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## **BAD FAITH: INVESTIGATING OVERBROAD TRADE MARK REGISTRATIONS**

### **Abstract:**

*The traditional function of a trade mark is to provide information to consumers about the origin of goods or services. Trade marks serve as a symbol of quality, reliability, and trust to consumers, while also allowing traders to efficiently promote and sell their goods and services in the marketplace. Despite the emergence of technologies facilitating consumer decision-making, such as personalized recommendation algorithms, trade marks remain meaningful to consumers and are an important component in the system of market competition in the UK. Crucially, within this market, trade mark registration and enforcement may be utilized as a strategic tool against rivals. In this way, overbroad trade mark specifications claimed for speculative uses can be deployed to assert dominance in the market. As a consequence, legitimate trade mark users and owners experience elevated clearance costs. Inevitably, this brings concerns over competition and consumer protection into play. Against this background, it is critical that trade marks are registered only by applicants who have a bona fide intention to use the trade mark in the course of trade for all goods and services in the specification. Although safeguards have been put in place to prevent the registration of overbroad trade marks, such as the prohibition on registering trade marks in bad faith, the occurrence of overbroad registrations continues to persist in practice. Moreover, the test for determining bad faith in trade mark law has long been a contentious issue, yet its resolution is imminent with the pending appeal before the UK Supreme Court in *Sky v SkyKick*. The forthcoming ruling holds significant implications, as it will determine whether the existing stringent interpretation of bad faith will be maintained or if the provisions concerning bad*

*faith will be strengthened to effectively prevent registrations made without genuine intent to use the trade mark.*

*In light of the above, this article offers a quantitative analysis of trade mark registration trends in the UK, with a particular focus on the incidence of bad faith registrations in the form of lack of intention to use the trade mark. By examining data from the United Kingdom Intellectual Property Office on trade mark registrations and bad faith claims, this article aims to shed light on the extent of overbroad trade marks and bad faith activity in the UK trade mark system. Overall, this article stresses the need for robust trade mark law mechanisms aimed at safeguarding the integrity of the UK trade mark system.*

## **1. Introduction**

The UK trade mark system has undergone significant transformations since the establishment of a central registry in 1876.<sup>1</sup> While the first modern UK trade mark law statute enacted in 1875<sup>2</sup> confined the range of eligible signs to “a distinctive device, mark, heading, label, or ticket”, with the option to incorporate “any letters, words, or figures, or combination of letters, words, or figures”,<sup>3</sup> currently “any sign that can be represented in the register” has the potential to become a registered trade mark.<sup>4</sup> A case in point is the emblematic voice of Professor Stephen Hawking which is now registered as a UK sound trade mark for a wide array of goods, including computer

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\* I would like to express my heartfelt gratitude to Dr. Luke McDonagh, Dr. Jennifer Davis, Dr. Jeevan Hariharan, Nicholas Gibson, and the esteemed editorial team and reviewers from IPQ. Their invaluable assistance in reviewing earlier drafts of this article and thoughtful comments and feedback have significantly enriched its quality and depth. I would also like to extend my gratitude to the team at the UKIPO for their invaluable assistance in providing the data sets used in this research.

<sup>1</sup> L. Bently, “The Making of Modern Trade Mark Law: The Construction of the Legal Concept of Trade Mark (1860–1880)” in *Trade Marks and Brands -- An Interdisciplinary Critique* (Cambridge University Press, 2008) pp. 3.

<sup>2</sup> The Trade Mark Registration Act 1875.

<sup>3</sup> Bently, “The Making of Modern Trade Mark Law: The Construction of the Legal Concept of Trade Mark (1860–1880)” pp.3.

<sup>4</sup> Trade Mark Registration Number UK00917975948 registered on 13 March 2019 by the acting executors of the Estate of Professor Stephen Hawking available here: <https://trademarks.ipo.gov.uk/ipo-tmcase/page/Results/1/UK00917975948>.

