

Bird & Bird

Report of Trade Mark Cases

For the CIPA Journal

November 2024



Trade mark decisions

Bad faith in trade mark applications

SkyKick UK Ltd & Anor v Sky Ltd & Ors (Rev1) (Lords Reed, Lloyd-Jones, Kitchin, Hamblen, Burrows [2024] UKSC 36; 13 November 2024)

After nearly a decade, the Supreme Court has handed down a decision in the long-running action between these parties. Underpinning it is the question of what constitutes bad faith under UK and EU trade mark law: a divisive question leading to contradictory results in the High Court and Court of Appeal. With the parties themselves having settled all their differences in the meantime, it seemed that only the disputes between the courts below remained. The Supreme Court considered the matter in great detail, finding in favour of the High Court on some issues and the Court of Appeal on others. The case is primarily interesting for its assessment of validity. Tristan Sherliker reports.

Background

The dispute began in 2016, when well-known media corporation, Sky, sued the software company SkyKick for trade mark infringement. Sky's trade mark registrations included as part of their specification the term "computer software". There were several registrations and many more other specification terms beside that. Viewed as a whole, many of the terms were exceedingly broad in scope (such as computer software); others were highly specific, but appeared to bear no relation to Sky's actual business (such as whips, umbrellas, bleaching preparations, lubricants).

SkyKick counterclaimed that the trade mark was invalid for bad faith. The claim was based on the breadth of the specification. In the extreme position, it was contended that the registrations as a whole were tainted by the breadth of the specifications, and the bad faith they were said to exhibit as a result. In the alternative, SkyKick contended that the specifications should be narrowed dramatically, to an extent where the registrations would no longer be infringed. Revocation for non-use was not meaningfully available, due to the young age of (at least some of) Sky's registrations.

In the High Court, Arnold J (as he then was) found the marks to be partially invalid for bad faith. In the Court of Appeal, Sir Christopher Floyd gave a leading decision allowing the appeal in relation to the partial invalidity.

The case is primarily interesting for its assessment of validity. Issues of infringement, though contested, are less informative; save that were the mark entirely invalidated or narrowed as dramatically as SkyKick argued for, the defendants could have escaped infringement. In fact, the case was tried against a limited portion of selected goods and services, narrowing the scope (but not the principle) of the issues that were engaged.

Settlement and Intervention by the Comptroller of Trade Marks

The parties appealed to the Supreme Court following the Court of Appeal decision. The hearing took place over a year before judgment; in the intervening time, the parties settled their differences. The case has been closely watched, being a matter of some significant interest in the IP community of the UK and EU. It was observed by members of the profession at the time that certain ancillary attacks between the parties had been withdrawn. As a result, it was feared that the line of authority would end with the Court of Appeal decision, without the opinion of the Supreme Court becoming known.

Indeed, the parties did apply to the Supreme Court to ask them not to render a decision. The application was resisted, however, by the UK IPO in the body of the Comptroller of Trade Marks, citing the significant legal interest, and public interest, and indeed the interest of the Trade Marks Registry in the rendering of the decision. The Supreme Court agreed, and handed down its decision (albeit later than might otherwise have occurred).

Bad faith: specification terms

The Supreme Court, Lord Kitchin giving the leading judgment, sided with the High Court on the main question of bad faith. In short, on the central argument, the presence of broad terms such as "computer software" was unsustainable in light of the vagueness of that term and the versatility with which it can be applied to a range of businesses and business types. Those terms were not a fair description of Sky's business. Similarly, the presence of terms apparently irrelevant to Sky (whips, bleaching preparations) and the use of Nice class

headings was another indication that the specification did not accurately reflect Sky's commercial interests. Both were indicators of a registration made in bad faith.

Mere compliance with the rules was not a factor against a finding of bad faith in circumstances where an applicant has adopted a strategy that undermined the purpose of the rules. Where an applicant had pursued registration for purposes that fell outside the well-established functions of a trade mark, that was a particularly important factor.

