



Michaelmas Term

[2024] UKSC 36

*On appeal from: [2021] EWCA Civ 1121*

## **JUDGMENT**

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

before

**Lord Reed, President**

**Lord Lloyd-Jones**

**Lord Kitchin**

**Lord Hamblen**

**Lord Burrows**

**JUDGMENT GIVEN ON**

**13 November 2024**

**Heard on 28 and 29 June 2023**

*Appellants*

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(Instructed by Fieldfisher LLP and (for judgment) Kirkland & Ellis International  
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*Respondents*

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*Intervener*

Anna Edwards-Stuart KC

(Instructed by the Government Legal Department)

## TABLE OF CONTENTS

	<b>Paragraphs</b>
<b>JUDGMENT OF LORD KITCHIN</b> .....	1-475
<b>I. INTRODUCTION</b> .....	1-12
<b>II. THE TRADE MARKS</b>	
The SKY marks .....	13-17
The SkyKick marks .....	18-19
<b>III. THE LEGAL FRAMEWORK – AN OUTLINE</b>	
The dates for assessment .....	20-21
International law and the Nice Classification .....	21-34
EU law and the EU trade mark regulations .....	35-46
National registrations and the laws of Member States .....	47-53
The functions of a trade mark .....	54-57
The protection given to a registered trade mark .....	58-65
Relative grounds of objection to a later application .....	66
Departure of the United Kingdom from the European Union .....	67
<b>IV. THE PARTIES AND THE PROCEEDINGS</b>	
Introduction .....	68
The Sky parties .....	69-71
The SkyKick parties .....	72-77
The claim and counterclaim .....	78-80
The trial and main judgment .....	81-91
The second judgment, the reference to the CJEU .....	92-97
The third judgment .....	98-112
The fourth judgment .....	113-118
The appeal to the Court of Appeal .....	119-124
<b>V. THIS APPEAL – THE ISSUES</b>	
The rival positions .....	125-129
Jurisdiction – EU trade marks and comparable trade marks (EU).....	130-138
<b>VI. BAD FAITH - THE LAW</b>	
Introduction, no definition of bad faith, autonomous concept .....	139-150
What amounts to bad faith? Two established categories of case .....	151-157
Category (i) – intention to undermine the interests of a third party .....	158-180
Category (ii) – application constitutes an abuse of the system .....	181-182
Lack of intention to use and its relevance .....	183-238
Drawing the threads together – a summary of the relevant principles .....	239-241
The approach taken by the Court of Appeal .....	242-244
Goods and services for which there was never any prospect of use .....	245-258
The use of general terms and broad categories .....	259-263
The requirement of fairness .....	264-270

<b>VII. APPLICATION OF THE LEGAL PRINCIPLES</b>	
Bad faith – the SKY marks and the findings of the judge .....	271-296
Bad faith – the decision of the Court of Appeal .....	297-312
Bad faith – this further appeal.....	313-323
<b>VIII. PROCEDURAL UNFAIRNESS</b>	
The approach taken by the Court of Appeal .....	324-327
The challenge on this further appeal .....	328-335
<b>IX. INFRINGEMENT</b>	
Introduction and background .....	336-346
The main judgment – infringement .....	347-354
The third judgment – infringement .....	355-358
The fourth judgment – infringement .....	359-361
The Court of Appeal and this further appeal .....	362-363
Cloud Migration.....	364-366
Cloud Backup .....	367-377
Has infringement been established on any other basis? .....	378-382
<b>X. BREXIT JURISDICTION</b>	
The issue .....	383
The EUTM Regulation and its predecessors .....	384
Domestic Regulations .....	385
The Withdrawal Act 2018 .....	386-392
The 2019 - EU Exit - Regulations .....	393-396
The Withdrawal Agreement – the relevant provisions.....	397-411
The Withdrawal Agreement Act 2020 .....	412-416
The 2020 Regulations .....	417-419
EasyGroup cases .....	420-422
The rival positions on this appeal .....	423-425
The Treaty on European Union .....	426
The possibility of withdrawal without agreement .....	427-431
The Withdrawal Agreement – meaning .....	432-439
The guidance issued by the EUIPO and UKIPO .....	440-449
The application of article 67 .....	450-452
Has the guillotine come down? .....	453-459
The designation of courts in the UK as EU trade mark courts .....	460-473
<b>XI. CONCLUSION</b>	
The appeal - outcome .....	474-475

**APPENDIX**

Part 1 – the EUTM Regulation – rules governing jurisdiction

Part 2 - the 2006, 2008, 2016 and 2018 Regulations

Part 3 - the 2019 Regulations

Part 4 - the 2020 Regulations

**JUDGMENT OF LORD REED**..... 476-514

**LORD KITCHIN (with whom Lord Reed, Lord Lloyd-Jones, Lord Hamblen and Lord Burrows agree):**

## **I. INTRODUCTION**

1. In these proceedings the respondents (together “Sky”) claim that the appellants (together “SkyKick”) have, by offering and supplying their email migration and cloud storage products and services under the mark SkyKick, infringed a number of registered trade marks owned by Sky. At trial, Sky also claimed that SkyKick had passed off their goods and services as being those of or connected with Sky. The trial judge rejected the claim for passing off and an appeal against that part of his order was dismissed by the Court of Appeal. It has not been pursued further. The claim for infringement, on the other hand, has proved much more difficult to resolve. As the Court of Appeal observed, the journey towards a final outcome has so far entailed four first instance judgments, a judgment of the Court of Justice of the European Union (“the CJEU”) and a full appeal before the Court of Appeal itself.

2. This further appeal now raises questions of considerable importance to the operation of any system of registered trade marks. The central issue is whether 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, at the time the application was made, have a genuine intention to use the mark in relation to some or all of the goods or services for which it sought protection.

3. The relevance of this issue to modern trade mark law and practice has been recognised by the Comptroller-General of Patents, Designs and Trade Marks (“the Comptroller-General”), as intervener in this appeal, and by traders and academic and professional commentators. There are undoubtedly advantages in permitting a person to apply to register a trade mark without having made any use of it prior to the date of the application. It allows such a person to obtain fair protection for the mark for particular goods and services before starting to use it in the course of trade. It also makes the registration system for an unobjectionable mark simpler, quicker and cheaper for traders to use.

4. If, on the other hand, a person applies to register a mark without having made any use of it and without intending to use it in the course of trade in relation to the goods or services for which protection is sought, it may leave the trade mark system open to abuse. It may, for example, permit a person to apply to register a mark, not with the intention of using it to indicate the origin of any goods or services for which that person is responsible, but simply to block or undermine the otherwise innocent and unobjectionable activities of third parties.

5. This is not just an academic or theoretical issue as may be illustrated by two further preliminary points. First, if registrations can be obtained too easily or for too broad a specification of goods or services, the result will be ever greater barriers to entry onto the market for third parties as the supply of suitable marks is diminished.

6. Secondly, it is a feature of United Kingdom trade mark law that a trade mark registration is liable to be revoked if there has been a continuous period of five years after the completion of the registration procedure in which the mark has not been put to genuine use, and there are no proper reasons for that non-use. This gives the owner of the mark a grace period of at least five years in which to start to use it. During this grace period, the owner may, if there is a likelihood of confusion, prevent others from using in the course of trade the same or a similar mark in relation to goods or services the same as or similar to those for which the mark has been registered; and the owner may do so without having to demonstrate genuine use of the mark in relation to those (or indeed any) goods or services. The registered trade mark may also prove a barrier to an application by another person to register the same or a similar mark for the same or similar goods and services.

7. The grace period is nevertheless important and may readily be justified for an applicant which intends to put the mark to use in the course of trade for the purpose of denoting the source of the goods or services it supplies or intends to supply but needs or would prefer the security of a registration before starting to use it, or where it needs a reasonable amount of time to develop its trade. This kind of conditional intention to use the mark, which is the subject of an application, is reasonable and unobjectionable. But the grace period has the potential to compound the problems for traders caused by applications to register marks by those who have never had any intention to use them. Such registrations are not vulnerable to revocation on the grounds of non-use until after the five-year grace period has expired and so after a still further period from the time the applications for those registrations were first filed. What is more, they may in the meantime deter other traders from developing their businesses, and obstruct and interfere with their ability to register and use their own trade marks.

8. This appeal also gives rise to a series of related points of great importance. One concerns the effect of a finding that an applicant intended to use the mark in relation to some but not all of the goods and services in respect of which it made the application, and whether this precludes or affects in some other way a finding that the application was made in bad faith in respect of the goods and services in which the applicant did not have any intention to trade or, to the contrary, renders the whole registration invalid. Another concerns the approach to be adopted to the use by an applicant of class headings or other general descriptions of the goods or services which are the subject of its application. A third concerns the procedure to be adopted in proceedings such as these and whether, as the Court of Appeal found, the course taken by the judge following the judgment of the CJEU was unfair to Sky.

9. There are yet further issues which may affect the outcome of this appeal and these proceedings. SkyKick contend that the judge and the Court of Appeal made errors in the way they approached the claim for infringement. This is a matter I must address in the light of my conclusions on the issues concerning the validity of the registered trade marks. SkyKick contend that the judge ought to have declared the registrations invalid in respect of all relevant goods and services and dismissed Sky's claim for infringement entirely. They also contend that the Court of Appeal wrongly failed to correct the errors made by the judge, and in any event fell into error in restoring the scope of the registrations to their full width.

10. The final but nonetheless significant issue concerns the impact on these proceedings of the withdrawal of the United Kingdom from the European Union; the effect of the arrangements made for that withdrawal in the form of a transition period from 1 February to 31 December 2020; and of the consequences of that transition period coming to an end.

11. I will address all of these issues and will start by saying a little more about the registered trade marks which are the subject of these proceedings; the signs and marks used by SkyKick of which complaint is made; the legal framework governing applications for and enforcement of registered trade marks in the United Kingdom and the European Union; and some other aspects of the history of these proceedings. They provide important elements of the context in which the questions to be answered in this appeal arise.

12. (i) There is, however, one further important matter I must address at the outset. At a time when this judgment was being finalised, an application was made by SkyKick, supported by Sky, for permission to withdraw the appeal. SkyKick and Sky, by their legal representatives, have also asked this court not to proceed to give judgment. Recognising the importance of this issue to the parties and to the public, this court invited the parties and the Comptroller-General, as intervener, to provide to the court and to each other any concise observations they might wish to make on these two questions:

(a) whether, given the nature of the rights in issue, the allegations made by the parties in these proceedings and the general public importance of the issues raised by the appeal it is desirable and appropriate that this court proceeds to give judgment irrespective of any agreement which has been reached by the parties; and

(b) whether, if this court is minded to give judgment, it is appropriate to make an order in the terms sought, including an order by consent that the appeal be withdrawn.



(ii) The parties and the Comptroller-General accepted that invitation and this court has given very careful consideration to all of the observations they have made. The basis for the application is explained and elaborated in the observations made on behalf of SkyKick and Sky. It is, in outline, that they have been engaged in costly and burdensome litigation in the United Kingdom and around the world since 2016. Following the recent purchase of SkyKick by a third party, however, the parties have managed to break the deadlock, and they have now reached an agreement which settles their dispute on a worldwide basis. Further, they continue, all other proceedings between the parties in the European Intellectual Property Office (the “EUIPO”) in which SkyKick were also alleging bad faith, were swiftly and irrevocably withdrawn by SkyKick following settlement.

(iii) The Comptroller-General, on the other hand, has invited the court to give judgment in the usual way.

(iv) This court has a discretion whether to permit an appeal to be withdrawn at this stage and whether to proceed to give judgment, as the parties have accepted. The parties are also agreed that helpful guidance as to how that discretion should be exercised was given by Lord Neuberger of Abbotsbury MR in *Barclays Bank v Nylon Capital LLP* [2011] EWCA Civ 826, [2012] Bus LR 542 at paras 74-77. I have all that guidance well in mind.

(v) I also readily accept that there is a strong public policy interest in promoting settlement at all stages of proceedings; that SkyKick and Sky have acted promptly in drawing to the attention of the court that they have reached a settlement; and that this application does not represent an attempt to pre-empt or undermine the due processes of the court. I have also taken full account of the wishes of the parties and their concerns and recognise that these are important considerations.

(vi) In my view, however, there were and are compelling reasons to refuse this application. First, it was indeed made at a late stage, albeit through no fault of the parties. Secondly, there are before the court a number of issues of general public importance which I have outlined. Thirdly, the Comptroller-General has emphasised, on behalf of the United Kingdom Intellectual Property Office (the “UKIPO”) and as gatekeeper of the United Kingdom register (the “UK register”), that it is desirable that this court proceeds to give judgment having regard to the importance of the issues to which the appeal gives rise.

(vii) Moreover, the outcome of these proceedings may affect other traders and the public, and not just the primary protagonists. It is well understood that registered trade marks confer rights which may be enforced against third parties. A finding that an application to register a trade mark was made in bad faith may

mean that the application constituted, at least to that extent, an abuse of the trade mark system and this may have significant consequences. Again, these are issues in this appeal.

(viii) As a fallback position, SkyKick and Sky have invited this court to limit judgment to what would be, in effect, some kind of advisory opinion, giving legal guidance on the issues identified by the Comptroller-General concerning the approach to be adopted to an allegation of bad faith filing, but not addressing the issues of validity and infringement raised by the appeal. I can see no advantage in taking this course which would, in my view, create uncertainty and confer no significant benefit.

(ix) Weighing all these considerations, this court concluded that the balance comes down firmly in favour of the refusal of this application, and the parties and intervener were notified accordingly. I would, however, give the parties and the intervener an opportunity, in the usual way, to make observations as to the final order that it is appropriate for this court to make in the light of this judgment.

## **II. THE TRADE MARKS**

### **The SKY marks**

13. Sky chose five registered trade marks (the “SKY marks”) as the basis for their claim for infringement and with which, together with their claim for passing off, these proceedings began. Four of these registered marks are European Union trade marks (“EU trade marks” or “EUTMs”), and the fifth is a United Kingdom trade mark (a “UK trade mark”). Sky applied to register the SKY marks between April 2003 and October 2008, and they were granted on various dates thereafter. All of them, however, were still in the grace period to which I have referred when the proceedings began, and so not one of them was susceptible to revocation for non-use at that point in time.

14. More specifically, the second respondent, Sky International AG, was (and the first respondent, Sky Limited, is now) the registered proprietor of these four EU trade marks:

(i) No. 3 166 352 which was filed on 14 April 2003 and registered on 12 September 2012 (“EU 352”) for the (dark blue) figurative mark shown below in respect of goods and services in classes 9, 16, 18, 25, 28, 35, 38, 41 and 42 of the Nice Classification, including “apparatus for recording, transmission or reproduction of sound or images” (class 9), “telecommunications” (class 38) and “entertainment” (class 41).



(ii) No. 3 203 619 which was 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 of the Nice Classification, 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.



(iii) No. 5 298 112 which was 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 of the Nice Classification, including “apparatus for recording, transmission, reproduction or reception of sound, images or audiovisual content; computer software; computer software and telecommunications apparatus to enable connection to databases and the Internet; computer software supplied from the Internet; data storage” (class 9), “telecommunications services; electronic mail services; internet portal services” (class 38), and “entertainment services” (class 41).

(iv) No. 6 870 992 which was 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 of the Nice Classification, 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).

15. Sky Limited is also the registered proprietor of UK trade mark No. 2 500 604 which was filed on 20 October 2008 and registered on 7 September 2012 (“UK 604”) 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 of the Nice Classification, 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).

16. The range of goods and services for which these marks - the SKY marks - were registered is enormous and, as SkyKick have pointed out, included goods and services in many of the 45 classes of the Nice Classification – to which I will come in a moment.

17. An additional complexity arises in relation to the four EU trade marks because, subject to certain transitional and saving provisions, they no longer apply to the United Kingdom. Instead, as from the end of the transition period, that is to say, IP completion day, 31 December 2020, there came into existence, in addition to the EU trade marks, four more UK trade marks which are known as “comparable trade marks (EU)”. These are to be treated as existing under the Trade Marks Act 1994. I will consider the impact of this change on these proceedings at various stages of my analysis. For present purposes it is sufficient to note that they are, respectively, No. 903 166 352, No. 903 203 619, No. 905 298 112 and No. 906 870 992 and that they apply only to the United Kingdom.

### **The SkyKick marks**

18. Sky complain of the use by SkyKick of the marks “SkyKick”, “skykick” and two figurative marks which comprise the word “SKYKICK” or “skykick” or minor variations of one or other of them. All parties have proceeded on the basis that all of these marks are the same as or minor variants of the mark “SkyKick”.

19. I must return to the details of the parties’ businesses so far as relevant to this appeal after addressing some important aspects of the legal framework.

### **III. THE LEGAL FRAMEWORK – AN OUTLINE**

#### **The dates for assessment**

20. It is common ground that the relevant dates for the assessment of SkyKick’s claim that Sky applied for the SKY marks in bad faith ranged from April 2003 to October 2008, these being the dates that the applications for these marks were made.

21. Any allegations of infringement, on the other hand, had to be examined in the light of the provisions in force when the alleged infringements occurred, and here there was no dispute that the relevant starting point was November 2014, when SkyKick started to target the European Union and, in particular, the United Kingdom.

#### **International law and the Nice Classification**

22. At the time Sky made the applications for the SKY marks, trade mark law was governed at the international level by the Paris Convention for the Protection of Industrial Property as last revised at Stockholm on 14 July 1967 and amended on 28 September 1979 (“the Paris Convention”). All of the Member States of the European Union are parties to this convention, and so is the United Kingdom.

23. Article 19 of the Paris Convention permitted participating countries to agree between themselves special arrangements for the protection of industrial and intellectual property and this was used as the basis for the adoption of the “Nice Agreement Concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks”. The agreement was concluded at the Nice Diplomatic Conference on 15 June 1957, revised in Geneva on 13 May 1977 and amended on 28 September 1979 (“the Nice Agreement”).

24. Under article 1 of the Nice Agreement, the countries to which it applied constituted a “Special Union” and adopted a common classification of goods and services for the purposes of the registration of marks – that is to say, the Nice Classification.

25. Article 2 of the Nice Agreement is entitled “Legal Effect and Use of the Classification” and provides:

“(1) Subject to the requirements prescribed by this Agreement, the effect of the Classification shall be that attributed to it by each country of the Special Union. In particular, the

Classification shall not bind the countries of the Special Union in respect of either the evaluation of the extent of the protection afforded to any given mark or the recognition of service marks.

(2) Each of the countries of the Special Union reserves the right to use the Classification either as a principal or as a subsidiary system.

(3) The competent Office of the countries of the Special Union shall include in the official documents and publications relating to registrations of marks the numbers of the classes of the Classification to which the goods or services for which the mark is registered belong.

(4) The fact that a term is included in the alphabetical list [of goods and services] in no way affects any rights which might subsist in such a term.”

26. The Nice Classification has been amended from time to time and the eighth edition, which entered into force on 1 January 2002, contains 34 classes of goods and 11 classes of services. Each class is designated by one or more general indications, commonly called “class headings”, which indicate in a general manner the fields to which the goods and services in the class concerned belong. This is followed by an alphabetical list of goods or services falling in that class. The ninth edition entered into force on 1 January 2007 and the tenth edition on 1 January 2012. Each new edition introduces some changes, and the terms used in class headings are sometimes relatively precise but, on other occasions, they are much more open textured.

27. The Nice Classification is also accompanied by guidance for users, which explains that in order to ascertain the correct classification of each product or service, the alphabetical list of goods and services and the explanatory notes relating to the various classes should be consulted.

28. The classification system is important for reasons which I should introduce at this stage. First, the Nice Agreement is an agreement as to classification, not as to the effect of classification. This is apparent from article 2 which I have set out above.

29. Nevertheless, it has at all material times been a condition of any application to register a sign as an EU trade mark or a UK trade mark that it specifies the class or classes of the Nice Classification to which it relates, that it contains a statement of the goods and services for which registration is sought, and that it lists the goods and services

appropriate to that class and describes them in such a way as to indicate their nature and allow them to be classified appropriately. The relevant classification for any application is the one in force at the time the application is made. This is intended to permit the authorities, traders and others considering an application or a registration to assess its scope, the extent of the protection it confers and its validity.

30. Over the years, applicants have often used class headings or terms taken from class headings to identify the goods or services in respect of which they wish to register their marks, and this has led to difficulties. One has been the lack of clarity of some of the terms used in those class headings, at least without further words to explain or qualify them. Another was the result of a difference of view as to whether, in using a class heading, the applicant was intending to include all the goods and services falling in the class or simply the goods and services which the terms in the heading, given their natural meaning, would be understood to describe or encompass.

31. The practice of the EUIPO, the authority dealing with applications for the protection of marks at European Union level, set out in Communication 4/03 of June 2003, was to the effect that the use of a class heading gave protection in respect of all of the goods and services in the class. The UKIPO, on the other hand, took a more restrictive view.

32. Some of this confusion was dispelled by the judgment of the CJEU in *Chartered Institute of Patent Attorneys v Registrar of Trade Marks (IP TRANSLATOR)* (Case C-307/10) [2013] Bus LR 740; [2013] RPC 11. Here the court explained that an applicant for a UK trade mark might seek to cover all of the goods and services falling within a class of the Nice Classification or only some of them. In so far as an applicant used only the general indications of a class heading, the requirements of clarity would be satisfied if the applicant specified whether its application was intended to cover all the goods and services included in the alphabetical list of that class or only some of them. If the applicant intended to cover only some of them, the applicant was required to specify which of the goods or services in that class were intended to be covered.

33. These requirements were directed primarily at the need for applicants to specify clearly the goods and services in respect of which they were seeking registration. But they were still not completely straightforward to apply because it was already apparent that the alphabetical list of goods and services falling in any class was not necessarily exhaustive. Nevertheless, it was a step in the right direction. Further co-operation between participating states led to a common practice which was later embodied in legislation at European Union level. It is not necessary to deal with the detail of this history further at this stage for two reasons: first, as will be seen, lack of clarity and precision is not a ground for invalidity of a registration at national or European Union level (although it may well be a matter to take into account in deciding the scope of the specification); and secondly, the requirements of clarity and precision described in *IP TRANSLATOR* applied

only to applications to register trade marks and not to trade marks which had by that time been registered.

34. There are other aspects of the practices adopted under the Nice Classification which are relevant to the claims for infringement of the SKY marks and to the claims made by SkyKick that the applications for these marks were made in bad faith, and I will deal with them in that context.

### **EU law and the EU trade mark regulations**

35. I must now say a little more about some of the choices available to a person seeking to register a sign as a trade mark in the European Union and the United Kingdom, and the legal framework governing the main attack on the validity of the SKY marks. I will then consider the legal framework governing infringement of registered EU and UK trade marks.

36. For many years a person wishing to secure protection for a sign or mark has had the option of applying to register it as a trade mark at European Union level - this mark was originally known as a “Community trade mark” or “CTM” but, as I have mentioned, is now known as an EU trade mark or EUTM and four of these marks, owned by Sky, are the subject of these proceedings.

37. The EU trade mark regime was established by Council Regulation (EC) No 40/94 (“Regulation 40/94”) and it exists in parallel with the system for securing protection at national level in Member States. An applicant may therefore choose to apply for an EU trade mark or one or more national trade marks, or a combination of the two.

38. An EU trade mark, if granted, is a unitary mark and it confers the same rights and has the same effect throughout the European Union. Similarly, it can only be registered, transferred and revoked in respect of the whole of the European Union. The system is administered by the EUIPO (which was originally called the Office for Harmonisation in the Internal Market (Trade Marks and Designs) or “OHIM”); and EU trade marks are enforceable before European Union trade mark courts (“EU trade mark courts”). Each Member State is therefore required to designate EU trade mark courts of first and second instance. If and in so far as any state fails to do so, jurisdiction lies with the national courts in that state which have jurisdiction to deal with national registered trade marks.

39. Regulation 40/94 was amended from time to time and a new consolidated version was adopted in 2009 as Council Regulation (EC) No 207/2009 (known as the “Community Trade Mark Regulation” or “Regulation 207/2009”). Regulation 207/2009 was itself the subject of various amendments until, with effect from 1 October 2017, a



further consolidated version was adopted as: Parliament and Council Regulation (EU) 2017/1001 on the EU trade mark (and which has been referred to in these proceedings variously as the “EU Trade Mark Regulation 2017” or the “EUTM Regulation” or the “EUTMR 2017”).

40. Article 4 of Regulation 40/94 defined the signs of which (what is now) an EU trade mark may consist:

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

41. Article 7 of Regulation 40/94, entitled “Absolute grounds for refusal”, provided that various signs and marks were not to be registered. They included (a) marks which did not conform to the requirements of article 4; (b) marks which were devoid of any distinctive character; and (c) marks which consisted exclusively of, among other things, signs or indications which might serve in trade to designate the kind, quality, quantity or intended purpose of the goods or services or some other characteristic of them.

42. Article 15 of Regulation 40/94 entitled “Use of Community trade marks” provided, in paragraph 1:

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

43. Article 38(1) of Regulation 40/94 dealt with ineligibility in this way:

‘Where, under Article 7, a trade mark is ineligible for registration in respect of some or all of the goods or services covered by the Community trade mark application, the application shall be refused as regards those goods or services.’

44. Article 50 of Regulation 40/94 is entitled “Grounds for revocation” and provided, so far as relevant:

“The rights of the proprietor of the Community trade mark shall be declared to be revoked on application to the Office [for Harmonisation in the Internal Market (Trade Marks and Designs)] or on the basis of a counterclaim in infringement proceedings:

(a) if, within a continuous period of five years, the trade mark has not been put to genuine use in the Community in connection with the goods or services in respect of which it is registered, and there are no proper reasons for non-use; however, no person may claim that the proprietor’s rights in a Community trade mark should be revoked where, during the interval between expiry of the five-year period and filing of the application or counterclaim, genuine use of the trade mark has been started or resumed; the commencement or resumption of use within a period of three months preceding the filing of the application or counterclaim which began at the earliest on expiry of the continuous period of five years of non-use shall, however, be disregarded where preparations for the commencement or resumption occur only after the proprietor becomes aware that the application or counterclaim may be filed.”

45. Article 51 of Regulation 40/94, entitled “Absolute grounds for invalidity”, is also important and provided, so far as relevant:

“1. A Community trade mark shall be declared invalid on application to the Office [for Harmonisation in the Internal Market (Trade Marks and Designs)] or on the basis of a counterclaim in infringement proceedings,

(a) where the Community trade mark has been registered contrary to the provisions of Article 7;

(b) where the applicant was acting in bad faith when he filed the application for the trade mark. ...

3. Where the ground for invalidity exists in respect of only some of the goods or services for which the Community trade mark is registered, the trade mark shall be declared invalid as regards those goods or services only.”

46. Finally, article 96 of Regulation 40/94, entitled “Counterclaims”, provided that a counterclaim for revocation or for a declaration of invalidity could only be based on the grounds for revocation or invalidity mentioned in the Regulation.

### **National registrations and the laws of Member States**

47. Turning to national registrations, the system for applying to register trade marks in the United Kingdom is governed by the Trade Marks Act 1994 – the 1994 Act – to which I have referred.

48. The 1994 Act implemented first Council Directive 89/104/EEC of 21 December 1988 to approximate the laws of Member States relating to trade marks (“Directive 89/104”). Again, it reflects a recognition that EU law does not replace the laws of Member States on trade marks and that national trade marks continue to be necessary for those undertakings which do not want protection of their trade marks at European Union level. Some 20 years later, Directive 89/104 was updated by European Parliament and Council Directive 2008/95/EC of 22 October 2008 (“Directive 2008/95”) and, in turn, this was replaced by European Parliament and Council Directive (EU) 2015/2436 of 16 December 2015 (“Directive 2015/2436”).

49. It is also helpful to have in mind the key provisions of Directive 89/104 for present purposes. According to article 2:

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

50. Article 3(1) and (2) of Directive 89/104 addressed the absolute objections to an application to register a mark and to a registration in this way:

“1. The following shall not be registered or if registered shall be liable to be declared invalid:

- (a) signs which cannot constitute a trade mark;
- (b) trade marks which are devoid of any distinctive character;
- (c) trade marks which consist exclusively of signs or indications which may serve, in trade, to designate the kind, quality, quantity, intended purpose, value, geographical origin, or the time of production of the goods or of rendering of the service, or other characteristics of the goods or service;
- (d) trade marks which consist exclusively of signs or indications which have become customary in the current language or in the bona fide and established practices of the trade;
- (e) signs which consist exclusively of:
  - the shape which results from the nature of the goods themselves, or
  - the shape of goods which is necessary to obtain a technical result, or
  - the shape which gives substantial value to the goods;
- (f) trade marks which are contrary to public policy or to accepted principles of morality;
- (g) trade marks which are of such a nature as to deceive the public, for instance as to the nature, quality or geographical origin of the goods or service;
- (h) trade marks which have not been authorised by the competent authorities and are to be refused or invalidated pursuant to Article 6 *ter* of the [Paris Convention].

2. Any Member State may provide that a trade mark shall not be registered or, if registered, shall be liable to be declared invalid where and to the extent that:

... (d ) the application for registration of the trade mark was made in bad faith by the applicant.”

51. The issue of non-use and how it renders the registration vulnerable to revocation was dealt with in article 12(1) of Directive 89/104:

“A trade mark shall be liable to revocation if, within a continuous period of five years, it has not been put to genuine use in the Member State in connection with the goods or services in respect of which it is registered, and there are no proper reasons for non-use ...”

52. Article 13 of Directive 89/104 deals with grounds for revocation or invalidity in respect of only some of the goods or services for which registration has been applied or granted:

“Where grounds for refusal of registration or for revocation or invalidity of a trade mark exist in respect of only some of the goods or services for which that trade mark has been applied for or registered, refusal of registration or revocation or invalidity shall cover those goods or services only.”

53. As I have indicated, the 1994 Act transposed Directive 89/104 into United Kingdom law. But section 32(3) of the 1994 Act does not correspond to any provision of that Directive. It provides:

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

## **The functions of a trade mark**

54. Underpinning both of these systems and the provisions to which I have referred is the recognition that the essential function of a trade mark is, in particular, to guarantee the identity of the origin of the goods or services in relation to which it is used. In more colloquial terms, it is a badge of origin and its purpose is to permit the consumer, without any possibility of confusion, to distinguish the goods or services of one undertaking from those of another. At least in general, it can only fulfil that purpose if its owner uses it.

55. There are other well recognised functions of trade marks. In *L'Oréal SA v Bellure NV* (C-487/07) EU:C:2009:378; [2010] RPC 1, the CJEU explained, at para 58, that the functions of a trade mark include not only the essential function, which is to guarantee to consumers the origin of the goods and services in relation to which it is used (“the origin function”), but also a guarantee that this undertaking is responsible for the quality of those goods and services (“the quality function”), and functions concerning communication, investment and advertising, as I will explain in a moment.

56. The quality function is closely tied to, if not a part of, the origin function. As Advocate General Jacobs elaborated in *Parfums Christian Dior SA v Evora BV* (Case C-337/95) EU:C:1997:222, at para 41, for a trade mark to fulfil this function it must offer a guarantee that all goods (or, I would add, services) to which it is applied have been produced (again, I would add, or services supplied) under the control of a single undertaking which is accountable for their quality.

57. The other functions of a trade mark to which I have referred, that is to say the communicating, advertising and investment functions, convey that a trade mark may also carry or be associated with other messages such as luxury or a desirable lifestyle, and have associated with them a cachet and reputation which may be the result of considerable investment by the owner of the mark and have value in themselves. Furthermore, these may be reduced or damaged if the image and prestige of the brand is diluted or adversely affected by the activities of a third party. But none of these other functions detracts from the primary function of a trade mark as a guarantee of the origin of the goods and services to which it is applied or in relation to which it is used.

## **The protection given to a registered trade mark**

58. It is also helpful to have in mind from the outset aspects of the protection given to EU trade marks and UK trade marks, and the rights conferred on their owners.

59. The acts which amount to an infringement of an EU trade mark are set out in the relevant regulations: Regulation 40/94, then Regulation 207/2009 (later as amended) and

later still in the EUTM Regulation. As for national trade marks, the acts which amount to an infringement are set out in the 1994 Act which transposed the relevant provisions of Directive 89/104 into national law, and later gave effect to the equivalent provisions of Directive 2008/95 and Directive 2015/2436.

