

BAD FAITH APPLICATIONS AND THE BOUNDARIES OF TRADE MARK RIGHTS IN
REGISTRATION-BASED SYSTEMS

LIKE nesting dolls, *SkyKick v Sky* [2024] UKSC 36, [2025] 2 All E.R. 1 conceals the core of its contribution to trade mark law behind a series of increasingly complex layers, calling on the reader to peel them back in the search for the broader implications of a much-awaited decision. Allowing SkyKick’s appeal in part, the Supreme Court, in judgments by Lord Kitchin and Lord Reed with which the rest of the court concurred, addressed a range of underlying issues in trade mark law.

In its outer layer, the decision of the Supreme Court concludes an eight-year saga that pre-dates the Brexit referendum and has attracted much scrutiny from the intellectual property community. The facts of the case are straightforward. Sky, a major broadcaster and telecommunications provider, relied on a series of EU and UK trade marks registered for “SKY” in relation to a very broad range of goods/services to sue SkyKick, a US-based provider of email migration and cloud backup services operating under the SkyKick brand, for passing off and trade mark infringement. SkyKick counterclaimed for invalidity on two grounds: (1) the range of goods/services claimed in the contentious trade marks’ specifications lacked clarity and precision; and (2) Sky had applied for its trade marks in bad faith since it had no genuine intention of using them in relation to all, or at least some of, the goods/services for which they were registered.

One layer in, the decision in *SkyKick* provides useful guidance on whether UK courts continue to have jurisdiction to adjudicate disputes involving EU trade marks (that grant EU-wide rights by virtue of the EU Trade Mark Regulation) in cases that were still pending prior to the UK’s withdrawal from the EU. After an exhaustive analysis of the relevant instruments governing the withdrawal process, the Supreme Court ruled in the affirmative as regards cases that were still pending at the end of the Brexit transitional period (i.e. 31 December 2020). This is a welcome development. The ability of UK courts to rule on pending cases involving EU marks remained a controversial question despite an earlier decision of the High Court to the same effect (*EasyGroup v Beauty Perfectionists* [2021] EWHC 3385 (Ch)). In confirming this position, *SkyKick* brings much-needed clarity and certainty to UK trade mark law post-Brexit.

In its third layer, the Supreme Court had no difficulty in rejecting SkyKick’s appeal as regards its invalidity claim that the contentious trade marks’ specifications of goods/services lacked clarity and precision. The court followed here the unambiguous guidance provided by the CJEU in a reference for a preliminary ruling submitted by the trial judge earlier on in the proceedings (*Sky plc v SkyKick UK Ltd.*, C-371/18, EU:

C:2020:45), where the supranational court had ruled out this possibility. While this finding should be reassuring for rights holders, we shall see later on that the use of unclear and imprecise terms when claiming goods/services is nonetheless not without risk – both at the registration and infringement stages.

Deeper still, the decision in *SkyKick* engages in insightful analysis of trade mark infringement. The Supreme Court sided with Sky on this ground. This had also been the case before the High Court and the Court of Appeal. Although the specific range of services that were deemed to infringe Sky's marks varied at each stage of the appeal process, all courts were in agreement that, insofar as it offered identical services, defendant's use of the similar SkyKick signs would lead to confusion. Importantly, the Supreme Court provided guidance on how to interpret the scope of protection afforded by trade marks where their specifications of goods/services are not clear and precise. In agreeing with the appealed decision, the court explained that "the correct approach ... is to confine the terms used to the substance or core of their possible meanings" (*SkyKick*, at [365]). This has the effect of shrinking the scope of protection afforded to rights holders and can, in instances where the goods/services are narrowed down substantially, determine the outcome of a case. In *SkyKick*, for instance, the Supreme Court's strict interpretation of "'electronic mail services' ... [as] not includ[ing] 'all [*sic*] services related to electronic mail'" (*SkyKick*, at [364], quoting from *Sky v SkyKick* [2021] EWCA Civ 1121, at [137]) led it to the conclusion that defendant's email migration service was not an identical service and, thus, precluded a finding of likelihood of confusion. This pro-defendant approach ought to be commended. It avoids placing the risk of ill-defined trade mark monopolies on third parties, notably traders wishing to operate in neighbouring goods/services, which could have a chilling effect on competition. Moving forward, therefore, applicants wishing properly to delimit the scope of their trade mark rights will have a strong incentive to approach the specifications of goods/services in the clearest of terms. This can contribute to the improvement of the trade mark system by ensuring that the register is an accurate reflection of the exclusive rights already in existence – which can, in turn, alleviate some of the clutter pressure currently weighing on trade mark registers.