Guidance was given with respect to the test for bad faith. The test was a subjective one, requiring an assessment of the mindset of the applicant at the time of the application to register the mark. However, the test itself must be assessed by reference to objective evidence ("relevant, consistent and objective criteria"). An applicant so impugned may seek to counter by explaining why its subjective motivation and intention was held in good faith.

Reputation does not justify breadth

An interesting finding of the decision was that merely having a brand with a strong reputation, or which has great commercial value attached to it, does not justify departing from the ordinary principles for trade mark registration. In particular, it does not justify seeking broader or different protection than would be available through registration to any other individual or business.

This is of course in line with the general approach taken by trade mark law to the protection of reputation: under section 10(3) (and equivalent EU provisions), brands having a reputation attract a broader protection in reality, subject to the checks and balances afforded by the case law in the assessment of the acts of infringement (in particular, the case law governing the application of principles of infringement by taking unfair advantage).

The effect of Brexit

Of historical interest to many (and perhaps, of practical interest to a few in the UK), is the Supreme Court's treatment of its powers following the withdrawal of the UK from the EU. This case began before Brexit. At the time that Brexit completed in 2021, it was still ongoing. The effect of the Withdrawal Agreement between the UK and the EU was that the UK would continue to apply EU law to, and act in the capacity of an EU court in, such cases. Although the Supreme Court itself was seized of the issue after Brexit completed, the Courts of the UK had been so seized for many years prior, and the Supreme Court sat as an EU Trade Mark Court and rendered its decision as an EU Trade Mark Court. The decision was carefully founded on principles of EU law and legislation.

As such, the decision in *Sky v SkyKick* is at least in theory applicable to the EU *acquis communautaire*. It remains to be seen whether other Member States, and the EUIPO itself, pays regard to the Supreme Court of the United Kingdom in 2024, but this may be the last opportunity for the UK to effect EU law directly.

Assessing likelihood of confusion in trade mark using a descriptive word

Foundation for the Protection of the Traditional Cheese of Cyprus Named Halloumi v Fontana Food AB (Tom Mitcheson KC, sitting as a Deputy Judge of the High Court; [2024] EWHC 2311 (Ch); 9 September 2024)

The High Court dismissed an appeal brought by the owners of the collective mark HALLOUMI against the decisions made by the hearing officer in opposition proceedings. The hearing officer had been correct in their assessment of confusion and unfair advantage when considering Fontana's applications for the word marks GRILLOUMI and GRILLOUMAKI. The word halloumi is widely used as a descriptive term for cheese and this was a contributing factor to justify the hearing officer's assessment that the likelihood of even indirect confusion was low. David Pemberton reports.

Background

There has been a long history of litigation between Fontana and the Foundation related to halloumi cheese.

Fontana applied to register GRILLOUMI in class 43 and GRILLOUMAKI in classes 29 and 30. The Foundation, a non-compulsory association of producers of the traditional cheese of Cyprus, was the owner of the UK collective mark for the word HALLOUMI for cheese in class 29. The Foundation opposed the two applications by Fontana.

The hearing officer dismissed the opposition under sections 5(2) and 5(3). The Foundation appealed arguing that the hearing officer incorrectly (i) compared the goods and services, and (ii) assessed confusion, especially indirect confusion. The Foundation argued under section 5(3) that the hearing officer incorrectly assessed unfair advantage.

Similarity of goods and services

The Judge held that the hearing officer had been wrong to find that there was no similarity between restaurant services in Fontana's application and cheese in the Foundation's registration. Undertakings such as Starbucks, Pizza Express and Nando's sold food products as well as providing coffee shop or restaurant services. Smaller chains such as farm shops or undertakings focussing on organic or locally sourced produce might also separately sell food products which originate from the same source. However, the goods and services were similar to only a low degree, and the hearing officer had provided correct, alternate analysis for the eventuality that their finding of no similarity was wrong.

Likelihood of confusion

The hearing officer had been right to conclude that there was no likelihood of confusion between Fontana's marks and Foundation's mark. The Judge emphasised that halloumi was widely used as a descriptive term. Whilst GRILLOUMI might call to mind halloumi in the descriptive sense, any link to HALLOUMI in the trade mark sense was too weak to conclude that consumers would believe the services offered under the GRILLOUMI mark would be provided by a member of the Foundation. Therefore, the hearing officer had been right to conclude there was no likelihood of confusion in relation to GRILLOUMI.

