again, this conclusion did not deal separately with SkyKick's Cloud Backup service.
31. The judge then said this at [59] to [61]:
- "59. If services consisting of or relating to email are disregarded, none of SkyKick's products is identical to "telecommunications services" since none of them is a service consisting of or relating to telecommunication. The mere fact that they are supplied via the internet does not in my view mean that they are even similar, since many goods within Class 9 and services are provided via the internet.

60. Nevertheless, I consider that there is some similarity between SkyKick's products and some "telecommunications services" other than email services. It is not necessary for me to consider this point in detail, however, because it is clear from my conclusion that SkyKick's products are not identical to "telecommunications services" other than email services that Sky's infringement case based on "telecommunications services" other than email services is weaker than their case based on "electronic mail services". Furthermore, as SkyKick point out, Sky's case at trial was focused on the alleged identity of SkyKick's products to the Selected Goods and Services.

61. As for the remaining Selected Goods and Services, it suffices to say that I do not consider that SkyKick's products are identical to any of the goods or services in the revised specifications. Again, therefore, the infringement case based on those services is weaker than that based on "electronic mail services".

32. In substance therefore, the case of infringement which succeeded (up to this point) was that based on the registration of the trade marks for "electronic mail services" (which had never been the subject of an attack on the ground of bad faith). Any case based on Selected Goods and Services other than electronic mail services was left undecided as being weaker than that based on electronic mail services.
33. The orders to be made in the light of the rulings in the third judgment were considered at a hearing on 19 June 2020. A dispute had arisen between the parties as to what the judge had meant in [39] of his third judgment when he said that SkyKick had infringed the trade marks "at least in so far as SkyKick have used the signs complained of in relation to their email migration service [Cloud Migration] and in so far as the trade marks are registered for "electronic mail services"". Sky had approached the hearing on the footing that "at least" meant just that, but SkyKick interpreted it as meaning that the remainder of Sky's infringement claim had been dismissed. This dispute was relevant to the effect of any injunction against infringement, and to costs.
34. The judge therefore went on, in his fourth judgment, to make findings in relation to infringement by SkyKick's Cloud Backup service. He approached this by considering Sky's case based on the last of the Selected Goods and Services, as cut down by him, namely "computer services for accessing and retrieving audio, visual and/or audio-visual content and documents via a computer or computer network". He concluded that Cloud Backup was identical to these goods, at least insofar as documents were concerned. He pointed out that his conclusion in [61] of the third judgment was focused on Cloud Migration, not Cloud Backup. Accordingly, SkyKick had also committed Type (b) infringement based on using their signs for Cloud Backup, insofar as the trade marks were registered for "computer services for accessing and retrieving audio, visual and/or audio-visual content and documents via a computer or computer network". Sky's infringement case had therefore not been affected by the restriction on the specification of goods and services brought about by the finding of bad faith.

35. Although it had taken in excess of four years to reach this point, the overall result was that none of SkyKick's attacks on the trade marks prevented Sky from using them to restrain the use of SkyKick's signs in relation to both of SkyKick's products. The judge accordingly granted an injunction to restrain trade mark infringement and an inquiry/account as to monetary relief.

### **Bad Faith: the law**

#### *The legislation*

36. Article 59 of the Regulation (which was present in the same form in Regulation 40/94/EC (Article 51) and in subsequent instruments) provides as follows:

#### **“Absolute grounds for invalidity**

1. An EU trade mark shall be declared invalid on application to the Office or on the basis of a counterclaim in infringement proceedings:

(a) ...

(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 EU trade mark is registered, the trade mark shall be declared invalid as regards those goods or services only.”

37. For domestic UK trade marks, the relevant provisions (which implement the provisions of the Directive and its predecessors) are to be found in the Trade Marks Act 1994 (“the 1994 Act”). By Section 3(6) of the 1994 Act:

“A trade mark shall not be registered if or to the extent that the application is made in bad faith.”

38. Section 47 of the 1994 Act then provides:

“(1) The registration of a trade mark may be declared invalid on the ground that the trade mark was registered in breach of section 3 or any provisions referred to in that section (absolute grounds for refusal of registration) ...

(5) Where the grounds of invalidity exist in respect of only some of the goods or services for which the trade mark is registered, the trade mark shall be declared invalid as regards those goods and services only.”

39. Putting those two provisions together, it follows that a trade mark may be declared invalid to the extent that it was applied for in bad faith.
40. UK domestic law has an additional provision which has no counterpart anywhere in the European legislation and which is to be found in Section 32 of the 1994 Act. That section is concerned with the procedure for, and contents of, applications for national trade marks, and is the section which requires (in subsection (2)(c)) that the application contain a statement (referred to as the specification) of the goods or services in relation to which it is sought to register the mark. Section 32(3) then provides as follows:

“(3) The application shall state that the trade mark is being used, by the applicant or with his consent, in relation to those goods or services, or that he has a *bona fide* intention that it be so used.”
41. EU trade mark law certainly contains no requirement that the applicant be using the mark applied for at the date of application. The right to a trade mark is “obtained by registration” (see section 2(1) of the 1994 Act and Article 6 of the Regulation). The question of whether the applicant must have a good faith intention to use the trade mark at the date of application, in the absence of which he will be treated as lacking good faith, lay at the heart of the judge’s decision to refer questions of law to the CJEU in the present case, and I will return to it in that context.
42. It is convenient at this point to deal with an issue of interpretation of section 32(3). Suppose an applicant applies for registration of a trade mark in relation to “detergents”. Its business in goods of that kind is, however, limited to household detergents and it has no intention of branching out into industrial detergents. The applicant makes a declaration that it is using the mark (or if it has not yet commenced using the mark, that it intends in good faith to use the mark) in relation to goods for which it has applied to register it (i.e. detergents in general). In my judgment, it is not possible to say in those circumstances that the applicant’s declaration is false, or even partially false. The applicant is not saying, and is not required to say, that it has used, or intends to use, the mark for all the possible types of goods which fall within the category for which it has applied to register it. The applicant is only required to say that it has used or that it intends to use the mark for goods of that kind or description. Any other interpretation would, as it seems to me, create an increasingly impossible burden on applicants depending on how finely one sliced up the category of goods or services for which the application is made.
43. In addition to the EU and national provisions relating to bad faith it is important to have in mind, in general terms, the separate provisions which relate to relative grounds of invalidity and to revocation for non-use. Proprietors of earlier trade marks and unregistered rights can oppose registration and apply for declarations of invalidity based on those rights: see for example Articles 8 and 60 of the Regulation. Marks are also vulnerable to revocation for non-use where it is shown that there has been no genuine use of the mark by the proprietor or with his consent in relation to the goods or services for which it is registered in the five-year period following the completion of the registration procedure, or where such use has been suspended for five years: see for example Article 18 of the Regulation. Trade mark owners thus have an express

grace period after registration in which to make use of the mark before it becomes vulnerable to attack for non-use.

44. The prohibition on registration of marks in conflict with earlier rights, as well as the power to revoke for non-use, provide important bulwarks against abuse of the freedom which the EU trade mark system otherwise affords an applicant to apply for and obtain trade marks without proof of use. The judge, having acknowledged the existence of these restraints, went on to observe at [177] of the main judgment:

“If a trade mark can be registered without any intention to use it in relation to some or all of the specified goods and services, and the registration cannot be attacked or limited on bad faith grounds, the system will be open to abuse.”

45. I agree entirely that the ability to attack a mark on the grounds that it was applied for in bad faith provides an additional bulwark against abuse of the system. For reasons which I will develop in more detail below, however, it is not possible to equate a lack of intention to use with bad faith. The law on bad faith, as developed in the CJEU, shows that lack of intention to use, on its own, does not amount to bad faith.