software, toys, and educational services.<sup>5</sup> Notwithstanding fundamental trade mark law changes such as the expansion in the range of eligible signs engendered by the need to adapt to advancements in trade, a fundamental aspect of trade mark registration has remained constant. This is the requirement for trade marks to be registered for clearly and precisely determined goods and services, pertaining to one or more Nice classes.<sup>6</sup> The exhaustive list of classes of goods or services from which a trade mark applicant can choose is contained in the Nice Classification.<sup>7</sup> This classification system categorizes goods and services into 34 classes of goods and 11 classes of services to facilitate the organization and registration of trade marks.<sup>8</sup> By registering a trade mark under specific classes, the trade mark holder's rights are delineated and limited to those goods and services mentioned in the specification. This ensures that different businesses can coexist without infringing on each other's rights within their respective areas of trade.<sup>9</sup>

While most traders register trade marks with the intention of utilizing them as symbols of quality, reliability, and trust, there are instances where trade mark owners register their marks in multiple categories with a view to engage in speculative or excessive enforcement practices. This phenomenon is referred to as "trade mark bullying" and arguably leads to a chilling effect on business activities.<sup>10</sup> Apart from trade mark bullying, certain traders seek registrations for broader

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<sup>5</sup> The Trade Mark Registration Act of 1875 established 50 material classes designated for trade mark registrations. See The National Archives, 'Intellectual property: trade marks, 1876-1938': <https://www.nationalarchives.gov.uk/help-with-your-research/research-guides/trade-marks/>.

<sup>6</sup> s.32(2)(c) Trade Marks Act 1994; Rule 8(2) UKIPO Trade Mark Rules 2008 (as amended) [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/957705/Legislation-Consolidated-Trade-Mark-Rules.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/957705/Legislation-Consolidated-Trade-Mark-Rules.pdf).

<sup>7</sup> Nice Classification (11 edn, 2022) [https://www.wipo.int/classifications/nice/nclpub/en/fr/pdf-download.pdf?lang=en&tab=class\\_headings&dateInForce=20220101](https://www.wipo.int/classifications/nice/nclpub/en/fr/pdf-download.pdf?lang=en&tab=class_headings&dateInForce=20220101).

<sup>8</sup> J. Mellor and others, *Kerly's Law of Trade Marks and Trade Names* (16th ed, Sweet & Maxwell 2017) para.6-012.

<sup>9</sup> Mellor and others, *Kerly's Law of Trade Marks and Trade Names* para.6-012.

<sup>10</sup> Connie Davis Nichols, "Trouble in Trademark Law: How Applying Different Theories Leaves Door Open for Abuse" (2014) 17 SMU Sci. & Tech. L. Rev. 1, 5; Irina D Manta, "Bearing Down on Trademark Bullies" (2015) 22 Fordham Intell. Prop. Media & Ent. L.J. 853, 854; Anthony James Dispoto, "Protecting Small Businesses Against Trademark Bullying: Creating a Federal Law to Remove the Disparity of Leverage Trademark Holders Maintain Over Small Businesses" (2015) 16 San Diego Int'l L.J. 457, 465; Rob Batty and Richard Watts, "Aggrieved No More: Is There a Need for Standing to Remove Unused Trade Marks?" (2013) New Zealand Law Review 1; Haiyang Zhang, "Does Trade Mark Cluttering Exist in Australia?" (Research Paper No 07, IP Australia, June 2019) <https://www.ipaustralia.gov.au/tools-and-research/professional-resources/data-research-and-reports/publications->

specifications of goods and services than necessary or relevant to their business activities or intentions.<sup>11</sup> These marks are sometimes referred to as “overbroad” as they encompass goods and services for which the owner has no actual intention of use.<sup>12</sup> Among other things, overbroad trade marks engender legal uncertainty in terms of the scope of protection which in turn can lead to increased trade mark clearance costs.<sup>13</sup> In the UK, the situation has become more intricate due to the ambiguity in current legislation regarding whether the applicant’s apparent lack of intention to use the mark for the complete specification of goods and services should be interpreted as an act of bad faith.<sup>14</sup> The recent ruling in the case of *Sky v SkyKick* by the England and Wales Court of Appeal (EWCA) represents the latest addition to a series of European Union (EU) and UK legal cases addressing the subject of bad faith.<sup>15</sup> In *Sky*, Sir Christopher Floyd examined the notion and concluded that the lack of intention to use a trade mark across all possible categories of computer software did not constitute “a relevant or objective indication of bad faith”.<sup>16</sup> Put simply, the mere intention of using a trade mark in connection with a single specific aspect of the description was sufficient to uphold its validity throughout the entire encompassing category stated. Nevertheless,

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*and-reports/2022/09/27/00/40/-/-/media/Project/DXA/IPAustralia/PDF/Does-trade-mark-cluttering-exist/trade-mark-cluttering.pdf*; UKIPO, “Unjustified threats on intellectual property rights: Government Response” (2015) [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/495653/Response\\_to\\_the\\_IP\\_T\\_hreats.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/495653/Response_to_the_IP_T_hreats.pdf).