In relation to GRILLOUMAKI, the Foundation argued that the hearing officer should have accepted that '[m]aki' would be seen as a diminutive by the average consumer, increasing the degree of conceptual similarity. The Judge rejected this, stating "...even if the material in [evidence] was enough to establish that AKI designates a diminutive in the Greek language, there is insufficient evidence to demonstrate that the average consumer would understand this". The hearing officer was therefore right to find that there was no likelihood of confusion as the marks were "just too different".

As to Fontana's alleged deliberate intention to allude to HALLOUMI, the Judge rejected the relevance of intention as an objective approach to assessment was required under section 5(2).

Unfair Advantage

The Judge agreed with the hearing officer that HALLOUMI had no reputation among the general public as a collective mark and had only a small to reasonable reputation amongst trade consumers, who had a more sophisticated understanding of the market. There was no basis to accept that Fontana deliberately chose to use GRILLOUMI to take advantage of the Foundation's reputation in the collective mark HALLOUMI as opposed to the word halloumi being descriptive of a type of cheese.

Accordingly, the Foundation's appeal was dismissed.

No monopoly in use of the word "easy"

easyGroup Ltd v Easy Live (Services) Ltd & Ors (Nicholas Caddick KC, sitting as a Deputy High Court Judge; [2024] EWHC 2282 (Ch); 4 September 2024)

The High Court dismissed easyGroup's claim for infringement, holding that there was no real likelihood of confusion between the marks EASYLIFE and the signs featuring the words "easy live" as the average consumer would not assume that easyGroup had a monopoly over the use of the word "easy" despite their extensive use of the word. With one exception, the Judge also rejected the invalidity and revocation claims filed by both parties. Sharon Mutizira reports.

Background

easyGroup is a part of the "Easy" group of companies which owns the easyJet airline and has historically brought actions against third parties using the word "easy" as part of their trading name.

Easy Live provides back-office software for use in the auctioneering trade and an online platform that allows auction houses to broadcast auctions to customers and allows customers to bid on lots in those auctions in real time.

This was easyGroup's second infringement action against Easy Live and its directors. In the earlier action ([2023] EWCA Civ 1508), easyGroup were successful on some points, but Easy Live's use of the name "Easy Live Auction" was held not to be an infringement of various of easyGroup's "easy" marks such as EASYGROUP and EASYJET. That action did not prevent easyGroup from seeking similar relief in this action, based on different marks which it had since acquired.

easyGroup's challenge to the Easy Live Signs

easyGroup claimed infringement of four Easy Live Signs listed below:

1. EASY LIVE, EASY LIVE AUCTION (and other variations)

2. EASY LIVE (SERVICES) LTD

3. 

4. 

based on its registrations for the following marks:



(the "Easylife Stylised Mark" registered in 2003 in classes 35 and 39); and

"easylife" and "Easylife" (the "Easylife Word Mark" registered in 2020 in class 35).

Easy Live's challenge to the Easylife Stylised Mark

Easy Live sought to revoke the Easylife Stylised Mark on non-use grounds claiming that the mark had not been used in the registered form. The Judge held that the five variant forms (shown below) constituted genuine use given that they all contained the dominant element "easylife" and therefore they did not alter the distinctive character of the Easylife Stylised Mark.



EASYLIFE LIFESTYLE SOLUTIONS

EASYLIFE

Further, Easy Live claimed that the Easylife Stylised Mark had not been put to genuine use in relation to the services for which it was registered. They were successful in relation to the class 39 registration. However, the Judge rejected the claim for revocation as regards the services in class 35, namely "advertising services; promotion services" and various services for the "bringing together" of goods.

Infringement under section 10(2)(b)

The Judge held that there was no infringement. Visually and orally, there was only a moderate level of similarity between the Easylife Marks and the Easy Live Signs because the common element "easy" was a simple and

descriptive word which could be used by itself or in combination with another word. Conceptually, the Judge found that the marks conveyed a different message.