*The CJEU jurisprudence on bad faith*

46. The starting point is Case C-529/07 *Chocoladefabriken Lindt & Sprüngli AG v Franz Hauswirth GmbH* EU:C:2009:361; [2010] Bus LR 443, which concerned three dimensional chocolate Easter bunnies. Lindt, who had been manufacturing these products since the 1950s, had applied for registration of a Community trade mark of a three-dimensional shape representing such a bunny. The Austrian court found that Lindt had been aware at the time of the application that other manufacturers had been marketing chocolate bunnies since the 1930s and had acquired certain, albeit unregistered, rights to do so. The Austrian court sought guidance from the CJEU on the circumstances in which, in such a case, an applicant was to be regarded as having acted in bad faith.
47. The Court first pointed out at [34] that it was clear from the wording of the bad faith provision that bad faith was one of the absolute grounds for invalidity of a Community trade mark which can be relied on before OHIM or by means of a counterclaim in infringement proceedings. The date for assessment of bad faith was the time of filing the application ([35]). Then, at [37], the Court held that whether the applicant was acting in bad faith “must be the subject of an overall assessment, taking into account all the factors relevant to the particular case”. At [44] to [52] the Court explained the relevance of certain factors. First, the fact that the applicant knows, or must know, that a third party has long been using an identical or similar sign for an identical or similar product capable of being confused with the sign for which registration is sought is not sufficient, in itself, to permit the conclusion that the mark was applied for in bad faith, (see [40]). It was necessary, in consequence, to examine the applicant’s intention at the time the mark was filed, which was a “subjective factor which must be determined by reference to the objective circumstances of the particular case”: see [41] – [42].

48. Secondly, at [43] to [45], the Court said that an 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”. This was so, in particular, where the applicant applied for registration of the mark “without intending to use it, his sole objective being to prevent a third party from entering the market”. In such a case “the mark did not fulfil its essential function of ensuring that the consumer or end user can identify the origin of the product or service from those of a different origin, without any confusion.”
49. The Court went on to hold that the fact that a third party had long used an identical or similar sign for an identical or similar product capable of being confused with the mark applied for, and that the third party sign enjoyed some degree of legal protection, was one of the factors which could be taken into account in an assessment of bad faith. This was because, in such a scenario, the sole aim of the applicant in taking advantage of the rights conferred by the mark might be to compete unfairly with the third party. Even in such circumstances, however, it could not be excluded that the applicant’s objective was in pursuit of a legitimate objective, for example where the third parties were newcomers seeking to take advantage of the applicant’s sign by copying it: see [46] to [49].
50. Next, the Court held at [50], that the nature of the mark applied for might be relevant for determining whether the applicant is acting in bad faith, for example where (e.g. in the context of a mark which consists of a three dimensional object) the applicant is seeking not merely to prevent the use of identical or similar signs, but also comparable products.
51. Finally, the Court held at [51] to [52] that it was relevant to consider the extent of the reputation enjoyed by the sign at the time when the application was filed: the extent of that reputation might justify the applicant’s interest in seeking wider legal protection for its sign.
52. It will be seen that the Court in *Lindt* stopped short of defining bad faith. Rather it preferred to give guidance on the factors which might contribute to such a finding in particular factual scenarios close to those in issue in the main proceedings in that case. One theme which emerges, however, is that the facts must justify a conclusion that the applicant’s intentions were solely ones (“sole objective” at [44] and “sole aim” at [47])) which were inconsistent with the essential functions of a trade mark or designed to promote unfair competition. If the facts show that the applicant is justified in applying for the mark, for example because he seeks to prevent third parties taking advantage of his sign, or if he has a reputation which deserves broader protection, this is capable of defeating an allegation of bad faith. A second theme, which is developed in the later case law, is that a touchstone of bad faith might be that, in consequence of the applicant’s intentions, “the mark did not fulfil its essential function of ensuring that the consumer or end user can identify the origin of the product or service from those of a different origin, without any confusion.”
53. In Case T-507/08 *Psytech International Ltd v OHIM, Institute for Personality & Ability Testing, Inc (intervening)* EU:T:2011:46 the General Court was confronted with an application by the intervener for the registration of the sign 16PF (an abbreviation for “16 personality factors”) in several classes, including “computer software” in class 9. Psytech filed an application for a declaration of invalidity alleging bad faith, which had been rejected by OHIM. Bad faith was alleged on the

basis that the number of goods and services applied for by the intervener was 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 registration. The Court rejected, at [88], the argument that bad faith could be established “in view of the size of the list of goods and services in the application for registration”. It went on to hold at [89], that an examination of the goods and services which the intervener applied for showed that they were “precisely the kind of goods and services which it provides in the context of its commercial activities”. The Court apparently saw no vice in a claim to trade mark protection for computer software generally.

54. In Case T-136/11 *pelicantravel.com s.r.o. v OHIM, Pelikan Vertriebsgesellschaft mbH & Co KG (intervening)* EU:T:2012:689, the intervener filed an application for the figurative sign Pelikan (plus device) in respect, amongst other things, of services within classes 35 and 39. The applicant sought a declaration of invalidity alleging bad faith. One basis for that allegation was that the length of the list of services in classes 35 and 39, coupled with the fact that the intervener was not able to show use of the mark for those services, showed that the intervener acted in bad faith. At [54] the General Court approved the following statement from the decision of the OHIM Board of Appeal:

“the mere registration of a large variety of goods and services as such is rather a common practice of companies seeking 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.”

55. The Board went on to say:

“As a general 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.”

56. The court also emphasised (as has been said elsewhere) that it is for the party who alleges bad faith to prove it: see [21] and [57]. Good faith is to be presumed until the contrary is proved.
57. Case C-320/12 *Malaysia Dairy Industries Pte. Ltd v Ankenævnetfor Patenter Varemærker* EU:C:2013:435 concerned the legality of a decision of the Danish Patents and Trade Marks Appeal Board to cancel the registration of a trade mark for a plastic bottle on the grounds that the applicant knew, at the time it filed its application, of a foreign trade mark of a third party which was in use abroad. By a first question, the Danish Supreme Court (the Højesteret) asked the CJEU, in essence, whether the concept of bad faith within the meaning of the Directive was a concept of EU law which must be given a uniform interpretation. The Court answered this question in the affirmative, without, however, venturing further into the question of the meaning of bad faith in EU trade mark law: see [29].

58. In Case C-104/18 P *Koton Mağazacılık Tekstil Sanayi ve Ticaret AŞ* EU:C:2019:724 the Court addressed the meaning of bad faith. At [43] the Court observed that the term is not defined in the various EU instruments, with the consequence that its meaning and scope must be determined by considering its usual meaning in everyday language, whilst taking into account the relevant context and the objectives pursued by the legislation. The Court continued at [45]:

“While, in accordance with its usual meaning in everyday language, the concept of bad faith presupposes the existence of a dishonest state of mind or intention, that concept must moreover be understood in the context of trade mark law, which is that of the course of trade. In that regard, Regulations No 40/94, No 207/2009 and No 2017/1001, which were adopted successively, have the same objective, namely the establishment and functioning of the internal market... The rules on the EU trade mark are aimed, in particular, at contributing to the system of undistorted competition in the Union, in which each undertaking must, in order to attract and retain customers by the quality of its goods or services, be able to have registered as trade marks signs which enable the consumer, without any possibility of confusion, to distinguish those goods or services from others which have a different origin...”

59. There was a dispute on this appeal as to whether the first sentence of this passage qualifies the proposition that a dishonest state of mind is necessary. I think it is clear that the Court was contextualising the notion of dishonesty, so as to make it clear that what is required is a use of the system of trade mark registration which would be regarded in commerce (“in the course of trade”) as not in accordance with honest practices or acceptable commercial behaviour. I think this meaning emerges from the following paragraph, [46]:

“Consequently, the absolute ground for invalidity referred to in Article 52(1)(b) of Regulation No 207/2009 applies where it is apparent from relevant and consistent indicia that the proprietor of an EU trade mark has filed the application for registration of that mark not with the aim of engaging fairly in competition but with the intention of undermining, in a manner inconsistent with honest practices, the interests of third parties, or with the intention of obtaining, without even targeting a specific third party, an exclusive right for purposes other than those falling within the functions of a trade mark, in particular the essential function of indicating origin recalled in the previous paragraph of this judgment.”