<sup>11</sup> G. Graevenitz, R. Ashmead and C. Greenhalgh, “Cluttering and Non-Use of Trade Marks in Europe” (UKIPO, August 2015) p.71 [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/568675/TM\\_cluttering\\_report.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/568675/TM_cluttering_report.pdf).

<sup>12</sup> Graevenitz, Ashmead and Greenhalgh, “Cluttering and Non-Use of Trade Marks in Europe” p.71.

<sup>13</sup> Phillip Johnson, ““So Precisely What Will You Use Your Trade Mark for?” Bad Faith and Clarity in Trade Mark Specifications” (2018) 49 IIC 940, 943; Lynne Chave and Robin Jacob, “Registered Trade Marks - A System in Crisis and What’s to be Done?” (2022) IPQ 4 169.

<sup>14</sup> Mellor and others, *Kerly’s Law of Trade Marks and Trade Names* para.10-314E.

<sup>15</sup> *Chocoladefabriken Lindt & Sprüngli AG v Franx Hauswirth GmbH* (C-529/07) [2009]; EU:C:2009:361; *Psytech International Ltd v OHIM, Institute for Personality & Ability Testing, Inc* (T-507/08) EU:T:2011:46; [2011]; *Koton Mağazacılık Tekstil Sanayi ve Ticaret AŞ* (C-104/18 P) EU:C:2019:724; [2019]; *Hasbro, Inc. v EUIPO, Kreativni Dogaaji d.o.o. intervening* (T-663/19) ECLI:EU:2021:211; [2021].

<sup>16</sup> *Sky Plc v SkyKick UK Ltd* [2021] EWCA Civ 1121 at [113].

the resolution of this matter remains pending, as the UK Supreme Court (UKSC) heard the appeal in this case on 28 and 29 June 2023.<sup>17</sup>

One of the key issues which the UKSC will have to decide is whether the intention to use the trade mark only for a part of the goods and services included in the specification should be considered as use for the entire specification (e.g., whether the intention to use a trade marks for accounting software is enough to give a monopoly on software as a whole, including brain scanning and marine research). The forthcoming ruling holds significant implications, as it will determine whether the narrow interpretation of bad faith following the decision of the EWCA will be maintained or if the provisions concerning bad faith will be strengthened to effectively prevent registrations made without genuine intent to use the trade mark.

The aim of this article is twofold. First, it seeks to provide empirical evidence concerning the rising trend of multiclass trade mark registration activity in the UK which indicates that overbroad applications at the level of the UK Intellectual Property Office (UKIPO) register are a genuine phenomenon and cause of concern. Secondly, it argues that raising the standard for what counts as a *bona fide* intention to use the trade mark represents the most effective solution to address the problem of overbroad trade marks. In particular, the argument put forth is that when there is evidence indicating that the applicant has no intention to use the trade mark for all the goods and services in the specification, such an application can be deemed as an attempt to acquire the “right to use a trade mark for purposes other than indicating origin”.<sup>18</sup> Consequently, such applications are made in bad faith. This interpretation is essential to ensure that trade marks are actually used

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<sup>17</sup> *SkyKick UK Ltd and another (Appellants) v Sky Ltd and others (Respondents)* 2021/0181 <https://www.supremecourt.uk/cases/uksc-2021-0181.html>.

<sup>18</sup> Jennifer Davis and Łukasz Zelechowski, “Bad Faith, Public Policy and Morality: How Open Concepts Shape Trade Mark Protection” (2023) 54 IIC 859, 865.

in connection with the goods or services for which they are registered, this being one of the main normative goals of trade mark law.<sup>19</sup>

The article makes a novel contribution to the field by offering a quantitative and qualitative analysis of trade mark registration trends in the UK, with a particular focus on the incidence of bad faith registrations (in the form of lack of intention to use the trade mark). The examination involves the collection and analysis of data on trade mark registrations and bad faith claims from the UKIPO and a review of previous research by the UKIPO based on interviews with stakeholders in the trade mark community.