Though the services covered by the Easy Live Signs and Easylife Stylised Mark were identical or highly similar, there was no real likelihood of confusion, and any evidence of actual confusion was very limited. While the Judge was satisfied that the Easylife Stylised Mark had acquired an enhanced distinctive character, he held that the average consumer would not assume that easyGroup had a monopoly in the word "easy".

Other issues

Given there was no likelihood of confusion, the Judge found that the defence of honest concurrent use did not arise. Further, Easy Live's invalidity claim based on section 47(2) and section 5(4)(a) against the Easylife Word Mark, which was run as a squeeze, fell away.

Finally, the Judge held that, having rejected the infringement claim, easyGroup's invalidity claims against Easy Live's registrations for EASY LIVE AUCTION and EASYLIVEAUCTION (based on the Easylife Stylised Mark being an earlier mark under section 5(2)(b) and easyGroup's goodwill in the "easylife" mark) must also fail.

easyGroup Ltd v Beauty Perfectionists Ltd ("BPL") & Ors (Bacon J; [2024] EWHC 1441 (Ch); 13 June 2024)

The High Court, sitting as an EU trade mark court, held that there was no infringement of easyGroup's EU trade marks under articles 9(2)(b) or 9(2)(c) and ordered the partial revocation of one of easyGroup's marks. Josie Price reports.

Background

easyGroup is a holding company is the owner and licensor of the IP relating to the various "easy" businesses. easyGroup operates throughout Europe, with the airline easyJet being its best-known business.

easyCOSMETIC is an online-only retailer of cosmetics and fragrances operating in Europe (with very few sales in the UK following the UK's exit from the EU). The first defendant, BPL, operated its German website and the second defendant, BIAL, operated its Austrian website.

easyGroup alleged that the defendants infringed two of easyGroup's EU trade marks under articles 9(2)(b) and 9(2)(c) (as the claim was commenced prior to 31 December 2020). The relevant marks and signs are set out below:

easyGroup marks	easyCOSMETIC signs
EASYJET	easyCOSMETIC
	
	

Revocation counterclaim

The defendants' counterclaimed for the revocation of one of two EASYJET word marks, which was registered in class 35 for retail services connected with the sale of food and drink, cosmetics and perfumes etc. Bacon J considered that the retail service on board an aircraft was functionally distinct from other retail services, such as bricks and mortar shops and therefore constituted a coherent subcategory of in-flight retail. It was therefore appropriate to order partial revocation of the mark (limiting the specification of the class 35 services to in-flight retail services) with effect from 10 January 2020, being five years from the date the mark was placed on the register.

"easy" family

easyGroup relied heavily on the "easy" family of marks to support their claims, especially in arguing for a likelihood of confusion. easyGroup relied on the common stylisation used for the brand names across the "easy" family, namely the orange colour, Cooper Black font and camel case lettering where "easy" was followed by the capitalised name of the service offered.

While the consistent use of stylisation and reputation of easyJet across all three relevant territories was not disputed, Bacon J considered that the only relevant brands in Germany and Austria were easyJet and possibly easyHotel which was insufficient for a finding of use for a family of marks. While there was more of a market presence in the UK for easyGroup's businesses, there were numerous, unconnected UK companies that used the term "easy" as a prefix to a word relating to their services. As a consequence, the Judge rejected the submission that the use of a family of marks by the "easy" companies indicated to the average UK consumer that the use of a mark comprising "easy" before or as a prefix to a word or words alluding to goods and services was a reference to goods and services associated with, approved, authorised or endorsed by easyGroup alone, and no other entity.

Infringement of article 9(2)(b)

easyGroup claimed infringement of its class 35 registration for the word mark EASYJET on the basis that there would be indirect confusion. Bacon J considered that "easy" had no inherent distinctive character and no reputation or enhanced distinctive character in respect of retail services connected with the sale of cosmetics and fragrances.