60. Under each of these regimes, there are three main kinds of prohibited acts, and the essential elements of each of them were considered by the Court of Appeal in *Interflora Inc v Marks & Spencer plc* [2014] EWCA Civ 1403; [2015] Bus LR 492; [2015] ETMR 5, at paras 67-69, primarily by reference to the provisions of Directive 89/104, although nothing turns on that for the purposes of this appeal. They have been referred to in these proceedings as type (a), (b) and (c) infringements (referring in each case to the common lettering of the sub-paragraphs of the relevant provision in the relevant instruments – as to which, see, for example, article 9(2)(a), (b) and (c) of the EUTM Regulation and article 10(2)(a), (b) and (c) of Directive 2015/2436).

61. In broad terms, the registration in this way confers on its owner first, the exclusive right to use the mark in the course of trade in relation to any of the goods or services for which it is registered. This category of infringement requires the use in the course of trade of a sign which is identical with the registered mark in relation to any goods or services which are the same as any of those for which the mark is registered. Liability is absolute. This is referred to as category (a) infringement.

62. The rights conferred extend a good deal further than this. A person also infringes a registered trade mark if he uses in the course of trade a sign where because either the sign is identical with the trade mark and it is used in relation to goods or services which are similar to those for which the mark is registered, or the sign is similar to the trade mark and it is used in relation to goods or services which are the same as or similar to those for which the mark is registered, there exists a likelihood of confusion. These are referred to as category (b) infringements.

63. None of these categories of infringement requires the proprietor of the registered trade mark to have made any use of it. The question in such a case is whether, having regard to a notional and fair use of the mark in relation to any of the goods and services for which is registered, and the actual or threatened use of the sign complained of, there is a risk that the average consumer might think that the goods or services come from the same undertaking or economically linked undertakings.

64. This is important and needs a little elaboration in the context of this appeal. First, it is one of the reasons why a person may be found to have infringed a trade mark even though the use complained of has not caused any actual confusion in the market place. Conversely, if the owner of the registered mark has used it and this use has been sufficient to generate a reputation as of the date of the activities complained of, then this is a factor

which, in the light of all the circumstances, may increase the likelihood of confusion. There are, however, limits on the effect of a registered mark, and one of them is that the owner is entitled to prohibit the use of another mark if and to the extent that the registered mark is not liable to be revoked, for example, for non-use (see, for example, section 11A of the 1994 Act). But a registration is not vulnerable to revocation for non-use unless that non-use has continued for a period of at least five years after completion of the registration procedure. This creates the grace period.

65. The third category of infringement concerns registered trade marks which do have a reputation. A person infringes such a registered mark if he uses, in the course of trade in relation to goods or services, a sign which is the same as or similar to the trade mark and where the use of the sign, without due cause, takes unfair advantage of, or is detrimental to, the distinctive character or repute of the trade mark. It is important to note that this ground of infringement applies even if the goods or services in relation to which the accused sign is used are not the same as or similar to those in respect of which the registered mark has been used or registered. But of course, the other requirements to which I have referred must be satisfied. These are the category (c) infringements.

### **Relative grounds of objection to later applications**

66. Comparable grounds are also available to the owner of a registered mark to oppose a later application by another person to register a trade mark: where the marks and the goods or services are identical; where because there is a similarity or identity between the marks and the goods or services, there exists a likelihood of confusion; and where an earlier mark has a reputation and the use of the later mark would take advantage of or be detrimental to the distinctive character or repute of the earlier mark. These grounds of objection, described as relative grounds, are set out, for example, in section 5(1) to (3) of the 1994 Act (and article 5(1)(a) and (b), and article 5(3) of Directive 2015/2436). Similar grounds of objection appear in the EUTM Regulation.

### **Departure of the United Kingdom from the European Union**

67. The explanation I have given is subject to the further issues which arise in light of the departure of the United Kingdom from the European Union, and which I will address later in this judgment.

## **IV. THE PARTIES AND THE PROCEEDINGS**

68. I must now say something about the business of the parties and explain the history of the proceedings themselves. I will do so as concisely as possible having regard to the issues in this appeal.



## The Sky parties

69. Sky have for very many years conducted business in the United Kingdom and around the world as television programme broadcasters and as telephony and broadband providers. By November 2014, SKY had become a household name in the United Kingdom and Ireland in these areas of business, and Sky had applied for and secured the registration of a number of trade marks consisting of or comprising the word SKY in respect of a very wide range of products and services. They included the five SKY marks to which I have referred.

70. There is also a considerable degree of overlap between the goods and services for which the SKY marks were and are still registered. But relatively shortly before trial and for the purposes of the proceedings then before the court, Sky relied upon the registration of the SKY marks for a more limited range of goods and services drawn from the specifications of these marks and falling in particular classes of the Nice Classification. These were then refined by Sky in the course of submissions at the trial and have been referred to ever since as “the Selected Goods and Services”.

71. Although limited by comparison with all the goods and services for which the SKY marks are registered, there are two features of the Selected Goods and Services which are immediately apparent: first they are still framed in very general terms; and secondly, they still cover an enormously wide range of goods and services:

- computer software (class 9);
  
- computer software supplied from the internet (class 9);
  
- computer software and telecoms apparatus to enable connection to databases and the internet (class 9);
  
- data storage (class 9);
  
- telecommunications services (class 38);
  
- electronic mail services (class 38);
  
- internet portal services (class 38); and

- computer services for accessing and retrieving information/data via a computer or computer network (class 38).

## **The SkyKick parties**

72. SkyKick conduct a business which was founded in Seattle, in the USA, by two individuals, Mr Todd Schwartz and Mr Evan Richman, who had previously been employed by Microsoft. These founders were familiar with the various Microsoft packages commonly used in business at that time, and with the business model of Microsoft Partners, who are specialised IT providers, registered with and approved by Microsoft, and who offer their business customers a range of IT services and Microsoft products.

73. Mr Schwartz and Mr Richman were also aware that in 2011 Microsoft had launched Microsoft Office 365 as a successor to Microsoft Office and that this provided subscription-based access to Microsoft programs such as Word and Excel and other cloud-based productivity services. But the email infrastructure for Microsoft Office 365 is different from that used in the earlier Microsoft Office platform. This meant that a business wanting to change from Microsoft Office to Microsoft Office 365 had to migrate its email accounts and associated settings and configurations from one infrastructure to the other.

74. Here Mr Schwartz and Mr Richman saw a business opportunity. They had the idea of developing a product which would largely automate the migration process, and then selling that product to Microsoft Partners who could use it for the benefit of their customers. A branding consultant identified SkyKick as an appropriate name for this business and it began in the USA in 2012, and then, in 2014, began to target the European Union and in particular the United Kingdom.

75. The SkyKick business was successful and by the date of commencement of these proceedings, it comprised two main products, the cloud migration product and a backup facility. There was also a management facility. In the end the focus of the trial was on the first two of these products and associated activities because the third was still under development. The three products were described by Arnold J, the trial judge, at para 97 of the main judgment and for present purposes may be summarised in this way:

- (i) Cloud Migration. This was the email migration product. Although it was primarily an SaaS-based [“software as a service”- based] application, the majority of migrations involved end users downloading a piece of software called the SkyKick Outlook Assistant. It was an affordable product and promoted as such. Cloud Migration accounted for approximately 60% of SkyKick’s revenue in 2017.

(ii) Cloud Backup. This was another SaaS-based product and it provided cloud-based wholesale backups of customers' Office 365 data. It could be provided by Microsoft Partners to customers either under any Microsoft Partner's brand name or under the SkyKick brand name. Again, it was an inexpensive product: one Microsoft Partner in the United Kingdom offered it for £1.88 per month including VAT. Cloud Backup accounted for approximately 40% of SkyKick's revenue in 2017. The product was launched at some point after Cloud Migration.

(iii) Cloud Manager. This was yet another SaaS-based product, the purpose of which was to provide Microsoft Partners with a dashboard to administer cloud-based software applications used by their customers from a central portal. For example, it would allow Partners to manage groups of end users, including any permissions to use particular applications or features. At the time of the judgment, it was in its beta phase of development, meaning that it was available for use and testing by Partners but had not been finalised and did not at that time generate any revenue. It has played no real part in these proceedings, and I need say no more about it.

76. SkyKick's products were therefore all adjuncts to Microsoft Office 365 and, even at the time of the trial, they had no application outside of that environment. Further, SkyKick did not offer their products to anyone other than Microsoft Partners. This was an important part of SkyKick's business model because the Partners knew that SkyKick would not compete with them. The Partners then provided products and services to their own customers, typically dealing with the customers' IT personnel. In a migration, the email accounts of the customers' ordinary employees were migrated.

77. Although SkyKick only sold to and dealt in this way with Microsoft Partners, it was accepted at the trial that some of SkyKick's promotional activities were directed at the Partners' actual and potential customers, and SkyKick also made a contract directly with the ultimate customer in every case. This standard contract dealt with various matters including SkyKick's access to the customer's systems, the customer's licence to use SkyKick's software and limitations on SkyKick's liability.

### **The claim and counterclaim**

78. Sky sent a letter before action to SkyKick on 18 January 2016 and began these proceedings on 23 May 2016. They alleged that SkyKick had infringed the SKY marks by using the SkyKick mark and variants of it, and they had passed off their products and services as and for or as being connected with Sky. They sought an injunction to prevent SkyKick from using the SkyKick mark in relation to electronic mail migration and cloud storage products and services. More specifically, Sky alleged that SkyKick had infringed and were threatening to infringe the SKY marks:

(i) by carrying out acts which amounted to category (b) infringements of those registrations and, in particular, acts falling within what was then article 9(1)(b) of Regulation 207/2009 and later became article 9(2)(b) of the EUTM Regulation (for the EU trade marks), and section 10(2) of the 1994 Act (implementing article 5(1)(b) of Directive 2008/95 and later article 10(2)(b) of Directive 2015/2436).

(ii) by carrying out acts which amounted to category (c) infringements of those registrations and, more specifically, acts falling within article 9(1)(c) of Regulation 207/2009 and later 9(2)(c) of the EUTM Regulation (for the EU trade marks), and section 10(3) of the 1994 Act (implementing article 5(2) of Directive 2008/95 and later article 10(2)(c) of Directive 2015/2436).

79. The allegations of infringement of the EU trade marks covered the whole of the European Union whereas the allegations of infringement of the UK trade mark were necessarily confined to the United Kingdom.

80. SkyKick denied infringement and maintained that they had a defence that they had done no more than make use of their own name in accordance with honest practices; and they also denied passing off. They counterclaimed for a declaration that the SKY marks were wholly or partly invalid, first, on the basis that the specification of goods and services for each of them lacked clarity and precision; and secondly, on the basis that the applications had been made in bad faith because Sky had no genuine intention of using the SKY marks in relation to all (or at least some of) the goods and services for which they were registered. SkyKick did not, however, advance a more specific case of bad faith in relation to two of the Selected Goods and Services, namely “telecommunications services” and “electronic mail services”, both in class 38 of the Nice Classification.

### **The trial and the main judgment**

81. The action came on for trial and it lasted for five days. In his judgment, given on 6 February 2018 ([2018] EWHC 155 (Ch)), (“the main judgment”), Arnold J found that SkyKick’s allegations that the SKY marks were wholly or partly invalid for lack of clarity and precision, or because Sky never had any relevant intention to use the marks in relation to all the goods and services for which they sought protection, raised issues of law on which the guidance of the CJEU was required.

82. Underpinning the judge’s conclusion that it was necessary to refer certain questions to the CJEU, were findings of fact that he made about Sky’s lack of intention to use the marks for which they had sought and secured protection. In particular, the judge found that the registrations included goods and services for which Sky had no intention of using the marks in three different ways. He set out his conclusions at paras 250 and 251 but at this stage they may be summarised in this way.

83. First, the specifications included goods in relation to which Sky never had any intention of using the SKY marks at all. Here the judge gave as examples “bleaching preparations” in class 3, “insulation materials” in class 17 and “whips” in class 18.

84. Secondly, the specifications included categories of goods and services that were so broad that Sky could not have intended and did not intend to use the SKY marks across the breadth of the category. The paradigm case was, in the judge’s view, the registration of the SKY marks in respect of “computer software” in EU 112, EU 992 and UK 604, but there were others such as “telecommunications/ telecommunications services”, the subject of all five SKY marks.

85. Thirdly, the specifications were in some cases drawn so widely as to include all the goods and services in particular classes. Here again, Sky could not have intended to use the SKY marks in relation to all the different kinds of goods and services across the breadth of these classes. For example, the class 9 specifications, including those of EU 352 and EU 619, were intended to cover not just any computer software, but a great deal more besides.

86. There were also findings, at paras 254 and 255, that the declaration made by Sky under section 32(3) of the 1994 Act in respect of UK 604 that they intended to use the trade mark the subject of that application in relation to the specified goods and services was, in part, false. Further, Sky had used the SKY marks and other trade marks they owned to oppose parts of trade mark applications by third parties which covered goods and services in relation to which Sky had never had any intention of using the SKY marks.

87. SkyKick contended that it was impossible to distinguish between the parts of the specifications that covered goods and services in relation to which Sky did have an intention to use the SKY marks and the parts of the specifications that covered goods and services in relation to which Sky had no such intention, and that was because Sky had never themselves attempted to do so.

88. The judge rejected that submission for the following reason: he observed that “placing the line” would be a labour-intensive task, in part because of the sheer length of the specifications of the three later SKY marks, but he was satisfied that in principle it would be possible to do so. He did not propose to undertake the task at that stage, however, since the question whether it was necessary to draw the line, and if so the test to be applied when placing it, would depend on the resolution of the legal issues in relation to which he was satisfied the assistance of the CJEU was required.

89. Turning to infringement, the judge found that, if the registrations for the trade marks were valid, there was a likelihood of confusion within article 9(2)(b) of Regulation 2017/1001 and article 10(2)(b) of Directive 2015/2436 as a result of SkyKick’s actual and

threatened use of the SkyKick marks; and further, in those circumstances, SkyKick’s use of the SkyKick marks would not be in accordance with honest practices in industrial and commercial matters, and this precluded any defence based on the use by SkyKick of their own name.

90. The claim under article 9(2)(c) of the Regulation and article 10(2)(c) of the Directive had not been made out, however. These allegations added nothing to the conventional claims under article 9(2)(b) of the Regulation and article 10(2)(b) of the Directive, and if those conventional claims failed, and there was no likelihood of confusion, then Sky’s case of category (c) infringement must fail too. Further, the claim for passing off failed. These were important findings because they meant that Sky had to rely on the marks as registered in respect of the goods and services for which they had sought protection.

91. In reaching the conclusion that the guidance of the CJEU was required, the judge was plainly concerned that SkyKick did not appear to have a defence to Sky’s claims for infringement in the light of the scope of the registrations.

### **The second hearing and the judgment**

92. The proceedings were restored before the judge upon an application by Sky inviting him to reconsider some of his conclusions or amplify his reasoning. Sky also sought permission to appeal. These applications were rejected: [2018] EWHC 943 (Ch). The judge thereupon settled the questions to be referred to the CJEU and in relation to which he was satisfied the guidance of that court was required.

93. It is convenient to set out the questions at this stage:

“(1) Can an EU trade mark or a national trade mark registered in a Member State be declared wholly or partially invalid on the ground that some or all of the terms in the specification of goods and services are lacking in sufficient clarity and precision to enable the competent authorities and third parties to determine on the basis of those terms alone the extent of the protection conferred by the trade mark?

(2) If the answer to question (1) is yes, is a term such as “computer software” too general and [does it] cover[s] goods which are too variable to be compatible with the trade mark’s function as an indication of origin for that term to be sufficiently clear and precise to enable the competent

authorities and third parties to determine on the basis of that term alone the extent of the protection conferred by the trade mark?

(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 or services?

(4) If the answer to question (3) is yes, is it possible to conclude that the applicant made the application partly in good faith and partly in bad faith if 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 [Directive 2015/2436] and its predecessors?"

### **The case before the CJEU**

94. The reference to the CJEU was duly made (and became Case-371/18). An oral hearing took place on 20 May 2019.

95. In advance of the hearing, the CJEU directed the participants to focus their submissions on the first, third and fourth of the referred questions, and also to answer three other questions asked by the court under article 61(1) of the court's own Rules of Procedure:

“a) As regards the first question, must the concept of ‘public policy’, within the meaning of article 3(1)(f) of Directive 89/104 and article 7(1)(f) of Regulation No. 40/94, be understood in such a way that it could cover, in certain circumstances, the absence of clarity and precision in the specification of goods and services that are the subject of the registration?

b) As regards the third question, does reliance on the concept of ‘bad faith’ as it appears in article 51(1)(b) of Regulation No. 40/94 and in article 3(2)(d) of Directive 89/104, presuppose the use or registration of the sign at issue or of a similar sign by

third parties, so that the application for registration of that sign is liable to be detrimental to the interests of those third parties?

c) As regards, further, the third question, is a broad interpretation of the concept of the applicant's 'bad faith', to cover situations where a sign is registered for goods and services without any intention to use that sign in relation to the specified goods or services, not likely to deprive the mechanism for revocation of *effet utile*?"

96. Advocate General Tanchev delivered a full opinion on 16 October 2019 (Case C-371/18, EU:C:2019:864) and the CJEU gave judgment on 29 January 2020 (Case C-371/18, EU:C:2020:45).

97. I will return to the reasoning of the CJEU a little later, but I think it helpful to have in mind now the answers given by the court to the referred questions:

“(1) Articles 7 and 51 of Council Regulation (EC) No 40/94 of 20 December 1993 on the Community trade mark, as amended by Council Regulation (EC) No 1891/2006 of 18 December 2006, and Article 3 of First Council Directive 89/104/EEC of 21 December 1988 to approximate the laws of the Member States relating to trade marks must be interpreted as meaning that a Community trade mark or a national trade mark cannot be declared wholly or partially invalid on the ground that terms used to designate the goods and services in respect of which that trade mark was registered lack clarity and precision.

(2) Article 51(1)(b) of Regulation No 40/94, as amended by Regulation No 1891/2006, 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.

(3) First Directive 89/104 must be interpreted as not precluding a provision of national law under which an applicant for registration of a trade mark must state that the trade mark is being used in relation to the goods and services in relation to which it is sought to register the trade mark, or that he or she has a bona fide intention that it should be so used, in so far as the infringement of such an obligation does not constitute, in itself, a ground for invalidity of a trade mark already registered.”

### **Consequential submissions and the third judgment**

98. The matter was then restored to the High Court for the judge to decide what should be done in light of the answers given by the CJEU and the guidance it had provided. This was early in the Covid pandemic and so the parties were invited (and agreed) to make submissions in writing only and that the court should deal with the outstanding issues on the papers.

99. In written submissions for the hearing, Sky raised a procedural objection. They contended that SkyKick were impermissibly raising (and the court should not permit them to proceed with) a claim for partial invalidation on the ground of bad faith filing without having previously formulated a claim to that effect and without identifying the listings in the specifications of goods and services of the SKY marks which they were asking the court to suppress by way of partial invalidation. Sky also contended that SkyKick had not set out the factual basis on which they were contending that the court should find that the requirements of bad faith filing were satisfied in relation to those listings.

100. SkyKick responded to that objection in written submissions and contended that Sky’s objection had no substance. Nevertheless, SkyKick included a restricted specification which they contended was appropriate.

101. The judge gave his third judgment on 29 April 2020 ([2020] EWHC 990 (Ch)) (“the third judgment”). He did not address the procedural objection explicitly. Implicitly, he must have rejected it, however, for he went on to deal with the substance of the matter.

102. Here, the judge considered, first, the issue whether the SKY marks could be declared wholly or partly invalid on the ground that their specifications were lacking in

clarity or precision. He concluded that this allegation must fail in the light of the guidance given by the CJEU and that this part of SkyKick's counterclaim fell to be dismissed.

103. The judge turned next to the allegation of invalidity based upon bad faith filing. Here he recorded, at para 13, that SkyKick now accepted that the SKY marks could only be declared invalid for those goods and services in respect of which the court found that the applications had been made in bad faith.

104. The judge also observed, at para 14, that SkyKick had not alleged that the SKY marks had been applied for in bad faith in relation to two of the Selected Goods and Services, namely "telecommunications services" and "electronic mail services" (subject to the overriding allegation that an application made in bad faith in relation to some goods and services tainted the whole registration). I should also record that the judge refused a late application by SkyKick to amend their pleading to allege bad faith filing in relation to these two kinds of services separately from the overarching tainted allegation.

105. There followed an analysis by the judge of the other aspects of the bad faith allegation. He held, at para 21, that Sky had applied for the SKY marks partly in bad faith in each of the three ways referred to in the main judgment at para 251 and which I have summarised above. He continued that Sky did not intend to use the SKY marks in relation to some goods and services covered by the specifications at the application dates and, further, that there was no foreseeable prospect that they would ever intend to use the SKY marks in relation to those goods and services.

106. Moreover, the judge continued, again at para 21, that Sky had made the applications pursuant to a deliberate strategy of seeking very broad protection for the SKY marks regardless of whether it was commercially justified. Sky had applied for the SKY 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 against third parties, whether in threats of infringement claims or actual infringement claims or oppositions to third party applications for registration. For this, it was necessary to have in mind paras 69-72 of the main judgment.

107. Further, in the case of the UK trade mark for the word SKY (UK 604), there was the additional factor that Sky made a false declaration under section 32(3) in respect of part of the specification in order to obtain trade mark protection. This was inconsistent with honest practices in industrial and commercial matters, and thus strengthened the conclusion that, to this extent, Sky made that application in bad faith.

108. The next question was what should be done about the Selected Goods and Services other than "telecommunications services" and "electronic mail services".

109. There followed a consideration by the judge of the various specifications and, in respect of five out of the eight descriptions, he recast them, but not in the form contended for by SkyKick. The descriptions which remained unaltered were “telecommunications services”, “electronic mail services” and “internet portal services” (paras 23-33). As for the others, he considered that he was required to do the best he could to devise a specification which reflected the extent of the bad faith proved, but no more, and which gave to Sky what he described as fair protection (para 30). I will return to the detail of the judge’s reasoning a little later in this judgment.

110. The specifications of the Selected Goods and Services as cut down by the judge are set out in the table below which is drawn by me with gratitude from the judgment of Sir Christopher Floyd in the Court of Appeal. Deletions are shown by strike-through, and additions are 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 audiovisual content via mobile telephones and/or tablet computers; games software supplied from the internet</i>
3	Computer software and telecoms apparatus to	Yes	Computer software and telecoms apparatus to enable connection to databases and the internet

	enable connection to databases and the internet		<i>to enable connection to databases of audio, visual and/or audiovisual content and documents; computer software and telecoms apparatus to enable connection to the Internet</i>
4	Data storage	Yes	<del>Data</del> storage of audio, visual and/or audiovisual content and documents
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 <del>information/data</del> "... audio, visual and/or audiovisual content and documents ..." via a computer or computer network

111. There was a further issue, namely, what to do about the specifications of the SKY marks in so far as they extended beyond the Selected Goods and Services. Here the judge allowed Sky seven days in which formally to withdraw their infringement claim save in so far as the claim was based on the Selected Goods and Services. He decided that if Sky accepted that invitation, he would make no order on the counterclaim in so far as it sought a declaration of invalidity on the ground of bad faith in respect of the other parts of the SKY mark registrations (see, paras 34-35). In the event, Sky accepted that invitation.

112. Finally, the judge decided that SkyKick had infringed the SKY marks at least in so far as SkyKick had used the marks complained of in relation to their email migration service, and in so far as the SKY marks were registered for “electronic mail services” (paras 36-39).

## **The fourth judgment**

113. It remained for the judge to consider and decide what final orders to make in the light of his earlier three judgments. A hearing was held for this purpose on 19 June 2020. The judge gave judgment in writing addressing the outstanding matters on 2 July 2020 ([2020] EWHC 1735 (Ch)) (“the fourth judgment”).

114. Here the judge revisited the issue of infringement and found (at para 8) that SkyKick had also infringed the SKY marks by dealing in the Cloud Backup product in so far as the marks were registered for “computer services for accessing and retrieving audio, visual and/or audio-visual content and documents via a computer” in class 38.

115. SkyKick contended that an injunction should nevertheless be refused by way of sanction and as a deterrent following the judge’s findings of bad faith filing. The judge rejected this contention in the light of the guidance given by the CJEU.

116. The judge also resolved other outstanding issues relating to the form of the order. In particular, he decided that he would make no order as to the costs of the claims and counterclaims, leaving each side to bear their own costs.

117. The judge then made his final order in which he (i) declared the SKY marks to be invalid to the extent specified in the schedule to his 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 SKY marks; and (iv) save to the extent provided for in the schedule to his order, made no order on SkyKick’s counterclaim alleging bad faith in filing the applications for the SKY marks. The judge nevertheless held that SkyKick’s email migration and cloud storage services did infringe the SKY marks in their restricted form. He therefore granted an injunction to restrain SkyKick from infringing the SKY marks in that restricted form (and any post-Brexit comparable trade mark (EU)), and monetary relief for past infringement.

118. The judge also granted a partial stay of his orders on terms and in the event of an appeal.

## **Appeal to the Court of Appeal**

119. Sky thereupon appealed to the Court of Appeal against the findings of partial invalidity and consequent restriction of the SKY marks, and against the dismissal of the passing off action. SkyKick cross-appealed with the judge’s permission against the findings of infringement, such as they were, and contended the judge erred in not ordering

a more extensive restriction of the goods and services for which each of the SKY marks was registered.

120. The Court of Appeal gave judgment on 26 July 2021: [2021] EWCA Civ 1121. It concluded that Sky's appeal in relation to SkyKick's claim for a declaration of invalidity on the ground of bad faith filing should be allowed in respect of all of the Selected Goods and Services. The specifications of the SKY marks were therefore restored to their full width in this respect. It necessarily followed that SkyKick's appeal against the finding of infringement had to be dismissed.

121. Sky's appeal on the issue of bad faith was allowed for a further reason, namely unfairness arising from (and related to) Sky's objection to the procedure adopted by the judge following the judgment of the CJEU. The Court of Appeal also held that SkyKick's allegation of bad faith had not been pleaded properly.

122. The Court of Appeal dismissed Sky's appeal in respect of the passing off claim, however. It also rejected Sky's complaint as regards type (c) infringement. Sir Christopher Floyd, with whom Newey LJ and Nugee LJ agreed, reasoned, first, that Sky had a finding of type (b) infringement based on a likelihood of confusion; secondly, that on any inquiry as to damages, Sky would not be precluded from seeking to establish any head of foreseeable damage caused by type (b) infringement, including damage to the distinctive character of the SKY marks; and thirdly, at this stage, the liability stage, having concluded that type (b) infringement had been established, the judge's task had been accomplished. The judge was therefore 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. I interpose that this did not mean, however, that Sky had established infringement on any other basis. Nor had they made good their claim for passing off.

123. Had it been necessary to consider the point, the Court of Appeal would have (a) allowed SkyKick's appeal in respect of the finding of infringement arising from the supply of the Cloud Migration product so far as it was said to amount to the provision of electronic mail services; (b) rejected SkyKick's appeal in respect of infringement in relation to the Cloud Backup product. Again, these findings are of some importance and are matters to which I will return.

124. The Court of Appeal made its order on 30 July 2021. This appeal is against that order. It may be noted that the hearing before the Court of Appeal took place after IP completion day, although the consequences of that were never explored before the Court of Appeal and are not addressed in the judgment and order, save to the extent that the Court of Appeal referred briefly to the course taken by the judge in granting an injunction to restrain infringement of what he had described as the UK equivalents of the Sky EU

trade marks on withdrawal of the United Kingdom from the European Union, that is to say the comparable trade marks (EU) which came into existence on IP completion day.

## **V. THIS APPEAL – THE ISSUES**

### **SkyKick**

125. SkyKick now contend that the Court of Appeal approached the whole issue of bad faith incorrectly and invite this court:

- (i) to declare that each of the SKY marks is invalid on the basis that each application was made in bad faith in respect of each of the specified terms listed in Sky's Selected Goods and Services save for "telecommunications" and "electronic mail services"; alternatively,
- (ii) to order that the specifications be amended in the manner advanced by SkyKick before the High Court;
- (iii) to dismiss this action in its entirety; and
- (iv) to award SkyKick their costs.

126. In summary, SkyKick contend that the Court of Appeal made a series of errors in the way it approached the issues before it, and failed to appreciate the major significance of the judge's findings that Sky had framed the specifications of the goods and services for which they made their applications to register the SKY marks far too broadly and without reference to any intention to use them as trade marks in relation to most of the goods and services in respect of which the applications were made. They also contend that the Court of Appeal had no basis to interfere with the finding of the judge that Sky had made the applications in bad faith, and ought instead to have respected and affirmed that finding. SkyKick accordingly seek a declaration of invalidity in relation to six out of the eight groups of Selected Goods and Services.

127. SkyKick also argue that the Court of Appeal fell into error in finding that they had wrongly failed to plead their case based on alleged bad faith filing, and fell into further error in finding that the procedure adopted by the judge was unfair.

## Sky

128. Sky, on the other hand, maintain that the Court of Appeal was entitled to make the order it did, essentially for the reasons given by Sir Christopher Floyd. They also maintain that the order is justified because SkyKick are in any event liable for type (b) and type (c) infringement of the rights conferred by the SKY marks for:

- (a) telecommunications services;
- (b) electronic mail services;
- (c) the goods and services set out in the specifications as modified by the judge and set out at para 27 of the Court of Appeal judgment (which I have set out at para 110 above); and in the further alternative,
- (d) the particular goods and services listed in schedule 2 of SkyKick's proposed draft order.

129. In response, SkyKick dispute that Sky are entitled to raise before this court on this appeal any issues concerning the infringement of the SKY marks further to those dealt with by the judge and the Court of Appeal.

### **Jurisdiction - the EU trade marks and the comparable trade marks (EU)**

130. There is another issue of importance to this appeal and more generally which it is necessary to introduce at this stage, namely whether this court retains any jurisdiction to deal with or decide issues concerning the validity or infringement of EU trade marks, including those alleged to have been infringed in these proceedings. The same or at least a very closely related issue arises in relation to the judgment and order of the Court of Appeal which were, respectively, given and made after the end of the transition period.

131. It is accepted that with effect from 31 December 2020, IP completion day, EU trade marks no longer have effect in the United Kingdom. Instead and to prevent there being a loss of rights, under section 52A of and schedule 2A to the 1994 Act, as amended, any EU trade mark registered in the EU trade mark register immediately before IP completion day is to be treated on and after IP completion day as if an application to register the mark had been made, and the trade mark had been registered, under the 1994 Act, in respect of the same goods or services as the existing EU trade mark was registered. This comparable trade mark (EU), registered and enforceable under the 1994 Act, would



exist alongside the parent EU trade mark. I must return to these amendments, and their purpose and effect later in this judgment.

132. The UKIPO met this obligation by populating the register of trade marks (maintained under the 1994 Act) with a further 1.4 million comparable trade marks (EU). Each of these marks was registered in respect of the same goods and services as the parent EU trade mark to which it relates, and it retained the application date and priority right of that parent EU trade mark which continued to subsist but now applied only to Member States of the European Union.

133. Each of these newly created comparable trade marks (EU) was also recorded in the UK register with a number. The first three digits identified whether its parent was entered in the EUTM register as an international mark protected in the European Union (in which case the comparable registration in the UK register was designated “UK 008...”); or a conventional EU trade mark (in which case the comparable registration in the UK register was designated “UK 009...”). The remaining eight digits are those under which the mark was registered in the EU trade mark register.

134. The 1994 Act applies to these comparable trade marks (EU) just as it does to other UK trade marks, except as provided under schedules (respectively Schedules 2A and 2B) to the 1994 Act. Accordingly, they are enforceable against third parties but are also vulnerable to all of the absolute (and any other) grounds of objection to their validity, subject to the qualifications to which I have referred and others to which I will come so far as they bear on the issues to be decided on this further appeal.

135. I must therefore deal with the implications of this migration and repopulation of the UK trade mark register and how it affects the contention by SkyKick that the applications for the trade marks in issue in these proceedings were made in bad faith. So too, I must deal with proceedings, such as these, which were well underway but had not reached a conclusion before IP completion day.

