

PBI Intellectual Property Law Institute

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‘Issues from the other side of the pond’

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1. Brexit – an update

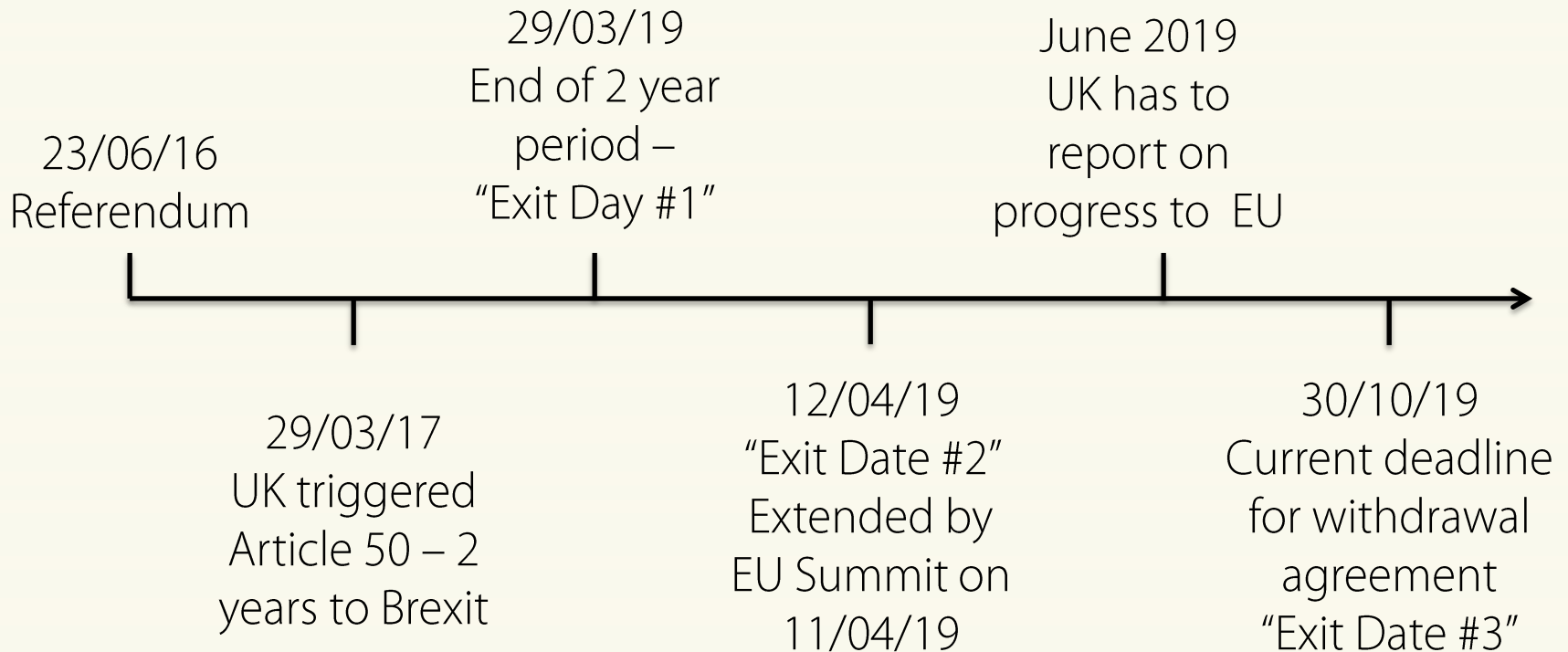
2. Sky v SkyKick

Issues around bad faith and intention to use

Brexit – the big picture

- A perfect storm
- Why the big fuss?
- Will it ever end?

Brexit – timeline



Brexit – what's next?

- More extensions?
- Leave without a deal?
- Cross party consensus and a withdrawal agreement?
- General election?
- Second referendum on EU membership?

Key preoccupation of business – deal or no deal?

Brexit and IP

- Trade marks (and registered designs) – significantly affected
- Patents - unaffected
- Copyright/unregistered design rights – some consequences

Brexit and IP – EUTMs and RCDs

- Post Brexit EUTMs/RCDs will no longer have effect in the UK
- > 1.3 million registered EUTMs and >0.75 million RCDs
- All registered EUTMs and RCDs will continue to be protected in the UK after Brexit via duplicate ‘comparable trade marks’ – ‘clones’ of EUTM/RCD registrations (or EU designations of IRs)
- Clones to be created by UKIPO – unilateral decision and so applies for deal or no deal Brexit

Brexit and IP – cloned EUTMs

- Will be created as registrations (contrast ‘conversion’)
- Filing date/priority date/specification of goods and services/mark and owner details – all exactly the same
- No official fees payable
- Re-numbering will be as follows:

<u>EUTM</u>		<u>UKTM</u>
000025310	→	UK00900025310
017867542	→	UK00917867542

Brexit and IP – cloned EUTMs (2)



- Seniority claims will be respected within cloned UK registrations
- EU designations of IRs will be cloned as standalone UK registrations (not UK designations)

Brexit and IP – cloned EUTMs (3)



- EUTMs pending on exit day – not automatically cloned
- 9 month period for proprietor to apply for cloned UK application
- Official fees the same as for stand alone UK application

Brexit and IP – cloned EUTMs (4)

Points where care is needed...