60. There are two limbs to this rather compressed statement, both of which require the presence of “relevant and consistent indicia”. The first limb presupposes that the filing of the trade mark is not for the purposes of fair competition, and is for the purposes of undermining a third party’s interests, in a manner inconsistent with honest practices. It is implicit that, under this limb, third parties of which the applicant is aware are being targeted, as was, for example, the case in *Lindt*. Turning to the

second limb, that also requires that the purpose of the application is not for engaging fairly in competition. The second limb expressly applies even where no third party is targeted, but requires that the legal right is being sought for purposes other than those falling within the functions of a trade mark. Although not clearly built into the grammar, it is implicit from this and later cases that the Court thought that an application in such circumstances would not be in accordance with honest practices or at least acceptable commercial behaviour.

61. The Court went on to explain at [51] that its judgment in *Lindt* was not an attempt to define all the situations in which bad faith could be established.
62. In Case T-663/19 *Hasbro, Inc. v EUIPO, Kreativni Dogaaji d.o.o. intervening* ECLI:EU:2021:211 Hasbro filed an application in 2010 for the sign MONOPOLY for a wide range of goods in classes 9, 16, 28 and 41. Hasbro was also the proprietor of earlier marks for the word MONOPOLY in those classes. The intervener alleged bad faith on the basis that the contested application was a “repeat application” for the earlier marks and was aimed at circumventing the obligation to prove genuine use of the marks under the non-use provisions. The second Board of Appeal of EUIPO declared the mark invalid for some of the goods and services applied for, on the grounds that, with regard to the goods and services which were identical to the goods and services covered by the earlier marks, the applicant had acted in bad faith when filing the application for the contested mark.
63. Having cited from previous jurisprudence of the CJEU, the General Court said at [41]:

“The concept of bad faith thus 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 standards of ethical behaviour or honest commercial and business practices.”
64. At [42] the General Court said that where the EUIPO finds that the objective circumstances of a particular case raise a rebuttable presumption of lack of good faith, it was for the applicant to provide a plausible explanation of the objectives and commercial logic pursued by the application.
65. On the facts, the General Court dismissed the applicant’s appeal against the finding of partial invalidity of the contested mark. The applicant had admitted that the strategy of re-filing was in part aimed at not having to prove use of the mark, thus extending the five-year grace period provided for under the legislation. The Court concluded at [72]:

“Consequently, it must be held that not only is the filing strategy practised by the applicant, which seeks to circumvent the rule relating to proof of use, inconsistent with the objectives pursued by Regulation No 207/2009, but it calls to mind a case of an abuse of law, which is characterised by the fact that, first, despite formal observance of the conditions laid down by the EU rules, the purpose of those rules has not been achieved, and that, secondly, there is an intention to obtain an advantage from those rules by creating artificially the conditions laid down for

obtaining it (see, to that effect, judgment of 21 July 2005, *Eichsfelder Schlachtbetrieb*, C-515/03, EU:C:2005:491, paragraph 39 and the case-law cited).”

66. The Court also rejected an allegation that bad faith had not been established because the practice of re-filing was said to be common and widely accepted. Not only was this allegation unsupported, but, as the Court held at [94], “the simple fact that other companies may be using a specific filing strategy does not necessarily make that strategy legal and acceptable.”
67. The following points of relevance to this case can be gleaned from these CJEU authorities:
  1. The allegation that a trade mark has been applied for in bad faith is one of the absolute grounds for invalidity of an EU trade mark which can be relied on before the EUIPO or by means of a counterclaim in infringement proceedings: *Lindt* at [34].
  2. Bad faith is an autonomous concept of EU trade mark law which must be given a uniform interpretation in the EU: *Malaysia Dairy Industries* at [29].
  3. The concept of bad faith presupposes the existence of a dishonest state of mind or intention, but dishonesty is to be understood in the context of trade mark law, i.e. the course of trade and having regard to the objectives of the law namely the establishment and functioning of the internal market, contributing to the system of undistorted competition in the Union, in which each undertaking must, in order to attract and retain customers by the quality of its goods or services, be able to have registered as trade marks signs which enable the consumer, without any possibility of confusion, to distinguish those goods or services from others which have a different origin: *Lindt* at [45]; *Koton Mağazacılık* at [45].
  4. The concept of bad faith, so understood, 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 standards of ethical behaviour or honest commercial and business practices: *Hasbro* at [41].
  5. The date for assessment of bad faith is the time of filing the application: *Lindt* at [35].
  6. It is for the party alleging bad faith to prove it: good faith is presumed until the contrary is proved: *Pelikan* at [21] and [40].
  7. Where the court or tribunal finds that the objective circumstances of a particular case raise a rebuttable presumption of lack of good faith, it is for the applicant to provide a plausible explanation of the objectives and commercial logic pursued by the application: *Hasbro* at [42].
  8. Whether the applicant was acting in bad faith must be the subject of an overall assessment, taking into account all the factors relevant to the particular case: *Lindt* at [37].

9. For that purpose it is necessary to examine the applicant's intention at the time the mark was filed, which is a subjective factor which must be determined by reference to the objective circumstances of the particular case: *Lindt* at [41] – [42].
  10. Even where there exist objective indicia pointing towards bad faith, however, it cannot be excluded that the applicant's objective was in pursuit of a legitimate objective, such as excluding copyists: *Lindt* at [49].
  11. Bad faith can be established even in cases where no third party is specifically targeted, if the applicant's intention was to obtain the mark for purposes other than those falling within the functions of a trade mark: *Koton Mağazacılık* at [46].
  12. It is relevant to consider the extent of the reputation enjoyed by the sign at the time when the application was filed: the extent of that reputation may justify the applicant's interest in seeking wider legal protection for its sign: *Lindt* at [51] to [52]
  13. Bad faith cannot be established solely on the basis of the size of the list of goods and services in the application for registration: *Psytech* at [88], *Pelikan* at [54].
68. I can now turn to the CJEU's judgment on the reference in the present case: *Sky CJEU*. The focus of the questions asked by the judge was on the significance of lack of intention to use. At [225] of the main judgment he had said that, although there was no requirement placed on an applicant that he have an intention to use the mark applied for, and a registered trade mark could not be revoked for non-use until five years have expired, "the jurisprudence of the CJEU 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 and services." A further question related to the extent of invalidity, where the mark was applied for in relation to some goods or services where the applicant did intend to use the mark, but others where he did not, and it was concluded on this basis that the mark was registered partly in good faith and partly in bad faith. Did the invalidity apply to the whole mark, or could the mark be declared partly invalid? The judge expressed a preference at [234] for the latter position, but said that the matter was not *acte clair*. Finally, the judge expressed interest in the question of whether section 32(3) of the 1994 Act was consistent with EU law. The third to fifth questions he asked were therefore:
- “(3) Can it constitute bad faith simply to apply to register a trade mark without any intention to use it in relation to the specified goods and 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 and to the extent that 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 UK Trade Marks Act 1994 compatible with Parliament and Council Directive 2015/2436/EU and its predecessors?”

69. The Court dealt with questions (3) and (4) together starting at [72] of its judgment. It began, at [73] to [75] by citing from *Malaysia Dairy Industries* at [34] and [35] and *Koton Mağazacılık* at [45] and [46], both of which I have considered above. The Court continued at [76] to [81] as follows:

“76. Admittedly, the applicant for a trade mark is not required to indicate or even to know precisely, on the date on which his or her application for registration of a mark is filed or of the examination of that application, the use he or she will make of the mark applied for and he or she has a period of 5 years for beginning actual use consistent with the essential function of that trade mark (see, to that effect, judgment of 12 September 2019, *Deutsches Patent- und Markenamt* (*#darferdas?*), C-541/18, EU:C:2019:725, paragraph 22).

77. However, as the Advocate General observed in point 109 of his Opinion, the registration of a trade mark by an applicant without any intention to use it in relation to the goods and services covered by that registration may constitute bad faith, where there is no rationale for the application for registration in the light of the aims referred to in Regulation No 40/94 and First Directive 89/104. Such bad faith may, however, be established only if there is objective, relevant and consistent indicia tending to show that, when the application for a trade mark was filed, the trade mark applicant had the intention either of undermining, in a manner inconsistent with honest practices, the interests of third parties, or of obtaining, without even targeting a specific third party, an exclusive right for purposes other than those falling within the functions of a trade mark.