Although it was accepted that there was some visual and conceptual similarity between the EASYJET mark and the orange and white stylisation of easyCOSMETIC's sign and the services of were identical to the class 35 services until 2020 and of moderate similarity thereafter, the similarities between the marks were outweighed by the differences. This, together with the insufficient evidence of confusion despite many years of parallel trading, pointed away from there being a likelihood of confusion. It was also significant that despite extensive searches of many millions of emails on both sides, and many years of parallel trading, no instance of genuine confusion had been identified.

Had it been necessary, the Judge indicated that the evidence put forward in relation to the defence of honest concurrent use would have been a further factor pointing away from a conclusion of infringement. The launch of the easyCOSMETIC business predated the registration of the EASYJET mark by over two years and although easyGroup had complained in 2011 about the use, no action was taken until 2019, indicating that the defendants' business was having no real impact of easyGroup or its licensees.

Infringement of article 9(2)(c)

easyGroup claimed infringement of both the EASYJET class 35 registration and a further EASYJET word mark registered in class 39. Bacon J considered that there was arguably a link between the defendants' orange/black figurative sign and the EASYJET marks. However, there was no evidence to show that the colour of the sign would cause detriment to easyGroup's marks or a change in consumer behaviour.

While the EASYJET marks had a reputation, there was a clear distinction between the services they relate to and those provided by easyCOSMETIC. Bacon J considered that easyGroup's arguments were largely speculative, with insufficient evidence provided, for example, the argument that customers of easyCOSMETIC were trading on the trust of the "easy" family. Consequently, Bacon J held that the defendants had not infringed the EASYJET marks under article 9(2)(c).

Joint and several liability as an accessory to infringement

Morley's (Fast Foods) Ltd v Nanthakumar & Ors (Judge Melissa Clarke sitting as a Judge of the High Court; [2024] EWHC 1369 (IPEC); 7 June 2024)

In one of the first accessory liability cases since the Supreme Court's ruling in Lifestyle Equities CV v Ahmed [2024] UKSC 17, the High Court held that the owner and franchisees of a competing fast-food chain were jointly and severally liable for infringement of Morley's trade marks. The use of the signs also breached an earlier settlement agreement. Laura Gray reports.

Background

Morley's, a fast-food franchise, owns the following figurative trade marks (the "Morley's Figurative Marks"), along with the word marks TRIPLE M and TRIPLE-M (the "Morley's Word Marks") in relation to food and beverages in classes 29, 30, 32 and restaurant and takeaway services in class 43:



Morley's

The seventh defendant in the claim, an individual named Kunalingam Kunatheeswaran ("KK") opened a fast-food chain under the name Mowley's between 2010-2018. Following a trade mark and passing-off dispute between Morley's and KK in 2018, a settlement agreement was signed requiring that KK rebrand to Metro's and stop using Mowley's or any colourably similar signs. It also stipulated that Metro's use the following sign, which it was permitted to reasonably modify:



KK and his franchisees (the first to sixth and eighth defendants in the claim) commenced use of the below sign (the "Metro's Sign"):



In addition, KK and the sixth defendant were using MMM on their menu boards, and KK and the fifth defendant were using TRIPLE M/TRIPLE "M" on menus.

Morley's subsequently bought a claim for trade mark infringement under section 10(2) for use of the Morley's Figurative Marks, and under sections 10(1) and 10(2) for use of the Morley's Word Marks.

Morley's further claimed that KK was liable as a joint tortfeasor, along with the franchisees for use of the Metro's Sign. As the modifications made by KK were not reasonable, Morley's also claimed that KK was in breach of the Settlement Agreement.

Infringement of Morley's Marks

The Judge held that the defendants' Metro Sign and Morley's Figurative Marks shared a medium degree of similarity both visually and conceptually, particularly with their straplines on good taste.

There was an obvious likelihood of confusion between "Metro's" and "Morley's" marks. Citing Lord Justice Arnold in *Lidl v Tesco* [2024] EWCA Civ 262, the Judge considered the average consumer of Morley's goods and services. The Judge resolved two classes of consumer: (i) children, young people, students or families with low disposable income, who will choose a chicken fast-food shop by convenience of location and shopfront or from an advert on a delivery website; and (ii) late-night and early-morning revellers who are likely tired, hungry and a significant subset of which will be intoxicated. This class would likely choose based on convenience of location, shopfront and what is open late. The Judge determined that the former class would pay a medium to low degree of attention, and the latter would pay a low degree of attention, thus increasing the likelihood of confusion.