136. For their part, Sky argue that this court no longer has jurisdiction to deal with any EU trade marks. They accept that this contention necessarily involves a challenge to the judgment and order of Sir Julian Flaux C in *EasyGroup Ltd v Beauty Perfectionists Ltd* [2021] EWHC 3385 (Ch); [2022] Bus LR 146; [2022] FSR 8, and that is another matter I must consider. I should also explain that the dispute in *EasyGroup Ltd v Beauty Perfectionists Ltd* has since proceeded to trial and Bacon J gave judgment on 13 June 2024: [2024] EWHC 1441 (Ch); [2024] FSR 28.

137. SkyKick, on the other hand, contend that this court retains jurisdiction to decide and finally resolve the issues of validity and infringement of the EU trade marks which are the subject of these proceedings. They also argue that this court has jurisdiction to

decide issues concerning the infringement and validity of the comparable trade marks (EU) which came into existence from IP completion day.

138. These are all matters I must address. But first, I must deal with the overarching issues concerning the attacks on the validity of the registrations on the basis that the applications for them were made in bad faith, and the issues arising in relation to the claims for and findings of infringement, all of which need to be resolved.

## **VI. BAD FAITH – THE LAW**

### **Introduction**

139. It will be appreciated from the provisions of Regulation 40/94 to which I have referred (at paras 40-46 above) that it has never been an absolute ground for refusal of an application for the registration of an EU trade mark that the application was made in bad faith (save in one particular circumstance concerning the activities of an agent about which I need say no more). Once granted, however, an application may be made to have the registration declared invalid on that basis: article 51(1)(b) of Regulation 40/94 and the equivalent provisions of the later instruments, namely article 52(1)(b) of Regulation 207/2009 and, later still, article 59(1)(b) of the EUTM Regulation.

140. It is and has always been, therefore, an absolute ground of invalidity of an EU trade mark, once registered, that the application for that registration was made in bad faith. This ground may be relied on before the EUIPO, and by counterclaim to a claim for infringement in any designated EU trade mark court.

141. Turning to UK trade marks, the 1994 Act largely implemented the optional and mandatory provisions of Directive 89/104 in providing, in section 3(6):

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

142. Section 47 of the 1994 Act then deals with what is essentially the same objection to the validity of a registered trade mark:

“(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 of the 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 or services only.

(6) Where the registration of a trade mark is declared invalid to any extent, the registration shall to that extent be deemed never to have been made.

Provided that this shall not affect transactions past and closed.”

143. Section 3(6) of the 1994 Act in this way implemented article 3(2)(d) of Directive 89/104. Later, it gave effect to the same provision in Directive 2008/95 and later still, to articles 4(2) and 7 of Directive 2015/2436. Member States have always had an option whether to implement this provision as an objection to an application to register a trade mark, and it was an option which the United Kingdom exercised.

144. As for registered trade marks, Directive 89/104 and Directive 2008/95 also conferred on individual Member States an option to implement as a ground of objection to the validity of a registered trade mark that the application to register that mark was made in bad faith. Member States became required to do so by article 4(2) of Directive 2015/2436 and were given until 15 January 2019 to give effect to that provision in national law. The United Kingdom had already transposed this objection to the validity of a registered trade mark into national law in the form of section 47(1) of the 1994 Act. It is, however, subject to section 47(5) which provides that where grounds for 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.

145. The bad faith of an applicant may also be invoked under section 48 of the 1994 Act by the proprietor of an earlier mark or earlier right who has acquiesced for a continuous period of five years in the use of a later registered trade mark in the United Kingdom, being aware of that use. Such a proprietor ceases to have any entitlement on the basis of the earlier trade mark or right (a) to apply for a declaration that the registration of the later mark is invalid, or (b) to oppose the use of the later mark in relation to the goods or services in relation to which it has been so used, unless the registration of the later mark was applied for in bad faith. Where this applies the proprietor of the later trade mark is not entitled to oppose the use of the earlier mark, or as the case may be the exploitation of the earlier right, notwithstanding that the earlier trade mark or right may

no longer be invoked against his later trade mark. This provision implemented article 9(1) of Directive 2015/2436 and the equivalent provision in earlier instruments.

146. I will deal later with the effect of the formal withdrawal of the United Kingdom from the European Union on 31 January 2020 and of the transition period coming to an end on IP completion day, 31 December 2020.

### **No definition of bad faith**

147. It is striking that despite the importance of the concept of bad faith in EU law, there is no definition of it in any of this legislation and as a result there was for many years a good deal of variation in the way the concept was understood and applied by courts in different Member States.

148. More recently, however, the CJEU has, through a series of decisions, explained the essential principles underlying and embodied in the concept of bad faith as a ground of invalidity and how an allegation that an application for registration was made in bad faith is to be assessed. The most important for the purposes of this appeal is the judgment of the CJEU on the reference made in this case (*Sky Plc v SkyKick UK Ltd* (C-371/18) EU:C:2020:45, or “*Sky CJEU*”), because it answers a series of questions concerning the relevance of a lack of intention by the applicant to use the mark for some or all of the goods and services in respect of which it made the application for registration. Nevertheless, the reasoning is compressed, and it is helpful to consider it in the context of the developing jurisprudence of that court.

149. I should also emphasise that, despite the withdrawal of the United Kingdom from the European Union, it was accepted and agreed by all parties that this is not a case in which it is appropriate to depart from EU law; nor, in my view, is it necessary or helpful to address here the many decisions of national courts concerning the wide range of circumstances which have been alleged, and on occasion found, to constitute bad faith. Most were decided before the decisions of the CJEU to which I will come and, save to the extent that they illustrate the relevant principles, are no longer of any real assistance.

### **Autonomous concept**

150. It has been a feature of the consideration by the CJEU of this issue that, given the way the legislation is organised, there must be a single concept of bad faith for Regulation 40/94 and Directive 89/104 and their respective successors, that the concept must be given a uniform interpretation, and that guidance as to its meaning and scope may be derived from its place in the scheme of that legislation: *Malaysia Dairy Industries Pte Ltd v Ankenaevnet for Patenter og Varemaerker* (C-320/12) EU:C:2013:435; [2013] Bus LR

1106; [2013] ETMR 36 (“*Malaysia Dairy*”), at paras 25-29 and 35. Such an approach ensures a coherent application of the rules in the legal order of the European Union.

### **What amounts to bad faith?**

151. As for the content of the objection, considerable assistance is now available in the form of a substantial body of decisions of the Court of Justice and the General Court of the European Union, provided it is understood that the categories of bad faith and circumstances which may constitute bad faith are not closed, and any assessment of bad faith must depend very much on the particular facts and circumstances of each individual case.

152. In seeking to identify the relevant principles, it is necessary to have in mind two fundamental aspects of trade mark law to which I have already referred: first, it is concerned with the use of marks in trade to denote the origin of goods and services. Secondly, the aim of the trade mark regime is to contribute to a system of undistorted competition in which businesses are able to attract and retain customers by the quality of their goods and services, and for that purpose are able to have registered signs which enable consumers to distinguish the goods and services of one undertaking from those of another. Such a system must also provide an incentive and protection for the investment by a brand owner in the quality and other beneficial aspects of its goods and services, and so allow it to develop a goodwill in its business relating to their sale and supply.

153. Against this background, the essence of the objection that an application to register a mark was made in bad faith may be understood: it is that the motive or intention of the applicant was to engage in conduct that departed from accepted principles of ethical behaviour or honest commercial practices having regard to the purposes of the trade mark system which I have described. Whether the conduct was undertaken with that motive or intention and did indeed depart from such ethical behaviour or honest commercial practices must be assessed having regard to all the objective circumstances of the case: see, for example, *Koton Mağazacılık Tekstil Sanayi ve Ticaret AS v European Union Intellectual Property Office (EUIPO)* (C-104/18) EU:C:2019:724 (“*Koton*”), paras 46 and 47, to which I will come in a moment.

154. It may be very difficult for a claimant seeking a declaration of invalidity of a registered trade mark to prove the subjective intention or motive of the applicant in filing the application to register that mark in respect of particular goods and services. Accordingly, from the earliest consideration of this issue by the CJEU, it has been recognised that this subjective aspect of the objection will generally have to be established by reference to what have been described as relevant, consistent and objective criteria. But, as will be seen, it remains open to an applicant or proprietor faced with such a case

to seek to rebut it by explaining its purpose and intention in making the application as it did and why it was not made in bad faith after all.

155. The circumstances which may justify a finding that an application to register a sign as a trade mark was made in bad faith have tended to fall into one of two categories (see, for example, *Koton* at para 46):

(i) where the application was made, not with the intention of engaging fairly in competition but with the intention of undermining, in a manner inconsistent with honest practices, the interests of third parties; or

(ii) where the application was made 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 – and so enabling the consumer to distinguish the goods and services of one undertaking from others which have a different origin.

156. The facts and circumstances of any case may not fall exclusively within one or other category, and sometimes the reasoning of the court is directed to both. But subject to that, I have no doubt this categorisation is a useful guide.

157. I should also say that in the discussion which follows, I do not attempt to provide a full analysis of all of the decisions of the Boards of Appeal or the CJEU in this area. My aim is to explain the essential principles underpinning this important area of law so far as necessary to resolve the issues on this appeal.

### **Category (i) cases**

158. This category of case is generally concerned with conduct by an applicant which was intended to undermine the interests of one or more third parties, although the circumstances which may justify a finding that the application was made in bad faith may vary a great deal from case to case. The applicant may, for example, have appropriated the mark of another trader; or made the application in breach of an agreement or fiduciary duty; or even sought to secure by registration a right to prevent one or more third parties from using a mark in relation to particular goods or services despite those third parties having an earlier right to use the mark in that way. Nor do these circumstances necessarily involve any suggestion that the applicant has not used or does not intend to use the mark itself. Indeed, the impugned conduct may very well involve the use of the mark by the applicant.

159. Nevertheless, I must refer to some of the significant authorities concerning conduct which was said to amount to bad faith of this kind because they illustrate many of the key principles underpinning any assessment of bad faith in this area and irrespective of whether it is a category (i) or (ii) case.

### *Lindt*

160. The starting point here is *Chocoladefabriken Lindt & Sprüngli AG v Franz Hauswirth GmbH* (C-529/07) EU:C:2009:361; [2010] Bus LR 443; [2009] ETMR 56 (“*Lindt*”) which gave the CJEU one of its first opportunities to explain and give guidance on the concept of bad faith within the meaning of the European Union rules governing the application for use and registration of trade marks. It is therefore helpful to consider the case in some detail.

161. The reference to the CJEU concerned the interpretation of article 51(1)(b) of Regulation 40/94 and it arose in infringement proceedings between Lindt, established in Switzerland, and Hauswirth, established in Austria. Lindt’s objective was to prevent Hauswirth from making and selling within the European Union chocolate bunnies which were so similar to the chocolate bunny protected by Lindt’s three-dimensional EU trade mark as to be likely to cause confusion. Lindt maintained that it had sold chocolate bunnies with a shape very like that protected by the mark since the early 1950s, and since 1994 in Austria.

162. Hauswirth counterclaimed for a declaration of invalidity on the basis that the application for the mark had been filed in bad faith. It maintained that it had marketed chocolate bunnies since 1962. Further, in Austria and Germany, chocolate Easter bunnies had been marketed and sold by other manufacturers for very many years and at least as long ago as 1930. Hauswirth’s claim therefore had at its heart the contention that Lindt’s objective in applying for the registered mark was to compete unfairly with competitors who were already using similar signs and marks, and who had already acquired a degree of protection for them by the time that Lindt made its own application.

163. Against that background, the Austrian court sought a ruling from the CJEU as to how the objection of bad faith was to be interpreted and applied, and in particular as to the relevance of the knowledge of the applicant of the activities of its competitors, and of its intentions towards those competitors; as to whether an applicant was to be regarded as acting in bad faith if it applied for a mark in order to prevent a competitor from using the same or a similar mark when it knew or must have known that the competitor had already acquired a valuable right; and as to the relevance of the reputation already attaching to the applicant’s mark at the date of its application.

164. In answering those questions, the CJEU explained, first, that it is apparent from the wording of article 51(1)(b) of Regulation 40/94 that whether an application for registration was made in bad faith must be assessed as of the date that the application was filed (para 35).

165. The question whether a person is acting in bad faith in making an application must be the subject of an overall assessment, taking into account all of the factors relevant to the case (para 37).

166. A presumption of knowledge by the applicant of particular and relevant circumstances, such as the extent and duration of use by a third party of the same or a similar sign for the same or a similar product, may arise from general knowledge of the sector concerned. The more long-standing the use, the more probable it is that the applicant will, when filing its application, have had knowledge of it (para 39). But this is not sufficient in itself for a finding of bad faith (para 40).

167. In order to determine whether there has been bad faith, consideration must also be given to the applicant's intention (para 41). This is a subjective element which must generally be determined by reference to the objective circumstances of the case (para 42). Here the CJEU made express reference to the Opinion of Advocate General Sharpston who, at para 58, recognised the difficulties that would arise if proof of subjective intention were required to establish bad faith, and explained that its presence or absence must normally be inferred from all the relevant objective circumstances.

168. The CJEU continued:

“43. Accordingly, the intention to prevent a third party from marketing a product may, in certain circumstances, be an element of bad faith on the part of the applicant.

44. That is in particular the case when it becomes apparent, subsequently, that the applicant applied for registration of a sign as a Community trade mark without intending to use it, his sole objective being to prevent a third party from entering the market.

45. In such a case the mark does not fulfil its essential function, namely that of ensuring that the consumer or end user can identify the origin of the product or service concerned by allowing him to distinguish that product or service from those of different origin, without any confusion (see, *inter alia*, Joined



169. I interpose that this was not such a case, however, because Lindt had used and intended to continue to use its three-dimensional mark.

170. The court went on to explain (at paras 46-49) that the question of bad faith must be assessed having regard to all the circumstances and that these may include matters such as whether a third party competitor has for a long time used a sign for an identical or similar product and that sign enjoys some degree of legal protection; whether the applicant’s sole aim is to compete unfairly with such a competitor; and whether the applicant’s aim is in pursuit of a legitimate objective such as to prevent a newcomer competitor from seeking to take advantage of the applicant’s mark by copying its presentation.

171. Here too the nature of the sign may be relevant. So, for example, where the mark consists of the entire shape and presentation of the product, bad faith on the part of the applicant may be established more readily where the freedom of third party competitors to choose the shape of a product and its packaging is restricted by technical or commercial factors, so that the proprietor is able to prevent those competitors not merely from using an identical or similar mark but also from marketing comparable products (para 50). Conversely, the reputation attaching to the applicant’s mark may also be a relevant factor (paras 51, 52).

172. The court then reviewed the position at para 53, concluding that in the context of the case, the relevant circumstances may include:

- the fact that the applicant knows or must know that a third party is using, in at least one Member State, an identical or similar mark for an identical or similar product capable of being confused with the mark for which registration is sought;
- the applicant’s intention to prevent that third party from continuing to use such a mark; and
- the degree of legal protection enjoyed by the third party’s mark and by the mark for which registration is sought.

## *Koton*

173. The CJEU returned to this issue in *Koton* (Case C-104/18). Here a Mr Esteban filed an application with the EUIPO to register a mark as an EU trade mark. It comprised the word STYLO above a stylised representation of the word KOTON. He sought registration in respect of certain goods and services in classes 25, 35 and 39 of the Nice Classification. The application proceeded to advertisement where it was opposed by Koton on the basis of two earlier marks, one registered in Malta and the other under various international arrangements with effect in several Member States. In October 2013 the EUIPO upheld Koton's opposition to the extent that it related to goods and services in classes 25 and 35 but rejected it in relation to the services in class 39, namely "transport; packaging and storage of goods; travel arrangement". That decision was confirmed by the EUIPO Board of Appeal.

174. A few months later and after the mark had been registered, Koton applied for a declaration that the registration was invalid because the application had been made in bad faith contrary to article 52(1)(b) of Regulation 207/2009. The Cancellation Division of the EUIPO rejected the claim, finding that it had not been proved that Mr Esteban had acted in bad faith. An appeal by Koton to the Board of Appeal was dismissed. Dissatisfied by that result, Koton brought an action before the General Court seeking annulment of the decision of the decision of the Board of Appeal. That too was dismissed.

175. A further appeal by Koton to the CJEU gave that court an opportunity to provide further guidance as to the scope and meaning of the concept of bad faith in this context. The court explained, at para 43, that where, as here, a term such as "bad faith" is not defined in the Regulation, its meaning must be determined by considering its usual meaning in everyday language whilst also taking into account the context in which it occurs and the objectives of the Regulation.

176. The court continued, at para 45, that although, in everyday language, the concept of bad faith presupposes the presence of a dishonest state of mind or intention, the concept has to be understood in the context of trade mark law, which is concerned with the use of signs in the course of trade. The rules on the EU trade mark are aimed at contributing to a system of undistorted competition in which each undertaking must, in order to attract and retain customers, be able to register signs which enable consumers to distinguish the goods and services of one undertaking from those of another:

“45. While, in accordance with its usual meaning in everyday language, the concept of ‘bad faith’ presupposes the presence 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 (see, as regards Regulation No 207/2009, judgment of 27 June 2013, *Malaysia Dairy Industries*, C-320/12, EU:C:2013:435, paragraph 35). 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 (see, to that effect, judgments of 14 September 2010, *Lego Juris v OHIM*, C-48/09 P, EU:C:2010:516, paragraph 38, and of 11 April 2019, *ÖKO-Test Verlag*, C-690/17, EU:C:2019:317, paragraph 40).”

177. There followed, at paras 46 and 47, a further explanation of what the concept of bad faith involves and how it is to be assessed:

“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.

47. The intention of an applicant for a trade mark is a subjective factor which must, however, be determined objectively by the competent administrative or judicial authorities. Consequently, any claim of bad faith must be the subject of an overall assessment, taking into account all the factual circumstances relevant to the particular case (see, to that effect, judgment of 11 June 2009, *Chocoladefabriken Lindt & Sprüngli*, C-529/07, EU:C:2009:361, paragraphs 37 and 42). It is only in that manner that a claim of bad faith can be assessed objectively.”

178. The court turned next to the circumstances in *Lindt* and explained that the case concerned a situation where, at the date of the application for the contested mark, several producers were using, on the internal market, identical or similar signs for identical or similar goods, and that this was capable of giving rise to confusion. In such a case it was necessary to consider, among other things, whether the applicant knew or should have known of that use by those other producers.

179. That did not mean that bad faith could *only* be established in such a case, however (para 51). Indeed, as the court emphasised, there may be other unrelated situations where an application for a registered trade mark is liable to be regarded as having been filed in bad faith notwithstanding the fact that, at the time of the application, there was no use by a third party on the internal market of an identical or similar sign for identical or similar goods (para 52).

180. In this case, the General Court had failed to consider, as it ought to have done, the intention of the applicant, Mr Esteban, when he sought, for various goods and services, including textile products, registration of an EU trade mark containing the word and figurative element already used by Koton for textile products. The judgment of the General Court was therefore set aside.

### **Category (ii) cases**

181. I turn now to the second category of case where it may be found that a registration is invalid because the application was made in bad faith. This is concerned with cases and circumstances where the application for registration constituted, in respect of all or some of the goods or services for which protection was sought, an abuse of the trade mark system. Here it is not necessary to show that the goods or services of the party asserting bad faith are the same as or similar to those that are the subject of the contested registration; nor is it necessary to show that the parties' respective marks are the same or similar. These may be relevant matters to take into account, but they are by no means essential to a successful objection on this ground.

### **Establishing a relevant abuse**

182. It is necessary, however, to establish two core elements of the impugned activity to make good this objection to the validity of a registration, one objective and the other subjective. First, despite what may have been formal observance of the relevant trade mark rules, the applicant for the contested registration must have adopted a strategy which meant that the purpose of the rules was not met. Secondly, the applicant must have intended to obtain an advantage from the rules by artificially creating the conditions laid down for securing the registration. Of particular importance here may be whether the

application was made with the intention of obtaining an exclusive right for purposes other than those falling within the functions of a trade mark.

### **The relevance of a lack of intention to use**

183. Here I must start with four introductory matters.

#### *No requirement of actual use*

184. First, it is not a requirement of an application to register a sign as an EU trade mark or a national trade mark that the applicant has, prior to the date of the application, used that sign as a trade mark in relation to the various categories of goods or services for which registration is sought. Of course, a sign may have low inherent distinctiveness which use may render distinctive in fact, and so it may meet the requirements for registration in that respect, but that is a different matter.

#### *The old law on intention to use*

185. Secondly, under the law in this jurisdiction prior to the 1994 Act, a trader could not properly apply to register a mark for goods in which it did not deal, or in which it did not at the time of the application for the registration have some definite and present intention to deal: see, for example: *John Batt & Co's Registered Trade Marks* [1898] 2 Ch 432, 439, 440, per Sir Nathaniel Lindley MR, affirmed on further appeal [1899] AC 428, 430 (HL). Indeed, section 17(1) of the Trade Marks Act 1938 ("the 1938 Act") provided that an application for registration could be made by any person claiming to be the proprietor of a trade mark (or a service mark) *used or proposed to be used* by him. Further, a trade mark was defined, in section 68 of the 1938 Act, as a mark *used or proposed to be used* in relation to goods for the purposes of indicating, or so as to indicate, a connection in the course of trade between the goods and the proprietor (or registered user) of that mark.

#### *The 1994 Act and the new regime*

186. Thirdly, whatever the precise meaning and scope of these requirements of the 1938 Act, the 1994 Act made new provision for registered trade marks in implementing Directive 89/104; and it also made provision in connection with Regulation 40/94 and what was to become the EU trade mark. I therefore accept the submission made by Mr Geoffrey Hobbs KC, for Sky, that it cannot be assumed that the requirements for registration under the 1994 Act remained the same as they were under the 1938 Act and its predecessors in this important respect.

## *The Paris Convention and the TRIPS Agreement*

187. Fourthly, it is common ground that the United Kingdom and Member States of the European Union are bound by the Paris Convention (to which I have already referred) and the World Trade Organisation Agreement, which includes the TRIPS Agreement (that is to say, the Agreement on the Trade-Related Aspects of Intellectual Property Rights forming Annex 1C of the Marrakesh Agreement Establishing the World Trade Organisation of 15 April 1994). Indeed, the TRIPS Agreement has been declared to be an EU Treaty pursuant to section 1(3) of the European Communities Act 1972. Further, there is now a legal obligation on the United Kingdom to comply with the TRIPS Agreement under article 222(1)(a) of the Trade and Cooperation Agreement between the European Union and the United Kingdom which came into force on 1 May 2021, and this obligation has been made effective in the United Kingdom by section 29(1) of the European Union (Future Relationship) Act 2020.

188. I also readily acknowledge that there is nothing in the Paris Convention or in the TRIPS Agreement which expressly requires, at the time the application is made, use or an intention to use the mark as a condition of registration. Article 5(C)(1) of the Paris Convention provides that if, in any country, use of the registered trade mark is compulsory, the registration may be cancelled only after a reasonable period and then only if the person concerned does not justify his inaction.

189. As for the TRIPS Agreement, articles 15(3) and 19(1) state, respectively, as follows:

Article 15(3):

“Members may make registrability depend on use. However, actual use of a trademark shall not be a condition for filing an application for registration. An application shall not be refused solely on the ground that intended use has not taken place before the expiry of a period of three years from the date of application.”

Article 19(1):

“If use is required to maintain a registration, the registration may be cancelled only after an uninterrupted period of at least three years of non-use, unless valid reasons based on the existence of obstacles to such use are shown by the trademark owner. Circumstances arising independently of the will of the

owner of the trademark which constitute an obstacle to the use of the trademark, such as import restrictions on or other government requirements for goods or services protected by the trademark, shall be recognized as valid reasons for non-use.”

*The submission made on behalf of Sky*

190. It is submitted by Mr Hobbs for Sky that these articles of the TRIPS Agreement reflect a reconciliation and accommodation of the different approaches of the negotiating parties, and that they preclude the imposition of a requirement that the applicant is using or intends to use the mark in relation to the goods or services for which it seeks protection.

191. Indeed, so Sky’s argument continues, EU and United Kingdom law operate consistently with the TRIPS regime which: (i) imposes an absolute ban on requiring actual use of a trade mark as a condition of applying for registration: article 15(3); (ii) prevents applications for registration from being refused solely on the ground that intended use has not taken place before the expiry of a period of at least three years from the date of the application: article 15(3); and (iii) specifies that where use is required to maintain a registration, the registration may be cancelled only after an uninterrupted period of at least three years of non-use, and even then may not be cancelled if valid reasons based on the existence of obstacles to such use are shown by the trade mark owner: article 19(1).

192. What is more, Sky continue, the sanctions for non-use do not look back to the date of the application at either the European Union level or the national level. The date of completion of the procedure for registration is the earliest possible date from which the period of non-use can begin to count for the purpose of calculating what is now the legislatively mandated uninterrupted period of five years’ non-use.

*The wrong target*

193. I accept these propositions and submissions so far as they go. But they seem to me to be directed at the wrong target. We are not concerned at this point with a claim for revocation of a registration on the basis that the registered trade mark, though it may have been perfectly valid when it was registered, has not been put to use by the proprietor for an uninterrupted period set by the rules starting at any time after registration. I also accept that, at the time the application is made, an applicant does not need to have a firm or settled intention to use the sign as a trade mark in relation to the goods or services for which it seeks protection. That intention may, for example, be conditional on securing a source of supply at an appropriate cost, or upon finding suitable distributors, or upon perfecting a manufacturing process. None of these matters would of themselves undermine the validity of a registration granted on that application.

194. We are concerned here with a different objection, namely that the application was made in bad faith because it constituted (and constitutes) an abuse of the trade mark system. As the CJEU has explained, the fact that the proprietor was not using the mark at the date of the application and did not intend to use it, does not constitute an objection to the validity of the mark but *may* be evidence in support of an appropriate allegation that the application was made in bad faith. To understand how that may be so, it is necessary to consider some of the more important decisions in which the issue has been considered.

### *Trillium*

195. The first of these is the decision of the Cancellation Division of what is now the EUIPO in *Harte-Hanks Data Technologies Inc v Trillium Digital Systems Inc* (Case C-53447/1) (“*Trillium*”), delivered on 28 March 2000. The applicant, Harte-Hanks, challenged the validity of a Community trade mark (as it was then) which was registered on 30 April 1998 by Trillium in respect of a range of software products in class 9, namely “computer software; communications software”. It sought a declaration of invalidity on the basis that the application was made in bad faith in respect of all the goods covered by the registration in class 9 except telecommunications switching software.

196. The claim was rejected as unfounded. The Cancellation Division held that, under EU law, there is not an “intention to use requirement” at the time the application is made, and thus the United Kingdom system and, what was then, the Community trade mark system were different. Use in commerce was not a prerequisite for a Community trade mark registration. It was perfectly permissible to file a list of goods and services exceeding the scope of the business and then to try and expand the business later: see, at para 8:

“In general, and as a matter of principle, it is entirely left to the applicant to file a list of goods and services as long as he sees fit, ie a list exceeding his actual scope of business activity, and try later to expand his activities in order to be able to show genuine use of his CTM or face revocation under Article 50(1)(a) CTMR and other sanctions, respectively. It is exactly this ‘liberal’ concept which underlies Articles 15 and 15 CTMR because otherwise a grace period of five years would make little sense, if any.”

197. I also recognise the importance of the five-year grace period. But I do not agree that it would make little sense if, in an appropriate case, a claim that an application was made in bad faith were permitted. The grace period is important for genuine applicants and proprietors because it gives them time to invest in their fledgling businesses and to develop their goods and services and the trade channels needed to bring them to market.



198. It seems to me, however, that all of this has little or nothing to do with making an application to register a sign as a trade mark in circumstances where some or all of the goods or services for which registration is sought are distant from anything the applicant might sell or which it might provide or wish to provide in the future. Indeed, the Cancellation Division also explained (at para 9) that if, in such a case, the holder of the Community trade mark immediately took action, based on remote goods or services, against third parties, it “might be worth considering” article 51(1)(b) of the Regulation. But that could be left undecided because here the Community trade mark was registered, in class 9, in respect of computer software and the actual activities of the proprietor related to software.

199. Accordingly, far from supporting the case advanced by Sky, it is, I think, apparent that the Cancellation Division contemplated the possibility that it may constitute an abuse of the system to try to enforce a registration for goods or services which the proprietor had never sold or supplied and where there was never any realistic prospect of it doing so.

### *Psytech*

200. Another illustration of the scope afforded to an applicant to develop a genuine business may be found in the decision of the General Court in *Psytech International Ltd v OHIM, Institute for Personality & Ability Testing, Inc (intervening)* (Case T-507/08) EU:T:2011:253; [2011] ETMR 46 (“*Psytech*”). Here the court addressed a series of challenges to the validity of the registration of the mark 16PF (an abbreviation for “16 personality factors”) as what is now an EU trade mark. Relevantly for this appeal, the court also dealt with a range of arguments that the intervener, the Institute for Personality and Ability Testing, Inc, had applied to register that mark 16PF in bad faith. The first of these was that the intervener had never had any intention of using it for the entire range of goods and services the subject of the application for registration. These goods and services were in classes 9, 16, 35, 41 and 42 of the Nice Classification, as revised and amended, and included “computer software” in class 9.

201. The court rejected that particular attack on the registration for two reasons: first, neither Regulation 40/94 nor the case law provided a basis for holding that there was bad faith in light simply of the size of the list of goods and services in the application for registration; secondly, these were precisely the kinds of goods and services which the intervener provided in the course of its commercial activities. Further, the intervener had filed the application in respect of the goods and services for which it was using the mark 16PF or for which it intended to do so; the specifications in the list were not too extensive in relation to its activities; and the mark was already widely used for a number of goods and services designated in the registration (at paras 88-89). It is also fair to say that the court saw no inherent objection to an application for computer software in the circumstances of that case. For my part, and for reasons to which I will come, I would

reject this as support for any broader proposition concerning the permissibility of applications for software more generally.

### *Pelikan*

202. Sky also rely on the decision of the General Court in *pelicantravel.com s.r.o. v OHIM, Pelikan Vertriebsgesellschaft mbH & Co KG (intervening)* (Case T-136/11) EU:T:2012:689 (“*Pelikan*”). This concerned the registration by the intervener, Pelikan, of a figurative mark comprising the word “Pelikan” as what is now an EU trade mark. The mark was registered in respect of a wide range of services in classes 35 and 39. Pelikan specified the services it intended this new mark to cover, rather than using the class headings. A short time later, pelicantravel.com sought a declaration of invalidity under article 52(1)(b) of Regulation 207/2009 on the ground that Pelikan had applied to register the mark in bad faith. It relied in support of this allegation on, among other things, the very long list of services for which Pelikan had applied and secured a registration, and the fact that Pelikan was not able to show use of the mark for the full range of those services.

203. The application was rejected by the Cancellation Division and that decision was affirmed by the OHIM Board of Appeal. Despite that outcome, pelicantravel.com claimed that the General Court should annul the decision of the OHIM Board of Appeal on the basis that Pelikan was indeed acting in bad faith when it filed the application for the contested mark. OHIM and the intervener resisted the claim.

204. In considering that appeal, the General Court emphasised, at para 21, that it was for pelicantravel.com to show that Pelikan was acting in bad faith when it made the application (see also *Peeters Landbouwmachines v OHIM – AS Fors MW (BIGAB)* (Case T-33/11) EU:T:2012:77, para 17).

205. Then, after addressing and disposing of an argument that the application for the contested registration was a mere repeat application made in bad faith, the General Court considered the length of the list of services in classes 35 and 39 for which the contested mark had been registered, and the contention that Pelikan had been unable to show that use had been made of it for the services in those classes, and that this showed that the application had been made in bad faith (para 52).

206. The court disposed of that argument too, and found that the Board of Appeal was correct in stating that “the mere registration of a large variety of goods and services as such is a rather common practice of companies trying to obtain a (Community) trade mark registration; it does not involve conduct that departs from accepted principles of ethical behaviour or honest commercial and business practices”. The court continued, at para 54: “As a rule, it is legitimate for an undertaking to seek registration of a mark, not only for

the categories of goods and services which it markets at the time of filing the application, but also for other goods and services which it intends to market in the future”. The court then added, at para 55, that neither Regulation 207/2009 nor the case law provided a basis for making a finding of bad faith because of the length of the list of goods and services set out in the application for registration.