78. The bad faith of the trade mark applicant cannot, therefore, be presumed on the basis of the mere finding that, at the time of filing his or her application, that applicant had no economic activity corresponding to the goods and services referred to in that application.

79. In the second place, it must be determined whether Article 51(3) of Regulation No 40/94 and Article 13 of First Directive 89/104 must be interpreted as meaning that, when the absence of the intention to use a trade mark in accordance with its essential functions concerns only certain goods or services covered by the registration, the invalidity of that trade mark covers those goods or services only.

80. In that regard, it is sufficient to note, as the Advocate General observed in point 125 of his Opinion, that it follows

clearly from those provisions that, where the ground for invalidity exists in respect of only some of the goods or services for which the trade mark is sought to be registered, the trade mark is to be declared invalid as regards those goods or services only.

81. In the light of the foregoing, the answer to the third and fourth questions is that Article 51(1)(b) of Regulation No 40/94 and Article 3(2)(d) of First Directive 89/104 must be interpreted as meaning that a trade mark application made without any intention to use the trade mark in relation to the goods and services covered by the registration constitutes bad faith, within the meaning of those provisions, if the applicant for registration of that mark had the intention either of undermining, in a manner inconsistent with honest practices, the interests of third parties, or of obtaining, without even targeting a specific third party, an exclusive right for purposes other than those falling within the functions of a trade mark. When the absence of the intention to use the trade mark in accordance with the essential functions of a trade mark concerns only certain goods or services referred to in the application for registration, that application constitutes bad faith only in so far as it relates to those goods or services.”

70. Lack of intention to use is accordingly a factor which may be relevant to bad faith where there is no rationale for the application in accordance with the aims of the Regulation, and there are objective, consistent and relevant indicia of bad faith as defined in [77].
71. The Court does not expressly answer the third question in the terms posed by the judge, namely whether it constitutes bad faith simply to apply to register a trade mark without any intention to use it in relation to the specified goods and services. It is implicit, however, that the answer to this question is that it is not bad faith simply to apply to register without an intention to use. There will only be bad faith where the absence of intention to use is coupled with objective, relevant and consistent indicia of the additional positive intention identified in [77].
72. Turning to question (5), the Court pointed out at [83] that Member States were precluded by the Directive from introducing new absolute grounds of invalidity beyond those provided for in the Directive. Member States were free, nevertheless, to fix the provisions of procedure concerning the registration, the revocation and the invalidity of trade marks acquired by registration. Such provisions could not, in practice, introduce new grounds of refusal of registration or invalidity beyond those provided for. Accordingly, a provision such as section 32(3) of the 1994 Act could not be considered incompatible with the Directive. The infringement of such a provision could provide evidence for the purposes of establishing possible bad faith by an applicant, but could not constitute, in itself, a ground for invalidity of the trade mark concerned: see [83] to [87]. This is further confirmation that absence of an intention to use cannot, of itself, amount to bad faith.

73. The judge referred in the main judgment to a large number of decisions of UK courts and tribunals concerned with bad faith. It is sufficient for my purposes to refer to just two of these, without attempting a complete review. The majority of those cases were at first instance, and many pre-dated the more recent guidance from the CJEU.
74. 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 defendants alleged that the claimant had applied for the mark in bad faith, because it had not intended to use the mark for all the goods covered by that description, but only for “a single car product whose features had remained the same since 1948”. Nugee J (as he was then) identified what to my mind is an important distinction. He pointed out that the argument had proceeded on the basis that what was at issue was a lack of intention to use, but this was a potentially misleading shorthand. It could not be said that, at the date of the application to register, the applicant had no intention to use the mark for the class of goods for which it was sought to register it. The applicants did have an intention to use the mark for land vehicles, motor vehicles, and motor land vehicles. The allegation was better described as one of a lack of intention to use the mark for the entire range of goods covered by the application. On that basis Nugee J held, on the basis of *Psytech* (cited above), that the allegation could not succeed, as it was in substance no more than an allegation based on the size of the list of goods and services in the application for registration.
75. Nugee J had an alternative basis for rejecting the claim of bad faith. Where the allegation is that the application is made in bad faith because the specification is over-broad:
- “It is, I think, incumbent on the person making such an allegation to identify the, or at least a narrower specification that he says ought to have been used and that would have sufficed to identify the claimant’s goods. Without such an alternative narrower specification, I do not think the case gets off the ground, bearing in mind that the charge of bad faith is akin to dishonesty and must be “fully and properly pleaded””.
76. It was clear that the claimants had in fact used the DEFENDER mark on goods other than “cars”. At [51] Nugee J said:
- “I therefore reject as unarguable the suggestion that a fair specification for the claimant's vehicles would have been "cars". That means that the defendant is seeking to allege that the claimant has acted in bad faith in effect by applying for too broad a specification, but has not successfully identified any narrower specification which the claimant should have applied for instead, the only suggestion being one which seems to be manifestly unsustainable. Given the serious nature of an allegation of bad faith, and the obligation to plead such an allegation fully and properly, that seems to me by itself a reason for concluding that the defendant has not shown that there is any real prospect of success on the point.”

77. In addition to highlighting the fact that the mere breadth of a specification of goods and services is not one of the indicia of bad faith, Nugee J has identified an important distinction when it comes to the assessment of bad faith. The distinction is between an applicant who makes claim to a specific category of goods or services, when he has no intention of using the mark at all in relation to anything of that description, and an applicant who makes claim to a category which is wider than the goods for which he actually uses or intends to use the mark. In the first case there is a potential indication of bad faith, whereas the second case is fully consistent with a good faith description of the applicant's use and intended use.
78. I agree with Nugee J that an allegation of bad faith is "akin to an allegation of dishonesty". In accordance with conventional principles, the party against whom bad faith is alleged must be told in clear terms the respects in which his conduct is to be so characterised, and the facts on which such an allegation is being made.
79. The second case I would refer to is *HTC Corp v One Max Ltd* (O/486/17) a decision of Mr Daniel Alexander QC sitting as the Appointed Person under the 1994 Act. The case is notable for the statement of the approach to assessment of allegations of bad faith. In his decision Mr Alexander QC 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."
80. I agree that such a cautious approach is mandated in all cases where bad faith is alleged, and that the concept of justification by considering whether there is an arguable claim to legitimate protection of the applicant's actual or potential business is a useful one.

### The judge's findings in relation to lack of intention to use

81. It is now necessary to look in a little more detail at the judge's findings of fact in the main judgment in so far as they bear on the issue of bad faith.
82. The judge summarised the rival contentions and admissions in the following very general terms.

“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.”

83. The judge then explained the background to his findings. First, as he pointed out at [240], Sky had not produced any contemporaneous documents setting out or explaining their strategy. Although no inference was to be drawn from this, it meant that it was necessary to look elsewhere for Sky's intentions. Secondly, the judge observed that no one from Sky's legal team was called to give evidence as to Sky's filing strategy, despite evidence that it was the legal team who took the lead in preparing the detailed descriptions of goods and services. The main witness who gave evidence was a Mr Tansey, who had been employed by Sky since 2004 and who, from 2004-2011, was the person on the commercial side of Sky's business with responsibility for protection of Sky's trade marks. The judge found Mr Tansey's evidence to be truthful, but that significant parts of it amounted to *ex post facto* rationalisation of Sky's filing strategy rather than first-hand evidence. Mr Tansey said that EU 112 was filed at a time of particularly prolific expansion for Sky and that many of the goods and services covered by EU 992 and UK 604, but not by EU 112, reflected products, initiatives and plans that he was involved in or aware of. He acknowledged that he could not “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.”

84. The judge set out the core of Mr Tansey's evidence at [245], and for completeness I do so here as well:

“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 programmes). 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."

