



## Press Summary

13 November 2024

### **SkyKick UK Ltd and another (Appellants) v Sky Ltd and others (Respondents)**

**[2024] UKSC 36**

*On appeal from [2021] EWCA Civ 1121*

**Justices:** Lord Reed (President), Lord Lloyd-Jones, Lord Kitchin, Lord Hamblen, Lord Burrows

#### **Background to the Appeal**

In these proceedings, the respondents (“Sky”) claimed that the appellants (“SkyKick”) had infringed five of their registered trade marks (together the “SKY marks”) by using the mark SkyKick (or minor variants of it) in relation to their email and cloud storage products and services. Sky chose four European Union (“EU”) trade marks and one United Kingdom (“UK”) trade mark as the basis for the claim. The allegations of infringement of the EU trade marks covered the whole of the EU, whereas the allegations of infringement of the UK trade mark were necessarily confined to the UK. SkyKick denied infringement and challenged the validity of the SKY marks.

The High Court, in the course of four judgments and following a reference to the Court of Justice of the European Union, found that Sky had applied for the SKY marks in part in bad faith because the specifications included goods and services in relation to which Sky had never intended to use the marks, and categories of goods and services which were so broad that Sky could not have intended to use the marks across their breadth. Further, the specifications were in some cases drawn so widely as to include all the goods and services in particular classes. Sky had sought very broad protection regardless of whether it was commercially justified. This rendered the SKY marks partially invalid. Nevertheless, SkyKick's use of the mark “SkyKick” and variations of it in relation to their email migration product and service (“Cloud Migration”) and cloud storage product and service (“Cloud Backup”) did infringe the registrations for the SKY marks so far as the validity challenge had failed. Where the goods or services were identical or at least very similar, there was a likelihood of confusion.

The Court of Appeal allowed Sky's appeal in relevant part, holding that they had not acted in bad faith in respect of the goods and services on which Sky had ultimately relied - the Selected Goods and Services - and so restored the specifications of goods and services to their full width

in this respect. The Court of Appeal also found that the procedure adopted by the judge had been unfair. It necessarily followed that SkyKick's appeal against the finding of infringement had to be dismissed. Had it been necessary to consider the point, the Court of Appeal would have allowed SkyKick's appeal in respect of the finding of infringement by Cloud Migration but would have rejected it in respect of Cloud Backup.

SkyKick now appeal to the Supreme Court. The issues before the Court therefore concern first, the challenge to the validity of the SKY marks on the basis that Sky had applied for them in bad faith, and whether the Court of Appeal fell into error in reversing the judge on this issue and in finding that the procedure he adopted was unfair.

The second group of issues concern the approach taken by the High Court and the Court of Appeal to the allegation of infringement.

The third group of issues concern the impact on the proceedings of the withdrawal of the UK from the EU and of the transition period coming to an end.

## **Judgment**

The Supreme Court unanimously allows the appeal in part. The High Court was entitled to find that the SKY marks were applied for in bad faith to the extent that it did, and the Court of Appeal was wrong to reverse that finding. The procedure adopted in the High Court had not been unfair.

The Court of Appeal was, however, right to find that, on the basis of the narrowed specifications of goods and services, infringement by Cloud Migration had not been established; but no error had been made in relation to Cloud Backup.

In addition, the EU Trade Mark Regulation (the "EUTM Regulation") continues to have direct effect in the context of proceedings pending before a United Kingdom court designated as an EU trade mark court prior to the end of the transition period on 31 December 2020 ("IP completion day").

Lord Kitchin gives the judgment with which the Justices agree. Lord Reed gives a concurring judgment.

## **Reasons for the Judgment**

The central issue is whether (and if so in what circumstances) a registration of a trade mark can be invalidated in whole or in part on the basis that the application to register the mark was made in bad faith because the applicant did not intend to use the mark for the goods or services for which it sought protection [2]. Further issues concern the approach to be adopted to the use by an applicant of class headings or other general descriptions of these goods or services [8]; and how allegations of invalidity and infringement are to be assessed. Yet further issues concern the impact on these proceedings of the withdrawal of the UK from the EU [10, 17].

### **Issue 1: the basis for and content of a finding that an application to register a trade mark was made in bad faith.**

The Supreme Court holds that the High Court was entitled to find that the SKY marks were applied for in bad faith to the extent that it did and to require the modification of the eight categories of the Selected Goods and Services upon which Sky relied [314, 321].

The validity of the SKY marks was challenged on the basis that the applications for the marks had been made in bad faith [193-224]. The elements of the objection and the principles to be applied in such a case are explained and summarised [225-240]. The Court of Appeal was wrong to conclude that the overall width or size of the specification of goods or services can never lead to an inference that an application was made in bad faith. Whether such an inference can properly be drawn will depend on all the circumstances [245-258]. It would also be anomalous if bad faith could never be inferred in cases where the applicant had chosen to describe the goods and services the subject of its application using broad or general terminology rather than appropriate sub-categories [259-263, 315].

Secondly, the High Court made no material error in applying these principles in the circumstances of this case, and the Court of Appeal had failed to identify any flaw or omission in the reasoning of the judge which would justify interfering with the main conclusions to which he came [316].