207. Although relevant to the burden of proof, I have found this decision to be of limited assistance on this appeal for it does not address expressly the argument advanced by SkyKick, which is not based only on the length of the list of goods and services for which protection was sought. Further, there is no dispute that a trader is permitted to register a mark in respect of goods or services which it intends to supply in the future.

### *Hasbro*

208. More relevant, in my view, is the decision of the General Court in *Hasbro Inc v EUIPO, Kreativni Dogaaji d.o.o. (intervening)* (Case T-663/19) EU:T:2021:211 (“*Hasbro*”).

209. The dispute concerned an application made by Hasbro in 2010 to register the mark MONOPOLY as an EU trade mark under Regulation 207/2009. Hasbro sought and secured the registration of the mark in respect of a wide range of goods and services in classes 9, 16, 28 and 41 of the Nice Classification. Importantly, it was also the proprietor of earlier registrations of the mark in respect of various goods and services in those classes, but at least some of these registrations were vulnerable to revocation for non-use.

210. In August 2015, Kreativni Događaji d.o.o., the intervener, made a claim, pursuant to article 52(1)(b) of Regulation 207/2009, for a declaration that the contested mark was invalid in respect of all the goods and services it covered. It contended that Hasbro had acted in bad faith when it filed the application because it was simply a “repeat filing” and was aimed at circumventing the obligation to prove genuine use of the marks the subject of the earlier registrations.

211. The Cancellation Division rejected that application but, on appeal, the Second Board of Appeal of the EUIPO partially annulled that decision and declared the contested mark invalid for some of the goods and services. It did so on the basis that these were identical to goods and services covered by the earlier marks and that the application had been made in bad faith in respect of them.

212. In this action, Hasbro sought an order from the General Court annulling the decision of the Board of Appeal. After citing from the decisions of the CJEU in *Koton* and *Lindt*, the General Court explained, at para 37:

“In that regard, it should be noted that, in point 60 of her Opinion in *Chocoladefabriken Lindt & Sprüngli* (C-529/07, EU:C:2009:148), Advocate General Sharpston pointed out that the concept of bad faith, within the meaning of Article 52(1)(b) of Regulation No 207/2009, cannot be confined to a limited category of specific circumstances. The public interest objective of that provision, which is that of preventing trade mark registrations that are abusive or contrary to honest commercial and business practices, would be compromised if bad faith could be established only in the circumstances exhaustively listed in the judgment of 11 June 2009, *Chocoladefabriken Lindt & Sprüngli* (C-529/07, EU:C:2009:361) (see, to that effect and by analogy, judgment of 3 June 2010, *Internetportal und Marketing*, C-569/08, EU:C:2010:311, para 37).”

213. The court continued that it was settled case-law that account may also be taken of the origin of the contested sign and its use since its creation, the commercial logic underlying the filing of the application for registration of the sign as an EU trade mark, and the chronology of events leading up to that filing (para 38).

214. In particular, in assessing bad faith, consideration must also be given to the applicant’s intention when filing the application (para 39). This is a subjective matter which must be decided by reference to the objective circumstances of the case (para 40).

215. The court then reasoned, at paras 41-44:

“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 principles of ethical behaviour or honest commercial and business practices (judgment of 7 July 2016, *LUCEO*, T-82/14, EU:T:2016:396, paragraph 28).

42. It is for the applicant for a declaration of invalidity who intends to rely on Article 52(1)(b) of Regulation No 207/2009 to prove the circumstances which make it possible to conclude that an application for registration of an EU trade mark was filed in bad faith, the good faith of the trade mark applicant being presumed until proven otherwise (see, to that effect, judgment of 8 March 2017, *Biernacka-Hoba v EUIPO* –

*Formata Bogusław Hoba (Formata)*, T-23/16, not published, EU:T:2017:149, paragraph 45 and the case-law cited).

43. Where EUIPO finds that the objective circumstances of the particular case which were relied on by the applicant for a declaration of invalidity may lead to the rebuttal of the presumption of good faith which the proprietor of the mark at issue enjoys when he or she files the application for registration of that mark, it is for the proprietor of that mark to provide plausible explanations regarding the objectives and commercial logic pursued by the application for registration of that mark.

44. The proprietor of the trade mark at issue is best placed to provide EUIPO with information regarding his or her intentions at the time of applying for registration of that mark and to provide it with evidence capable of convincing it that, in spite of the existence of objective circumstances, those intentions were legitimate (see, to that effect, judgment of 5 May 2017, *PayPal v EUIPO – Hub Culture (VENMO)*, T-132/16, not published, EU:T:2017:316, paragraphs 51 to 59, and, to that effect and by analogy, judgment of 9 November 2016, *Birkenstock Sales v EUIPO (Representation of a pattern of wavy, crisscrossing lines)*, T-579/14, EU:T:2016:650, paragraph 136).”

216. The court concluded, at para 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).”

217. In substance, it was a case of serial filing to avoid the consequences of the non-use of the earlier registrations, and it was not permissible. In so finding the court also rejected

an argument that bad faith had not been established because the practice of re-filing was commonplace. That argument had not been made good but in any event would not necessarily have made the strategy acceptable. This is an important exposition of further aspects of the objection that an application was made in bad faith in respect of at least some of the goods or services for which protection was sought.

### *Sky CJEU*

218. That brings me to the decision of the CJEU in this case: *Sky plc v SkyKick UK Ltd* (C-371/18) EU:C:2020:45; [2020] Bus LR 1550; [2020] ETMR 24; [2020] RPC 4 (“*Sky CJEU*”). The judge referred five questions to the CJEU for a preliminary ruling, details of which I have given at para 93 above. At this stage, I am primarily concerned with the reasoning of the court in addressing the last three questions. Nevertheless, to provide further context, I must refer first (and briefly) to the reasoning of the court in responding to the first and second questions.

219. The CJEU confirmed, as a preliminary observation, that in assessing a claim for a declaration that EU trade marks and national trade mark registrations are invalid on the ground that the applications for them were made in bad faith, the date on which each of the applications was made is determinative for the purpose of identifying the applicable substantive law. The applications for these registrations having been made between 14 April 2003 and 20 October 2008, it followed that the reference must be understood as relating to the meaning of Regulation 40/94 and Directive 89/104.

### *The first and second questions*

220. The CJEU examined these questions together and concluded that a lack of clarity and precision of the terms used to designate the goods and services covered by the registration of a national or an EU trade mark was not a ground for invalidity within the meaning of article 3 of Directive 89/104 or articles 7 and 51 of Regulation 40/94; nor could it be said that any lack of clarity or precision of those terms was capable, in itself, of giving rise to the invalidity of the registrations on the ground that this deficiency was contrary to public policy.

### *The third and fourth questions*

221. The third and fourth questions are addressed at paras 72-81. The court began by emphasising again that article 51(1)(b) of Regulation 40/94 and article 3(2)(d) of Directive 89/104 provide that a trade mark may be declared invalid where the applicant was acting in bad faith when it made the application; that neither instrument provides a definition of bad faith; and that it is an autonomous concept of EU law and must be

interpreted in the same manner in both contexts (para 73). Reference was also made to the earlier decision of the court in *Malaysia Dairy* at paras 34 and 35.

222. The usual meaning of bad faith, the court continued, presupposes the presence of a dishonest state of mind or intention but interpretation of the concept here meant that it was necessary to have regard to the context of trade mark law, which was the course of trade. Further, the rules on trade marks were aimed at contributing to a system in which traders were able to register as trade marks signs which enabled consumers to distinguish the goods and services of one trader from those of another (para 74).

223. Consequently, this absolute ground of invalidity applies (para 75):

“... where it is apparent from relevant and consistent indicia that the proprietor of a 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 ...”

224. The CJEU then developed that reasoning, explaining first, that the applicant is not required to indicate or even know precisely, on the day the application is filed, or when the application is examined, the use he or she will make of the mark; and secondly, that he or she has a period of five years (from the date of registration) for beginning that use consistent with the essential functions of a trade mark (see: para 76, and the judgment of 12 September 2019, *AS v Deutsches Patent-und Markenamt* (C-541/18) EU:C:2019:725; [2019] Bus LR 2248, para 22).

225. Nevertheless, the registration of the mark by the applicant without any intention to use it in relation to the goods and services covered by the 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 40/94 and Directive 89/104. Bad faith may, however, be established only where there are objective, relevant and consistent indicia tending to show that, when the application for the trade mark was filed, the 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 (para 77).

226. It necessarily followed that bad faith could not be presumed on the basis of the finding that at the time of the application, the applicant had no economic activity corresponding to the goods and services referred to in the application (para 78).

227. The court turned next to the second aspect of the question namely whether article 51(3) of Regulation 40/94 and article 13 of Directive 89/104 mean that, when the absence of the intention to use the mark in accordance with its essential functions concerns only certain goods or services covered by the registration, the invalidity covers those goods and services only (para 79).

228. The court answered that question in the affirmative. Where the ground for invalidity exists in respect of only some of the goods and services for which the mark is sought to be registered, the registration is to be declared invalid as regards those goods and services only (para 80).

#### *The fifth question*

229. Finally, the CJEU addressed the fifth question at paras 82 to 87. It was, in essence, whether Directive 89/104 precluded a provision in national law under which the applicant was required to state that the trade mark was being used in relation to the goods and services for which registration is sought, or that he or she had a bona fide intention that it should be used.

230. Here the court explained, first, that national courts were precluded from introducing grounds for refusal or invalidity which did not appear in Directive 89/104; but secondly, Member States were free to fix the provisions of procedure concerning the registration, revocation and invalidity of trade marks acquired by registration. They could do this as they thought appropriate provided such provisions did not in practice have the effect of introducing new grounds of refusal or invalidity not provided for in that Directive.

231. Consequently, the requirement to make the statement was not incompatible with the Directive. Further, a failure to comply with that requirement might constitute evidence for the purposes of establishing bad faith on the part of the trade mark applicant, but could not of itself constitute a ground for invalidity of a trade mark already registered.

#### *The impact of this reasoning on this appeal*

232. In my view, this reasoning, seen in the context of the decisions which preceded it, provides considerable support for SkyKick's appeal. I recognise that an applicant is not



required to have a settled or developed intention to sell or supply the goods or services for which it seeks protection at the time the application is filed. Still less is it required to have a business in those goods and services.

233. The position is very different, however, if the applicant has no genuine intention to use the grace period to try to establish or even reasonably to explore the viability of a business under the mark, but nevertheless intends vigorously to enforce the registration across the full range of the goods and services in respect of which it is registered. Circumstances such as these may constitute objective, relevant and consistent indicia tending to show that when the application was filed, the applicant had the intention of obtaining an exclusive right for purposes other than those falling within the functions of a trade mark, and in particular the essential function of indicating origin.

234. There may also be other evidence which is consistent with and supports that inference, for example, there may have been a failure by the applicant to make an appropriate statement under national law that the mark is being used in relation to the goods and services for which the applicant seeks protection, or that he or she has a *bona fide* intention that it should be so used.

235. I recognise that an inference that an application to register a trade mark was made in bad faith may be displaced by an explanation of an appropriate commercial rationale for making it. In my opinion, however, a failure to provide any satisfactory explanation may reinforce the inference and provide further support for a finding of bad faith.

### *Target Ventures*

236. Next in time is the judgment of the General Court in *Target Ventures Group Ltd v EUIPO* (Case T-273/19) EU:T:2020:510, which in my view is also supportive of SkyKick's appeal. Here the General Court applied much the same reasoning as the CJEU in *Sky CJEU* but in rather different circumstances. The question was whether an organisation called Target Partners GmbH, the intervener, which operated a venture capital fund under the mark TARGET PARTNERS, had acted in bad faith when it applied to register the contested mark TARGET VENTURES. It had only used these words as part of the domain names "www.targetventures.de" and "www.targetventures.com" and these sites were merely a means of redirection to the intervener's "www.targetpartners.de" official site.

237. The General Court answered this question in the affirmative. It emphasised, at para 35, that although an applicant for the registration of a trade mark is not required to indicate or even know precisely, on the date the application is filed, the use that he or she will make of the mark, and (ii) although he or she has a period of five years for beginning actual use consistent with the essential function of a trade mark, the registration of this

mark by the intervener without any intention of using it in connection with the goods and services covered by the registration did constitute bad faith. This was because there was no rationale for the application in the light of the aims referred to in Regulation 207/2009. The court continued, at paras 36-42, that it was apparent from objective, relevant and consistent indicia that the intention of the intervener had not been to put the contested mark to a use falling within the functions of a trade mark but instead to try to protect its own mark TARGET PARTNERS which was the only mark under which it offered its services.

238. The court also explained, at para 46, that in circumstances such as these, it is not necessary to show that the application was made with a view to targeting a specific third party:

“... if the intention of the proprietor of the contested mark at the time of filing his or her application for registration is that 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, an examination of whether that proprietor had prior knowledge of a third party’s use of the sign at issue is not a *conditio sine qua non* in order for it to be possible to hold that that proprietor was acting in bad faith. ...”

### **Drawing the threads together**

239. A number of principles relevant to this appeal may be derived from these decisions which, in light of the general importance of this dispute, I will now endeavour to draw together. I do so conscious that Sir Christopher Floyd has carried out an exercise of this kind at para 67 of his judgment in the Court of Appeal, with which the other members of the court agreed. Nevertheless, it is an exercise that I must carry out again in light of the importance of this issue and the conclusions to which I have come. Further, there are aspects of his reasoning in the Court of Appeal with which I do not agree and which I must in due course highlight and explain.

240. The general principles are these:

- (i) It is an absolute ground of invalidity of an EU trade mark that the application for that registered mark was made in bad faith, and this ground may be relied upon before OHIM (or, now, the EUIPO) or by means of a counterclaim in infringement proceedings (*Lindt*, para 34).

(ii) The date for assessing whether an application to register an EU trade mark was made in bad faith is the date the application for registration was made (*Lindt*, para 35).

(iii) Bad faith in this context is an autonomous concept of EU law which must be given a uniform interpretation in the European Union, and must be interpreted in the context of Directive 89/104 in the same manner as in the context of Regulation 40/94 (*Malaysia Dairy*, para 29; *Sky CJEU*, para 73).

(iv) While, in accordance with its usual meaning in everyday language, the concept of bad faith presupposes the presence of a dishonest state of mind or intention, the concept must also be understood in the context of trade mark law, which involves the use of marks in the course of trade. Further, it must have regard to the objectives of the EU law of trade marks, namely the establishment and functioning of the internal market, and a system of undistorted competition 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 consumers, without any possibility of confusion, to distinguish those goods or services from those which have a different origin (*Lindt*, para 45; *Koton*, para 45).

(v) Consequently, the objection will be made out where the proprietor made the application for registration, not with the aim of engaging fairly in competition but either (a) with the intention of undermining, in a manner inconsistent with honest practices, the interests of third parties; or (b) 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, and in particular the essential function of indicating origin (*Koton*, para 46; *Sky CJEU*, para 75).

(vi) The intention of the applicant is a subjective matter, but it must be capable of being established objectively by the competent administrative or judicial authorities having regard to the objective circumstances of the case (*Hasbro*, paras 39 and 40; *Koton*, para 47).

(vii) The burden of proving that an application for a registered mark was made in bad faith lies on the party making the allegation. But where the circumstances of the case may lead to a rebuttal of the presumption of good faith, it is for the proprietor of the mark to explain and provide a plausible explanation of the objectives and commercial logic pursued by the application for registration (*Hasbro*, paras 42 and 43).

(viii) Whether the applicant was acting in bad faith must be the subject of an overall assessment, taking into account all of the factors relevant to the particular case (*Lindt*, para 37).

(ix) The applicant for a trade mark is not required to indicate or to know precisely when the application is filed or examined, the use that will be made of it (*Sky CJEU*, para 76; *Deutsches Patent-und Markenamt*, para 22).

(x) Nevertheless, the registration by an applicant of a mark without any intention to use it in relation to the goods and services covered by the registration may constitute bad faith where there is no rationale for the application in the light of the aims referred to in Regulation 40/94 and Directive 89/104 (*Sky CJEU*, para 77).

(xi) Such bad faith may, however, be established only where there are objective, relevant and consistent indicia tending to show that, when the application was filed, the applicant for registration had the intention either of undermining, in a manner inconsistent with honest practices, the interests of third parties, or of obtaining, without targeting a specific third party, an exclusive right for purposes other than those falling within the functions of a trade mark (*Sky CJEU*, para 77).

(xii) It follows that the bad faith of the applicant cannot be presumed on the basis of a mere finding that, at the time of filing the application, the applicant had no economic activity corresponding to the goods and services referred to in the application (*Sky CJEU*, para 78).

(xiii) When the absence of an intention to use the 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 constitutes making the application in bad faith only in so far as it relates to those goods or services (*Sky CJEU*, para 81).

(xiv) If, at the end of the day, the court concludes that, despite formal observance of the relevant rules and conditions for obtaining registration, the purpose of the rules has not been achieved, and that there was an intention to take advantage of the rules by creating artificially the conditions laid down for obtaining the registration, this may amount to an abuse sufficient to find that the application was made in bad faith (see, for example, *Hasbro*, para 72).

(xv) Directive 89/104 does not preclude a provision of national law under which an applicant for registration must state that the mark is being used in relation to the goods or services in relation to which it is sought to register the mark, or that the

applicant has a *bona fide* intention that it should be used, provided that infringement of such an obligation cannot constitute a ground for invalidity. It may, however, constitute evidence for the purposes of establishing possible bad faith on the part of the applicant when the application was filed (*Sky CJEU*, paras 86 and 87).

241. I must address how the judge and the Court of Appeal approached the application of these principles in the context of this case, but first must consider aspects of the approach adopted by the Court of Appeal to the content of the bad faith objection itself.

### **The approach taken by the Court of Appeal to the meaning of “bad faith”**

242. The Court of Appeal referred to many of the important decisions in which the issue of bad faith has been raised and which I have discussed but, in my opinion, fell into error in a number of respects, each of which meant that it adopted an unduly restrictive approach to the scope and content of this objection. They are relied upon by SkyKick and I will deal with them below.

243. We have also had the benefit of concise written and oral submissions from Ms Anna Edwards-Stuart KC, counsel for the Comptroller-General. For my part, I am grateful for her submissions which I have found of great assistance. The Comptroller-General has, through counsel, identified three aspects of the decision of the Court of Appeal that appear to restrict the scope for third parties to invalidate trade mark registrations for lack of intention to use them, namely: (i) in respect of goods and services for which there is no prospect of use at all; (ii) in respect of overly broad descriptions of the owner’s actual or intended goods and services; and (iii) the introduction of a requirement for the third party to identify precisely which goods and services the applicant should have applied for and which are the subject of the bad faith allegation.

244. The Comptroller-General is not concerned with the ultimate outcome of this dispute but, as gate-keeper of the UK register, has indicated, through counsel, that clarification as to how allegations of bad faith are to be approached and decided, particularly by the UKIPO, would be welcome.

### **Goods and services for which there is no prospect of use**

245. The Court of Appeal held, at paras 71 and 110, that it is implicit in the decision of the CJEU in this case that it is not bad faith simply to apply for a registered trade mark without any intention to use it in relation to the goods and services covered by the registration, and that the overall width or size of the specification of goods (and, it must

be assumed, services) is not a ground for concluding that the application was made in bad faith.

246. The Court of Appeal also held that there will only be bad faith where the absence of an intention to use the mark is coupled with objective, relevant and consistent indicia of the additional positive intention identified by the CJEU, at para 77 of the judgment, namely that when the application was filed, the applicant had the intention either of undermining the interests of third parties or of obtaining without even targeting a third party, an exclusive right for purposes other than those falling within the functions of a trade mark.

247. This, together with the further points, also introduced by the Court of Appeal, to the effect that objective circumstances limited to the width or size of the specification of goods or services are never, of themselves, sufficient to rebut the presumption of good faith, and that the objective, relevant and consistent indicia upon which reliance is placed must be identified, means that it will, in practice, be very difficult if not impossible for a third party to make out a case of bad faith filing on the ground that the applicant had no intention of using the mark in relation to some or all of the goods or services the subject of the application.

248. This is the first area of concern to the Comptroller-General and, in my opinion, that concern is justified. The starting point here is the clarity with which the CJEU has explained the essential function of a trade mark as being to denote the origin of the goods and services to which it is applied or in relation to which it is used. Of course, there are other functions of a trade mark, such as the quality function, the investment function and the like, to which I have also referred, but none of these detracts from the fundamental importance of the origin function.

249. Secondly, it is inherent in the origin function that the mark is or will be used for that purpose by the proprietor of the mark.

250. Thirdly, I recognise the importance of the grace period which the legislation affords to the proprietor of a mark before it becomes vulnerable to revocation for non-use, and also the need for the system to accommodate all those applicants and proprietors whose intentions in respect of the use of their marks were not fully developed or conditional when they made their applications. Nevertheless, I have no doubt that a person may seek to take advantage of this system in a manner which amounts to an abuse.

251. Here I am persuaded by the reasoning in the decisions of the CJEU to which I have referred that for a person to make an application to register a mark for goods and services for some purpose which is not contemplated by the legislation and in relation to which

that person had no intention (conditional or otherwise) to use the mark as a badge of origin constitutes an abuse – that is to say, a misuse of the system.

252. I recognise that such an applicant, when given an appropriate opportunity, may provide a reasonable explanation and justification for its actions and in that way answer and dispel any inference that it made the application in bad faith. If, however, it fails to do so, it is in my view open to the tribunal to find that the application was indeed made in bad faith in respect of those goods and services.

253. This proposition may be tested by taking an example provided by counsel for the Comptroller-General, namely a person who applies to register a mark in respect of everything in all 45 classes of goods and services. Here the width and size of the specification would, absent a satisfactory explanation, justify a finding of abuse on the basis that the applicant had intentionally taken advantage of the rules by creating artificially the conditions laid down for obtaining a registration with unduly wide protection: see also *Hasbro*, para 72; and, in a different context, *Eichsfelder Schlachtbetrieb GmbH v Hauptzollamt Hamburg-Jonas* (C-515/03) EU:C:2005:491; [2005] ECR I-7355, para 39 and the case-law cited there.

254. Once that proposition is established, as I think it is, then it must be a matter of degree whether the objective circumstances, that is to say, the width and size of the specification of goods and services and their nature, as compared to the size and nature of the applicant's business (or lack of it) are such as to rebut the presumption of good faith and so justify the conclusion that the application was filed, at least in part, for a purpose other than in connection with the proper functions of a trade mark, that is to say to denote the origin of the goods or services to which it is applied.

255. Sky rely in answer to this reasoning upon the decisions of the General Court in *Psytech* and *Pelikan*. They contend that bad faith cannot be established solely on the basis of the size of the list of goods and services in the application for registration. I recognise there will be cases where that will be so, and *Psytech* and *Pelikan* may be illustrations. But I do not accept that these decisions justify any general rule that the contrast between the size of the list of goods and services for which the applicant sought protection, on the one hand, and the nature of the business of the applicant, on the other, can never justify a finding that the application was made in bad faith. That would leave the system open to abuse and, in my view, it is not a reasonable or correct interpretation of the legislation.

256. Accordingly, in my view, the question in any such case is whether, absent an explanation and rationale consistent with the functions of a trade mark, it is reasonable to infer from the size and nature of the list of goods and services the subject of the application and all the other circumstances, including the size and nature of the applicant's business,

that the application constituted, in whole or part, an abuse of the system and was for that reason made in bad faith.

257. There is a further point here. The Court of Appeal also held, at para 110, that 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 was discussing bleaching preparations or computer software.

258. It is not clear to me what the Court of Appeal meant by this further finding. If, however, it is suggested that having a reputation meant that it was permissible for Sky to apply to register a mark in respect of categories or sub-categories of goods or services which it never had any intention (even conditionally) to sell or supply, I disagree. Again, I accept that the reputation and goodwill attaching to a business involved in selling or supplying goods or services under a mark may render that mark more distinctive and confer on the owner a broader degree of protection than might otherwise be the case. It may, for example, give the owner broader protection under section 10(2) and (3) of the 1994 Act (and see now article 10(2)(b) and (c) of Directive 2015/2436). It may also be some indication of the wider ambitions of the owner for its future trade. But it does not justify applying to register a mark in respect of goods or services which that applicant or owner has never had any intention to supply or provide.

### **The use of general terms and broad categories**

259. The use by an applicant of general terms to describe the goods and services for which it seeks protection presents a further problem. It was submitted on behalf of the Comptroller-General that the Court of Appeal, at paras 113 and 116 of the judgment, appears to preclude a finding of bad faith arising from the use by the applicant of overly broad categories of goods and services (for example, software) where the applicant had an intention to use the mark in relation to some but not all of the goods and services within that broad category, and that this appears to be so even where such a term manifestly covers sub-categories of goods or services in relation to which the applicant never had any intention of using the mark and there was no realistic prospect of it ever doing so.

260. This is the second area of concern for the Comptroller-General and again, I think that concern is justified. It would in my view be anomalous for traders who use broad terminology to describe the goods and services for which they seek protection to find themselves in a more favourable position than those who use appropriate sub-categories to describe the same goods and services, and I would reject any interpretation of the legislation that necessarily leads to that conclusion. Of course, the matter must be judged as at the time of the application. Further, in so far as the applicant was required or encouraged to use class headings or other terminology to describe the goods and services which are the subject of the application, this may be a matter properly to take into account



in assessing whether the application was made in bad faith. But subject to considerations such as these, I see no reason why a person should be permitted to apply to register a mark or retain a registration in respect of distinct categories of goods or services in relation to which it never had any intention to use the mark, simply because it chose to use a broad description of those goods and services which meant they were encompassed together with goods or services about which no complaint is made.

261. I would mention two other matters in this context. First, there can be no doubt that an application to register a mark in respect of a broad category of goods or services may be made *partly* in bad faith in so far as the broad description includes distinct sub-categories of goods or services in relation to which the applicant never had any intention to use the mark, whether conditionally or otherwise. In my view, that emerges clearly from the decision of the CJEU in this case. The approach to be adopted in such a case was explored and explained by the Court of Appeal in *Merck KGaA v Merck Sharp & Dohme Corpn* [2017] EWCA Civ 1834; [2018] ETMR 10, at paras 241-249 and, so far as I am aware, that approach has proved workable and appropriate and has stood the test of time, save that it must now be seen in light of the more recent guidance given by the CJEU in, for example: *Ferrari SpA v DU* (Joined Cases C-720/18 and C-721/18) EU:C:2020:854; [2021] Bus LR 106, at paras 36-53. There the CJEU explained, at para 40, that the essential criterion to apply for the purposes of identifying a coherent subcategory of goods or services capable of being viewed independently is their purpose and intended use.

262. Secondly, it is now possible to dispel the concern expressed by counsel for the Comptroller-General that it is doubtful whether the introduction of restrictions on the use of broad terms in trade mark specifications will alleviate the problem of cluttering, at least without the objection of bad faith filing “having some teeth”. In my opinion, and for the reasons I have given, the objection does have teeth: indeed, it has essentially the same teeth whether one is concerned with an unduly broad specification which uses general terms or specific sub-categories to describe goods or services and which, in either case, includes or identifies sub-categories of goods or services in relation to which the applicant never had any intention to use the mark.

263. In expressing these conclusions, I have well in mind the developing law on the question whether it was, or is, an objection to the validity of a trade mark that the applicant has chosen to use some of the general terms of the Nice Classification, and the need for applicants to specify with clarity and precision the goods and services for which they seek protection. But I do not accept that this precludes the application of either limb of the objection to the validity of a mark that the application was made in bad faith in respect of some or all of the goods or services for which protection was sought. I must return to the approach to be adopted to terms which lack clarity and precision a little later.

## **Fairness**

264. It is a fundamental rule of any system of justice that a party must have appropriate notice of the case to be made against it by the other party; that it be given an appropriate opportunity to address that case; and that before an order is made at the request of one party, the other is given an opportunity to object or, if that is not possible, an opportunity to apply to set that order aside as soon as reasonably possible afterwards.

265. Further, an allegation that an application was made wholly or partly in bad faith is a serious one to make, and that is so even in a case falling within the second limb of the test laid down by the CJEU, namely that the application was made with the intention of securing an exclusive right for any purpose which is not an essential function of a trade mark. What is more, a party ought to set out as clearly as possible the case that it advances and the order it seeks, so that the other side is not taken by surprise and has a proper and appropriate opportunity to answer that case and resist the order sought.

266. It must also be recognised, however, that the party seeking a declaration of invalidity in a case such as this and without knowledge of the applicant's true intentions when it made the application to register the mark, is unlikely to be able to specify with any degree of precision the particular specification of goods and services to which the registration should be restricted, always assuming that the applicant did intend to use the mark in relation to such a narrower class or category of goods or services. Moreover, so far as they concern the applicant's intentions, these are matters of which the applicant will itself have knowledge. These matters give rise to the third area of concern identified by the Comptroller-General.

267. In such a case the party seeking the declaration of invalidity may be constrained to explain its case that the application constituted an abuse by relying on the objective facts available to it and, in that way, to establish a case that, if unanswered, is likely to be accepted as sufficient to displace the presumption that an applicant was acting in good faith. It is then for the applicant (or owner, as the applicant may by that time have become) to answer that case so far as it is able and chooses to do so. That this is a permissible and often correct approach is evident from the reasoning of the CJEU and the General Court in the cases to which I have referred.

268. Nevertheless, it is incumbent on the tribunal always to make sure that the procedure it adopts is fair to each side, and that each has an appropriate opportunity to be heard and to answer the case made against it by the other, and to resist any order the court might otherwise be minded to make against it; or failing that, to have an opportunity to set such an order aside.

269. I must also consider the specific charge, rejected by the judge but accepted by the Court of Appeal, that the procedure adopted by the judge in this case was unfair to Sky.

270. With these principles in mind, I turn next to the facts found by the judge and the conclusions to which he came, and the approach, reasoning and decision of the Court of Appeal. There is, however, one matter I must mention before doing so. In the course of the hearing, we were referred to (and heard submissions concerning) another and more recent decision of the Court of Appeal in *Lidl Great Britain Ltd v Tesco Stores Ltd* [2022] EWCA Civ 1433; [2023] FSR 12 (Lewison, King and Arnold LJ), where further consideration was given to the bad faith objection by Arnold LJ (as he had by then become) and with whom the other members of the court agreed. I have given careful consideration to that reasoning and the submissions made to this court by counsel for Sky and SkyKick, and should make clear that nothing in that reasoning has led me to qualify the conclusions I have reached as to the relevant legal principles as I have explained them. Indeed, it seems to me that the reasoning of the Court of Appeal in *Lidl v Tesco*, at para 55, is consistent with the approach which I believe to be correct and which I have described.

## **VII. BAD FAITH – APPLICATION OF THE LEGAL PRINCIPLES**

271. Here I must begin by looking in a little more detail at the scope of the registrations in terms of the range of goods and services for which Sky applied to register the SKY marks, and the findings of the judge and the orders he made.

### **Bad faith – the SKY marks and the findings of the judge**

272. The applications for two of the SKY marks, EU 352 and EU 619, as I have defined them, sought registration in respect of all of the goods and services encompassed by the class headings of the 8<sup>th</sup> edition of the Nice Classification for each of the nine classes: 9, 16, 18, 25, 28, 35, 38, 41 and 42. The specification of goods and services for which each was ultimately registered consisted of the class headings but with two limited qualifications which came about as a result of opposition proceedings filed by two third parties. The applications for EU 112 and EU 992 sought registration in respect of all of the goods and services encompassed by the class headings for, respectively, eight and twenty-two classes, supplemented in each case by a series of increasingly detailed (but not limiting) descriptions of some of the various kinds and categories of goods and services falling in those classes. The specifications of the marks as registered did not differ materially from those which were the subject of the applications. Finally, the application for the UK trade mark, UK 604, sought and secured registration in respect of the same range of goods and services as EU 992, that is to say, everything in twenty two classes.