The article proceeds in four sections. Section 2 introduces the notion of overbroad trade marks, discusses the negative consequences thereof and emphasizes the need for effective measures to prevent overbroad trade marks. In Section 3, an overview of trade mark registration activity in the UK is presented, utilizing relevant data from the UKIPO. This section contends that the existence of overbroad trade marks is a reality and suggests that addressing this issue requires a more practical understanding of what constitutes a registration made with the intention to use the trade mark. In Section 4 an examination of the frequency of lack of intention to use bad faith claims at the UKIPO level is conducted. Specifically, this part offers an outline of bad faith claims in the form of lacking intent to use the sign, as adjudicated by the UKIPO Hearing Officer. The timeframe for this analysis spans from 1 January 2011 to 21 December 2022. The objective here is to demonstrate that applicants facing allegations of bad faith generally possess the ability to contest such claims, given that the burden of proving bad faith falls on the UKIPO examiner or opponents,

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<sup>19</sup> Recital 31 of the Directive (EU) 2015/2436 of the European Parliament and of the Council of 16 December 2015 to approximate the laws of the Member States relating to trade marks (recast) provides that “[...] It is therefore essential to require that registered trade marks actually be used in connection with the goods or services for which they are registered, or, if not used in that connection within five years of the date of the completion of the registration procedure”.

a task that is far from easy. This finding is important, as it reveals that within the current legal context, applicants frequently prevail in bad faith claims, thereby obtaining registered trade marks for extensive lists of goods and services even when it is difficult to envision how a company would be able to engage in trade across such a wide spectrum.

Section 5 offers a historical retrospective of the relationship between the intention to use the trade mark and the bad faith ground for refusal within UK and EU trade mark law. This section shows that the phenomenon of registering trade marks for more goods and services than necessary is not novel, and that early UK case law tackled it in a principled and straightforward manner. Furthermore, this section explains why the contemporary interpretation of bad faith registrations, allowing registrations even when it is evident that the applicant will not use the mark across the entirety of goods and services in the specification is not necessarily deduced from the Court of Justice of the European Union (CJEU) case law and hence should not be preferred.

The Conclusion summarizes the main observations and suggests potential areas for reform. Specifically, it proposes that bad faith should be established when the intention of use fails to encompass all the goods and services in the specification, including the subdivisions of those goods and services. This more comprehensive approach ensures that the law effectively addresses overbroad trade marks in a current context where trade mark applicants face minimal obstacles in accessing registrations, even in cases where the list of goods and services in the specification is sometimes 50 A4 pages long.<sup>20</sup> If the UKSC were to confirm the position expressed by the Court of Appeal in *Sky*, such decision would imply that the law does not sanction untruthful accounts, as it accepts *ab initio* that providing a partially inaccurate statement under Section 32(2) of the Trade

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<sup>20</sup> UKIPO Case O/826/22 (26 September 2022) [https://www.ipo.gov.uk/tm/t-decisionmaking/t-challenge/t-challenge-decision-results/t-challenge-decision-results-bl?BL\\_Number=O/826/22](https://www.ipo.gov.uk/tm/t-decisionmaking/t-challenge/t-challenge-decision-results/t-challenge-decision-results-bl?BL_Number=O/826/22).



Marks Act 1994 (TMA 1994) does not constitute bad faith. This raises moral complexities and creates confusion about the acceptable extent of deceit. Then, the question that arises is how much falsehood or inaccuracy is deemed acceptable within the framework of trade mark law. Such an outcome would not only be morally intricate but also challenging to comprehend in terms of establishing a clear and consistent standard for determining bad faith.

## **2. Setting the Scene: Overbroad Trade Marks?**

The notion of “overbroad trade marks” is not defined by the TMA 1994. Instead, the 2015 *Cluttering and Non-Use of Trade Marks in Europe Report* (2015 Clutter Report) commissioned by the UKIPO to investigate the incidence of trade mark clutter in Europe defines *overbroad trade marks* as “applications and registrations for marks not used nor likely to be used for some or all of their claimed goods/services”.<sup>21</sup> Put simply, the phenomenon of overbroad trade marks translates into trade mark registration applications containing excessively wide specifications for goods and services which the applicant is not intending to use entirely.<sup>22</sup> According to Johnson, worldwide specifications are due to either ambiguous language used in the drafting of the specification or to the fact that the application has been made for goods or services for which the applicant does not have the intention to use the mark.<sup>23</sup>

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<sup>21</sup> Graevenitz, Ashmead and Greenhalgh, “Cluttering and Non-Use of Trade Marks in Europe” p.5.