85. The judge went on to point to eight specific areas where Mr Tansey had been unable to say that Sky had any intention of using the marks in relation to goods or services covered by the specifications. I will not repeat them all here. The high point is perhaps that one of Sky's marks included "bleaching preparations and other substances for laundry use". All eight instances were miles away from any of Sky's core businesses. None of them had anything to do with the Selected Goods and Services with which the infringement action was concerned. Indeed, counsel for SkyKick accepted when I asked him that there was no cross-examination at all concerned with the Selected Goods and Services.

86. The judge then stated his conclusions in these terms at [250] to [252]:

"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.”

87. Although the judge finds in [251] that Sky could not, and did not, intend to use the Trade Marks across the breadth of the category “telecommunications/telecommunications services”, it is significant that there was no allegation from SkyKick that Sky applied for that category in bad faith.
88. At [254] of the main judgment, the judge concluded that it followed from his findings thus far that Sky plc’s declaration under section 32(3) that it intended to use the UK 604 trade mark in relation to the specified goods and services was “in part false”.

### **Bad Faith: the judge’s conclusions following *Sky CJEU***

89. In his third judgment, the judge identified paragraphs [250] and [251] of the main judgment as his key findings of fact, and identified in addition, his conclusion as to Sky’s false declaration under section 32(3) of the 1994 Act. He added this general conclusion at [21]:

“In my judgment Sky applied for the Trade Marks partly in bad faith in each of the three ways referred to in the Main Judgment at [251]. Not merely did they not intend to use the Trade Marks in relation to some goods and services covered by the specifications at the application dates, but there was no foreseeable prospect that they would ever intend to use the Trade Marks in relation to such goods and services. Moreover, Sky made the applications pursuant to a deliberate strategy of seeking very broad protection of the Trade Marks regardless of whether it was commercially justified. Sky thus applied for the Trade Marks with the intention of obtaining an exclusive right for purposes other than those falling within the function of a trade mark, namely purely as a legal weapon against third

parties, whether in threats of infringement proceedings or actual infringement claims or oppositions to third party applications for registration (as to which see also the Main Judgment at [69] – [72]).”

90. The cross reference to the Main Judgment at [69] – [72] is to a summary of SKY’s activities in relation to third parties, including some cases in which Sky had successfully opposed or cancelled marks for goods in which they do not trade.
91. I have explained above how the judge then proceeded. Having rejected SkyKick’s case that the trade marks should be cut down to those goods and services for which there was actual use, he proceeded to craft his own restricted specifications which he considered to be justified in the light of his findings. These are set out in the table at [27] above.

### **Bad Faith: the appeal**

92. Mr Geoffrey Hobbs QC, who argued Sky’s appeal with Mr Philip Roberts QC, submitted that the judge had lost sight of two important points in his reasoning on bad faith. The first such point was that the system of trade mark registration as enacted by the Regulation, the Directive and their predecessors, was a system of title by registration, not a system of registration of title. So much could be seen from Article 6 of the Regulation and section 2 of the 1994 Act. The second point was that the list of goods and services in a trade mark is intended to serve the function of being an indication of the type or kind of goods. It was not intended to be a catalogue of, or claim to, all the possible variations or manifestations of that kind of goods.
93. Mr Hobbs submitted that a consequence of the first point was that a lack of intention to use cannot, on its own, amount to bad faith. The CJEU had confirmed this to be the case, otherwise they would have answered the third question “yes”. An absence of intention to use might be evidence of bad faith, but not bad faith in itself. A consequence of the second point was that one did not approach the issue of bad faith by asking whether the applicant had an intention to use the mark for every variety or manifestation of goods or services covered by a generic description. Instead, one asks the simple question whether the filing is by someone who has an intention to use for goods or services which are properly referred to by that description.
94. It followed that when one came to section 32(3) of the 1994 Act, one did not treat the declaration as affirming that the applicant has an intention to use for every conceivable variation of the goods or services covered by each term in the specification of goods.
95. Mr Hobbs continued that all the categories in the Selected Goods and Services were categories where there was in fact use, but the allegation was that the use or intention to use did not extend to all possible goods and services within the category. It was not possible to infer bad faith by treating a category as if it was a catalogue of everything falling within it, and then finding a lack of intention to use, and bad faith, on the basis of some item in the catalogue.

96. Mr Hobbs also revived the procedural point he made to the judge in written submissions prior to the third judgment, supporting it, as he had then, by the reference to *Jaguar Land Rover* (cited above). He submitted that it was for SkyKick to put forward a narrowed set of listings and to identify on what factual basis they maintained that the Court should find that the requirement of ‘bad faith’ in accordance with the legal criteria identified in the CJEU judgment is actually satisfied in relation to those listings. Annex B did not perform that function, and had been rightly rejected. It had been incumbent on the judge in his third judgment to conduct what he called an “audit” of the Selected Goods and Services in the light of the evidence and the allegations which had been made in relation to them, applying the principles laid down in the CJEU judgment. He had failed to do this.
97. Mr Hobbs pointed to the main judgment at [252] (see [86] above) where the judge referred to SkyKick’s submission that it was impossible to distinguish between the parts of the specifications that covered goods and services in respect of which Sky intended to use the mark, and those parts where Sky had no such intention. The judge had indicated that he did not accept this submission, but that drawing the line would be a labour-intensive task which should await the answers to the referred questions. Mr Hobbs submitted that this showed that the judge was himself accepting there was more of substance to be decided. That further decision-making process had not taken place.
98. Mr Hobbs attacked the conclusion in paragraph [21] of the third judgment that “Sky thus applied for the Trade Marks for purposes other than those falling within the functions of a trade marks, namely purely as a legal weapon...” (emphasis supplied). This was too general a conclusion, given, as the judge had expressly held, Sky had undoubted justification for applying for registration for some goods and services. In the light of the CJEU’s ruling that bad faith needed to be considered in relation to specific goods, the judge should have placed at the forefront of his considerations whether the allegation of bad faith was made out in relation to the Selected Goods and Services. It was not possible to apply the finding in paragraph [21] without specific consideration being given to the goods and services concerned.
99. Mr Hobbs continued by referring to the comparison of the Selected Goods and Services with the restricted specifications settled by the judge. He asked us to consider the person at Sky drafting the specifications of the trade marks at their respective dates. That person must be treated as knowing (a) that he or she is not required to indicate or even know precisely the use that Sky will make of the mark (*Sky CJEU* [76]); (b) that Sky is not required to have any economic activity corresponding to the goods and services applied for (*Sky CJEU* [78]); (c) that the term “computer software” is acceptable in the sense that it does not lack clarity or precision, and would not lead to invalidity (on the grounds of public policy or otherwise) if it did (*Sky CJEU* [71]); (d) the size of a listing of goods is not to be taken in itself as an indication of bad faith (*Psytech* and *Jaguar Land Rover* cited above); (e) the functions of a trade mark which can be protected by registration are broad; and (f) the marks are being applied for on behalf of a very large organisation with widely dispersed activities spending heavily on advertising. It was not open to the judge to hold that the increment between the list of goods and services as restricted by the judge and the Selected Goods and Services was such as to call for a

finding of bad faith on the part of the person putting forward the broader list. The judge's conclusion to that effect was vitiated by errors of law.

100. Mr Simon Malynicz QC, who appeared with Mr Stuart Baran for SkyKick, acknowledged that EU trade marks could be acquired by registration and without proof of intention to use. That did not mean that a party was free to apply for any trade mark it chose, because such an approach would undermine the system of registration and result in applicants acquiring exclusive rights for purposes other than those consistent with the functions of a trade mark. He accepted, however, that a lack of intention to use, on its own, was not a sufficient indication of bad faith.
101. Mr Malynicz went on to submit that the judge was wrong in principle to cut down Sky's specification for the Selected Goods and Services in the way in which he had. That approach was wrong because the judge had approached the case as if it were a case of revocation for non-use, but had gone further and unfairly awarded Sky a penumbra around their own use, which would not have been the case if non-use had been in issue. He should, instead, have adopted a proportionate approach and deleted each of the categories complained of which would "make the punishment fit the crime". The judge's approach incentivised bad faith by leaving the applicant with a specification that was as good as what it could have achieved if acting in good faith.
102. Mr Malynicz accepted that it was possible for, say, a small computer software company marketing only one program, to make an application in good faith for a trade mark for "computer software". It was, however, open to the judge to hold that Sky's application for that category was made in bad faith, notwithstanding Sky's existing use of the trade marks for software of their own. That was because Sky had applied for broad protection without consideration of the extent of its own use.
103. Mr Malynicz also drew support from the *Hasbro* case where the General Court countenanced the possibility that a filing strategy (in that case one designed, by a process of successive re-filing, to avoid the marks being revoked for non-use) could amount to bad faith.