273. As for enforcement, it was common ground at the trial that Sky had for a long time been active in enforcing their trade marks worldwide against the actual or intended use by other traders of their own marks, and by way of opposition to applications by those other traders to register their own marks. Most concerned the use or registration of what were called at the trial “SKY formative marks”, by which was meant the word SKY followed by another word or sometimes part of a word, and whether combined as a single word (such as SKYLAND) or as separate words (such as SKY MOTION). Indeed, one of Sky’s witnesses deposed to what the judge described as a remarkable list of in excess of 800 “positive” decisions around the world in which Sky had been wholly or partially successful. Sky did not claim to have been successful on all occasions, however. Sometimes Sky had been successful in preventing a third party application for registration of a mark but not the actual use of that mark, a prominent example being SKYPE.

274. It was also common ground that positive decisions relied on by Sky included cases in which they had successfully opposed applications for the registration of marks for goods or services in which Sky did not trade and had never traded. Examples of such oppositions in the EUIPO included “SKYTRON” for goods including automatic vending machines, cash registers and fire-extinguishing apparatus, “LittleSky” for animal skins and footwear, “Diamond Sky” for goods including motor vehicles and synthetic gemstones and “SKYLITE” for goods including Gladstone bags.

275. It is important to have in mind that, consistently with this strategy, Sky initially relied for their claim against SkyKick upon all of the goods and services for which each of the SKY marks was registered. As counsel for SkyKick fairly point out, the particulars of claim set out at substantial length some of the goods and services for which the SKY marks were registered but said in each case that this was without limitation.

276. It was not until about five weeks before trial that Sky indicated that they would limit their case on infringement to a subset of the goods and services for which the SKY marks were registered. In the course of their closing submissions at the trial, Sky limited their case still further to the particular goods and services referred to ever since as the Selected Goods and Services. It was submitted on their behalf that by this time SkyKick’s witnesses had accepted that their activities fell somewhere within the Selected Goods and Services, meaning that Sky could limit their case to the use by SkyKick of their marks in relation to goods and services which were alleged to be the same as at least some of those for which the SKY marks were registered.

277. The judge returned to the facts of the case from para 235 of the main judgment. He referred, first, to a potential distinction between the four EU trade marks relied upon by Sky and the UK trade mark because it was only in the case of the UK trade mark that Sky had made the declaration of intention to use required by section 32(3) of the 1994 Act.

278. There was a further potential distinction between EU 352 and EU 619, on the one hand, and EU 112 and EU 992, on the other, because the applications for EU 352 and EU 619 were filed using class headings only, although here Sky accepted that they intended by the use of these class headings to cover all the goods and services falling within those classes. Indeed, Sky also accepted that they had the same intention when they made the other applications which also included long and detailed lists of goods and services.

279. The judge then recited SkyKick's contentions at para 238, making it clear that Sky were faced with an allegation that, at the date of the applications for the SKY marks, they had no intention of using them for all of the specified goods and services. SkyKick accepted that Sky must have had an intention to use the SKY marks in relation to some of them, and in particular goods and services relating to television broadcasting, telephony and broadband provision, but contended that Sky deliberately and unjustifiably framed the specifications much more broadly.

280. Turning to Sky, the judge noted, at para 239, that they accepted they had not made use of the SKY marks in relation to all of the specified goods and services. But they contended that they had a reasonable commercial rationale for seeking a broad scope of protection given that the SKY brand was and remains a key asset of their business. They also argued that even if they had made an error of judgment in framing the specifications more broadly than was reasonable, it could not amount to bad faith. Further, the burden lay on SkyKick to establish bad faith and they had not discharged it.

281. In seeking to resolve these rival contentions, the judge made some preliminary observations: first, Sky had not disclosed any contemporaneous documents setting out, let alone explaining or justifying, their filing strategy, and in particular their reasons for seeking such broad protection. The judge declined to draw any adverse inference from this lack of disclosure, but he recognised, fairly in my view, that it was necessary to look elsewhere for evidence of Sky's intentions, so far as relevant (para 240).

282. The judge also noted the absence of any witness who could give first hand evidence as to Sky's filing strategy, and in particular the reason for seeking such broad protection. The only witness who gave evidence as to Sky's intentions was Mr Tansey who was, at the time of the trial, Director, Group Internal Communications. From 2004-2011, Mr Tansey was the person on the commercial side of the business responsible for the protection of Sky trade marks. He gave evidence about the circumstances in which the applications for the last three SKY marks came to be filed. The judge set out the substance of Mr Tansey's evidence and his conclusions about it, together with his conclusions as to Sky's intentions, aspects of which I summarised earlier in this judgment but should now set out in full:

“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 had 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 ....”

283. It necessarily followed that, in the case of UK 604, Sky’s declaration in accordance with section 32(3) that it intended to use the mark in relation to the specified goods and services was, in part, false (para 254).

284. The judge continued (at para 255) that Sky had used their registrations, including the SKY marks, to oppose parts of trade mark applications by third parties which covered goods and services in relation to which Sky had no intention of using the SKY marks.

285. It was still necessary to refer questions to the CJEU for two reasons: if the consequence of a partial lack of intention to use was total invalidity that would put an end to the infringement case. Secondly and in any event, it could make a difference to the infringement case if terms such as “computer software” were held to be too broad. The judge referred also to “telecommunications services”, although he later recognised that the breadth of this description had not been challenged on bad faith grounds.

### **Bad faith – the second judgment**

286. The approach the judge was minded to adopt was indicated again in the second judgment which he gave before making the reference to the CJEU. Here the judge addressed an application made by Sky, after the main judgment had been handed down, inviting him to reconsider some of his conclusions and to amplify his reasons for arriving at them. In response the judge explained, so far as relevant, that it was still necessary to refer questions to the CJEU; that an unclear term in a specification ought to be interpreted as extending to only those goods and services which it clearly covered; that the term “computer software” was too general and covered goods and services which were too variable to be compatible with the origin function; and that it was arguable that bad faith encompassed a lack of intention to use.

287. In the light of what had been argued and decided at the trial, these points all served to signpost still further the importance of the questions referred to the CJEU for a preliminary ruling; and also that the judge was contemplating the possibility of total or partial invalidity of all of the SKY marks. Further, in terms of partial invalidity, the judge was contemplating a restriction which went further than that volunteered by Sky at the relatively late stage before trial, and would narrow the terms of the Selected Goods and

Services. For their part, SkyKick were seeking total invalidity or a restriction to Sky's core activities. So, the scene was set.

### **Bad faith - the third judgment**

288. The CJEU having ruled as it did, the matter came back before the judge for his final decision on the application of the relevant principles to the facts as he had found them. Here he made the findings I have summarised earlier in this judgment. At this stage I must say a little more about the way the judge approached the amendment of the specifications in the light of the findings he had made.

289. The analysis and assessment carried out by the judge began with "computer software". Here he recorded that bad faith had been proved in so far as Sky had applied to register the SKY marks for "computer software" as part of their strategy and without any proper commercial justification, but SkyKick's suggestion for amendment went too far. It failed to take account of the legitimate interest of an owner in seeking protection in respect of goods or services in relation to which it might wish to use the mark in the future. Further, so the judge continued, even in that context, proprietors have a legitimate interest in seeking a modest penumbra of protection extending beyond the specific goods and services in relation to which use of the marks (or an intention to use the marks) has been proved.

290. Sky resisted the specification being cut down at all, and they criticised the wording proposed by SkyKick, but they had not proposed (and did not propose) a more limited specification of their own, even by way of a fallback position and having had an opportunity to do so. The judge noted, at para 27, that it necessarily followed that he was compelled to reach a conclusion without the assistance that could have been provided if Sky had proposed a more limited specification.

291. The judge continued, at para 28, that bad faith had been proved so far as Sky had applied to register the SKY marks for "computer software" as part of their strategy and without any commercial justification. The problem with SkyKick's wording was that it was explicitly based on his finding as to the use that Sky had made of the marks, and for that reason it was quite specific, took no account of goods or services in relation to which Sky might wish to use the marks in the future, and did not provide Sky with any penumbra of protection extending beyond the specific goods and services for which use or an intention to use had been established. So, in the absence of any proposal from Sky, the judge declared the SKY marks invalid in relation to "computer software", save for the following:

"computer software 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”.

292. The judge explained next, at para 30, that telephony, broadband, wifi, email and instant messaging were all embraced by “telecommunications”. Further, although Sky had not supplied and did not intend to supply games software as goods rather than as a service, they could not be accused of bad faith in seeking protection for games software as goods as well.

293. As for “computer software supplied from the internet” in class 9, this should be limited in the same way as “computer software”. The judge continued, at para 31:

“As for “computer software and telecoms apparatus to enable connection to databases and the internet” in Class 9, this should be limited to “computer software and telecoms apparatus to enable connection to databases of audio, visual and/or audiovisual content and documents; computer software and telecoms apparatus to enable connection to the internet”. This involves some duplication of my revised specification for “computer software”, but that is justifiable to ensure proper protection for Sky. Similarly, “data storage” in Class 9 should be limited to “storage of audio, visual and/or audio-visual content and documents”.”

294. In the case of “internet portal services” in class 38, the judge held that no limitation was required.

295. As for “computer services for accessing and retrieving information/data via a computer or computer network” in class 38, the judge held that this should be limited to:

“computer services for accessing and retrieving audio, visual and/or audio-visual content and documents via a computer or computer network.”

296. The final question concerned the specifications of the SKY marks so far as they extended beyond the Selected Goods and Services and here, as I have mentioned, the judge gave Sky an opportunity to withdraw their broader infringement claim save in so

far as it was based on the Selected Goods and Services, and this was an opportunity they took.

### **Bad faith – the decision of the Court of Appeal**

297. It is I think apparent that the judge’s findings involved a careful assessment of the scope and extent of the specifications of goods and services of the SKY marks, the circumstances in which the applications came to be filed and the intentions of Sky in making and pursuing the applications in the form that they did.

298. Nevertheless, Sky contended before the Court of Appeal (and that court accepted) that the judge made a series of errors in his assessment and that he had no proper basis to find any of the applications for the SKY marks had been made in bad faith. SkyKick argued and maintain on this further appeal that the judge did not go far enough and contended for a more extensive restriction of the trade marks.

299. The Court of Appeal had no doubt that Sky’s appeal on the bad faith issue should be allowed, and that was so for reasons which were in part substantive and in part procedural. Indeed, the Court of Appeal subjected the reasoning and conclusions of the trial judge to serious criticism. I will deal first with the substantive reasons for arriving at that conclusion.

#### *Substantive reasons*

300. These issues were addressed by the Court of Appeal at paras 104 to 125. The court began, at para 105, with SkyKick’s pleaded case and characterised this as relying on:

“(a) the “extremely broad” specifications 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 ” ...; (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 Act that the trade mark was being by the applicant or with his consent in relation to all of the goods or services for which registration was sought, or that it had a *bona fide* intention that it be so used ...; (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.”

301. The Court of Appeal continued, at para 106, that it was nevertheless apparent from the way the case was pleaded and put at trial, and the judge’s findings, that the 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 others 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 should be declared that the mark is wholly invalid. But in this case, there could be good and bad reasons for applying to register the marks, and the *sole* aim of the applications could not be inconsistent with the function of a trade mark, namely to indicate origin. I agree with that proposition and argument, so far as it went.

302. Reference was also made by the Court of Appeal, again at para 106, to Mr Tansey’s evidence which, in the Court of Appeal’s view, 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.

303. The Court of Appeal turned next to the judgment of the CJEU and held, at paras 107-109, that it necessarily followed from the reasoning of that court that a finding of bad faith in relation to *some* goods and services did not mean that the registrations were *wholly* invalid. That part of the case advanced by counsel for SkyKick had to be rejected.

304. In these circumstances, it was necessary to proceed with caution when applying findings about the trade marks as a whole to the question whether the registrations in respect of the Selected Goods and Services were applied for in bad faith. Here, at para 110, the Court of Appeal made the following points: first, the overall width or size of the specification of goods was not a ground for concluding that the applications were made in bad faith and, even if it were, it could not be a ground for supposing that applications in respect of a particular and narrow part of the specifications of goods and services were made in bad faith. Secondly, the lack of intention to use a trade mark in relation to some goods and services was not a ground for supposing that there was a lack of intention to use it in respect of other goods and services. Each category had to be considered in its

own right. Thirdly, the CJEU had also effectively confirmed that lack of intention to use was not of itself a ground for a finding of bad faith. Finally, as for legitimate reasons for seeking broad protection, this would vary depending on the goods or services in issue: so, for example, the relevance of Sky's reputation and brand recognition and its prolific expansion, would depend on the goods or services in issue, and whether one was discussing bleaching preparations or computer software.

305. The Court of Appeal summarised the position thus far, at para 111: SkyKick's success on the bad faith case depended crucially on establishing how the rules explained by the CJEU for a successful bad faith attack applied to the Selected Goods and Services. Although the judge had held that SkyKick had made their case good, in the Court of Appeal's view, he had erred in principle in reaching that conclusion.

306. More specifically, the Court of Appeal continued, SkyKick's case, as accepted by the judge (at para 21 of the third judgment), was that:

(i) Sky had not used and there was no foreseeable prospect they would ever intend to use the SKY marks in relation to some goods and services covered by the specifications;

(ii) the marks were applied for pursuant to a deliberate strategy of seeking very broad protection, regardless of whether it was commercially justified.

307. I interpose that this is correct as far as it goes. But the judge also held, in that same para 21, that Sky applied for the SKY 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 against third parties, whether in threats of infringement claims, actual infringement claims or oppositions to third party applications for registration.

308. The Court of Appeal did not accept these elements had been established, however. Its reasons may be summarised as follows. First, what mattered for present purposes was computer software, and here Sky did have a substantial business in goods and services under the trade marks, so the only complaint was that Sky did not intend to use the marks in respect of *all* computer software, and that was not a plausible basis for a finding that any part of the applications had been made in bad faith.

309. Secondly, the fact that Sky had a deliberate strategy of applying for registrations without thinking about commercial justification for taking that course did not justify a finding of bad faith in relation to goods and services where Sky already had an active business. An applicant does not have to formulate a commercial strategy for using the mark it seeks to register in relation to every species of goods and 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.”

310. Thirdly, it did not follow that Sky had applied for registration of the marks with the intention of obtaining an exclusive right for purposes other than those falling within the functions of a registered trade mark, namely purely as a legal weapon. The judge did not explain which particular goods and services he had in mind here, and so it was impossible to apply his finding to any specific category of goods and services for which the applications had been made.

311. Fourthly, the judge did not undertake a fresh assessment of bad faith in relation to the various categories of Selected Goods and Services. Further, the “no prospect of use conclusion” could not apply to computer software, where Sky had a business, extensive use and expectations of further use. There was, the Court of Appeal continued, 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.

312. Finally, it was not necessary to consider all the other Selected Goods and Services as each had been treated by the judge on the same basis. The Court of Appeal concluded that in the absence of any further factor (and none had been identified) it was not open to the judge to find bad faith.

### **Bad faith – this further appeal**

313. Counsel for SkyKick submit that the Court of Appeal had no basis for reversing the judge on this issue. Counsel for Sky, on the other hand, have in their comprehensive and clear submissions supported the reasoning and conclusions of the Court of Appeal. They submit that the reasons given by that court for reversing the judge on the issue of bad faith are unimpeachable in themselves and more than sufficient to justify the conclusion it reached and the order it made.

314. Carefully structured though the judgment of the Court of Appeal undoubtedly is, I have come to the conclusion that the overall conclusion it reached cannot be supported, and that the reasons it gave for reversing the judge are not sustainable. In my view and for the reasons which follow, the judge was entitled to find that the applications were made in bad faith in the way that he did, and to require the modification of the eight categories of Selected Goods and Services in the manner set out in his judgment.

315. First, the Court of Appeal failed properly to appreciate the scope and component elements of the bad faith objection to the validity of a trade mark that the application was made in bad faith in respect of some or all of the goods or services for which protection was sought. Here I refer to the first two respects in which the Court of Appeal fell into error as a matter of principle and which I have addressed at paras 245-258 and 259-263 above. The reasoning of the Court of Appeal related to the approach to be adopted by the tribunal to an allegation of bad faith filing and in my opinion the errors it made fatally undermined the approach that it took and the conclusions to which it came.

316. Secondly, I do not accept the judge made any material error in applying the relevant principles to the facts in the circumstances of this case. I have considered the reasoning of the judge in some detail in addressing the findings of fact that he made, the legal principles and the way the judge applied those principles to the facts. I have also considered the reasoning of the Court of Appeal. It seems to me, however, that the Court of Appeal has 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.

317. Thirdly, I have also been persuaded that the Court of Appeal did not take into account properly or at all a number of highly significant facts and matters, namely that Sky originally relied upon the full range of the goods and services for which each of the SKY marks was registered, and that this range was in each case very broad indeed; that Sky maintained that position in the face of the bad faith objection until around five weeks before trial; and only at this point did they present a narrower range of goods and services as the basis of the claim. Furthermore, it was not until the time for closing submissions that Sky narrowed the range still further, and then crystallised it in the form of the Selected Goods and Services.

318. This sequence of events is important for it provides powerful support for the general case advanced by SkyKick, namely that Sky had applied for and secured these registrations across a great range of goods and services which they never had any intention to sell or provide, and yet they were prepared to deploy the full armoury presented by these SKY marks against a trader whose activities were not likely to cause confusion and did not amount to passing off.

319. SkyKick, on the other hand, always accepted that Sky had a perfectly legitimate interest in securing trade mark protection for the activities they had carried out and to which I have referred, and for any reasonable expansion and development of them. Nevertheless, SkyKick also made clear the basis of their case that the applications had been made in bad faith and that the Selected Goods and Services, though a step in the right direction, did not go far enough.

320. Fourthly, in all these circumstances, it seems to me that the judge cannot be criticised for approaching the matter as he did; and further, that he had sufficient material before him on which properly to find that SkyKick had established that Sky had applied for and were prepared to take enforcement action for alleged infringement of the registrations of marks in respect of goods and services of such a range and breadth that it was implausible that Sky would ever provide them, or that Sky ever had any genuine intention (whether provisional or conditional) to provide them under the SKY marks.

321. It follows that the judge was entitled to find that the SKY marks had been applied for, in part, in bad faith; and further, subject to the procedural unfairness issue, which is important and to which I will come, he was also entitled to find that the specifications of goods and services to which the claim had by this point been limited must be modified still further.

322. There was a further point here which I must make at this stage, namely the impact on these issues of the use by Sky of general terms such as (but by no means limited to) “computer software” (as goods and as a service). An applicant does not have to have a commercial strategy to use a mark for every possible species of goods or services falling within the specification. Nor is it an objection that the applicant has applied for a wide range of goods and services using class headings or other general terms. That objection, which is one of clarity and precision, has largely gone away in the light of the decision of the CJEU in this case.

323. Where, however, the broad description includes distinct categories or subcategories of goods or services, as “computer programs” and “computer services” undoubtedly do, then, for the reasons I have given, the proprietor may be found to have acted in bad faith in relation to one or more of those, and it would be manifestly unjust if it escaped that consequence simply because it had framed its specification using general terminology. In my judgment, that was the position here and I do not accept that the judge fell into error in this respect in the manner found by the Court of Appeal.

## **VIII. PROCEDURAL UNFAIRNESS**

324. That brings me to the finding by the Court of Appeal that the procedure adopted by the judge following the decision of the CJEU was unfair to Sky.

### **The approach taken by the Court of Appeal**

325. The Court of Appeal acknowledged that a written procedure was required in the circumstances, it being early in the pandemic, and that Sky did not formally abandon their reliance on goods and services other than the Selected Goods and Services until rather

later. Nevertheless, the trial had been conducted with the Selected Goods and Services “in the spotlight”. Yet there had been no cross-examination in relation to Sky’s intentions and good faith in making the applications in respect of the Selected Goods and Services, and SkyKick had focused instead on outliers.

326. The Court of Appeal continued, at paras 122-123, that given the seriousness of the allegation of bad faith, it was necessary to ensure that Sky knew the case they had to meet in relation to the Selected Goods and Services. This required SkyKick to set out the narrowed specifications of goods and services to which the SKY marks (individually and collectively) should be restricted, and the facts and matters on which they relied to show that the applications for registration in respect of the wider specifications of goods and services had been made in bad faith. That would have allowed Sky to respond and to identify, if they chose to do so, their legitimate interest in applying for marks in respect of the full range (or a narrower range) of the goods and services for which they had sought protection.

327. In this case, so the Court of Appeal held, at para 123, once the judge had rejected the restricted version of the Selected Goods and Services put forward by SkyKick in what was described as Annex B, as he did in his third judgment, at paras 26-32, he should not have gone on to formulate a middle ground of his own which Sky had no opportunity to answer. Further, it was no answer to say that Sky should have put forward their own narrowed specification of goods where there was no properly pleaded case of bad faith against them. This was not a case where it could be said that the burden had shifted to Sky given that they had established use of one or more of the SKY marks in relation to some goods or services falling within each of the categories of the Selected Goods and Services.

### **The challenge before this court**

328. On this further appeal, SkyKick contend that the Court of Appeal fell into error and there was no unfairness in the procedure adopted by the judge and certainly nothing which could justify setting aside the order he made. Sky, on the other hand, support the reasoning and conclusions of the Court of Appeal.

329. I have referred to the importance in proceedings such as these of requiring the parties to set out clearly and precisely the allegations they are making, and the basis for them, and that the other side is given a proper opportunity to address them.

330. These principles were invoked by Sky before the Court of Appeal and have been relied upon again on this further appeal. Sky maintain that the Court of Appeal was right to hold (for example, at paras 122-123) that it was necessary for SkyKick at an appropriate stage to ensure that Sky knew the case that they were required to meet in relation to,



specifically, the Selected Goods and Services; and that this required SkyKick to set out the narrowed specification to which they contended that Sky should be restricted, and all the facts and matters on which they relied to show that some or all of the Selected Goods and Services were applied for in bad faith. Here Sky have placed particular reliance upon the decision of Arnold J in *Stichting BDO v BDO Unibank Inc* [2013] EWHC 418 (Ch); [2013] FSR 35, at paras 53-58, and that of Nugee J in *Jaguar Land Rover Ltd v Bombardier Recreational Products Inc* [2016] EWHC 3266; [2017] FSR 20, at paras 49-51.

331. An allegation that an application was made wholly or partly in bad faith is always a serious one to advance, and that is so whether the case is said to fall within the first or the second limb of the test laid down by the CJEU. Here the case fell within the second limb, namely that the application was made with the intention of securing an exclusive right for purposes other than those falling within the exclusive functions of a trade mark, in other words it constituted an abuse in so far as the applications had been made to register the SKY marks in respect of goods and services which Sky had no intention to supply and where there was no realistic prospect of them ever doing so. I also accept that a party ought to set out as clearly as possible the case that it advances and the order it seeks so that the other side is not taken by surprise and has a proper and appropriate opportunity to answer the case and resist the order sought.

332. In my view, however, Sky were never (or ought never to have been) in any doubt as to the case asserted against them. So too they ought never to have been in any doubt as to the basis for it. That case had been set out before and at the trial; it was addressed comprehensively in the main judgment; it had been developed before the CJEU; and it would inevitably have to be assessed in the light of the answers that court gave to the questions referred to it.

333. It must also be recalled that Sky had brought and pursued these claims for infringement of the SKY marks and relied for this purpose on all of the goods and services for which those marks were registered, and that it was only at a relatively late stage that these had been narrowed down to the Selected Goods and Services.

334. Once the CJEU had given judgment, the matter was restored before the judge and the parties sensibly confined themselves to written submissions for this purpose. Sky submit that at this point it was incumbent on SkyKick to identify an even more limited list of goods and services to which they contended the SKY marks should be restricted, and that their failure to do so was so fundamentally unfair as to vitiate the conclusions to which the judge came.

335. I disagree. In my view the judge was entitled to take the approach he did in all the circumstances of this case and having regard to all the steps in the proceedings that had

already taken place. By this time the nature and basis for the claim for the declaration of invalidity had been signposted, each side had put forward narrower specifications of goods and services which they contended were appropriate, and the judge had made clear that if he were to find himself dissatisfied with the position taken by either side then he would have to decide for himself where in the middle the line should be drawn. No further fall back having been put forward by either side, he took that course. There was no surprise here and neither side was materially disadvantaged for any reason which could justify setting aside the order he made. That does not mean to say that I agree with all of the other conclusions to which he came on the issue of infringement. This is a matter to be considered in the next section of this judgment.

## **IX. INFRINGEMENT – THIS APPEAL**

### **Introduction and background**

336. I must now consider the judge's findings of infringement; the challenge to those findings before the Court of Appeal; and the issues relating to infringement which have arisen before this court on this further appeal.

337. The starting point here is to identify the goods and services of which complaint was made, and in relation to which it was said that SkyKick had used or threatened to use their marks. It is also necessary to identify the acts (for example, selling goods or providing services) which were said to amount to an infringement. The next step is to identify the marks relied upon by Sky and the goods or services for which they were registered. The third step is to consider the basis for the alleged infringement.

338. These steps are important in this case because the relevant trade marks were the subject of an invalidity attack, and were registered in respect of specifications of goods and services which were modified by the judge but restored by the Court of Appeal. Further, the activities complained of began before but continued after IP completion day, whereupon the comparable trade marks (EU) came into existence in the United Kingdom in the manner I have described.

339. There is a further aspect to this analysis which I should mention at the outset. The infringement case which succeeded before the judge in relation to the modified specifications of goods and services was rather specific. It was a case of category (b) infringement arising from the use of the SkyKick marks in relation to services said to be the same as at least some of those for which some of the SKY marks were registered. Here, the judge found:

(a) Cloud Migration involved the migration of emails and so was a service which included “electronic mail services” in class 38 of the Nice Classification.

(b) Cloud Backup involved “computer services for accessing and retrieving audio, visual and/or audiovisual content and documents via a computer or a computer network”, again in class 38.

340. The Court of Appeal disagreed with the judge in relation to the former and, for reasons to which I will come, I think it was right to do so. But it agreed with the judge in relation to the latter. It follows that in relation to the modified specifications of goods and services, only one finding of infringement has survived. An important question on this further appeal is whether the judge was wrong to find infringement on this limited ground and whether the Court of Appeal ought to have reversed that finding.

*The goods and services supplied by SkyKick*

341. As for the goods and services of which complaint was made, the position is, I think, relatively straightforward. Here, as I have said, Sky focused on Cloud Migration and Cloud Backup, the two “packages” offered by SkyKick to their actual and potential customers at or about the time of the commencement of the proceedings.

342. As for Cloud Migration, this often comprised an element of downloadable software (“SkyKick Outlook Assistant”) (see, for example, the main judgment, paras 291 to 303) but otherwise was a service. That service was provided to customers through Microsoft Partners in the manner and for the purposes I have described. It was a service which involved the wholesale migration of data from one platform to another. That data comprised the ultimate customer’s emails.

343. As for Cloud Backup, this often comprised an element of downloadable software but was also a service which gave customers security over their Office 365 data in the form of the wholesale cloud-based backup of that data. Cloud Backup was not concerned with programming or broadcasting, but it did involve the storage and potential retrieval of the customer’s data. There was, however, no suggestion that precisely how that happened was of any interest to that customer, save, no doubt, that it was safe and secure and could be retrieved whenever it might be necessary to do so.

344. All of these services were adjuncts to Microsoft Office 365 and were provided to Microsoft Partners, typically small or medium-sized businesses, who were specialist IT providers and offered to their customers a range of IT services. Nevertheless, some of SkyKick’s promotional activities were directed at the customers themselves and, in every case, SkyKick made a contract with the customer.

*The goods and services for which the SKY marks were and are registered*

345. The next question concerns the goods or services for which the SKY marks were registered. Here, Sky relied on the Selected Goods and Services. In their original form (and once they had been restored by the Court of Appeal to their full width), they included “software”. But they extended a good deal further than that.

346. The focus of SkyKick’s argument on this appeal, however, was the specification of the Selected Goods and Services, as modified by the judge in the light of his findings of bad faith. Sky alleged (and the judge found) that by supplying Cloud Migration and Cloud Backup services, SkyKick had supplied services the same as at least some of those for which the SKY marks were registered in the two respects I mentioned at the outset of this topic.

**The main judgment - infringement**

347. The claim for infringement was addressed by the judge in the main judgment from para 259. The SkyKick marks complained of were not identical to any of the SKY marks and so the case developed on behalf of Sky was inevitably one of category (b) or category (c) infringement.

348. Further, as I have mentioned, the basis of Sky’s infringement case, as developed before the judge, was that the services and goods in relation to which the SkyKick marks had been used were identical to at least some of those for which the SKY marks had been registered. In these circumstances, the similarity between the SkyKick marks and the SKY marks, and the identity of the goods or services, was such as to give rise to a likelihood of confusion (see article 9(2)(b) of the EUTM Regulation and article 10(2)(b) of Directive 2015/2436); alternatively, the accused activities fell within article 9(2)(c) of the EUTM Regulation and article 10(2)(c) of Directive 2015/2436.

349. The judge found infringement but only in the following way. He focused here on Cloud Migration and Cloud Backup, the two products SkyKick had actually marketed. He then explained that he would, for convenience, express himself mainly in the present tense, but in doing so he was referring to the position in and from 2014.

350. Then, at paras 291 to 303 of the main judgment, the judge held that in the case of Cloud Migration, part of what SkyKick supplied consisted of goods, namely downloadable software, but that otherwise SkyKick were supplying services.

351. The packages supplied by SkyKick included (and were identical to) “computer software”, “computer software supplied from the internet” and “computer software ... to enable connection to databases ...”, all in class 9 of the Nice Classification. SkyKick’s packages also provided access to data storage, but they did this as a service, not as goods. These services were therefore similar but not identical to “data storage” in class 9.

352. As for SkyKick’s services, the judge recorded, at para 297, that SkyKick were supplying an email migration service, and this was identical to “electronic mail services”; and SkyKick were also supplying “computer services for accessing and retrieving information / data via a ... computer network” in class 38. So, as the judge put it, SkyKick were supplying some but not all of the goods and services covered by the SKY marks.

353. The judge referred also to data storage and telecommunications services, but he did not think that SkyKick were in these respects supplying services which were the same as any of those for which the SKY marks were registered.

354. In carrying out his overall assessment, the judge concluded that in so far as SkyKick were supplying goods or services identical to (the same as) any of those for which the SKY marks were registered, there was a likelihood of confusion such that type (b) infringement had been established, but not otherwise (paras 302 and 303). So too, on the assumption that there was no likelihood of confusion, Sky’s case under article 9(2)(c) of the EUTM Regulation and article 10(2)(c) of the Directive had not been made out. These are all important findings.

### **The third judgment - infringement**

355. In his third judgment, the judge acknowledged that he had overlooked that two of the Selected Goods and Services had not been the subject of a bad faith allegation, namely “telecommunications services” and “electronic mail services”, both in class 38. He also explained that the email migration service was identical to “electronic mail services” and he saw no need to reconsider that conclusion (para 40). He thought this was, for practical purposes, determinative of the dispute between the parties.

356. Nevertheless, the judge turned next to “telecommunications services” (from para 43). Here he held that this should be interpreted as meaning services consisting of or relating to telecommunications *per se* (para 57), and since telecommunications included email, it followed that the “telecommunications services” included services consisting of or relating to email. But this added nothing to Sky’s case based on “electronic mail services”.

357. So far as the remaining goods and services were concerned, SkyKick’s products were not the same as any of the goods or services in the modified specifications, and infringement had not been established (para 61). This was another important finding. It meant that the findings in the main judgment in relation to software as goods fell away.

358. The judge then expressed his conclusion on this point, holding that SkyKick had infringed the SKY marks at least in so far as they were registered for “electronic mail services” (para 62). The fact that the SKY marks were partially invalid on the ground that they had been applied for in bad faith did not affect this.

### **The fourth judgment – infringement**

359. It is rather striking that despite this focus on the services and any goods provided by SkyKick, and in particular their email migration services, very little had been said about Cloud Backup – which, in my view, had been largely overlooked. So, the judge addressed this lacuna at paras 4 to 8 of his fourth judgment. Whereas the majority of SkyKick’s revenue in 2017 had been derived from Cloud Migration, by the time of the fourth judgment in July 2020 it had shifted, and most of SkyKick’s revenue was now derived from Cloud Backup.