<sup>22</sup> Johnson, ““So Precisely What Will You Use Your Trade Mark for?” Bad Faith and Clarity in Trade Mark Specifications” p.940; D. Gangjee, “Eye, Robot: Artificial Intelligence and Trade Mark Registers”, in *Transition and Coherence in Intellectual Property Law* (Cambridge University Press 2020) pp.174; G. Graevenitz, S. J. H. Graham and A. Myers, “The Problem of Earlier Rights: Evidence from the European Trademark System” (CCP Working Paper 20-2, 11 March 2020) <https://ueaeco.github.io/working-papers/papers/ccp/CCP-20-02.pdf>; Darren Meale, “SkyKick: A Disappointing End to an Exciting Series of Events” (2020) JIPLP 15(4) 232.

<sup>23</sup> Johnson, ““So Precisely What Will You Use Your Trade Mark for?” Bad Faith and Clarity in Trade Mark Specifications” p.943.

In the UK, the incidence of bad faith trade mark registrations resulting in overboard trade marks has been a growing concern for the intellectual property community.<sup>24</sup> The problem appears to be widespread. The 2015 UKIPO commissioned Clutter Report concluded that experienced UK attorneys tended to advise their clients to submit applications with slightly broader goods/services descriptions than those which strictly aligned with an actual use or intent declaration.<sup>25</sup> This *modus operandi* was popular among UK based attorneys despite the fact that under Section 32(3) Trade Marks Act 1994 (TMA 1994) the applicant is required to “state formally that its trade mark is being used in relation the claimed goods/services, or that it has a bona fide intention to make such use”.<sup>26</sup> However, since it is uncommon for the UKIPO to challenge the accuracy of the declarations made by applicants under Section 32(3), the 2015 Clutter Report concluded that “trade mark owners make fairly routine use of their ability to apply for a broader range of goods/services”<sup>27</sup> as a consequence of the “less stringent set of rules” applied by the UKIPO and EUIPO.

The practical consequences of overboard trade marks are not to be ignored.<sup>28</sup> Specifically, this practice creates an avenue for potential abuses by applicants who may intentionally exploit their trade mark rights to an excessive degree, thereby posing potential harm to other businesses or impeding fair competition. Such abuses, when they occur, are due to the uncertainty regarding the extent of protection granted to overbroad trade marks.<sup>29</sup> For example, overbroad specifications make it increasingly difficult for examiners and judges to understand for what goods and services

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<sup>24</sup> Barton Beebe and Jeanne C Fromer, “The Future of Trademarks in a Global Multilingual Economy: Evidence and Lessons from the European Union” (2022) 112 Trademark Reporter 902; Chave and Jacob, “Registered Trade Marks - A System in Crisis and What's to be Done?” p.169; L. Bently and others, *Intellectual Property Law* (6<sup>th</sup> edn, Oxford University Press, 2022) pp.1034.

<sup>25</sup> Graevenitz, Ashmead and Greenhalgh, “Cluttering and Non-Use of Trade Marks in Europe” p.71.

<sup>26</sup> Graevenitz, Ashmead and Greenhalgh, “Cluttering and Non-Use of Trade Marks in Europe” p.17.

<sup>27</sup> Graevenitz, Ashmead and Greenhalgh, “Cluttering and Non-Use of Trade Marks in Europe” p.18 and 71.

<sup>28</sup> L. Olteanu, “UK National Report: What Mechanisms Exist to Avoid Over-Broad Trademarks and Address Concerns That the Trademark Registers Are Clogged (e.g., Bad Faith in Sky v Skykick; Requirements for Evidence of Use), and Are These Mechanisms Effective?” (28 July 2023, LIDC 2023 Congress).