### **Bad Faith: discussion**

104. I am in no doubt that Sky's appeal on the issue of bad faith should be allowed and the judge's order set aside insofar as it cut down the specifications of goods and services of the trade marks in relation to the Selected Goods and Services. I reach that conclusion for reasons which are in part substantive and in part procedural.
105. I start by making some observations about the way SkyKick's case of bad faith was put at the trial. The pleaded case at paragraphs 31 and 32 of the counterclaim can be summarised as relying on (a) the "extremely broad" specification of goods; (b) the lack of any *bona fide* intention to use the trade marks "in connection with all of the goods or services in relation to which it sought registration" (my emphasis); (c) the inference from the breadth of the specifications of goods and services that there was no such intention; (d) (in relation to the UK mark) Sky "would have had to sign and submit as part of its application for that registration a statement pursuant to section 32(3) of the Trade Marks Act 1994 that the trade mark was being used, by the applicant or with its consent, in relation to all the goods and services for which registration was sought, or that it had a *bona fide* intention that it be so used" (my

emphasis); (e) Sky knew at the respective dates of application that it was not using the trade marks in respect of all goods and services for which registration was being sought, and did not have a *bona fide* intention that it be so used; (f) Sky knew there would be third parties with a bona fide wish and/or intention to use the term SKY in relation to cloud computing and related services; (g) notwithstanding such knowledge Sky applied for a deliberately over-broad specification of goods and services. The consequence of these facts was said to be that the trade marks (implicitly the trade marks as a whole) were registered in bad faith.

106. It is implicit in the way that the case was pleaded, the way it was put at the trial, and in the judge's ultimate findings that Sky's trade mark applications were made, at least in part, with the intention of protecting the use of the mark in relation to goods and services in which Sky had a substantial present trade and a future expectation of trade. That distinguished this case from cases where the *sole* objective of the application was to provide an exclusive right to stop third party use with a trade mark which would not be used at all, or to pursue any other exclusive purpose which was not in accordance with honest practices. In such a case it would be clear that the mark should be declared invalid as a whole. The facts in the present case, however, meant that there could be both good and bad reasons for applying for the trade marks. The sole aim of the applications could not be inconsistent with the function of a trade mark, namely to indicate origin. Moreover, Mr Tansey's evidence, which the judge appeared substantially to accept, had identified legitimate reasons connected with Sky's "particularly prolific" expansion and desire to protect its brand why it would wish to obtain broad protection for its marks. Sky's extensive brand recognition was also a reason, as the Court had confirmed in *Lindt*, justifying broad protection
107. In the light of that distinction, I agree with the judge's conclusion, in his main judgment, that it was necessary to decide whether it was possible to apply for a trade mark partly in good faith and partly in bad faith. If that was not possible it would follow, if the allegation of bad faith was made out in relation to any goods or services, that the trade marks were wholly invalid, and could not even be cut down to a restricted specification in relation to which notional good faith could be demonstrated.
108. The CJEU has resolved the partial good faith question conclusively against SkyKick. In the light of that conclusion, it was essential in my judgment to determine whether the parts of the trade mark registrations which were relied on by Sky, that is the Selected Goods and Services, were or were not applied for in good faith.
109. I therefore reject Mr Malynicz's submission that the judge should have deleted the Selected Goods and Services in their entirety. This, as it seems to me, is an argument which is simply not open to SkyKick in the light of the CJEU's judgment in answer to the fourth question. The CJEU has held at [80] that "where the ground for invalidity exists only in respect of some of the goods or services for which the mark is sought to be registered, the trade mark is to be declared invalid as regards those goods and services only". That leaves no room for holding that an entire category can be declared invalid because there was bad faith in relation to only some of the goods or services which fall within it.
110. The Court's answer to the fourth question also means that it is necessary to proceed with particular caution when applying findings about the trade marks as a whole to the question of whether the Selected Goods and Services were applied for in bad faith.

Take, for example, the overall width or size of the specification of goods. This is not a ground for concluding that the applications were made in bad faith at all, but even if it were, it could not be a ground for supposing that a particular, narrow part of the application was made in bad faith. Secondly, consider lack of intention to use. The lack of intention to use in relation to some of the goods and services covered by the specification of a trade mark is not a ground for supposing that there was a lack of intention to use in respect of other goods and services. Each category needs to be considered in its own right. In any event, as the CJEU has also effectively confirmed, lack of intention to use is not of itself a ground for a finding of bad faith. Finally consider the question of legitimate interest. That question is also sensitive to the particular goods or services. The extent to which Sky's reputation and brand recognition, its prolific expansion and so on justified a wide claim would vary depending on whether one is discussing bleaching preparations or computer software.

111. In the light of those considerations, SkyKick's success on its bad faith case depended crucially on establishing how the rules established by the CJEU for a successful bad faith attack applied to the Selected Goods and Services. The judge held that they had done so, but in my judgment he erred in principle in reaching that conclusion.
112. It is convenient to focus, first, on [21] of the third judgment which appears to contain the judge's core reasoning. In that paragraph (set out at [89] above) the judge relies on two principal conclusions. First, in relation to "some goods and services covered by the specifications" Sky did not intend to use the trade marks at the application dates and there was no foreseeable prospect that they would ever do so ("the no prospect of use conclusion"). Secondly, the marks were applied for pursuant to a deliberate strategy of seeking very broad protection, regardless of whether it was commercially justified ("the broad strategy/no justification conclusion").
113. The difficulty with the "no prospect of use conclusion" is that its significance to a finding of bad faith varies dramatically depending upon which goods and services one is looking at. No doubt, if one is concerned with bleaching preparations, where Mr Tansey was unable to come up with anything approaching a rationale, it might be capable of having some significance. The same is not true however when one comes to a category such as computer software, where Sky clearly did have, on the judge's findings, a substantial business in goods and services under the trade marks. SkyKick's only complaint about an application in that category was that Sky did not intend to use the mark in respect of all computer software, and there was no prospect of their using the mark in relation to all computer software. It is true that Sky had no prospect of using the mark in relation to every conceivable sub-division of computer software, but that fact is not, in my judgment, a relevant or objective indication of bad faith. It is no more of an indication of bad faith than would be an allegation on the facts of *Jaguar Land Rover* that the proprietors had no prospect of using the mark registered for land vehicles more broadly than "cars". It is no more an indication of bad faith than the applicant I have postulated in [42] above whose realistic ambitions in relation to detergents extended no further than the household variety.
114. Paragraphs 250 and 251 of the main judgment contain indications that the judge thought that there must be some prospect of use in relation to all of the goods and services covered by the registrations. Thus at [250] he says "The conclusion I draw from Mr Tansey's evidence is that ... Sky did not intend to use the Trade Marks in relation to all of the goods and services covered by the registrations..."; and at [251]

“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.” Accepting those statements at face value, they cannot be used to support a finding of bad faith. It would be different if the judge had found, instead, that Sky had no intention to use the marks for a specific category at all.