Closer to the core, the judgment in *SkyKick* constitutes a positive step in the daunting task of giving content to the elusive concept of bad faith registration of a trade mark. In registration-based systems, such as the UK and the EU, distinctive signs enjoy protection as trade marks only in connection with the goods/services for which they are registered. Underpinning registration-based systems is the recognition that traders must be able to register their marks in relation not only to the goods/services that they may already trade in, but, very often, also in

connection with those goods/services that they foresee offering in the future. For the system to operate smoothly, once registered, UK and EU trade marks grant proprietors a five-year grace period during which they will be valid and enforceable against third parties even absent use in the marketplace. This leaves registration systems liable to abuse by traders who, amongst other strategies, apply for registration of marks well beyond the range of goods/services that they ever foresee trading in. Registration-based systems must, therefore, strike a delicate balance between permissible and impermissible (or in bad faith) intent to trade in certain goods/services in the foreseeable future. This is precisely what the Supreme Court was asked to consider in *SkyKick*.

According to the court, as regards the specification of goods/services in a trade mark application, bad faith can arise in two ways. First, applicants act in bad faith when they dishonestly apply for a broader range of goods/services than they ever envisage trading in with the aim of securing a broad monopoly that can be deployed defensively to prevent what would otherwise be permitted acts of competing traders. In concluding that Sky had applied for its trade marks partly in bad faith, the Supreme Court rejected the strict evidentiary approach adopted by the Court of Appeal, notably its finding 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” (*SkyKick*, at [247]). According to the Supreme Court, in certain circumstances, the breadth of the specification of goods/services can, when compared to the size and nature of the applicant’s business, rebut this presumption. This was the case in *SkyKick*, where the evidence showed that Sky had applied for a much broader range of goods/services than it ever intended to trade in (notable examples included “whips” or “bleaching preparations”) with the aim of weaponising its marks against third parties, both in infringement and opposition proceedings. Crucially, Sky had not been able to provide a reasonable justification for its broad filing strategy. The trial judge had, therefore, not erred by going ahead and recasting the contentious trade marks’ specifications of goods/services in light of the finding of bad faith. Although liable to create uncertainty for trade mark applicants, the Supreme Court’s approach ensures that bad faith has some teeth in cases where, like here, there is substantial evidence to the effect that a trade mark was applied “for purposes other than those falling within [its] functions” (*SkyKick*, at [246]), notably source identification. It is unclear at this stage whether proprietors will be deemed to have applied in bad faith where the range of goods/services claimed is not as broad as in *SkyKick* or where they have not systematically deployed their broad monopolies defensively in infringement and opposition proceedings. Common sense dictates that such cases ought to be allowed to ensure that traders can continue to secure exclusive rights in relation

to goods/services that they foresee expanding into in the future, in furtherance of trade mark law's pro-competitive underpinnings. This will also ensure that bad faith is not mobilised moving forward with a view to undermining the five-year grace period granted to registered trade marks.

The second way in which bad faith can arise in relation to trade mark specifications concerns the use of class headings or other general terms to claim broad categories or subcategories of goods/services. According to the Supreme Court, the use of language to this effect can also constitute an abuse of the registration system when it leads to specifications that contain a broader range of goods/services than the applicant ever intends to trade in. The court was at pains to distinguish this finding from the guidance provided by the CJEU in *Sky*, according to which the use of unclear and imprecise terms when claiming goods/services cannot give rise to invalidity. In an attempt to reconcile both findings, the Supreme Court went on to explain that while it is not "an objection ... [to] appl[y] for a wide range of goods and services using class headings or other general terms[,] ... broad description[s that] include distinct categories or subcategories of goods or services, as 'computer programs' and 'computer services'", can give rise to a finding of bad faith (*SkyKick*, at [322]–[323]). It would seem, therefore, that the boundary between permissible specifications that lack clarity and precision, on the one hand, and impermissible specifications that use class headings or other general terms to overclaim categories or subcategories of goods/services, on the other, is fuzzy. How to navigate the dividing line between both remains unclear and is bound to create uncertainty for rights holders and future applicants. Interpretive guidance may, however, be found in the trial judge's recasting of the contentious trade marks' specifications for those goods/services that Sky had applied for in bad faith due to the breadth of their categories, notably "computer software". Following Arnold J.'s example, avoiding bad faith overclaiming in such instances will require applicants to give careful consideration to the specific goods/services for which protection is sought within each category or subcategory.

At its core, therefore, the decision in *SkyKick* constitutes a rare contribution to delimiting the boundaries of trade mark rights in registration-based systems. Although several aspects remain unclear and will require further input from decision makers, it is a step in the right direction towards a fairer, better demarcated, less cluttered trade mark system.

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