Further, use of the MMM sign by KK and the sixth defendant on menu boards created a likelihood of confusion with the Morley's Word Marks. This was due to a medium-high degree of similarity; in the context of food products that were ordered orally. MMM could easily be pronounced as Triple M, making the signs orally and conceptually identical, despite visual differences.

Regarding KK and the fifth defendant's use of the TRIPLE M sign on menus, the Judge found that this was identical to the Morley's Word Mark, in relation to identical goods and services.

Joint tortfeasorship

The Judge considered KK's previous infringement of Morley's marks. She found that KK had intentionally designed the get-up of his stores and the Metro's Sign to resemble the Morley's stores and trade marks. Morley's prior legal action against KK for trade mark infringement and passing off concerning the red and white Morley's Figurative Mark reinforced the argument that he was aware of the infringing activity.

In granting licences to use the Metro's Sign to the franchisee defendants, KK had knowingly authorised and procured the infringement. Applying the recent Supreme Court's ruling in *Lifestyle Equities CV v Ahmed* [2024] UKSC 17, the Judge held that KK had reasonable grounds to have known the Metro's Sign would have infringed the Morley's Figurative Marks, and was therefore jointly and severally liable as an accessory to the infringement.

Settlement Agreement

The Judge ruled that the modifications were not reasonable, and that KK should have known the Metro's Sign was infringing.

Her interpretation of "reasonable modifications" in the settlement agreement meant changes that were reasonable from Morley's perspective, acting reasonably. The Judge found that it would not make commercial common sense for KK to be permitted to make modifications which undermined that settlement and increased the similarity to the marks alleged to have been infringed.

The Metro's Sign clearly fell outside the scope of the settlement agreement and its use breached the agreement. KK therefore did not have any defence that Morley's had consented to his use.

Family of marks

The only issue on which The Judge did not agree with Morley's was their assertion that the Morley's marks formed a family of marks. The Judge found that whilst the Morley's Marks contained the common element of the letter "M", that was insufficiently distinctive to connect them as a family.

All decisions are to be found on <https://www.bailii.org>



Katharine Stephens

Partner

+442074156104
katharine.stephens@twobirds.com



Nick Cowen

Associate

+442078507293
nick.cowen@twobirds.com

Reporters

Tristan Sherliker; David Pemberton; Sharon Mutizira; Josie Price; Laura Gray

This report was first published in the CIPA Journal, November 2024

twobirds.com

Abu Dhabi • Amsterdam • Beijing • Bratislava • Brussels • Budapest • Casablanca • Copenhagen • Dubai
• Dublin • Dusseldorf • Frankfurt • The Hague • Hamburg • Helsinki • Hong Kong • London • Lyon
• Madrid • Milan • Munich • Paris • Prague • Rome • San Francisco • Shanghai • Shenzhen • Singapore
• Stockholm • Sydney • Tokyo • Warsaw

The information given in this document concerning technical legal or professional subject matter is for guidance only and does not constitute legal or professional advice. Always consult a suitably qualified lawyer on any specific legal problem or matter. Bird & Bird assumes no responsibility for such information contained in this document and disclaims all liability in respect of such information.

This document is confidential. Bird & Bird is, unless otherwise stated, the owner of copyright of this document and its contents. No part of this document may be published, distributed, extracted, re-utilised, or reproduced in any material form.

Bird & Bird is an international legal practice comprising Bird & Bird LLP and its affiliated and associated businesses.

Bird & Bird LLP is a limited liability partnership, registered in England and Wales with registered number OC340318 and is authorised and regulated by the Solicitors Regulation Authority (SRA) with SRA ID497264. Its registered office and principal place of business is at 12 New Fetter Lane, London EC4A 1JP. A list of members of Bird & Bird LLP and of any non-members who are designated as partners, and of their respective professional qualifications, is open to inspection at that address.