115. The judge’s “broad strategy/no justification conclusion” again varies in significance depending on which goods and services within the application one is looking at. The fact that Sky had a deliberate strategy of applying without thinking about commercial justification did not, even on the judge’s view, justify a finding of bad faith in relation to goods and services where Sky had an active business. If that were not so, the judge would have accepted SkyKick’s case and invalidated the Selected Goods and Services in their entirety. It was necessary, therefore, to see whether the point had any and if so what traction in relation to the Selected Goods and Services.
116. An applicant for a trade mark does not have to formulate a commercial strategy for using the mark in relation to every species of goods or services falling within a general description. Such an applicant is entitled to say “I am using the mark for specific goods falling within description X. I have no idea precisely where my business in goods of that description will develop in the next 5 years, but there will undoubtedly be more such goods than there are now.” Such an applicant would always be forced to accept that there was no prospect whatsoever that it would use the mark for every variety of goods within the description. Such an applicant could not, however, be accused of bad faith in the light of its strategy for applying for protection of sufficient width to cover some further, as yet unformulated, goods within the same category. For this reason, I consider that the concession (see [102] above) that an applicant with but one item of computer software can apply in good faith for computer software as a whole to have been correctly made. It follows that the absence of a commercial rationale or strategy, if by that is meant a plan under which the mark is to be used for all goods or services within a category of the registration, is not relevant to the enquiry about bad faith.
117. In that connection it is worth noting that although the Court in *Sky CJEU* referred at [77] to an absence of a rationale, it was to the absence of a rationale “for the application for registration in the light of the aims of [the Regulation]”. Such an absence of rationale might be demonstrated by a strategy of the kind owned up to in *Hasbro*, where the sole purpose was to circumvent the non-use provisions in the regulation. That is something quite different from an absence of a commercial strategy to use the mark, let alone the absence of a commercial strategy to use the mark for all the goods and services within a given descriptive term. The strategy I have described in the previous paragraph is fully in accordance with the aims of the Regulation.
118. The judge ends [21] of the third judgment by saying that “Sky *thus* applied for the Trade Marks with the intention of obtaining an exclusive right for purposes other than those falling within the functions of a trade mark, namely *purely* as a legal weapon...” (my emphasis). Whilst that conclusion tracks the wording of the CJEU’s ruling, it cannot be treated as a finding which applies to the trade marks on a global basis, not least because the paragraph begins by acknowledging that the marks were only applied for partly in bad faith. Given the points I have made in the previous paragraphs, however, and the fact that the judge did not identify what he meant by

“some goods and services”, it is impossible to justify its automatic application to any specific category of goods, and services.

119. It is clear that the judge did not undertake a fresh assessment of bad faith in relation to the Selected Goods and Services. At [23] of the third judgment he said merely that it was necessary to consider what was to be done in relation to those goods and services “in the light of the foregoing conclusions” (i.e. those at [21]) and, at [28] he said “I consider that bad faith has been proved in so far as Sky applied to register the Trade Marks for “computer software” as part of their strategy without any commercial justification”.
120. As I have said, I do not think that the “no prospect of use” conclusion could apply to computer software, where Sky had extensive use and expectations of further use. As to the “broad strategy/no justification conclusion”, there was obvious commercial justification for applying for computer software, namely that Sky had a very substantial business in computer software which their trade mark for that description of goods and services would protect in accordance with the proper functions of a trade mark. Computer software was exactly the kind of goods and services in relation to which the marks would be used. These conclusions only have any traction if one treats the applicant as obliged to have a prospect of or strategy for using the mark in relation to every type of goods and services falling within a category. The applicant is under no such obligation.
121. It is not necessary to consider each of the other Selected Goods and Services, as each was treated by the judge on the same basis. I therefore do not think it was open to the judge, in the absence of any further factor, to hold that any of the Selected Goods and Services was applied for in bad faith.
122. Independently, I agree with Mr Hobbs that the procedure adopted by the judge following the judgment of the CJEU was unfair to Sky. I appreciate that the use of a written procedure was mandated by circumstances, and I make no criticism of that. I also appreciate that Sky did not formally abandon its reliance on goods and services other than those in the Selected Goods and Services until a little later. Nevertheless, the main trial had been conducted with the Selected Goods and Services in the spotlight. It is notable, in that connection, that there was no cross-examination at the trial in relation to Sky’s intentions and good faith so far as the applications related to the Selected Goods and Services. Instead, and consistent with SkyKick’s all-or-nothing case, the cross-examination focused on outliers such as bleaching preparations, in which neither side was interested, on the basis that bad faith in relation to those goods would somehow infect the whole of the applications.
123. Given the seriousness of an allegation of bad faith (however, precisely, that concept is formulated), it was necessary at some stage, and in any event no later than the point at which the case returned from the CJEU, to ensure that Sky knew the case which they had to meet in relation, specifically, to the Selected Goods and Services. This required that SkyKick not only set out the narrowed specification to which they contended Sky should be restricted, but that they stated the facts and matters on which they relied to show that the Selected Goods and Services were applied for in bad faith. This would allow Sky, in addition to contending that those facts did not amount to objective indicia of bad faith, to identify, if it chose to do so, its legitimate interest in applying for marks of the given breadth, based on the factors mentioned above. Once

the judge had rejected Annex B, he should not have gone on to formulate a middle ground of his own, which Sky had had no proper opportunity to answer. It is no answer to say that Sky should have put forward their own narrowed specification of goods when there was no properly pleaded case of bad faith against them. This was also not a case where it could be said that the burden had shifted to Sky given that each of the Selected Goods and Services were categories where there was substantial use.

124. I would add that the judge fell into error in relying, as far as the UK trade mark application for the Selected Goods and Services was concerned, on a conclusion that the declaration made pursuant to section 32(3) was partly false. Given that there was actual use in relation to each of the Selected Goods and Services, the declaration could not be said to be false or partly false in that respect. An applicant is not required by section 32(3) to declare that he or she is using or intends to use the mark for all of the goods and services which fall within any given descriptor. Insofar as the declaration related to the Selected Goods and Services, it was true.
125. Both sides sought to pray in aid the practices of OHIM and the EUIPO in relation to the significance of class headings in trade mark applications and the extent to which they were affected by the CJEU decision in Case 307/10 *Chartered Institute of Trade Mark Agents v Registrar of Trade Marks* [EU:C:2012:361]; [2013] Bus LR 740 (“*IP Translator*”). Those practices, and that case, were primarily relevant to the case based on lack of clarity and precision which is no longer relevant. The judge made a finding at [237] of the main judgment, however, under the heading of bad faith, that Sky included long lists of goods and services in their applications because they considered that there was a risk that the “class headings covers all goods and services” approach articulated in a 2003 Communication from the President of the Office (Communication 4/03) was legally impermissible. Mr Hobbs submitted that this inference was not open to the judge, but even if it was, I cannot see how it impacts on, or supports, the allegation of bad faith in relation to the Selected Goods and Services.

### **Sky’s appeal against the dismissal of its passing off claim**

126. The fact that the claim in trade mark infringement is established does not mean that the claim in passing off must succeed as well. Both counsel dealt with this part of Sky’s claim very briefly both in their written submissions and in their oral arguments, The judge dismissed the passing off claim in the following paragraph of the main judgment:

“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."

127. Mr Hobbs criticised this assessment in a number of ways. The judge had made no assessment of the ambit of Sky's goodwill, despite his findings that SKY had become a household name, that Sky could show broad, extensive and longstanding use of the trade mark SKY, and that the designation SKY enjoyed a moderately high degree of inherent distinctive character. In these circumstances the conclusion that the impugned use of the SKYKICK sign did involve a misrepresentation "flowed naturally and inevitably from the findings he had made..."
128. I was wholly unpersuaded by these points. The judge gave a proportionate amount of attention to the passing off claim, given the relative lack of importance which the parties had attached to it. The judge would have had well in mind his findings about the extent of Sky's reputation and use, and its degree of inherent distinctiveness. Against this was the fact that there had not in fact been any confusion. Whilst other judges might have assessed the matter differently, there is no basis on which this court could interfere with the judge's evaluation of the passing off claim.