- a) Use - vulnerability to non-use cancellation
- b) Use - reputation issues
- c) Recordals against EUTMs
- d) Conflicts with pre-existing agreements
- e) Renewals
- f) Oppositions and invalidation actions pending on exit day

Brexit – deal or no deal?

- Substance of what happens to IPRs will be the same
- With a deal – i.e a withdrawal agreement – a transition period of nearly two years will be in place with Brexit formally happening at the end of this
- A much more orderly exit will then be possible

Brexit – deal or no deal?

- Without a deal the UK will immediately cease to be a member of the EU on exit day
- The consequences of this are the subject of endless speculation by politicians and press...and of anxiety across business
- In IP, representation before the EUIPO is one example of where there could be a significant difference

Brexit and IP – Representation rights

No deal

After Brexit UK representatives will not be able to act before the EUIPO or CJEU/GC

With a deal

UK Government has stated that transition period could lead to joint practice arrangement for UK and EU legal representatives before EU institutions

Post-Brexit – Continuing representation before EUIPO



- Legal practitioners
- Professional representatives
- Strategies – especially in the event of a no deal?

Brexit and IP – other types of IP

- Patents
- Copyright
- Unregistered design rights

Note Common law rights (including those arising from the tort of passing off) remain unaffected as these are aspects of UK and not EU law

Brexit – Summary

- Uncertainty continues
- Businesses in the UK need to be able to plan effectively and they can't do this currently
- UK public largely feel they are trapped in limbo
- A seismic change is needed to break the deadlock

...but IP less affected by no deal than other sectors

Sky v SkyKick



Sky PLC

vs.

SkyKick Inc

Sky International AG

SkyKick UK Ltd

Sky UK Ltd

Case references: [2018] EWHC 155 (Ch) Mr Justice Arnold

[2018] EWCA Civ 2004 LJs Kitchin and Floyd

Sky's business

International business offering
a wide range of goods and
services in the fields of television
broadcasting, electronic
communications including
specifically broadband provision,
and telephone services



Sky's registrations

Territory	Mark	Filed	Registered	Classes
EUTM	SKY [fig.]	14/04/03	12/09/12	9, 16, 18, 25, 28, 35, 38, 41, 42
EUTM	SKY [fig.]	30/04/03	06/09/12	9, 16, 18, 25, 28, 35, 38, 41, 42
EUTM	SKY [word]	06/09/06	18/06/15	9, 16, 28, 35, 37, 38, 41, 42
EUTM	SKY [word]	18/04/08	08/08/12	3, 4, 7, 9, 11, 12, 16-18, 25, 28, 35-45
UK	SKY [word]	20/10/08	07/09/12	3, 4, 7, 9, 11, 12, 16-18, 25, 28, 35-45

SkyKick's Business and Trade Marks



The development of a software product which essentially automates the migration process from Microsoft Office to Office365



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Sky's claims

1. SkyKick was infringing Sky's five registrations
 - SKY & SkyKick
 - SkyKick's use was on identical/similar goods/services to those covered by Sky's registrations
 - Likelihood of confusion

2. SkyKick's use amounted to passing off

SkyKick's Defence and Counterclaims



1. Infringement fails because no likelihood of confusion
2. There is no passing off
3. Sky registrations were registered in bad faith – Sky had no intention to use the marks when they were filed
4. Sky registrations should be partly invalidated – registered for goods/services not specified ‘with sufficient clarity and precision’

Bad faith (1) – lack of ITU

UK

‘The application shall state that the trade mark is being used, by the applicant or with his consent, in relation to those goods or services, or that he has a bona fide intention that it should be so used’

[Sec.32(3) TMA 94]

EUTM

‘An EU trade mark shall be declared invalid on application to the Office or on the basis of a counterclaim in infringement proceedings...where the applicant was acting in bad faith when he filed the application for the trade mark’

[Article 59(1)(b) EUTMR]

Bad faith (1) – lack of ITU (2)

- But there are judgments suggesting lack of ITU is a ground of invalidity
- What is the effect of bad faith invalidity

Sky's Registrations – bad faith?

- Two of Sky's specifications contained 8127 and 8255 words
- Mr Justice Arnold clearly thought Sky's evidence at trial was not wholly convincing

CJEU Reference – lack of ITU

- (3) Can it constitute bad faith to apply to register a trade mark without any intention to use it in relation to the specified goods of 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 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?

Bad faith (2) – lack of clarity/precision

- Is the mark invalid because of a lack of a clear and precise specification? [IP Translator CJEU C-307/10]
- CJ said that the problem with some trade mark terms is that they may cover

‘...goods or services which are too variable to be compatible with the trade mark’s function as an indication of origin’
- Lack of clarity/precision can prevent registration
- Undecided as to whether it is also a ground of invalidity

CJEU Reference – lack of clarity/precision

- (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 are lacking in sufficient clarity or precision to enable the competent authorities and third parties to determine the extent of the protection conferred by the trade mark?

- (2) If the answer to (1) is yes, is a term such as ‘computer software’ lacking in sufficient clarity or precision to enable the competent authorities and third parties to determine the extent of the protection conferred by the trade mark?

Sky v SkyKick – wrap up

- Should there be a ‘commercial rationale’ behind terms in a trade mark specification?
- What can be done to restrict trade mark registrations with overbroad specifications? Or evergreening?
- What will the CJEU decide?



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