360. Here it was necessary to consider the last category of Selected Goods and Services, as modified, namely: “computer services for accessing and retrieving ... audio, visual and/or audiovisual content and documents via a computer or computer network” in class 38. The judge held that Cloud Backup was identical to those services, at least in so far as documents were concerned. In other words, the conclusion in the main judgment at para 297 was unaffected in this respect by the subsequent modification of the specification.

361. Given the identity or very close similarity of services, it followed from the reasoning in the main judgment that use of the signs complained of in relation to Cloud Backup also gave rise to a likelihood of confusion. Therefore, SkyKick had also infringed the SKY marks by using those signs in relation to Cloud Backup under article 9(2)(b) of the EUTM Regulation and article 10(2)(b) of Directive 2015/2436.

### **The Court of Appeal – infringement**

362. Before the Court of Appeal, the issue of infringement was subjected to further and careful analysis. Here, I must start with the way the Court of Appeal dealt with the specifications of goods and services in their unamended forms. The judge had found that Cloud Migration and Cloud Backup comprised products which 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 was no appeal against that conclusion (on the basis of the unamended specifications).

363. The other issues addressed by the Court of Appeal would have had significance if that court had upheld the judge's restrictions on the scope of the Selected Goods and Services. In the event, the Court of Appeal did not do so. Nevertheless, it considered these other issues on the basis that the judge was right to restrict the scope of the goods and services in the way that he did.

## **Cloud Migration**

364. On that basis, the first question was whether Cloud Migration was an electronic mail service. The judge had decided that it was. The Court of Appeal disagreed. As Sir Christopher Floyd explained (at para 137), the expression "electronic mail services" does not include "all services related to electronic mail". Here the judge's approach was contrary to principle, because it involved extending the core meaning of the expression to an unclear and indeterminate range of services connected to electronic mail in an unspecified way.

365. I agree with Sir Christopher Floyd and the other members of the Court of Appeal on this issue. The correct approach, as a matter of principle, in considering a specification of services which is defined by terms which are not clear or precise, is to confine the terms used to the substance or core of their possible meanings: see, for example, *Reed Executive plc v Reed Business Information Ltd* [2004] EWCA Civ 159; [2004] RPC 40, at para 43. So too, if a specification of goods is defined by terms which are ambiguous, then it should be confined to those goods which are clearly covered. These principles are consistent with first, the requirement that the specifications of goods and services must be clear and precise so that others know what they can and cannot do; and secondly, general fairness because any ambiguity is the responsibility of the owner of the mark. If despite this, the words used are still unclear so that they cannot be interpreted, then it is permissible to disregard them. But, in my opinion, that will rarely be the case.

366. I also agree with the Court of Appeal that, on this basis, Cloud Migration is not an electronic mail service. It is a service which involves migrating email accounts from one set of infrastructure to another. This is not an aspect or feature of an electronic mail service but a different service. It may be similar, but it is not the same as any of the services for which the SKY marks are registered. On the basis on which these proceedings have been conducted, infringement by Cloud Migration in relation to electronic mail services has not been established, and the Court of Appeal was right so to hold.

## Cloud Backup

367. Turning now to Cloud Backup, the question is whether this was a service falling within the eighth (and final) category of Selected Goods and Services, namely, “computer services for accessing and retrieving information/data via a computer or computer network” and, as modified by the judge, “computer services for accessing and retrieving audio, visual and/or audio-visual content and documents via a computer or a computer network” in class 38.

368. The judge held that it was. He explained in his fourth judgment, at para 7, that Cloud Backup was identical to those services at least in so far as documents were concerned. The judge also observed that even if Cloud Backup was not identical, it was “very similar indeed”. On this basis, so the judge continued, at para 8, the use of the marks complained of in relation to Cloud Backup gave rise to a likelihood of confusion.

369. The Court of Appeal declined to interfere with this finding. Sir Christopher Floyd reasoned, at para 141, that the judge was entitled and right to find that Cloud Backup was identical to a service of the kind specified from the perspective of the average consumer. He continued:

“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.”

370. On this further appeal, SkyKick have mounted a vigorous challenge to this conclusion and contend that the judge and the Court of Appeal were wrong in this respect. It is submitted on their behalf, first, that nothing they do falls within the core of the specification of services on which Sky rely, and secondly, Sky’s case is wholly inconsistent with the choice they made at the outset not to allege infringement of this category of services. Further, SkyKick continue, the case Sky are now advancing was abandoned when they decided to proceed only on the basis of the Selected Goods and Services and not on any other basis.

371. In assessing the merits of these submissions and whether the judge and the Court of Appeal fell into error, the starting point is to consider the scope of the specification, as amended by the judge. It is directed to computer services for accessing and retrieving audio, visual and/or audio-visual content and documents via a computer or computer network, all in class 38. This class, as we have seen, is primarily concerned with



telecommunications services, including electronic mail services, and the explanatory notes confirm that it includes mainly services that allow one party to communicate with another, as well as services for the broadcasting and transmission of data. All of that is entirely consistent with Sky's business. It is what Sky do.

372. Nevertheless, the judge was, in my view, entitled to find that SkyKick also provide services which are the same as or at least very similar to at least some of those falling within the scope of this amended specification. 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 no doubt be documents, and others will be files of other kinds. The Cloud Backup service allows them to do all of that.

373. Further, I do not accept that it is reasonable to infer that this case was abandoned by Sky in framing the Selected Goods and Services in the way that they did. The specification, as modified by the judge, is no broader in this respect than the specification of this part of the Selected Goods and Services. Indeed, it is, in my view, narrower. It is not uncommon to have a specification which includes general and more specific terms, as was the case here.

374. Nor do I think this conclusion is precluded by the submission, forcefully made by Mr Speck KC for SkyKick, that SkyKick's service, involving cloud-based back-up, is a service within class 42 of the Nice Classification. Assuming that to be the case, it does not prevent the services provided by SkyKick and those covered by this amended specification from being very similar, as the judge put it. Nor was the judge precluded from taking this course.

375. For these reasons, I have come to the conclusion that the judge was entitled to find that Cloud Backup does in this respect involve the provision of services the same as or at least very similar to those of this final group of services in the Selected Goods and Services, as modified by the judge, and the Court of Appeal made no error in declining to interfere with that conclusion.

376. There is a further point here. It is in my view important that this court does 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. These are assessments by experienced judges and absent an error of principle or an answer which is plainly wrong, I consider this court must respect their conclusions.

377. It also follows that, on the basis on which these proceedings have been conducted, infringement by Cloud Backup in relation to the relevant computer services has been established, and the judge and the Court of Appeal were entitled so to find. This applies

to all the SKY marks which include, in their specifications, this group of the Selected Goods and Services.

### **Has infringement been established on any other basis?**

378. Mr Geoffrey Hobbs KC for Sky has also submitted that this is not the end of the matter and invites this court to find that the claim for infringement has been made out on one of the many other bases upon which the case was originally brought and pursued and in relation to which Sky have always reserved their position. Here, Mr Hobbs has emphasised that whatever conclusion this court might reach on the issues I have addressed, the existing findings are not exhaustive. In particular, so the submission continues, infringement on the basis of the similarity of goods and services has always been a live issue, and this court is equipped and should now find that the similarity between the various SKY marks and the SkyKick mark, and between the goods and services for which the SKY marks are registered and the goods and services supplied by SkyKick under their name and mark, is such that there exists a likelihood of confusion and that this amounts to actual or threatened infringement.

379. Mr Hobbs also submits that Sky have another strong case, namely of category (c) infringement and that the judge himself found, at para 56 of his fourth judgment that this allegation of infringement had succeeded, albeit only in the technical sense, and that was because it added nothing to the category (b) infringements he had found. Mr Hobbs submits further that the Court of Appeal also found infringement on this basis, and that was so for the reasons given by Sir Christopher Floyd at paras 142 to 146 of the judgment of the Court of Appeal. Mr Hobbs continues that these findings are unassailable on this further appeal. He also submits that, taking into account the unchallenged findings of the trial judge as to Sky's reputation, the link that is likely to be made or perceived by or in the mind of the average consumer, and the meaning of telecommunications (as found by the judge at, respectively, paras 317 and 318 of the main judgment, and para 30 of the third judgment) a finding of category (c) infringement ought to follow. The necessary elements of (i) a link between the earlier SKY marks and the accused marks, (ii) the reputation attaching to the SKY marks, and (iii) the risk that the use without due cause of the SkyKick marks would take unfair advantage of or be detrimental to the distinctive character or repute of the SKY marks are all such that this court ought to have no hesitation in finding that category (c) infringement has also been established. One way or another, Mr Hobbs submits, SkyKick cannot escape the grasp of the earlier orders.

380. I am not persuaded that it is appropriate for this court, on a second appeal, to undertake what would be in substance a new evaluation of infringement. I am also satisfied that the case was put at trial on the basis that the similarity between the marks and the identity of (or very close similarity between) the goods or services were such that there was a likelihood of confusion (see, for example, para 295 of the main judgment). Nor do I accept that the judge found category (c) infringement independently of category

(b) infringement. He made clear that he was considering the claim on the basis that there was no likelihood of confusion due to the use of the mark SkyKick. In my view he was entitled to take that course. Had the category (b) infringement case succeeded (and were it to succeed now) the category (c) infringement case would not be required, and any damage to the repute of the SKY marks or any unfair advantage derived from the association with those marks could be taken into account in assessing compensation. As it was, the judge found, at para 322, that if there was no likelihood of confusion, then Sky's case under article 9(2)(c) of the EUTM Regulation and article 10(2)(c) of Directive 2015/2436 had not been made out. Again, that was a permissible conclusion.

381. For these reasons and subject to what follows, I would allow SkyKick's appeal against the findings of infringement, but only to the extent I have explained. In my view, the judge and the Court of Appeal made no error in finding that SkyKick had infringed the particular SKY marks to which I have referred in offering to supply and supplying Cloud Backup.

382. All of this is subject to the impact on these proceedings of the departure of the United Kingdom from the European Union and of the transition period coming to an end. I address this topic in the next section of this judgment.

## **X. BREXIT - JURISDICTION**

### **Jurisdiction over EU trade marks after IP completion day: 31 December 2020**

383. The next issue concerns the impact on these proceedings of the withdrawal of the United Kingdom from the European Union and of the transition period coming to an end on IP completion day, 31 December 2020. There is no dispute that this court has jurisdiction to deal with issues concerning the infringement and validity of the comparable trade marks (EU) that came into existence from IP completion day. What is not agreed is whether any courts in the United Kingdom retain jurisdiction in actions concerning any of the EU trade marks protected by registration for the territory of the European Union. It is submitted by counsel for Sky that they do not and that the decision to contrary effect of Sir Julian Flaux C in *EasyGroup Ltd v Beauty Perfectionists Ltd* [2021] EWHC 3385 (Ch); [2022] Bus LR 146; [2022] FSR 8 is wrong. Counsel for Sky also submit that, for like reasons, the decision of Bacon J in *EasyGroup Ltd v Nuclei Ltd* [2022] EWHC 901 (Ch); [2022] FSR 23 is wrong. These are matters to which I must return.

## **The EUTM Regulation and earlier EU Regulations governing the EU trade mark**

384. I have outlined the history of the legislation governing the EU trade mark from Regulation 40/94, through Regulation 207/2009, to Regulation 2017/1001 - the EUTM Regulation - and how the system is administered by the European Union Intellectual Property Office – the EUIPO. I have also mentioned that the EU trade mark exists as a unitary mark with effect across the European Union (article 1, EUTM Regulation). It may also be helpful to have in mind aspects of the general rules on jurisdiction and procedure in actions concerning the infringement and validity of EU trade marks. I summarise these rules, so far as relevant, in Part 1 of the Appendix to this judgment.

## **Domestic Regulations – the 2006, 2008, 2016 and 2018 Regulations**

385. When the United Kingdom was a member of the European Union, and to give effect to the EU trade mark regime and the EUTM Regulation and its predecessors, section 52 of the Trade Marks Act 1994 - the 1994 Act - conferred power on the Secretary of State to make such provision as might be considered appropriate in connection with the operation of that regime. Over the years, appropriate regulations were therefore made for that purpose and, for convenience, I summarise them, so far as relevant, in Part 2 of the Appendix to this judgment. As I also explain there, particular courts in this jurisdiction were designated as EU trade mark courts.

## **The Withdrawal Act 2018**

386. In the meantime, the United Kingdom decided to withdraw from the European Union. It is that decision, the agreement reached with the European Union and the legislation intended to give these matters effect which give rise to the final issue in this appeal.

387. In March 2017, the European Council was given notice of the United Kingdom’s intention to withdraw from the European Union under article 50(2) of the Treaty on European Union (“the TEU”) and, on 26 June 2018, the European Union (Withdrawal) Act 2018 (“the 2018 Act”) received Royal Assent.

388. The purpose of the 2018 Act was to repeal the European Communities Act 1972 (“the ECA 1972”) on “exit day”, the day the United Kingdom would leave the European Union, subject to certain savings. Section 20 of the 2018 Act, the interpretation provision, originally gave exit day as 29 March 2019 but, as is now well understood, this was put back from time to time by agreement with the European Council with the consequence that formal withdrawal of the United Kingdom from the European Union would not take place until 31 January 2020.

389. By that time and notwithstanding the provision for formal withdrawal, the United Kingdom and the European Union had reached agreement in relation to a transition period for the purpose of securing an orderly exit, and EU law continued to apply in the United Kingdom from exit day until 31 December 2020 - IP completion day - by operation and application of section 1 of the European Union (Withdrawal Agreement) Act 2020 (“the 2020 Act”).

390. I must return to the effect of the 2020 Act but reverting for a moment to the terms of the 2018 Act as it stood when first enacted, section 2(1) provided that EU-derived domestic legislation as it had effect in domestic law immediately before exit day would continue to have effect as retained EU law on and after exit day.

391. Section 7 of the 2018 Act dealt with the status of retained EU law and made clear that anything which was, immediately before exit day, an enactment of a particular kind and was still domestic law on and after exit day by operation of section 2, would continue to be domestic law as an enactment of the same kind.

392. Further, section 8 of the 2018 Act dealt with deficiencies arising from the withdrawal of the United Kingdom from the European Union and permitted a Minister, by regulations, to make such provision as the Minister thought appropriate to prevent, remedy or mitigate any failure of retained EU law to operate effectively, or any other deficiency in retained EU law arising from that withdrawal.

### **The 2019 Regulations**

393. That brings me to the Trade Marks (Amendment etc.) (EU Exit) Regulations 2019 (SI 2019/269) (“the 2019 Regulations”). These were made by the Secretary of State on 13 February 2019 (shortly before the original exit day), exercising the powers conferred by section 8 of the 2018 Act and section 78 of the 1994 Act (which confers general power on the Secretary of State to make relevant rules and regulations), and were due to come into force on EU exit day (regulation 1), which at that time was still scheduled to be 29 March 2019.

394. Further, it appears to be common ground that, as of 13 February 2019, the day the 2019 Regulations were made, a “no deal” exit from the European Union was still a distinct possibility. As I have mentioned, exit day was in the event deferred until 31 January 2020 and then its effect was suspended until the end of the transition period on IP completion day, that is to say, 31 December 2020. So too, the day the 2019 Regulations were due to come into force was later changed to IP completion day and appropriate and necessary amendments were therefore made to them for that purpose. But for the moment, I will focus on the terms of the 2019 Regulations in the form in which they were originally made. I summarise these, so far as relevant, in Part 3 of the Appendix to this judgment.

395. For present purposes, however, it is sufficient to emphasise two matters. First, by making appropriate amendments to the 1994 Act (including the insertion of a new section 52A and Schedule 2A), the 2019 Regulations were intended to create a system whereby any EU trade mark would, immediately on and after exit day, be treated as giving rise in the United Kingdom to a comparable trade mark (EU) under the 1994 Act. Secondly, they addressed the possibility that on exit day there might be proceedings pending before a designated EU trade mark court in the United Kingdom. These would be permitted to continue but any action taken by any court in the United Kingdom after the relevant date in those proceedings would necessarily be limited to the comparable trade mark (EU) created on that day.

396. It is also notable that the EUTM Regulation would be repealed in its entirety in respect of the United Kingdom as of exit day. Again, however, these are matters to which I must return.

### **The Withdrawal Agreement**

397. The next step in the history is the Agreement on the Withdrawal of the United Kingdom of Great Britain and Northern Ireland from the European Union and the European Atomic Energy Community (“the Withdrawal Agreement”) (2019/C 384 I/01).

398. In the event, the United Kingdom did not leave the European Union on a “no deal” basis on 29 March 2019 or over the months that followed, but instead reached an agreement in the form of the Withdrawal Agreement which came into force on 1 February 2020, the start of the transition period.

399. It was recorded at the outset of the Withdrawal Agreement that, under article 50 of the TEU and subject to the arrangements laid down in the agreement, EU law would cease to apply to the United Kingdom from the date of entry into force of the agreement. With that in mind, the objective of the Withdrawal Agreement was to ensure, among other things, an orderly withdrawal of the United Kingdom from the European Union.

400. For this purpose, the Withdrawal Agreement made provision, in article 126, for the transition period, starting on 1 February 2020 and ending on 31 December 2020, IP completion day. It also put in place arrangements for the period beginning on 1 January 2021 following the expiry of the transition period on IP completion day.

401. Part One of the Withdrawal Agreement includes article 4:

“Article 4 - Methods and principles relating to the effect, the implementation and the application of this Agreement

1. The provisions of this Agreement and the provisions of Union law made applicable by this Agreement shall produce in respect of and in the United Kingdom the same legal effects as those which they produce within the Union and its Member States.

Accordingly, legal or natural persons shall in particular be able to rely directly on the provisions contained or referred to in this Agreement which meet the conditions for direct effect under Union law.

2. The United Kingdom shall ensure compliance with paragraph 1, including as regards the required powers of its judicial and administrative authorities to disapply inconsistent or incompatible domestic provisions, through domestic primary legislation. ...”

402. Article 5 is headed “Good Faith” and provides:

“The Union and the United Kingdom shall, in full mutual respect and good faith, assist each other in carrying out tasks which flow from this Agreement. They shall take all appropriate measures, whether general or particular, to ensure fulfilment of the obligations arising from this Agreement and shall refrain from any measures which could jeopardise the attainment of the objectives of this Agreement.

This Article is without prejudice to the application of Union law pursuant to this Agreement, in particular the principle of sincere cooperation.”

403. Article 6 makes clear that, with certain exceptions and unless otherwise provided, references to EU law shall be understood as references to EU law as applicable on IP completion day.

404. Article 7 is headed “References to the Union and to Member States” and provides:

“1. For the purposes of this Agreement, all references to Member States and competent authorities of Member States in provisions of Union law made applicable by this Agreement shall be understood as including the United Kingdom and its competent authorities, except as regards:

(a) the nomination, appointment or election of members of the institutions, bodies, offices and agencies of the Union, as well as the participation in the decision-making and the attendance in the meetings of the institutions;

(b) the participation in the decision-making and governance of the bodies, offices and agencies of the Union;

(c) the attendance in the meetings of the committees referred to in Article 3(2) of Regulation (EU) No 182/2011 of the European Parliament and of the Council, of Commission expert groups or of other similar entities, or in the meetings of expert groups or similar entities of bodies, offices and agencies of the Union, unless otherwise provided in this Agreement ...”

405. Title IV of the Withdrawal Agreement is concerned with intellectual property and, as I have foreshadowed, provides, in article 54, for the “Continued protection in the United Kingdom of registered or granted rights”. More specifically, it provides that the holder of any of the specified intellectual property rights registered or granted before the end of the transition period shall:

“without any re-examination, become the holder of a comparable registered and enforceable intellectual property right in the United Kingdom under the law of the United Kingdom.”

406. These specified rights included EU trade marks registered in accordance with the EUTM Regulation and so these provisions were intended to give effect in the United Kingdom to the comparable trade mark (EU) which would be a right existing under the law of (and enforceable in) the United Kingdom.

407. Article 54(3) contained a saving in the event that an intellectual property right was declared invalid or revoked in the European Union as a result of proceedings ongoing on IP completion day:



“3. Notwithstanding paragraph 1, if an intellectual property right referred to in that paragraph is declared invalid or revoked, or, in the case of a Community plant variety right, is declared null and void or is cancelled, in the Union as the result of an administrative or judicial procedure which was ongoing on the last day of the transition period, the corresponding right in the United Kingdom shall also be declared invalid or revoked, or declared null and void, or be cancelled. The date of effect of the declaration or revocation or cancellation in the United Kingdom shall be the same as in the Union.

By way of derogation from the first subparagraph, the United Kingdom shall not be obliged to declare invalid or to revoke the corresponding right in the United Kingdom where the grounds for the invalidity or revocation of the European Union trade mark or registered Community design do not apply in the United Kingdom.”

408. Article 55 deals with “Registration procedure” and makes clear that registration, grant or protection pursuant to article 54 of the Withdrawal Agreement is to be carried out free of charge by the relevant entities in the United Kingdom using the data available in the relevant registries.

409. Article 56 imposes an obligation on the United Kingdom to take measures to ensure that persons who have obtained protection before the end of the transition period for internationally registered trade marks designating the European Union shall enjoy protection in the United Kingdom for their trade marks in respect of those international registrations.

410. Title VI of the Withdrawal Agreement is concerned with ongoing cooperation in civil and commercial matters. Article 67(1), within Title VI, deals with jurisdiction, recognition and enforcement of judicial decisions, and related cooperation. It provides, so far as relevant:

*“Article 67 - Jurisdiction, recognition and enforcement of judicial decisions, and related cooperation between central authorities*

1. In the United Kingdom, as well as in the Member States in situations involving the United Kingdom, in respect of legal proceedings instituted before the end of the transition period and in respect of proceedings or actions that are related to such

legal proceedings pursuant to Articles 29, 30 and 31 of Regulation (EU) No 1215/2012 of the European Parliament and of the Council, Article 19 of Regulation (EC) No 2201/2003 or Articles 12 and 13 of Council Regulation (EC) No 4/2009, the following acts or provisions shall apply:

(a) the provisions regarding jurisdiction of Regulation (EU) No 1215/2012;

(b) the provisions regarding jurisdiction of Regulation (EU) 2017/1001 [the EUTMR 2017], of Regulation (EC) No 6/2002, of Regulation (EC) No 2100/94, of Regulation (EU) 2016/679 of the European Parliament and of the Council and of Directive 96/71/ EC of the European Parliament and of the Council...”

411. The interpretation and application of article 67 are also of particular importance in answering the questions to which this aspect of the appeal gives rise and are matters to which I must return.

### **The European Union (Withdrawal Agreement) Act 2020 – the 2020 Act**

412. The next step in the chronology is the 2020 Act to which I have referred. Part 1, section 1 of this Act, headed “Saving of ECA for implementation period”, inserted a new section 1A into the 2018 Act. This introduced a saving for the ECA 1972 for the transition period despite the repeal of that Act on exit day by section 1 of the 2018 Act.

413. Part 2, section 5 of the 2020 Act also inserted a new section 7A into the 2018 Act, after section 7, giving effect to and implementing the Withdrawal Agreement in the United Kingdom as from the start of the transition period.

414. Part 5, section 39, the interpretation provision, defined IP completion day as 31 December 2020 at 11 pm, the end of the transition period.

415. Section 7A, as so inserted into the 2018 Act, provides, so far as relevant:

“7A - General implementation of remainder of withdrawal agreement

(1) Subsection (2) applies to—

(a) all such rights, powers, liabilities, obligations and restrictions from time to time created or arising by or under the withdrawal agreement, and

(b) all such remedies and procedures from time to time provided for by or under the withdrawal agreement,

as in accordance with the withdrawal agreement are without further enactment to be given legal effect or used in the United Kingdom.

(2) The rights, powers, liabilities, obligations, restrictions, remedies and procedures concerned are to be—

(a) recognised and available in domestic law, and

(b) enforced, allowed and followed accordingly.

(3) Every enactment (including an enactment contained in this Act) is to be read and has effect subject to subsection (2).

(4) This section does not apply in relation to Part 4 of the withdrawal agreement so far as section 2(1) of the European Communities Act 1972 applies in relation to that Part. ...”

416. For present purposes, a consequence of section 7A was to give effect in domestic law to the rights, remedies and procedures created and provided by or arising under at least articles 4, 5 and 67 of the Withdrawal Agreement and which in accordance with the agreement were to be given legal effect without further enactment.

### **The 2020 Regulations**

417. Another consequence of the Withdrawal Agreement and the enabling legislation was a need to amend the relevant domestic regulations. This was addressed by the Intellectual Property (Amendment etc.) (EU Exit) Regulations 2020 (SI 2020/1050) (“the 2020 Regulations”), the particular purpose of which was to amend the legislation made in 2019 in preparation for a potential “no deal” exit from the European Union, and the expected retention of EU law as domestic law at that point.

418. Under the Withdrawal Agreement, the retention of EU law took place at the end of the implementation or transition period, that is to say, from IP completion day. The amendments made by the 2020 Regulations were therefore intended to reflect commitments made in the Withdrawal Agreement and to ensure, among other things, that retained EU law would function effectively, taking account of that transition period. I summarise the relevant provisions of the 2020 Regulations in Part 4 of the Appendix to this judgment.

419. In broad terms, the 2019 Regulations, as amended by the 2020 Regulations, ensured, first, that the comparable trade marks (EU) now populated the register in the United Kingdom as of IP completion day, the day the EUTM Regulation ceased to apply to the United Kingdom, and the day from which all EU trade marks applied only to the remaining territories of the European Union. Secondly, appropriate amendments were made to address proceedings concerning EU trade marks which were ongoing before courts in the United Kingdom as of IP completion day. The provisions are set out in paragraph 20 of Schedule 2A to the 1994 Act, as amended, and are explained in Part 3 and Part 4 of the Appendix.

### **EasyGroup v Beauty Perfectionists**

420. These complicated provisions were considered by Sir Julian Flaux C in *EasyGroup Ltd v Beauty Perfectionists Ltd* [2021] EWHC 3385 (Ch); [2022] Bus LR 146; [2022] FSR 8 in addressing an application by the defendants to strike out those parts of a claim which sought an injunction and other remedies outside the United Kingdom on the basis that even though the proceedings were pending as at 31 December 2020 (and so on IP completion day), the court no longer had jurisdiction to grant an EU-wide injunction or other remedies in respect of infringement of EU trade marks.

421. Sir Julian Flaux C dismissed the application and for reasons which I will develop, I have come to the conclusion he was right to do so, although my reasons differ in some respects from his.

422. In *EasyGroup v Nuclei* the parties sensibly agreed that, for the purposes of the trial in those proceedings and in the light of the decision of Sir Julian Flaux C in *EasyGroup v Beauty Perfectionists*, the court should proceed on the basis that it retained the same jurisdiction to deal with infringement and validity of the EU trade marks as it had prior to exit day and the trial judge, Bacon J, was content to take that course and addressed the issues at trial on that basis: [2022] EWHC 901 (Ch); [2022] FSR 23. Nevertheless, the defendants reserved their position as to the correctness of that approach in the event of any subsequent appeal. An appeal against the final order made by Bacon J in *EasyGroup v Nuclei* was later dismissed by the Court of Appeal [2023] EWCA Civ 1247; [2024] FSR 9.

## The rival positions on this appeal

423. As I have indicated, SkyKick commend the reasoning of Sir Julian Flaux C in *EasyGroup v Beauty Perfectionists* and the conclusion to which he came. In broad summary, they contend:

(i) Paragraph 20 of Schedule 2A to the 1994 Act makes clear that, as regards proceedings pending on IP completion day, the court seised of the dispute remains an EU trade mark court thereafter, and that it retains the same jurisdiction under the EUTM Regulation as it had before IP completion day.

(ii) Paragraphs 20(3)-(7) of Schedule 2A to the 1994 Act confer on the court an *additional* jurisdiction to deal with issues of infringement and validity of the comparable trade marks (EU) that came into existence from that day; but do not affect or limit the jurisdiction of the court as an EU trade mark court in relation to ongoing proceedings concerning the validity or infringement of an EU trade mark.

(iii) The judgment of Sir Julian Flaux C in *EasyGroup v Beauty Perfectionists* is focused on paragraph 20(3) of Schedule 2A because the issues before the court concerned infringement. In this appeal, on the other hand, the issues extend to validity. This makes no difference, however, because the very same reasoning applies to those sub-paragraphs directed to validity.

(iv) Article 67 of the Withdrawal Agreement confirms that the High Court retains the same jurisdiction as it had before IP completion day for the purpose of pending proceedings such as these.

(v) Any (second instance) courts to which an appeal may be made from a first instance EU trade mark court are also EU trade mark courts.

424. Sky, on the other hand, contend that Sir Julian Flaux C was wrong to reject the arguments developed before him by the defendants. It was submitted on their behalf that nothing in the Withdrawal Agreement or the 1994 Act deems the newly created comparable trade marks (EU) to be or requires them to be treated as if they are the extinguished EU trade marks they replaced in the United Kingdom. Further, jurisdiction over the validity and infringement of EU trade marks protected by ongoing registration at the level of the European Union, for the territory of the Union after IP completion day, resides exclusively with the EU trade marks courts and tribunals in the remaining territories of the European Union (the EU27).

425. It was also submitted on behalf of Sky that, as from IP completion day, the European Union and the United Kingdom have not legislated for (i) any courts or tribunals in the European Union to exercise jurisdiction over or in relation to the comparable trade marks (EU) that came into existence from that day; or (ii) any courts or tribunals in the United Kingdom to exercise jurisdiction over or in relation to any EU trade marks protected by registration for the territory of the Union.

### **The Treaty on European Union**

426. The starting point for the evaluation of these submissions and rival cases is the Treaty on European Union (the TEU, as I have defined it) which, in article 50, provides that any Member State may decide to withdraw from the European Union in accordance with its own constitutional requirements, and that a Member State that does decide to withdraw must notify the European Council of its intention. The negotiation of an agreement with the state will follow, and this agreement will set out the arrangements for the withdrawal, including the framework for the future relationship of that state with the Union. Under article 50(3) of the TEU, the Union Treaties cease to apply to the state from the date of entry into force of the withdrawal agreement or, failing that, two years after the notification unless the European Council, in agreement with the Member State concerned, unanimously decides to extend the period.

### **The possibility of a withdrawal without agreement**

427. As we have seen, the decision by the United Kingdom to withdraw from the European Union was given effect in the 2018 Act and exit day, although originally given as 29 March 2019, was subsequently put back with the necessary agreement, to 31 January 2020. On that day, subject to any withdrawal agreement reached in the meantime, the United Kingdom would leave the European Union.

428. From that day, subject to an agreement with the European Union, all EU trade mark rights in the United Kingdom would be extinguished and exclusive jurisdiction over issues of infringement and validity of EU trade marks would rest with the designated EU trade mark courts in the territory of the European Union - the EU27.

429. No doubt with all of this in mind, the 2019 Regulations, made by the Secretary of State in the manner I have described, anticipated the possibility of the United Kingdom leaving the European Union without an agreement, the loss of protection for all those owners of EU trade marks which would no longer extend to the United Kingdom, and that no courts in the United Kingdom would thereafter enjoy the status of being EU trade mark courts. Nor, for that matter, would the Court of Appeal be an EU trade mark court of second instance, and this court would have no independent jurisdiction to deal with

issues of infringement and validity of EU trade marks in an appeal against any order of the Court of Appeal.

430. Against this background, the purpose of the 2019 Regulations, in the form in which they were made, is clear: they were intended to come into force on exit day (as it would have been) and, so far as relevant to this stage of the analysis, were intended to provide continuity of protection for owners of EU trade marks in respect of the United Kingdom as from exit day in the form of the comparable trade marks (EU) which would take their place in the United Kingdom and from that day subsist alongside the EU trade marks which gave rise to them. These “parent” EU trade marks would from that time apply only to the remaining Member States (the EU27). The comparable trade marks (EU), on the other hand, would exist in the United Kingdom from that day in respect of the same goods and services as those the subject of the parent EU trade mark, and they would be enforceable by courts in the United Kingdom in respect of acts carried out in the United Kingdom from exit day. Thus far, I agree with Sky’s submissions on this issue.

431. In the event, however, the possibility of an exit without agreement melted away and the 2019 Regulations were the subject of further amendments which I must address. But first, it is necessary to consider the Withdrawal Agreement itself. For reasons to which I will come, the terms of this agreement are fundamental to the resolution of this aspect of the dispute and to the correct answer to the jurisdiction issues to which it gives rise.