### **Further issues on this appeal**

129. The judge found that if the trade marks were validly registered in respect of the Selected Goods and Services there was Type (b) infringement (because SkyKick's products were identical to "computer software", "computer software supplied from the internet" and "computer software ... to enable connection to databases", and that there was a likelihood of confusion). There is no appeal against that conclusion. The remaining issues only have any significance if we had upheld the judge's restrictions on the scope of the Selected Goods and Services. We have not upheld those restrictions. We have, however, heard full argument on these further issues and I will therefore deal with them, albeit briefly. First, there is an issue relating to infringement by SkyKick's Cloud Migration product on the basis of the trade marks for "electronic mail services", one of the Selected Goods and Services unaffected by bad faith allegations. Secondly, there is an issue relating to infringement by SkyKick's Cloud Backup product on the basis of the trade marks for "computer services for accessing and retrieving audio, visual and/or audio-visual content and documents via a computer or computer network", one of the Selected Goods and Services as restricted by the judge.
130. Finally, there are issues where Sky contends that the judge failed to make all the findings which he should have done. They contend that the judge should have found in Sky's favour in relation to Type (c) infringement, and also made a finding of Type

(b) infringement based on additional categories in the Selected Goods and Services. I will also say something about those.

### **Is Cloud Migration an electronic mail service?**

131. The judge concluded at [297] of the main judgment that SkyKick's Cloud Migration service, as an email migration service, was identical to "electronic mail services", and at [302], that where there was identity, SkyKick's products were likely to be confused by the average consumer.
132. SkyKick challenge this conclusion on the basis that the judge wrongly construed "electronic mail services". That term should have been construed more narrowly, and limited to email services properly so called, that is a service involving the sending and receipt of electronic mail, and not as extending to related services such as a service for migrating emails to the different infrastructure of the cloud.
133. Mr Malynicz submitted that, although the judge did not give any reasons for his conclusion that an email migration service was identical to an email service, a clue could be found in his interpretation of "telecommunications services". Here the judge had said at [57] to [58] of the third judgment that the term was to be interpreted as "services consisting of or relating to telecommunications per se". He had gone on to say that, given that "telecommunications" includes email, it followed that "telecommunications services" includes services consisting of or relating to email.
134. Mr Malynicz continued that, although the judge had correctly directed himself as to the principles to be applied to the interpretation of goods and services in a trade mark, he had failed to apply them properly by including the words "or relating to". If he had not included those words, there would have been no identity with Cloud Migration.
135. Mr Roberts supported the judge's finding of identity, or alternatively supported his conclusion on infringement on the basis that the goods were similar. As to identity, he submitted that even if the term electronic mail services was construed so as to relate to the basic service of moving emails from one place to another, Cloud Migration was such a service because the service moved emails *en bloc* to the cloud. In any event, an electronic mail service, understood from the perspective of the average consumer, was a service which did more than send and receive electronic messages. Such a service included the management of emails in inboxes and archives.
136. In *Reed Executive Plc v Reed Business Information Ltd* [2004] EWCA Civ 159, [2004] RPC 40 Jacob LJ considered the approach to interpretation:

"43. Before turning to these points it is as well to consider the general principles as to the construction of a specification of services. In *Avnet Inc v Isoact Ltd* [1998] F.S.R. 16, I said at p.19 that:

'specifications for services should be scrutinised carefully and they should not be given a wide construction covering a vast range of activities. They should be confined to the

substance, as it were, the core of the possible meanings attributable to the rather general phrase.’

44. Neither side dissented from this. The proposition follows from the inherent difficulty in specifying services with precision and from the fact that a service provider of one sort is apt to provide a range of particular services some of which will be common to those provided by a service provider of another sort....”

137. I think the judge did fall into error in construing electronic mail services as extending to services related to electronic mail. By interpreting the terms as including services “related to” email, the judge was extending the core meaning to a rather unclear and indeterminate range of services connected to email in some unspecified way.
138. That still leaves the question of whether Cloud Migration is an electronic mail service in its narrow or core meaning. I agree with Mr Roberts that the core meaning is wider than simply a service for transmitting or receiving emails, and must include ancillary features such as storing and archiving emails. A service, such as Cloud Migration, which migrates email accounts from one set of infrastructure to another would not, in my judgment, be regarded as an ancillary feature of an email service, but as a different service. I reject Mr Roberts’ submission that moving mail *en bloc* is the same thing. Such services might have been similar to email services, but that would have required a factual investigation which the judge did not undertake. Furthermore, if Cloud Migration was merely similar and not identical, it would be necessary to reassess the impact of that finding on the judge’s conclusion of confusing similarity. Had it been necessary to consider the point, I would have allowed SkyKick’s appeal in relation to infringement by Cloud Migration in relation to electronic mail services.

**Is Cloud Backup a computer service for accessing and retrieving ... documents via a computer...?**

139. The judge concluded at [7] of the fourth judgment that Cloud Backup was identical to “computer services for accessing and retrieving ... documents via a computer or computer network”.
140. Mr Malynicz attacked this conclusion on the basis that Cloud Backup was a backup service, not a service for access and retrieval. The judge had fallen into error by analysing what a backup service did at a technical level, rather than by assessing matters from the point of view of the average consumer.
141. I do not accept this submission. It seems to me that the judge correctly reached the view that Cloud Backup was identical to a service of the kind specified from the perspective of the average consumer. Such a consumer would know that data, once backed up to a remote location by a backup service, was not irretrievably lost. The data must be capable of access and retrieval, otherwise the service does not provide a backup. Access and retrieval of data via a computer was therefore an integral part of a backup service which the average consumer would know about and understand.

## **Type (c) infringement**

142. Sky complain that the judge assessed their case of Type (c) infringement on the footing that a likelihood of confusion had not been established, when it had. At one stage, I thought there was a further point, namely that Sky asserted that the judge should have found Type (c) infringement even in the face of an assumption that there was no likelihood of confusion. Indeed, paragraph 8 of Sky's grounds of appeal (in a passage reiterated in its skeleton at [80]) contended:

“If he had approached the question of liability for infringement from the correct perspective, the learned Judge should and would have held ... that the claim for infringement succeeded not only under [Type (b)] but also under [Type (c)] **even if and beyond the extent to which there was or may have been no likelihood of confusion.**”

143. It became clear, however, from the oral submissions, that Sky simply contended that the judge's findings as to the existence of a likelihood of confusion should have been taken into account in his assessment of Type (c) infringement.

144. I was somewhat puzzled why any of this mattered. Sky had a finding of Type (b) infringement based on a likelihood of confusion. There was no challenge to the finding of likelihood of confusion. The injunction, and the provisions as to monetary relief, were in terms of infringement generally. Mr Hobbs' response was that, in view of the way in which Type (c) infringement is defined, it might assist Sky on an enquiry as to damages to be able to rely on a finding of detriment to the distinctive character of the mark.

145. I am unpersuaded by this argument. It seems to me that Sky would not be precluded on any enquiry as to damages, from seeking to establish any head of foreseeable damage caused by Type (b) infringement, including damage to the distinctive character of the mark. The fact that the judge had found that there would be no such damage in an assumed absence of a likelihood of confusion would not be an obstacle.

146. Even if that is wrong, however, I can see no error in the judge having proceeded as he did. At the liability stage he was being called upon to decide whether the two SkyKick products infringed the trade marks. Having concluded that there was Type (b) infringement, that task had been accomplished. He was entitled to go on and consider whether there was Type (c) infringement on the footing that his finding on Type (b) infringement was found on appeal to be incorrect. In those circumstances it made sense to do so on the basis that there was no likelihood of confusion and to investigate whether, on that footing, the requirements of Type (c) were made out. I am unable to detect, in that manner of proceeding, any error which this court would be entitled to correct.

## **Further findings**

147. Sky also contended that the judge should have made specific findings in relation to other categories from the Selected Goods and Services, such as data storage. For similar reasons to those which I have given for Type (c) infringement, I see no purpose in our supplementing the judge's findings in this way.

## **Conclusion**

148. If my Lords agree, Sky's appeal will be allowed in relation to the partial invalidity of the trade marks for the Selected Goods and Services, but not otherwise. SkyKick's cross-appeal on partial validity will be dismissed. SkyKick's cross-appeal on infringement is rendered moot by the result of Sky's appeal.

### **Lord Justice Nugee:**

149. I agree.

### **Lord Justice Newey:**

150. I also agree.