

## **C-371/18: the CJEU sheds some light on the interpretation of EU trade mark law concerning marks lacking sufficient clarity and precision and registration in bad faith**

On 29 January 2020, the CJEU issued a decision in case C-371/18 (the [AG's Opinion](#) was issued on 16 October 2019), following a request for preliminary ruling from the High Court of England and Wales – Chancery Division (the 'referring Court') concerning the '*interpretation of EU trade mark law and the approximation of the Member States' laws on trade marks*'.

### **C-371/18: Background**

The parties to the main proceedings: the request for preliminary ruling was made in proceedings between Sky plc, Sky International AG and Sky UK Ltd on the one hand (together, 'Sky and Others') and SkyKick UK Ltd and SkyKick Inc. on the other hand (together, 'the SkyKick Companies').

- The dispute in the main proceedings: the claimant (i.e., Sky and Others) brought an action for infringement against the SkyKick Companies before the referring Court, arguing that their Community and UK trade marks comprising the work 'Sky' (the 'Sky Trade Marks') and registered for goods and services ('G&S') in classes 9 and 38, were infringed by the SkyKick Companies. The defendant (i.e., the SkyKick companies) filed a counterclaim for invalidity, arguing that the Sky Trade Marks: a) were registered in respect of G&S that had not been specified with sufficient clarity and precision<sup>1</sup>, and b) were registered in bad faith.
- The legal context: before discussing the questions asked to the CJEU, it is useful to consider some key legal provisions of EU trade mark law concerning both the specifications for G&S and the concept of bad faith. In particular, it is useful to recall that:
  - Article 51 of Regulation No 40/94 and Article 3 of First Directive 89/104, which concern the absolute grounds for invalidity, do not provide that a Community trade mark may be declared invalid because of the lack of clarity and precision of the terms used to designate the G&S for which registration was sought. However, they provide that a Community trade mark may be declared invalid where the applicant was acting in bad faith when filing the trade mark application. If the ground(s) for invalidity exist(s) in respect of only some G&S, the trade mark shall be declared invalid as regards those G&S only.

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<sup>1</sup> The SkyKick companies relied on the CJEU's judgment of 19 June 2012, Chartered Institute of Patent Attorneys (C- 307/10, EU:C:2012:361, also known as IP Translator), where the CJEU concluded EU trade mark law '*requires the goods and services for which the protection of the trade mark is sought to be identified by the applicant with sufficient clarity and precision to enable the competent authorities and economic operators, on that basis alone, to determine the extent of the protection conferred by the trade mark*'.

- Section 32(3) of the UK Trade Marks Act 1994, which transposed First Directive 89/104 into UK law, provides that: *'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 questions referred for a preliminary ruling: the referring Court referred five questions to the CJEU, which can be summarised as follows:
  - Questions 1) and 2) - clarity and precision: by its first and second questions, the referring Court asked: i) whether lack of clarity and precision of a trade mark specification constitutes a ground of invalidity; and, ii), if so, whether the term 'Computer software' was sufficiently clear and precise to determine the extent of protection conferred by the trade mark.
  - Questions 3) and 4) - bad faith: by its third and fourth questions, the referring Court asked: a) whether it can constitute bad faith to apply to register a trade mark without any intention to use it in relation to the specified G&S; and, b), if so, whether it is possible to conclude that the application was made 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 only in relation to some of the specified G&S.
  - Question 5) - compatibility of Section 32(3) of the UK Trade Marks Act 1994 with Directive 2015/2436 and its predecessors: by its last question, the referring Court intended to know whether Section 32(3) of the UK Trade Marks Act 1994 is compatible with [Directive 2015/2436] and its predecessors.

### **The answer of the CJEU**

Preliminarily, the CJEU considered that since the Sky Trade Marks were filed before the dates on which Regulation No 207/2009 and Directive 2008/95 entered into force, those trade marks fall within the scope, *ratione temporis*, of Regulation No 40/94, in the case of the Community trade marks in the main proceedings, and that of First Directive 89/104, in the case of the national trade mark at issue in the main proceedings.

The CJEU then moved on to answer the five questions.

- Questions 1) and 2) - clarity and precision: firstly, the CJEU noted that Article 3 of First Directive 89/104, and Article 7(1) and Article 51(1) of Regulation No 40/94 must be interpreted as meaning that they provide an exhaustive list of the absolute grounds for invalidity of a Community trade mark, which do not include the lack of clarity and precision of the terms used to designate the G&S covered by the registration of a Community trade mark. Secondly, the CJEU held that a lack of clarity and precision of the terms used to designate the G&S covered by the registration cannot be considered contrary to public policy within the meaning of Article 7(1)(f) of Regulation No 40/94 and Article 3(1)(f) of First Directive 89/104 either. This is because the concept of 'public policy' cannot be construed as relating to characteristics concerning the trade mark application itself, such as the clarity and precision of the terms used to designate the G&S covered by that registration. It follows 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’.*

- Questions 3) and 4) - bad faith: if it is apparent, based on ‘*objective, relevant and consistent indicia*’, that a trade mark application was made without any intention to use the trade mark in relation to the G&S covered by the registration and, instead, with 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, then the application may constitute bad faith**. A finding that, at the time of filing the application, the applicant had no economic activity corresponding to the G&S referred to in that application is not sufficient. When such ‘bad faith’ concerns only certain G&S referred to in the trade mark application, that **application constitutes bad faith only in so far as it relates to those G&S**.
- Question 5) - compatibility of Section 32(3) of the UK Trade Marks Act 1994 with Directive 2015/2436 and its predecessors: while First Directive 89/104 prohibits the Member States from introducing, in the national legislation, grounds for refusal or invalidity other than those appearing in that directive, nonetheless Member States may set the provisions of procedure concerning the registration, the revocation and the invalidity of trade marks acquired by registration. It follows that **a provision of national law under which an applicant for registration of a trade mark must state that the trade mark is being used for to the G&S 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, is not precluded ‘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’.**

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The referring Court has to decide the case in accordance with the CJEU’s decision, which is also binding on other national courts that are called upon deciding cases where similar matters arise.

The CJEU’s decision was issued on 22 January 2020, and only a few days later the UK left the EU (i.e., on 31 January 2020).

However, the referring Court is still bound by the legal principles set out above, at least until 31 December 2020. Indeed, as mentioned in a press release of the CJEU: ‘*In accordance with the terms of the withdrawal agreement, the Court of Justice is to continue to have jurisdiction in any proceedings brought by or against the UK before the end of the transition period, which is set as 31 December 2020. It is also to continue to have jurisdiction to give preliminary rulings*’.