Thirdly, the Court of Appeal did not take into account a number of highly significant facts and matters [317]. Sky originally relied upon the full range of goods and services for which each of the SKY marks was registered [275]; Sky maintained that position in the face of the bad faith objection until around five weeks before trial [276]; and Sky narrowed the basis of the claim still further in closing submissions [276]. Together, these matters supported the argument that Sky had applied to register the marks in respect of a great range of goods and services they did not intend to sell or provide, and yet were prepared to deploy the full armoury of their trade mark rights against another trader [318].

Finally, the High Court had sufficient material before it to find that SkyKick had established their case that Sky had applied for and were prepared to take enforcement action for alleged infringement of the registrations in respect of goods and services of such a range and breadth that it was implausible that Sky would ever provide them [313-323]. Overall, the High Court was entitled to take the approach it did in all the circumstances of this case, and the procedure it adopted was not unfair [324-335].

## **Issue 2: whether SkyKick had infringed the SKY marks**

Sky's claims of infringement of the SKY marks focused on two "packages", primarily of services, offered by SkyKick to their actual and potential customers. One was called Cloud Migration and the other was called Cloud Backup [341-343]. The High Court had found that, despite the finding of bad faith, both activities infringed the SKY marks [358]. On the same assumption, the Court of Appeal did not agree with the decision of the High Court in relation to Cloud Migration, finding that there had been no infringement, but upheld the High Court's decision regarding Cloud Backup [364, 369].

The Supreme Court agrees with the Court of Appeal on these issues [365, 375]. First, the Court of Appeal was right to conclude that Sky's registration in respect of "electronic mail services" did not extend to Cloud Migration, and was therefore right to find that the judge had erred in this respect [340]. If a specification of goods or services is defined by terms which are ambiguous, then it should be confined to those which are clearly covered [365]. This approach satisfies the requirements of clarity and fairness.

Cloud Migration involves the wholesale migration of data from one platform to another, but "electronic mail services" does not include "all services related to electronic mail" [364-365]. Cloud Migration may be similar to but is not the same as any of the services for which the SKY marks are registered [366], and in the light of the way the claim had been developed, the Court of Appeal was right to find that infringement had not been established.

As for Cloud Backup, the question here was whether this was a service falling within the eighth and final category of Selected Goods and Services, namely “computer services for accessing and retrieving audio, visual and/or audio-visual content and documents via a computer or a computer network”, as modified by the High Court, and so amounted to an infringement of the SKY marks [367-371, 375]. SkyKick provide Cloud Backup services which allow their customers and consumers to back up and retrieve their Office 365 data of all kinds. Some of those will be documents, and others will be files of other kinds [372]. The judge made no error in finding that this activity fell within the scope of this final category of Selected Goods and Services, and the Court of Appeal was right not to reverse this finding.

As a general point, the Supreme Court will not interfere with concurrent findings of this kind simply because it feels that, faced with the task itself, it may well have come to a different conclusion. Absent an error of principle or an answer which is plainly wrong, this court must respect the conclusions of the judge and the Court of Appeal on an issue such as this [376].

### **Issue 3: the impact of the United Kingdom’s withdrawal from the European Union on cases involving EU trade marks before the courts .**

The final question is whether any courts in the UK retain jurisdiction in actions concerning EU trade marks protected by registration for the territory of the EU [383]. Although this issue was not explored before the Court of Appeal, it is contended by Sky that they do not.

Under article 67(1)(b) of the Withdrawal Agreement, articles 122-135 of the EUTM Regulation continue to have direct effect in the context of proceedings instituted before IP completion day before a designated EU trade mark court in the UK; and the court retains jurisdiction to decide issues of infringement and validity concerning the relevant EU trade mark, and to grant appropriate relief [451, 456-457, 466-473]. Further, the UK has for this purpose maintained the designation of these courts as EU trade mark courts [469-473]. Any finding otherwise would have serious consequences in terms of uncertainty and cost for traders and the authorities administering the relevant trade mark systems in the UK and the EU [469].

Lord Reed agrees with Lord Kitchin’s reasoning and conclusions and adds some remarks regarding the effect on the proceedings of the UK’s withdrawal from the EU [476]. The European Union Withdrawal Act 2018 as amended provides that any remedies or procedures provided under the Withdrawal Agreement are to be given legal effect or used in the UK without further enactment [481]. Article 67(1) of the Withdrawal Agreement expressly provides that the provisions regarding jurisdiction of the EU Trade Mark Regulation are to continue to apply to proceedings that were instituted before the end of the transition period [482-486]. For such proceedings, the UK court retains its jurisdiction as an EU trade mark court, and can continue to determine the validity or invalidity of an EU trade mark including outside the UK [494-495, 500]. This conforms to the basic principles of legal certainty, and prevents identical cases being decided differently depending on the vicissitudes of litigation, a problem which the Withdrawal Agreement was designed to avoid [511, 512].

*References in square brackets are to paragraphs in the judgment.*

#### **NOTE:**

**This summary is provided to assist in understanding the Court’s decision. It does not form part of the reasons for the decision. The full judgment of the Court is the only authoritative document. Judgments are public documents and are available at: [Decided cases - The Supreme Court](#)**