## **The Withdrawal Agreement – meaning**

### *Context*

432. As I have indicated, the Withdrawal Agreement came into force at the start of the transition period and was intended to deal, among other things, with the position in the transition period and after its end, that is to say, after IP completion day. We are concerned primarily with the meaning of article 67 of that agreement for it is the only provision in the agreement which addresses proceedings which were pending before an EU trade mark court in the United Kingdom or in any of the remaining Member States (the EU27) on IP completion day. Nevertheless, it must be seen in the context of the agreement as a whole, and in particular in the context of the provisions of articles 4 to 7, article 54, and the cooperation arrangements in articles 55 and 56. I have set out and made some introductory comments about these articles of the agreement.

433. As part of the context, it must also be borne in mind that we are concerned at least in part with ongoing proceedings concerning the infringement and validity of registered trade marks which, prior to IP completion day, had effect and conferred rights across the European Union. From IP completion day, however, owners of EU trade marks would hold two separate though related groups of marks, the EU trade marks, on the one hand,

which would have effect throughout the remaining territories of the Union, that is to say the EU27, and the comparable trade marks (EU), on the other, which would from that day have effect in the United Kingdom.

434. Further, it was inevitable that, at the beginning and end of the transition period, there would be a relatively small number of actions ongoing before EU trade mark courts in the United Kingdom and in other territories of the European Union in which issues of infringement and validity of EU trade marks had yet to be decided, and for the “guillotine to come down”, as Mr Hobbs put it, would very likely have arbitrary and unfair consequences for one if not both parties to those proceedings and the trade and public.

#### *The purpose of the Withdrawal Agreement*

435. Against this background, the object and purpose of the Withdrawal Agreement was to secure an orderly withdrawal of the United Kingdom from the European Union, as recital (5) makes clear.

#### *The ordinary meaning of the words of article 67*

436. With all these matters in mind, I turn to the ordinary meaning of the words of article 67 of the Withdrawal Agreement, in context. Article 67 provides that:

- (a) the provisions of the EUTM Regulation “regarding jurisdiction”
- (b) “shall apply”
- (c) “in the United Kingdom, as well as in Member States in situations involving the United Kingdom”,
- (d) “in respect of legal proceedings instituted before the end of the transition period”.

437. The provisions of the EUTM Regulation regarding jurisdiction are those of Chapter 10, comprising articles 122 to 135, relevant parts of which I have set out and summarised in Part 1 of the Appendix to this judgment. Further, saying that these provisions “shall apply” means they have direct effect by operation and application of article 4(1) of the Withdrawal Agreement which itself makes clear that the provisions of the agreement and EU law made applicable by it are to produce in the United Kingdom the same legal effects as those they produce in the European Union and its Member States.



Yet further, legal and natural persons must be able to rely directly on the provisions referred to in the Withdrawal Agreement which meet the conditions for direct effect under EU law, and those of the EUTM Regulation with which we are concerned do meet this requirement. This is given effect in domestic law by section 7A of the 2018 Act.

438. This is clarified by a further point: article 7(1) of the Withdrawal Agreement provides (so far as relevant): “for the purposes of this Agreement, all references to Member States and competent authorities of Member States in provisions of Union law made applicable by this Agreement shall be understood as including the United Kingdom and its competent authorities ...”.

439. Considered in this way, in the context of the Withdrawal Agreement and in the light of its object and purpose, article 67(1)(b) means that articles 122-135 of the EUTM Regulation will continue to have direct effect in the United Kingdom and in Member States in situations involving the United Kingdom after the end of the transition period in respect of legal proceedings instituted before the end of that period before a designated court. Notably, this is also what paragraph 20(2) of Schedule 2A to the 1994 Act provides, the difference being that paragraph 20(2) excludes certain provisions of Chapter 10 from application (articles 128(2), (4), (6), (7) and 132). Those exceptions are not in issue in this appeal, and so no more needs to be said about whether there is an inconsistency between article 67(1)(b) and paragraph 20(2). If the exceptions in paragraph 20(2) were inconsistent with article 67(1)(b) then, to that extent, paragraph 20(2) would fall to be disapplied.

*Consistency - the guidance issued by the EUIPO and the UKIPO*

440. This interpretation is in my view consistent with guidance issued by the relevant Intellectual Property Offices, namely the EUIPO and UKIPO.

*(a) The EUIPO guidance*

441. The EUIPO provided guidance, online, on the impact of Brexit on EU trade marks, entitled “EUIPO General Additional Guidance for Right Holders and Representatives in view of the end of the Brexit transition period on the terms of the UK withdrawal agreement”. The guidance explains that EU trade marks are protected in the European Union but not third countries; that as from the end of the transition period, EU trade marks will, in principle, no longer be protected in the United Kingdom as a matter of EU law, and that the territorial scope of protection of EU trade marks will be limited to the territory of the remaining 27 Member States of the European Union – the EU27. Nevertheless, continuity of protection in the United Kingdom of every registered EU trade mark has to be granted automatically and free of charge by the United Kingdom as of the end of the transition period in the form of a comparable trade mark (EU).

442. Accordingly, the guidance continues, as from the end of the transition period, EU trade marks registered prior to that date will cease to be protected in the United Kingdom as EU trade marks, and instead the owners of these marks will become the owners of the comparable, yet legally distinct, United Kingdom trade marks to which they give rise.

443. The guidance answers, at paragraph 5, the question: “Is an EU trade mark court’s pan-EU injunction effective in the UK after the end of the transition period?”:

“Measures taken by [an] EU trade mark court as of the withdrawal date will apply only to the territory of EU Member States (Art. 131(2) EU Trade Mark Regulation). Such measures do not any longer have effect in the UK. However, measures taken by [an] EU trade mark court, or that become final, as of the end of the transition period, will be enforceable in the UK where these result from legal proceedings which were instituted before the end of the transition period (Article 67(1) and (2) UK Withdrawal Agreement).”

444. The guidance also deals, in paragraph 6, with the position of United Kingdom courts and their competence in EU trade mark matters as from the end of the transition period. Here it explains:

“As from the withdrawal date, UK courts are not any longer competent for taking measures with effect in the EU or as regards the validity of EU trade marks (Art. 123-126 EU Trade Mark Regulation). Disputes on the infringement and the validity of EU trade marks involving EU trade mark owners established in the UK have to be settled by EU trade mark courts (Art. 125 EU Trade Mark Regulation). However, measures taken by a UK court, or that become final, as of the end of the transition period, will be enforceable in the EU where these result from legal proceedings which were instituted before the end of the transition period (Article 67(1) and (2) UK Withdrawal Agreement).”

(b) *The UKIPO guidance*

445. The UKIPO guidance is entitled “EU trade mark protection and comparable UK trade marks” and was relied upon by Sir Julian Flaux C in his judgment in *EasyGroup v Beauty Perfectionists*. It is, in my view, consistent with that of the EUIPO. It explains that where an EU trade mark was subject to ongoing cancellation proceedings (whether revocation or invalidity) at the end of the transition period, and is subsequently cancelled,

the outcome is to be applied to the corresponding United Kingdom comparable right – the comparable trade mark (EU). This is subject to the derogation to which I have referred: where the grounds for cancelling the EU trade mark would not have applied to the United Kingdom, the comparable right (that is to say, the comparable trade mark (EU)) will not be cancelled.

446. This guidance also deals with jurisdictional arrangements and pending proceedings. In this connection, it explains that before the transition period ended, United Kingdom courts acted as EU trade mark courts in cases relating to EU trade marks, that these cases were heard under the EUTM Regulation, and that courts could issue pan-European Union injunctions. On 1 January 2021, a small number of these cases were ongoing. Further, the new legislation “ensured these cases continue to be heard as if the UK were still an EU Member State”.

447. The guidance continues:

“Under the Withdrawal Agreement, actions and remedies taken or granted by the court [in] pending proceedings can be applied throughout the EU. This means a UK court can for example, grant EU-wide injunctions.

If you are a defendant in IPO proceedings based on an EUTM, or you are the holder of an EUTM and are involved in proceedings to oppose or cancel a UK trade mark, such proceedings will continue towards resolution on the basis of the law as it stood before 1 January 2021.”

448. It also explains the position in relation to existing injunctions:

“Where an injunction in place at 1 January 2021 prohibited actions in the UK which would infringe an existing EUTM, the terms of that injunction will be treated as if they also apply to the comparable UK trade mark.”

(c) *The position overall*

449. Nothing here points to any significant difference of approach between the administrative authorities in the European Union, on the one hand, and the United Kingdom, on the other, and both are broadly consistent with the interpretation contended for by SkyKick, as I must now explain.

## **The application of article 67(1)(b) given its natural and ordinary meaning**

### *Proceedings pending before a court in the United Kingdom*

450. Here it is convenient to deal, first, with the position of proceedings pending on IP completion day before a court in the United Kingdom which had been designated before that day as an EU trade mark court. From that day, any EU trade mark ceased to be protected in the United Kingdom as an EU trade mark but protection continued in the remaining territories of the European Union – the EU27. Further, at this point there came into existence in the United Kingdom the comparable trade mark (EU).

451. On the interpretation of article 67(1)(b) of the Withdrawal Agreement which I would hold to be correct:

(i) Articles 122 to 135 of the EUTM Regulation continue to have direct effect in the United Kingdom in the context of legal proceedings instituted before IP completion day before the designated EU trade mark court concerning the infringement, invalidity or revocation of an EU trade mark.

(ii) The designated court accordingly retains jurisdiction to hear and decide issues of infringement and validity concerning the relevant EU trade mark as provided for in these articles of the EUTM Regulation, and so will any courts hearing any appeals from any such decision.

(iii) Under article 130 of the EUTM Regulation, the jurisdiction in relation to EU trade marks includes the power to grant (or to continue) appropriate relief including an injunction to restrain infringement of the EU trade mark across the European Union, except where the court's jurisdiction is limited by article 126(2). Such an injunction will normally be granted in cases where the court finds that the defendant has infringed or threatened to infringe the EU trade mark.

(iv) Where a claim or counterclaim for revocation or a declaration of invalidity succeeds, the order for revocation or a declaration of invalidity will apply and be effective across the European Union.

(v) Nevertheless, these provisions of the EUTM Regulation will not apply to the comparable trade mark (EU) which came into existence in the United Kingdom from IP completion day and is to be treated as a national mark. The court seised of the dispute in the United Kingdom will, however, in its own capacity, as a national

court, have the power to grant an injunction to restrain infringement of the comparable trade mark (EU) as from IP completion day, and to order any other appropriate relief in respect of any such actual or threatened infringement of that mark within the United Kingdom. It will also have the power, where appropriate, to make an order for the revocation of the mark or to make a declaration as to its invalidity and in some cases may be bound to do so under article 54(3) of the Withdrawal Agreement.

*Proceedings pending before a court in a Member State*

452. I turn now to the position of proceedings instituted before an EU trade mark court in a Member State (other than the United Kingdom) before IP completion day which involve the United Kingdom. Here the position is broadly (though not completely) symmetrical. On the interpretation of article 67(1)(b) of the Withdrawal Agreement which I would hold to be correct:

(i) Articles 122 to 135 of the EUTM Regulation continue to apply as if the United Kingdom were still a Member State. This is the effect of article 67 of the Withdrawal Agreement.

(ii) The jurisdiction of the court will generally be unaffected by the departure of the United Kingdom from the European Union save that the EU trade mark will not be protected in the United Kingdom as from IP completion day and any relief must respect that change in the scope of the protection afforded by the EU trade mark.

(iii) Accordingly, the court has jurisdiction to award damages or other relief in respect of infringements of the EU trade mark which occurred in the United Kingdom up to IP completion day and to grant other “backwards facing” remedies.

(iv) If the court orders revocation of the EU trade mark or a declaration of invalidity this will be effective so far as it involves the United Kingdom just as it does for the EU27, save that, in relation to the United Kingdom, it will or may also affect the validity or scope of the comparable trade mark (EU). Here it is important to have in mind the following further points.

(a) First, where the court makes a declaration of invalidity, the EU trade mark is deemed as having no effect from the outset (under article 62(2) of the EUTM Regulation). Further, where the court revokes an EU trade mark, the mark is usually deemed as having no effect from the date of the

application for revocation, unless an earlier date is fixed in the decision (under article 62(1) of the EUTM Regulation).

(b) Secondly, by operation of article 54(3) of the Withdrawal Agreement, a decision of the EU trade mark court in proceedings pending on IP completion day may have consequences for the comparable trade mark (EU), unless the exception which is specified there applies.

(c) The exception referred to in the immediately preceding subparagraph is limited: it applies where the ground for revocation or invalidity would not have applied had the proceedings been brought against the comparable trade mark (EU) under the 1994 Act on the same day.

### **Has the guillotine nevertheless come down?**

453. Thus far, I have focused on the terms of the Withdrawal Agreement, its purpose and intended effect, its meaning and how it has been understood and implemented, including by the EUIPO and UKIPO. I must now consider the other submissions advanced by Mr Hobbs on behalf of Sky to the effect that, since the end of 2020, the “guillotine has come down”, and that the two regimes, that is to say the regime concerning any EU trade mark in the European Union and the regime concerning UK trade marks, have gone forward independently.

454. Mr Hobbs elaborated Sky’s case in the following way. He submitted that, at the end of the transition period and so as from IP completion day: all EU trade mark rights in and relating to the United Kingdom were extinguished; jurisdiction over infringement and validity of EU trade marks protected by ongoing registration at the level of the Union now lay exclusively with EU trade mark courts in the European Union (that is to say, the territory of the EU27); and that neither the United Kingdom nor the European Union has legislated for any European Union court or tribunal to exercise any jurisdiction over or in relation to any comparable trade mark (EU), or for any court in the United Kingdom to exercise any jurisdiction over or in relation to any European Union trade mark protected by registration at the Union level for the territory of the EU27 under the EUTM Regulation.

455. I accept that nothing in the Withdrawal Agreement or in any of the legislation to which I have referred deems the newly created comparable trade marks (EU) to be (or requires them to be treated as if they were) the EU trade marks they replaced in the United Kingdom as from IP completion day. Subject to that, however, I cannot accept Mr Hobbs’ submissions, and that is so for the following reasons.

456. Article 67(1)(b) of the Withdrawal Agreement, read together with articles 4 and 7, means that, for the purpose of proceedings which were pending on IP completion day, it is necessary to read articles 122 to 135 of the EUTM Regulation as if the United Kingdom were still a Member State.

457. For the purpose of those proceedings, the EUTM Regulation imposes a continuing obligation on the United Kingdom to designate or maintain the designation of certain courts as EU trade mark courts. In the context of pending proceedings, these EU trade mark courts were and are governed by the same rules on jurisdiction and have conferred on them the same powers and responsibilities as any other EU trade mark court in any Member State. Further, the relevant court in the United Kingdom became seised of the proceedings as the appropriate trade mark court prior to IP completion day and where, as will usually have been the case, the court had an EU-wide jurisdiction under article 126 of the EUTM Regulation, then, by virtue of article 67(1)(b) of the Withdrawal Agreement, that continued to be the case after IP completion day. If, however, the court gained jurisdiction on the more limited basis conferred by article 125(5) of the EUTM Regulation, then that too remained the position after IP completion day.

458. I must also address here two further points. It is contended on behalf of Sky that the EUTM Regulation, as applied by article 67(1)(b) of the Withdrawal Agreement, does not require any court or tribunal to be “deemed seised” or treated as if it were seised of any trade mark subject matter of which it is not seised. I agree, but this does not assist Sky because the appropriate courts in the United Kingdom were seised of the dispute as of IP completion day and will continue to be seised of the dispute until it is resolved.

459. The second concerns Sky’s focus on the reference to the European Union rules on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters in article 122(1) of the EUTM Regulation. In my view, however, this is not an adequate foundation for Sky’s case because it ignores the more relevant provisions of articles 124-126 of the EUTM Regulation and the way they deal with the particular jurisdiction of EU trade mark courts in the manner I have described.

### **The designation of courts in the United Kingdom as EU trade mark courts**

460. The next aspect of the case advanced on behalf of Sky is that from IP completion day, no courts in the United Kingdom were in fact designated as EU trade mark courts for the purpose of resolving the limited number of cases which were pending before those courts on IP completion day.

461. Mr Hobbs developed Sky’s case on this issue and more generally in his oral submissions by reference to regulation 2 of and Schedule 1 to the 2019 Regulations which had the effect, through the insertion of the new section 52A and Schedule 2A into the

1994 Act, that EU trade marks entered in the register immediately before IP completion day – existing EU trade marks – were to be treated on and after IP completion day as registered trade marks under the 1994 Act in respect of the same goods and services as the existing EU trade mark. This system created the comparable trade marks (EU) which from that day were independent trade marks existing in the United Kingdom under the terms of the 1994 Act.

*Repeal of section 52 of the 1994 Act*

462. Mr Hobbs points, secondly, to regulation 4 of and paragraph 11 of Schedule 3 to the 2019 Regulations and the repeal of section 52 of the 1994 Act, the enabling provision for the designation of particular courts in the United Kingdom as EU trade mark courts. Section 52 was also the enabling provision underlying the 2006 Regulations, the 2008 Regulations, parts of the 2016 Regulations and the 2018 Regulations.

*Repeal of the EUTMR 2017 – the EUTM Regulation*

463. Thirdly, Mr Hobbs continues, regulation 6 of the 2019 Regulations provides that Schedule 5 has effect and this in turn provides, in paragraph 6, for the “repeal or revocation” of the 2008 Regulations, regulations 6 to 12 of the 2016 Regulations, the EUTM Regulation and various parts of the 2018 Regulations.

464. In this connection, Mr Hobbs acknowledges that paragraph 7(2) of Schedule 5 contains an express saving in relation to the repeal of section 52, but emphasises that this is limited: it does not impact on proceedings pending before a court in the United Kingdom that has been designated as an EU trade mark court under the 2016 Regulations *in so far as such proceedings relate to the application and enforcement of a European trade mark in the United Kingdom* (emphasis added).

465. For this reason, Mr Hobbs continues, the repeal of section 52 *does* impact on the continuing status of the courts in this jurisdiction as EU trade mark courts, including in relation to pending proceedings, save in so far the proceedings relate to the application and enforcement of an EU trade mark in the United Kingdom. In his submission, the courts in the United Kingdom therefore have no jurisdiction to make an order effective in the remaining territories of the European Union or as to the validity of the EU trade marks in issue in these proceedings.



*Jurisdiction is maintained for pending proceedings*

466. Again, I find myself unable to accept these submissions. The starting point here is the relatively small cohort of cases with which we are concerned, that is to say, proceedings concerning infringement or validity of an EU trade mark which were pending before a court, acting as an EU trade mark court, in the United Kingdom on IP completion day.

467. Further, none of the submissions advanced by Mr Hobbs serves to undermine the conclusion I have reached that article 67(1)(b) of the Withdrawal Agreement means that the provisions of the EUTM Regulation regarding jurisdiction are to apply in the United Kingdom, and in Member States in situations involving the United Kingdom, in legal proceedings instituted before IP completion day.

468. Accordingly, in such proceedings, that is to say, legal proceedings instituted before courts in the United Kingdom before IP completion day and which concern the infringement or validity of one or more EU trade marks, the courts became seised of the dispute in their capacity as EU trade mark courts. These courts had the same jurisdiction and the same powers as EU trade mark courts in other Member States.

469. In these circumstances it would be a very strong thing to find that the United Kingdom had nevertheless failed properly to designate any courts as EU trade mark courts capable of hearing any proceedings instituted but not finally resolved by IP completion day or had in some other way failed to implement and meet its obligations under the Withdrawal Agreement, and in particular its obligation under article 123(1) of the EUTM Regulation made applicable by article 67(1)(b) of the Withdrawal Agreement to designate certain national courts as EU trade mark courts for pending cases. That would have serious consequences in terms of uncertainty and cost for traders and the authorities administering the relevant trade mark systems in the United Kingdom and the European Union. It would also go against the language of paragraphs 20(2)–(4) of Schedule 2A to the 1994 Act, which clearly presupposes that certain courts have been designated as EU trade mark courts in pending proceedings.

470. Here I am content to accept that the 2019 Regulations repealed section 52 of the 1994 Act, the enabling provision of the 2006 Regulations which, prior to IP completion day, designated particular courts as EU trade mark courts. But, as I have explained and elaborated in Part 3 and Part 4 of the Appendix to this judgment, this was subject to the saving provision in paragraph 7(2) of Schedule 5 to the 2019 Regulations which did two things: first, it maintained the designation of certain courts as EU trade mark courts in the context of pending proceedings; but secondly, it limited their jurisdiction to the territory of the United Kingdom.

471. This limitation was perfectly understandable when the 2019 Regulations were made and preparations were necessary for the no-deal departure of the United Kingdom from the European Union. But this position changed when the European Union and the United Kingdom reached agreement in the terms of the Withdrawal Agreement. From this point, article 126 of the EUTM Regulation applied to pending proceedings by operation of article 67(1)(b) of the Withdrawal Agreement and under the terms of that provision, the court, as an EU trade mark court, whose jurisdiction was based on article 125(1) to (4) of the EUTM Regulation, had jurisdiction in respect of acts of infringement committed or threatened within the territory of any of the Member States, just as it did before. Importantly, article 126 of the EUTM Regulation had direct effect in the context of those proceedings by virtue of section 7A of the 2018 Act. Necessarily and notwithstanding any domestic legislation which may purport to suggest otherwise, any relevant limitation of the court's jurisdiction to the territory of the United Kingdom fell away.

472. In summary, therefore, the effect of article 67(1)(b) of the Withdrawal Agreement is that the United Kingdom has, by operation of the saving in paragraph 7(2) of Schedule 5 to the 2019 Regulations, maintained the designation of certain courts as EU trade mark courts but only for proceedings that were pending in the United Kingdom on IP completion day. These courts retain for this purpose the full jurisdiction set out in articles 122-135 of the EUTM Regulation. Further, paragraph 20(2) of Schedule 2A to the 1994 Act presupposes that some courts are designated.

473. I am fortified in this conclusion by the following matters. It applies only to those cases which were pending on IP completion day, and it means that the courts in the United Kingdom previously designated as EU trade mark courts retain that status and retain jurisdiction to decide these cases. Similarly, any courts of appeal retain jurisdiction to hear and decide any appeal from such a decision. This is an entirely sensible and pragmatic solution to the problem of pending cases. It is also the solution which is least likely to have arbitrary, wasteful and expensive consequences for the parties, the authorities, other traders and the public.

## **XI. CONCLUSION**

474. I would therefore allow SkyKick's appeal against the judgment and order of the Court of Appeal but only to the extent I have explained. In summary,

- (i) Arnold J was entitled to find that the SKY marks were applied for in bad faith to the extent that he did and to make a declaration to that effect in the terms set out in his order of 3 July 2020. The Court of Appeal was wrong to reverse that finding and to set aside that part of his order.

(ii) The Court of Appeal made no error in approaching the issue of infringement on the basis of the specifications of goods and services as amended by the judge, and in finding that:

(a) infringement by the Cloud Migration service had not been established and the judge fell into error in finding to the contrary; but

(b) the judge was entitled to find that the Cloud Backup service did amount to an infringement of the SKY marks so far as they were registered for the relevant computer services.

475. Articles 122-135 of the EUTM Regulation have direct effect in the United Kingdom in the context of proceedings pending before a United Kingdom court designated as an EU trade mark court prior to IP completion day. These courts continue to have the jurisdiction provided for by those articles until the conclusion of the cases before them, as do any domestic courts hearing an appeal from their decisions in those cases. Further, the United Kingdom has for that purpose and by operation of the saving in paragraph 7(2) of Schedule 5 to the 2019 Regulations, maintained the designation of those courts as EU trade mark courts.

## APPENDIX

### Part 1 – rules on jurisdiction and the EUTM Regulation

1. Article 122 of the EUTM Regulation, entitled “Application of Union rules on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters”, provides:

“1. Unless otherwise specified in this Regulation, the Union rules on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters shall apply to proceedings relating to EU trade marks and applications for EU trade marks, as well as to proceedings relating to simultaneous and successive actions on the basis of EU trade marks and national trade marks.”

2. It continues, in article 122(2):

“2. In the case of proceedings in respect of the actions and claims referred to in Article 124 (infringement and validity),

(a) Articles 4 and 6, points 1, 2, 3 and 5 of Article 7 and Article 35 of Regulation (EU) No 1215/2012 shall not apply;

(b) Articles 25 and 26 of Regulation (EU) No 1215/2012 shall apply subject to the limitations in Article 125(4) of this Regulation;

(c) the provisions of Chapter II of Regulation (EU) No 1215/2012 which are applicable to persons domiciled in a Member State shall also be applicable to persons who do not have a domicile in any Member State but have an establishment therein.

3. Jurisdiction in matters relating to the infringement and validity of EU trade marks protected by registration at the level of the Union is then dealt with by articles 123 and 124 of the EUTM Regulation. More specifically and in order to give effect to the unitary right conferred by an EU trade mark, each Member State of the Union is (and has always been) required by article 123 and its predecessors (including, first, article 91 of Regulation

40/94) to designate the national courts and tribunals of first and second instance which will perform the functions assigned to them as EU trade mark courts.

4. Article 124 provides that EU trade mark courts shall have exclusive jurisdiction for infringement actions concerning EU trade marks, and counterclaims for revocation or declarations of invalidity of these marks:

“The EU trade mark courts shall have exclusive jurisdiction:

(a) for all infringement actions and — if they are permitted under national law — actions in respect of threatened infringement relating to EU trade marks;

(b) for actions for declaration of non-infringement, if they are permitted under national law;

(c) for all actions brought as a result of acts referred to in Article 11(2);

(d) for counterclaims for revocation or for a declaration of invalidity of the EU trade mark pursuant to Article 128.”

5. Article 125 deals with international jurisdiction and the courts of the Member State in which such proceedings must be brought; and article 126 addresses the extent of the jurisdiction of any such court.

6. Article 127 requires EU trade mark courts to treat an EU trade mark as valid unless its validity is put in issue by the defendant with a counterclaim for revocation or a declaration of invalidity. Article 128 then deals with counterclaims and provides that a counterclaim for revocation or a declaration of invalidity may only be based on the grounds for revocation or invalidity mentioned in the EUTM Regulation.

7. Article 129 deals with the applicable law. EU trade mark courts are to apply the provisions of the EUTM Regulation, and on all matters not covered by the Regulation, the applicable national law, and the rules of procedure governing the same type of action relating to a national trade mark in the Member State in which the court is located.

8. Article 130 addresses the issue of sanctions. This too is important and makes clear that where the court finds that the defendant has infringed or threatened to infringe an EU

trade mark, it shall, unless there are special reasons for not doing so, issue an order prohibiting the defendant from proceeding with acts which infringed or would infringe the EU trade mark. So too, article 131 confers on the court jurisdiction to grant appropriate provisional and protective measures.

9. The risk of conflict with decisions of EU trade mark courts in other jurisdictions is addressed in article 132 which contains rules for staying proceedings when questions concerning the validity of an EU trade mark are already in issue before another EU trade mark court.

10. Article 133 deals with the jurisdiction of EU trade mark courts of second instance and further appeal, and articles 134 and 135 contain supplementary provisions on, among other things, the jurisdiction of national courts other than EU trade mark courts, and the obligation of national courts when dealing with an action relating to an EU trade mark other than an action referred to in article 124.

## **Part 2 – the 2006, 2008, 2016 and 2018 Regulations**

11. It is convenient to begin with the Community Trade Mark Regulations 2006 (UK SI 2006/1027) (“the 2006 Regulations”) both in their original form and as they were from time to time amended. These were made by the Secretary State under section 52 of the Trade Marks Act 1994 and were intended, among other things, to consolidate amendments made to the earlier Community Trade Mark Regulations and were also concerned with the designation of particular courts within the United Kingdom as Community trade mark courts (as they were then known) for the purposes of article 91 of Regulation 40/94, which was the governing provision at that time.

12. The 2006 Regulations were later amended by the Community Trade Mark (Amendment) Regulations 2008 (UK SI 2008/1959) (“the 2008 Regulations”) to reflect the replacement of the United Kingdom Trade Mark Rules 2000 by the Trade Mark Rules 2008.

13. Then, when Regulation 40/94 was replaced by Regulation 207/2009 (as later amended by Regulation (EU) No 2015/2424), the 2006 Regulations required further amendment, among other things, to substitute all references to “Community trade marks” and “Community trade mark courts” with references to, respectively, “European Union trade marks” or, as I have called them, “EU trade marks” or “EUTMs” and “European Union trade mark courts” or “EU trade mark courts”. These amendments were given effect by the European Union Trade Mark Regulations 2016 (UK SI 2016/299) (“the 2016 Regulations”).

14. On 14 January 2019, the Trade Marks Regulations 2018 (UK SI 2018/825) (“the 2018 Regulations”) came into force. These were intended, among other things, to provide for the further harmonisation of the UK trade mark registration system with those of other Member States and with that of the EU trade mark and the EUTM Regulation.

15. Under regulation 12 of the 2006 Regulations, as amended, the courts designated as EU trade mark courts included, in England and Wales, the High Court. The designation of the High Court and other specified courts as EU trade mark courts for the purposes of article 123 of the EUTM Regulation was of fundamental importance to the operation of the EU trade mark regime in the United Kingdom. The instrument did not, however, relate to the withdrawal of the United Kingdom from the European Union.

### **Part 3 – the 2019 Regulations**

16. I summarise here the relevant provisions of the Trade Marks (Amendment etc.) (EU Exit) Regulations 2019 (UK SI 2019/269) (“the 2019 Regulations” as I have defined them) in the form in which they were made and which at that time were due to come into force on EU exit day.

17. Regulation 2 of and Schedule 1 to the 2019 Regulations inserted a new section 52A and Schedule 2A into the 1994 Act. Part 1 of Schedule 2A contains a detailed set of provisions dealing with existing EU trade marks. For present purposes, the following provisions are of particular relevance and were intended to create a system whereby any EU trade mark would, immediately on and after exit day, be treated as giving rise in the United Kingdom to the “comparable trade mark (EU)” under the 1994 Act.

18. Paragraph 1 of Schedule 2A deals with existing EU trade marks and as originally enacted provided:

*“A trade mark registered as an existing EUTM to be treated as registered under this Act*

1. (1) A trade mark which is registered in the EUTM Register immediately before exit day (an ‘existing EUTM’) is to be treated on and after exit day as if an application had been made, and the trade mark had been registered, under this Act in respect of the same goods or services as the existing EUTM is registered in the EUTM Register.

(2) A registered trade mark which comes into being by virtue of sub-paragraph (1) is referred to in this Act as a comparable trade mark (EU).

(3) This Act applies to a comparable trade mark (EU) as it applies to other registered trade marks except as otherwise provided in this Schedule.

(4) A comparable trade mark (EU) is deemed for the purposes of this Act to be registered as of the filing date accorded pursuant to Article 32 to the application which resulted in the registration of the corresponding EUTM and that date is deemed for the purposes of this Act to be the date of registration.”

19. The effect of paragraph 1 of Schedule 2A was therefore intended to be that, on the operative day and subject to certain exceptions, every proprietor of an EU trade mark would also become the proprietor of a comparable trade mark (EU) in the United Kingdom, and that comparable trade mark (EU) would be treated as having been registered in respect of the same goods and services as the EU trade mark, and would be deemed for the purposes of the Act to have been registered as of the filing date accorded to that EU trade mark.

20. It was also intended that in this way owners of EU trade marks would have continuity of protection in the United Kingdom in the form of the comparable trade mark (EU), as set out more particularly in Schedule 2A. That did not mean to say that the comparable trade mark (EU) would be an EU trade mark or must be deemed to be an EU trade mark. It would be a trade mark created and existing only in the United Kingdom under the 1994 Act. It was also intended that a parallel system would operate in relation to the owners of what are known as International Registrations under the Madrid Agreement – and details of that parallel system are set out in Schedule 2B, but nothing turns on that for the purposes of this appeal.

