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Sky V Skykick AG – Is This The End Of A Claim For "Computer Software?"

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On 16 October 2019, Advocate General Tanchev of the CJEU has issued his opinion in *Sky v SkyKick* one of the most intriguing trade mark cases at the moment which will likely have a significant impact on EU trade mark law. Crucially the AG has advised that:

1. *"registration of a trade mark for 'computer software' is unjustified and contrary to the public interest"* because it confers on the proprietor a *"monopoly of immense breadth which cannot be justified"*, and it lacks sufficient clarity and precision; and

2. trade mark registrations made with no intention to use, in relation to the specified goods and services, may constitute *bad faith*.

Background

Sky, the renowned British broadcasting company, brought a claim for trade mark infringement against SkyKick, a cloud management software company, relating to its use of numerous trade marks containing the word 'Skykick'.

Skykick denied the infringement claim and in turn counterclaimed for invalidity of Sky's registrations on the basis that certain goods, namely "computer software", were not defined with sufficient clarity or precision to allow third parties to determine the extent of the protection being claimed by the marks. Skykick also argued that Sky had no genuine intention of using the 'SKY' trade marks on all the goods/services covered and that they had been filed in bad faith.

The referral and the AG's opinion

The English High Court heard these arguments and referred various questions to the CJEU for clarification on the law, these can be summarised as follows:

1. Were some terms uncertain, lacking sufficient clarity and precision to determine the extent of

the trade mark protection?

2. If so, were the Sky trade marks invalid as regard those terms, in particular “computer software”?

3. Were the marks registered in bad faith?

4. If so, would the bad faith mean that the whole mark is rendered invalid?

The AG, in his opinion, has answered question one in the affirmative and question two in the negative. He determined that a lack of clarity and precision in the specification of the goods and services is not grounds for invalidation of a trade mark, however using a broad term such as “computer software” is unjustified on the grounds that it imposes a wide-ranging monopoly that is contrary to the public interest.

In relation to questions three and four, the AG highlighted that applying to register a trade mark without any intention of using it for the specified goods and services could constitute bad faith, in particular where the applicant’s sole objective was to prevent a third party from entering the market. In addition he added that the trade mark should only be declared invalid for those goods and services in relation to which bad faith existed rather than declaring all subcategories of the mark as invalid.

Key considerations

Bad faith
The AG’s opinion shows concern about potential abuses of the trade mark system, and in that light his findings concerning the dangers of bad faith are not surprising and they reflect the findings of national courts in their interpretation of egregious practices. However, it is not clear from the AG’s opinion whether the absence of intention to use alone constitutes bad faith or whether another requirement, such as deliberate intention to obstruct third parties, is also required.

Broad claims
AG Tanchev considered that the public policy issues were strong, particularly as the use of broad terms such as “computer software” to justify a monopoly right to a trade mark is contrary to public policy on the grounds of its dissuasive effect on trade. In addition, he pointed out the negative effect from cluttering the trade mark register as a whole. However there is undoubtedly the potential for many more trade mark registrations to potentially fall within this ambit, creating significant uncertainty.

Should the CJEU agree with the AG’s opinion the effect across the EU could be substantial. The term “computer software” is likely to become unacceptable on EU trade mark registries, when used on its own. The registries are likely now to refuse the term or require it to be re-specified. Attacks on the validity of a trade mark based on intention to use are also likely to increase.

Particularly for companies who had previously sought trade mark protection in the broadest possible terms, this approach no longer appears to be justifiable. Brands will need to take a more targeted approach to protect their trade marks and identify the market sectors in which they wish to protect.

What’s next?

Although the case has not yet been decided and there are still a few months to go until the ruling of the CJEU, the opinions of AG are often followed in judgment and play an important role in the decisions of the CJEU. We will continue to monitor this pioneering case and post further updates as they arrive!

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