21. Thus far I have not mentioned the issue of pending proceedings. These are addressed in paragraph 20 of Schedule 2A to the 1994 Act. This is headed “*Existing EUTM: pending proceedings*” and provides so far as relevant that as of exit day (there being at this stage no IP completion day):

“20.—(1) This paragraph applies where on exit day an existing EUTM is the subject of proceedings which are pending (‘pending proceedings’) before a court in the United Kingdom



designated for the purposes of Article 123 ('EU trade mark court').

(2) Subject to sub-paragraphs (3) and (4), the provisions contained or referred to in Chapter 10 of the European Union Trade Mark Regulation (with the exception of Articles 128(2), (4), (6) and (7) and 132) continue to apply to the pending proceedings as if the United Kingdom were still a Member State with effect from exit day.

(3) Where the pending proceedings involve a claim for infringement of an existing EUTM, without prejudice to any other relief by way of damages, accounts or otherwise available to the proprietor of the existing EUTM, the EU trade mark court may grant an injunction to prohibit unauthorised use of the comparable trade mark (EU) which derives from the existing EUTM.

(4) Where the pending proceedings involve a counterclaim for the revocation of, or a declaration of invalidity in relation to, an existing EUTM, the EU trade mark court may revoke the registration of the comparable trade mark (EU) which derives from the existing EUTM or declare the registration of the comparable trade mark (EU) which derives from the existing EUTM to be invalid.

(5) Where the grounds for revocation or invalidity exist in respect of only some of the goods or services for which the existing EUTM is registered, the revocation or declaration of invalidity in respect of the registration of the comparable trade mark (EU) which derives from the existing EUTM relates to those goods or services only.

(6) Where (by virtue of sub-paragraph (4)) the registration of a comparable trade mark (EU) is revoked to any extent, the rights of the proprietor are deemed to have ceased to that extent as from—

(a) the date of the counterclaim for revocation, or

(b) if the court is satisfied that the grounds for revocation existed at an earlier date, that date.

(7) Where (by virtue of sub-paragraph (4)) the registration of a comparable trade mark (EU) is declared invalid to any extent, the registration is to that extent to be deemed never to have been made, provided that this does not affect transactions past and closed.

(8) For the purposes of this paragraph proceedings are treated as pending on exit day if they were instituted but not finally determined before exit day.”

22. References in paragraph 20 to “exit day” would soon be changed to IP completion day, as I will explain. The effect of any injunction restraining any infringement of an EU trade mark on what was originally to be exit day but would also become IP completion day is then dealt with in paragraph 21 of Schedule 2A. This is headed “*Existing EUTM: effect of an injunction*” and provides:

“21.—(1) This paragraph applies where immediately before exit day an injunction is in force prohibiting the performance of acts in the United Kingdom which infringe or would infringe an existing EUTM (a ‘relevant injunction’).

(2) Subject to any order of the court to the contrary, a relevant injunction will have effect and be enforceable to prohibit the performance of acts which infringe or would infringe a comparable trade mark (EU) to the same extent as in relation to the European Union trade mark from which the comparable trade mark (EU) derives as if it were an injunction granted by the court.”

23. Regulation 4 of the 2019 Regulations deals with other amendments to the 1994 Act which were thought necessary. It provides that “Schedule 3, which contains other amendments to the 1994 Act, has effect”. This addresses a variety of matters including necessary amendments to the absolute grounds for refusal of a registration.

24. In particular, paragraph 11 of Schedule 3 repeals section 52 of the 1994 Act, which, as I have mentioned, conferred power on the Secretary of State to make provision in connection with the EUTM Regulation and its predecessors. More specifically, section 52(1) and section 52(2)(d) of the 1994 Act were the enabling provisions for the

designation of certain courts in the United Kingdom as EU trade mark courts. Section 52 was also the enabling provision underlying the 2006 Regulations and the 2008 Regulations, and parts of the 2016 Regulations and the 2018 Regulations.

25. Regulation 6 of the 2019 Regulations is also relevant. It provides that Schedule 5, which contains consequential amendments, repeals, revocations, transitional and saving provisions, has effect.

26. Paragraph 6 of Schedule 5 to the 2019 Regulations then repeals or revokes, among other things, as of what was to be exit day but would become IP completion day: –

- the 2008 Regulations;
- Regulations 6 to 12 of the 2016 Regulations (which provide for references in the 2006 Regulations to “Community trade marks” and “Community trade mark courts” to be substituted with “EU trade mark” and “EU trade mark courts”, respectively);
- the EUTM Regulation in its entirety;
- Regulations 7(2), 8(6), 23(7) and 27 of the 2018 Regulations which had made amendments to the 1994 Act relating to, among other things, the registration of international trade marks (EC) and the EUIPO.

27. No express reference is made to the 2006 Regulations or their repeal. Nevertheless, Paragraph 7(2) of Schedule 5 to the 2019 Regulations is a saving provision:

“The repeal of section 52 of the 1994 Act (Power to make provision in connection with European Union Trade Mark Regulation) does not affect any proceedings which are pending on the coming into force of these Regulations before the EU trade mark courts designated by regulation 12 of the Community Trade Mark Regulations 2006 insofar as such proceedings relate to the application and enforcement of a European Union trade mark in the United Kingdom.”

28. One of the questions which I address is the meaning and effect of the closing words: “insofar as such proceedings relate to the application and enforcement of a European Union trade mark in the United Kingdom”.

29. The Explanatory Memorandum to the 2019 Regulations, prepared by the United Kingdom Intellectual Property Office (the UKIPO) and published with these regulations, states:

“2 Purpose of the instrument

2.1 This instrument primarily amends the Trade Marks Act 1994 (TMA) and the Trade Mark Rules 2008 (TMR), to correct deficiencies in, and failures of, retained EU law to operate effectively as a result of the United Kingdom leaving the European Union.

...

7.15 Jurisdictional arrangements

UK courts can act as EU Courts in trade mark infringement actions relating to EUTMs. At exit there will be EUTM cases ongoing before these Courts. The SI ensures that these cases continue to be heard, as if the UK were still a Member State with effect from exit day, but also confirms that actions and remedies taken or granted by the Court are applicable to the comparable UK right only.”

30. Any attempt by Sky to rely on paragraph 7.15 faces insurmountable difficulties, however, not least because it was overtaken by the Withdrawal Agreement and the 2020 Regulations, which I must now summarise.

**Part 4 - the 2020 Regulations**

31. I turn finally to the relevant provisions of the Intellectual Property (Amendment etc) (EU Exit) Regulations 2020 (UK SI 2020/1050) (“the 2020 Regulations” as I have defined them) which amended the 2019 Regulations to give effect to the Withdrawal Agreement and, in particular, to the new Schedule 2A and section 52A that were to be inserted into the 1994 Act.

32. First, references to “exit day” were changed to “IP completion day” – the end of the transition period, a change to which I have referred.

33. Secondly, a new paragraph 21A was added into Schedule 2A to the 1994 Act by regulation 9. Paragraph 21A is relevant for it deals with the effect in this jurisdiction of the invalidity or revocation of an existing EU trade mark in proceedings instituted but not finally determined before IP completion day. It is headed “Existing EUTM: effect of invalidity or revocation” and provides:

“21A.—(1) This paragraph applies where, on IP completion day, an existing EUTM is the subject of proceedings under Article 58 (Grounds for revocation), 59 (Absolute grounds for invalidity) or 60 (Relative grounds for invalidity) which have been instituted but not finally determined before IP completion day (‘cancellation proceedings’).

(2) Subject to sub-paragraph (4), where—

(a) the existing EUTM is revoked or declared invalid (whether wholly or partially) pursuant to a decision in the cancellation proceedings which is finally determined, and

(b) the registrar has—

(i) received notice of the situation referred to in paragraph (a) (‘a cancellation notice’), or

(ii) otherwise become aware of the situation referred to in paragraph (a),

the registration of the comparable trade mark (EU) which derives from the existing EUTM must be revoked or declared invalid to the same extent as the existing EUTM.

(3) Where (by virtue of sub-paragraph (2)) the registration of a comparable trade mark (EU) is revoked or declared invalid to any extent, the registrar must —

(a) remove the comparable trade mark (EU) from the register (where the revocation or declaration of invalidity relates to all the goods or services for which the existing EUTM was registered); or

(b) amend the entry in the register listing the goods or services for which the comparable trade mark (EU) is registered (where the revocation or declaration of invalidity relates to only some of the goods or services for which the existing EUTM was registered).

(4) The registration of a comparable trade mark (EU) must not be revoked or declared invalid under sub-paragraph (2) where the grounds on which the existing EUTM was revoked or declared invalid (whether wholly or partially) would not apply or would not have been satisfied in relation to the comparable trade mark (EU)—

(a) if the comparable trade mark (EU) had existed as at the date the cancellation proceedings were instituted, and

(b) an application for the revocation or a declaration of invalidity of the comparable trade mark (EU) based on those grounds had been made on that date under section 46 or 47 (as the case may be).

(5) Where a comparable trade mark (EU) is revoked or declared invalid to any extent pursuant to this paragraph—

(a) the rights of the proprietor are deemed to have ceased to that extent as from the date on which the rights of the proprietor of the existing EUTM are deemed to have ceased under the EUTM Regulation;

(b) subject to any claim for compensation for damage caused by negligence or lack of good faith on the part of the proprietor or a claim for restitution based upon the unjust enrichment of the proprietor, the revocation or invalidity of the comparable trade mark (EU) does not affect—

(i) a decision arising from infringement proceedings which has been finally determined and which has been enforced prior to the date on which the entry in the register of the comparable trade mark (EU) has been removed or amended pursuant to sub-paragraph (3) ('the decision date');

(ii) any contract entered into prior to the decision date to the extent that it has been performed prior to the decision date, subject to the right of a party to the contract to claim the repayment of any consideration paid under the contract where, having regard to the circumstances, it is fair and equitable for such repayment to be made.

(6) A cancellation notice may be submitted to the registrar by any person.

(7) For the purposes of this paragraph—

(a) proceedings are instituted if an application or counterclaim for revocation or for a declaration of invalidity—

(i) has been filed (and not subsequently withdrawn) with the European Union Intellectual Property Office or a court designated for the purposes of Article 123, and

(ii) meets the requirements for being accorded a filing date under the European Union Trade Mark Regulation and Commission Delegated Regulation (EU) 2018/625 of 5th March 2018;

(b) a decision is finally determined when—

(i) it has been determined, and

(ii) there is no further possibility of the determination being varied or set aside (disregarding any power to grant permission to appeal out of time).”

**LORD REED (Concurring, with whom Lord Lloyd-Jones, Lord Kitchin, Lord Hamblen and Lord Burrows agree):**

476. I have reached the same conclusions as Lord Kitchin, for essentially the same reasons. I add this short judgment solely in relation to the effect on these proceedings of the United Kingdom’s withdrawal from the European Union, which is a matter of potentially wider significance than the other issues in this case. I can set out my reasoning

on that point more briefly than Lord Kitchin, focusing on the most relevant legislative provisions as they currently stand rather than considering the legislation more broadly in the context of its chronological development as Lord Kitchin has done.

1. *The European Union (Withdrawal) Act 2018*

477. In considering the domestic legal effects of the United Kingdom’s withdrawal from the EU, the natural starting point for a United Kingdom court is the European Union (Withdrawal) Act 2018 as amended (“the 2018 Act”). As originally enacted, it pre-dated the conclusion of the Withdrawal Agreement between the United Kingdom and the EU during 2019. It was therefore amended following the conclusion of that agreement by the European Union (Withdrawal Agreement) Act 2020 (“the 2020 Act”), the purpose of which, according to its long title, is “to implement, and make other provision in connection with, the agreement between the United Kingdom and the EU under article 50(2) of the Treaty on European Union which sets out the arrangements for the United Kingdom’s withdrawal from the EU”.

478. The critical provision of the 2018 Act for present purposes is section 7A (inserted by section 5 of the 2020 Act), which provides, so far as material:

“(1) Subsection (2) applies to—

(a) all such rights, powers, liabilities, obligations and restrictions from time to time created or arising by or under the withdrawal agreement, and

(b) all such remedies and procedures from time to time provided for by or under the withdrawal agreement,

as in accordance with the withdrawal agreement are without further enactment to be given legal effect or used in the United Kingdom.

(2) The rights, powers, liabilities, obligations, restrictions, remedies and procedures concerned are to be—

(a) recognised and available in domestic law, and

(b) enforced, allowed and followed accordingly.



(3) Every enactment (including an enactment contained in this Act) is to be read and has effect subject to subsection (2).”

479. Section 7A(1) and (2) are modelled on section 2(1) of the European Communities Act 1972 (“the 1972 Act”). Like that provision, they give effect in domestic law to the EU principles of direct applicability and direct effect. Crucially, they do so in relation to (among other things) “such remedies and procedures ... provided for by or under the withdrawal agreement, as in accordance with the withdrawal agreement are without further enactment to be given legal effect or used in the United Kingdom” (section 7A(1)(b)).

480. Section 7A(3) of the 2018 Act is also important. It is modelled on section 2(4) of the 1972 Act. Its purpose and effect is to give primacy to the directly applicable and directly effective rights, remedies, procedures and so forth referred to in section 7A(1) over incompatible domestic legislation, by requiring such legislation to be read and to have effect subject to those rights, remedies, procedures and so forth.

481. It follows that remedies and procedures which are provided for by or under the Withdrawal Agreement, and which are in accordance with the Withdrawal Agreement to be given legal effect or used in the United Kingdom without further enactment, are to be recognised and available in domestic law notwithstanding any contrary enactment. It is accordingly necessary to look next at the Withdrawal Agreement in order to discover what those remedies and procedures may be.

## 2. *The Withdrawal Agreement*

482. The Withdrawal Agreement – to give it its full title, the Agreement on the withdrawal of the United Kingdom of Great Britain and Northern Ireland from the European Union and the European Atomic Energy Community (2019/C 384 I/01) – contains two provisions which are critical for present purposes. The first is article 67(1), which provides, so far as material:

“1. In the United Kingdom, as well as in the Member States in situations involving the United Kingdom, in respect of legal proceedings instituted before the end of the transition period ... the following acts or provisions shall apply:

...

(b) the provisions regarding jurisdiction of Regulation (EU) 2017/1001”.

The regulation there referred to is the EU Trade Mark Regulation. Accordingly, under the Withdrawal Agreement the provisions of that regulation regarding jurisdiction are to apply in the United Kingdom, as well as in the member states of the EU in situations involving the United Kingdom, in respect of legal proceedings instituted before the end of the transition period.

483. The transition period is defined by article 2(e), read together with article 126, as the period starting on the date of the entry into force of the Withdrawal Agreement and ending on 31 December 2020. Applying that definition to the facts of the present case, it follows that these proceedings were instituted before the end of the transition period. They therefore fall within the scope of article 67(1). They are accordingly proceedings to which the provisions regarding jurisdiction of the EU Trade Mark Regulation apply.

484. The other critical provision of the Withdrawal Agreement is article 4(1), which provides, so far as material:

“1. The provisions of this Agreement and the provisions of Union law made applicable by this Agreement shall produce in respect of and in the United Kingdom the same legal effects as those which they produce within the Union and its Member States.

Accordingly, legal or natural persons shall in particular be able to rely directly on the provisions contained or referred to in this Agreement which meet the conditions for direct effect under Union law.”

Article 4(2) requires the United Kingdom to ensure compliance with article 4(1), “including as regards the required powers of its judicial and administrative authorities to disapply inconsistent or incompatible domestic provisions, through domestic primary legislation”.

485. As we have seen, article 4(1) refers to “the provisions of Union law made applicable by this Agreement”. Among those provisions, by virtue of article 67(1), are the provisions of the EU Trade Mark Regulation regarding jurisdiction. They are made applicable in the United Kingdom (and in the member states of the EU, in situations involving the United Kingdom) in respect of legal proceedings instituted before the end

of the transition period. By virtue of article 4(1), where the provisions apply, they must therefore produce the same legal effects in the United Kingdom as in the member states.

486. Under EU law, regulations are legal acts that are directly applicable in all member states: Treaty on the Functioning of the European Union, article 288. In other words, they enter directly into force in the law of the member states, without needing to be transposed by domestic legislation. Since the EU Trade Mark Regulation is a regulation as so defined, its provisions are directly applicable in all member states, without the need for transposition. It follows that under article 4(1) of the Withdrawal Agreement, read together with article 67(1), the provisions of the EU Trade Mark Regulation regarding jurisdiction are also to be directly applicable as law in the United Kingdom, in respect of legal proceedings instituted before the end of the transition period, such as the present proceedings.

487. That requirement of the Withdrawal Agreement is fulfilled in the United Kingdom's domestic law by means of section 7A(2) of the 2018 Act, under which, as we have seen, "all such remedies and procedures from time to time provided for by or under the withdrawal agreement, as in accordance with the withdrawal agreement are without further enactment to be given legal effect or used in the United Kingdom ... are to be— (a) recognised and available in domestic law". Accordingly, by virtue of section 7A(2), the remedies and procedures provided for in the provisions of the EU Trade Mark Regulation regarding jurisdiction are to be given legal effect in the present proceedings. That is so notwithstanding any contrary enactment: section 7A(3). The latter provision accordingly implements the United Kingdom's obligation under article 4(2) of the Withdrawal Agreement.

### 3. *The EU Trade Mark Regulation*

488. It is necessary next to examine the provisions regarding jurisdiction in the EU Trade Mark Regulation. They are set out in Chapter 10, comprising articles 122 and following. Article 123 is headed "EU trade mark courts", and requires member states to designate in their territories a number of courts "which shall perform the functions assigned to them by this regulation". In the United Kingdom, the High Court was so designated while this country was a member state; and, as we shall see, that designation remained in effect during the period up to the end of the transition period.

489. Jurisdiction over the infringement and validity of EU trade marks is addressed by article 124:

"The EU trade mark courts shall have exclusive jurisdiction:

(a) for all infringement actions and — if they are permitted under national law — actions in respect of threatened infringement relating to EU trade marks;

(b) for actions for declaration of non-infringement, if they are permitted under national law;

(c) for all actions brought as a result of acts referred to in Article 11(2);

(d) for counterclaims for revocation or for a declaration of invalidity of the EU trade mark pursuant to Article 128.”

That provision covers the subject matter of the present proceedings. It is to be noted that, under article 124(d), a declaration of invalidity concerns the EU trade mark as such. Since the mark is unitary, the effect of such a declaration is not limited to the particular state where the court which has granted it is located.

490. Article 125(1) provides, as a general rule, that “proceedings in respect of the actions and claims referred to in article 124 shall be brought in the courts of the member state in which the defendant is domiciled or, if he is not domiciled in any of the member states, in which he has an establishment”. There is no dispute that the present proceedings were properly brought in the High Court, SkyKick being a company incorporated in the United Kingdom.

491. Article 126(1) provides that an EU trade mark court whose jurisdiction is based on, inter alia, article 125(1) shall have jurisdiction in respect of acts of infringement committed or threatened within the territory of any of the member states. The extent of the court’s jurisdiction in respect of infringement accordingly encompasses infringements in all of the member states. Similarly, article 130(1) provides for EU trade mark courts, where they find an infringement or threatened infringement of an EU trade mark, to “issue an order prohibiting the defendant from proceeding with the acts which infringed or would infringe the EU trade mark”. The prohibition is not limited to the territory of the member state where the court is situated.

492. As has been explained, under article 67(1) of the Withdrawal Agreement these provisions are to apply “in the United Kingdom, as well as in the Member States in situations involving the United Kingdom, in respect of legal proceedings instituted before the end of the transition period”. They are therefore to apply to the present proceedings, since those proceedings were instituted before the end of the transition period.

Furthermore, by virtue of article 4(1), these provisions are to be directly applicable in the United Kingdom. That is achieved, as has been explained, by section 7A(2) of the 2018 Act.

#### 4. *The Trade Marks Act 1994*

493. The Trade Marks Act 1994 (“the 1994 Act”) was amended so as to deal with proceedings concerned with EU trade marks which were pending before courts in the United Kingdom on 31 December 2020, ie the end of the transition period, referred to in the United Kingdom legislation as “IP completion day”.

494. The provisions which are most germane in the present context are contained in paragraph 20 of Schedule 2A to the 1994 Act, which provides, so far as material:

“(1) This paragraph applies where on IP completion day an existing EUTM is the subject of proceedings which are pending (‘pending proceedings’) before a court in the United Kingdom designated for the purposes of Article 123 (‘EU trade mark court’).

(2) Subject to sub-paragraphs (3) and (4), the provisions contained or referred to in Chapter 10 of the European Union Trade Mark Regulation (with the exception of Articles 128(2), (4), (6) and (7) and 132) continue to apply to the pending proceedings as if the United Kingdom were still a Member State with effect from IP completion day.

(3) Where the pending proceedings involve a claim for infringement of an existing EUTM, without prejudice to any other relief by way of damages, accounts or otherwise available to the proprietor of the existing EUTM, the EU trade mark court may grant an injunction to prohibit unauthorised use of the comparable trade mark (EU) which derives from the existing EUTM.

(4) Where the pending proceedings involve a counterclaim for the revocation of, or a declaration of invalidity in relation to, an existing EUTM, the EU trade mark court may revoke the registration of the comparable trade mark (EU) which derives from the existing EUTM or declare the registration of the

comparable trade mark (EU) which derives from the existing EUTM to be invalid.”

495. Paragraph 20(2) refers to Chapter 10 of the EU Trade Mark Regulation. As we have seen, that chapter contains the provisions of the regulation regarding jurisdiction. Subject to specified exceptions (concerning provisions which require reciprocity with the EU Intellectual Property Office), paragraph 20(2) provides for the continuing effect of the provisions of Chapter 10 in proceedings which were pending before United Kingdom courts on 31 December 2020. Those courts accordingly continue to have the functions and powers for which Chapter 10 makes provision, in so far as they are dealing with pending proceedings, notwithstanding the United Kingdom’s exit from the EU and the end of the transition period. They therefore retain the functions and powers described in paras 489-491 above in relation to pending proceedings, such as the proceedings in the present case.

496. Paragraph 20(2) is expressed to be subject to paragraph 20(3) and (4). The first important point about those provisions for present purposes is that they refer to “the EU trade mark court”, an expression defined by paragraph 20(1) as meaning “a court in the United Kingdom designated for the purposes of article 123 [of the EU Trade Mark Regulation]”. Reflecting the effect of paragraph 20(2), paragraphs 20(3) and (4) accordingly proceed on the basis that United Kingdom courts which were designated as EU trade mark courts on 31 December 2020 retain that designation, and the functions and powers which flow from that designation in accordance with Chapter 10 of the EU Trade Mark Regulation, after that date, for the purposes of proceedings which were pending on that date.

497. The purpose of paragraph 20(3) is to enable the court in the United Kingdom which is continuing to act as an EU trade mark court, and is dealing with a claim for infringement of an EU trade mark, to grant an injunction to prohibit unauthorised use of “the comparable trade mark (EU) which derives from the existing EUTM” – that is to say, the trade mark, derived from the EU trade mark, which came into existence on 31 December 2020 as its analogue in United Kingdom law. It is important to note, in the first place, that the premise of the provision is that United Kingdom courts will continue to deal with claims for infringement of EU trade marks after 31 December 2020, where those claims are made in proceedings which were pending on that date. That is consistent with their continuing role as EU trade mark courts, in accordance with paragraph 20(2). The second important point to note is that the court’s power to grant an injunction to protect the comparable trade mark (EU) is expressed to be “without prejudice to any other relief by way of damages, accounts or otherwise available to the proprietor of the existing EUTM”. The unmistakable implication of those words is that the United Kingdom court retains the power, in proceedings which were pending on 31 December 2020, to grant the full range of remedies available to the proprietor of an EU trade mark (including injunctions, for which provision is made in article 130 of the EU Trade Mark Regulation: that article is not one of the exceptions specified in paragraph 20(2)). That is again consistent with the

continuing status of the court as an EU trade mark court, in relation to pending proceedings.

498. Paragraph 20(4) applies where the pending proceedings involve a counterclaim for the revocation of an existing EU trade mark, or for a declaration of its invalidity. The premise is that United Kingdom courts will continue, after 31 December 2020, to deal with such counterclaims as EU trade mark courts, where they are made in proceedings which were pending on that date. The purpose of paragraph 20(4) is to enable the court, where such a counterclaim is successful, to revoke the registration of the comparable trade mark (EU), or to declare its registration to be invalid. That power is plainly additional to the power to grant analogous remedies in respect of the EU trade mark, which the court possesses by virtue of its continuing status as an EU trade mark court, and the continuing application of Chapter 10 of the EU Trade Mark Regulation, in accordance with paragraph 20(2).

499. In short, paragraph 20 of Schedule 2A to the 1994 Act makes it perfectly clear that, as regards proceedings which were pending before a designated EU trade mark court in the United Kingdom on 31 December 2020, the court seised of the proceedings remains an EU trade mark court thereafter, and retains the same jurisdiction under the EU Trade Mark Regulation. That is entirely in accordance with the requirements of the Withdrawal Agreement and the 2018 Act.

500. It follows that the High Court has jurisdiction in the present proceedings to determine the validity or invalidity of the EU trade marks in issue. That jurisdiction is not restricted to their validity in the United Kingdom. Equally, the extent of the court's jurisdiction in respect of infringements or threatened infringements of those trade marks encompasses infringements in all of the member states.

## 5. *The contrary arguments*

501. Sky's argument to the contrary is based in part on subordinate legislation concerned with the designation of United Kingdom courts as EU trade mark courts. Until it was repealed, as I will shortly explain, section 52 of the 1994 Act conferred a power on the Secretary of State to make provision by regulation in connection with the operation of the EU Trade Mark Regulation, including the designation of courts in the United Kingdom as EU trade mark courts. The Secretary of State exercised that power by making a number of regulations, of which the most recent are the Community Trade Mark Regulations 2006, as amended, (SI 2006/1027) ("the 2006 Regulations").

502. Section 52 of the 1994 Act was repealed by paragraph 11 of Schedule 3 to the Trade Marks (Amendment etc) (EU Exit) Regulations 2019, (SI 2019/269) ("the 2019 Regulations"), with effect from 31 December 2020. The provisions of the 2006

Regulations which designated courts in the United Kingdom as EU trade mark courts were not expressly repealed, but Sky's submissions proceed on the basis that they were impliedly repealed as a consequence of the repeal of section 52, which provided the power under which they were made. That would be the usual position in the absence of any express or implied provision to the contrary: *Kay v Goodwin* (1830) 6 Bing 576, 582-583; 130 ER 1403, 1405.

503. The repeal of section 52 has effect subject to transitional and savings provisions. The provision principally relied on by Sky is paragraph 7(2) of Schedule 5 to the 2019 Regulations, which provides:

“The repeal of section 52 of the 1994 Act (Power to make provision in connection with European Union Trade Mark Regulation) does not affect any proceedings which are pending on the coming into force of these Regulations before the EU trade mark courts designated by regulation 12 of the Community Trade Mark Regulations 2006 insofar as such proceedings relate to the application and enforcement of a European Union trade mark in the United Kingdom.”

504. Sky draw attention to the concluding words of that provision: “in the United Kingdom.” They submit that those words mean that the savings clause, in respect of proceedings which were pending on 31 December 2020, when the 2019 Regulations came into force, preserves the court's jurisdiction only in so far as the proceedings concern the application and enforcement of EU trade marks within the United Kingdom. Consequently, they submit, the court possesses no wider jurisdiction in relation to EU trade marks.

505. Sky also rely on the Explanatory Memorandum published with the 2019 Regulations, which states (para 7.15):

“UK courts can act as EU Courts in trade mark infringement actions relating to EUTMs. At exit there will be EUTM cases ongoing before these Courts. The SI ensures that these cases continue to be heard, as if the UK were still a Member State with effect from exit day, but also confirms that actions and remedies taken or granted by the Court are applicable to the comparable UK right only.”

506. The first flaw in Sky's argument is that, as we have seen, the continued role of United Kingdom courts as EU trade mark courts, in relation to pending proceedings, is the subject of express provision in paragraph 20 of Schedule 2A to the 1994 Act. For that



purpose, Chapter 10 of the EU Trade Mark Regulation continues to apply, subject to the specified exceptions, as paragraph 20(2) makes clear. The limited scope of the savings provision in paragraph 7(2) of Schedule 5 to the 2019 Regulations does not affect that provision of primary legislation.

507. A further flaw in Sky’s argument is that it does not take account of the effect of section 7A(3) of the 2018 Act. As has been explained, by virtue of section 7A(3), “every enactment ... is to be read and has effect subject to subsection (2)”. The word “enactment” is defined as including “an enactment contained in any ... regulations ... made under an Act”. It therefore includes the provisions of subordinate legislation. Even if, contrary to the foregoing reasoning, paragraph 7(2) to Schedule 5 somehow overrode the terms of the 1994 Act and had the meaning for which Sky contends, it could not be given effect as so construed, by reason of section 7A(3), because it would be incompatible with remedies and procedures under the Withdrawal Agreement which section 7A(2) makes directly applicable in our domestic law.

508. The argument based on the Explanatory Memorandum must also be rejected. Quite apart from other reasons why explanatory memoranda may be of little if any assistance as an aid to construction, in the present instance the document was prepared at a time when there was no withdrawal agreement or transition period in prospect: hence its anticipation that jurisdiction in respect of EU trade marks would end completely on exit day. The document was overtaken by events and is of no continuing relevance to the present question.

509. Sky’s other arguments can be summarised, very briefly, as being to the effect that it would be surprising if United Kingdom courts retained jurisdiction to decide questions concerning EU trade marks, either at all, or at least with consequences extending beyond the United Kingdom, after 31 December 2020, when United Kingdom courts ceased to be designated as EU trade mark courts, when the EU Trade Mark Regulation ceased to apply in the United Kingdom, and when EU trade marks were replaced in the legal systems of this country by the domestic rights, derived from those marks, known as comparable trade marks (EU).

510. One answer to these submissions is that they are based on a mistaken understanding of the law. As I have explained, United Kingdom courts did not cease to be designated EU trade mark courts in respect of proceedings which were pending on 31 December 2020. By virtue of paragraph 20 of Schedule 2A to the 1994 Act, they retained the full extent of their jurisdiction under Chapter 10 of the EU Trade Mark Regulation, as the Withdrawal Agreement required.

511. Another, and in a sense more fundamental, answer is that it would have been highly unfortunate if the United Kingdom’s withdrawal from the EU had been other than on

terms which enabled pending legal proceedings to be decided on the basis of the pre-existing law. It is a basic principle of legal certainty, and an aspect of the rule of law, that the legal consequences of events are, in general, determined in accordance with the law in force at the time of those events, rather than a different law introduced at a later date. Proprietors of trade marks who had brought infringement proceedings in designated United Kingdom courts before the end of the transition period had accrued causes of action under the EU Trade Mark Regulation (to which defendants with grounds for challenging the validity of the marks in question had a counterclaim). Whether the proceedings were concluded before the end of the transition period could depend on wide variety of factors, including, in the present case, the fact that there was a preliminary reference to the Court of Justice of the European Union, and an appeal to this court. It would be incompatible with the values I have mentioned if the time taken by the judicial process were to have the effect of depriving the parties of the remedy to which they were entitled. It would also mean that identical cases would be decided differently, depending on the vicissitudes of litigation, and on whether they happened to be brought in the courts of this country or in the courts of the remaining EU member states.

512. As one would expect, one of the objectives of the Withdrawal Agreement was to avoid problems of that kind. That is not only implicit in its provisions, as I have explained, but is also reflected in its preamble, which stresses “that the objective of this Agreement is to ensure an orderly withdrawal of the United Kingdom from the Union and Euratom”, and recites that the parties are resolved to do so “through various separation provisions aiming to prevent disruption and to provide legal certainty to citizens and economic operators as well as to judicial and administrative authorities in the Union and in the United Kingdom”.

513. Accordingly, far from being surprising, the conclusion that United Kingdom courts can continue to exercise the jurisdiction conferred by Chapter 10 of the EU Trade Mark Regulation in respect of proceedings which were instituted before the end of the transition period is as one would expect. It has indeed been anticipated by the EU Intellectual Property Office (EUIPO) and its United Kingdom counterpart, the UKIPO, in the guidance which they provide, as Lord Kitchin explains in his judgment.

## 6. *Conclusion*

514. For these reasons, and those given by Lord Kitchin, I would allow the appeal to the extent that he proposes.