<sup>29</sup> Graevenitz, Ashmead and Greenhalgh, “Cluttering and Non-Use of Trade Marks in Europe” p.68; Chave and Jacob, “Registered Trade Marks - A System in Crisis and What's to be Done?” p.172.

the mark will be used in the marketplace or to assess similarity of goods and services in case of trade mark conflicts.<sup>30</sup> At the same time, wide trade mark specifications generate increased costs for third parties wishing to register new trade marks as additional steps are required for the purposes of trade mark clearance.<sup>31</sup> Most concerning is that fact that it has been suggested that overbroad trade marks potentially block market entry for new products hence risking to hinder competition.<sup>32</sup> Letters before action sent to potential rivals can overstate the risk of the rival's allegedly infringing activities. Some describe this as "trade mark bullying".<sup>33</sup> And indeed, groundless, or unjustified intellectual property law threats have emerged as a prominent concern among IP stakeholders in the UK in the past.<sup>34</sup> As a consequence, the Intellectual Property (Unjustified Threats) Act 2017 was introduced. This legislation aims to safeguard against the use of threats, including those related to trade mark law, to intimidate others unfairly.<sup>35</sup> However, addressing unjustified threats through legal means necessitates resorting to court litigation, which is something that previous research showed to be unappealing to victims of such threats.<sup>36</sup> As a

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<sup>30</sup> Professor Dr Vesna Tomljenovic, Judge at the General Court of the European Union and Sven Sturmman, Chair of 2nd Board of Appeal, EUIPO during the 'Question the Trade Mark Judges' event that took place on 7 March 2023. [Professor Dr Vesna Tomljenovic at minute 6:05 of the Recording and Sven Sturmman at minute 9:16] Recording available at: <https://www.ucl.ac.uk/laws/events/2023/mar/recording-question-trade-mark-judges>; Chave and Jacob, "Registered Trade Marks - A System in Crisis and What's to be Done?" p.174.

<sup>31</sup> Graevenitz, Ashmead and Greenhalgh, "Cluttering and Non-Use of Trade Marks in Europe" p.68; See also Johnson, "So Precisely What Will You Use Your Trade Mark for?" Bad Faith and Clarity in Trade Mark Specifications" p.943 and Darren Meale, "Skykick: The Disappointment of the Decade" 2020 JIPL 15(4) Editorial.

<sup>32</sup> Mrs Justice MacKen, 'Use and Intention to Use in EU Trademark Law' [https://www.ucl.ac.uk/ibil/sites/ibil/files/laddie\\_lecture\\_2011\\_paper.pdf](https://www.ucl.ac.uk/ibil/sites/ibil/files/laddie_lecture_2011_paper.pdf); G. Graevenitz and others "Trade Mark Cluttering: An Exploratory Report" (UKIPO, April 2012) p.46 [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/312092/ipresearch-tmcluttering.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/312092/ipresearch-tmcluttering.pdf); G. Graevenitz, S. J. H. Graham and A. Myers, "The Problem of Earlier Rights: Evidence from the European Trademark System" p.18.

<sup>33</sup> Michael S Mireles Jr., "Trademark Enforcement Issues in the United States: Bullies and Trolls" (2015) 19 Journal of Internet Law 26.

<sup>34</sup> Law Commission, *Patents, Trade Marks and Design Rights: Groundless Threats. Background Papers 1 and 2* (March 2013) pp.93 [https://s3-eu-west-2.amazonaws.com/lawcom-prod-storage-11jxou24uy7q/uploads/2016/05/cp212\\_background\\_papers.pdf](https://s3-eu-west-2.amazonaws.com/lawcom-prod-storage-11jxou24uy7q/uploads/2016/05/cp212_background_papers.pdf); Law Commission, *Government introduces the Intellectual Property (Unjustified Threats) Bill into Parliament* (19 May 2016) <https://www.lawcom.gov.uk/government-introduces-the-intellectual-property-unjustified-threats-bill-into-parliament/>.

<sup>35</sup> s.21-21F Trade Marks Act 1994.

<sup>36</sup> C. Greenhalgh and others, "Intellectual Property Enforcement in Smaller UK Firms" (SABIP, October 2010) <http://webarchive.nationalarchives.gov.uk/20140603093549/http://www.ipo.gov.uk/ipresearch-ipenforcement-201010.pdf>.

result, it is likely that instances of unjustified infringement allegations do not typically progress to court, even if the claimant would have had a strong chance of success.

In this context it becomes relevant to investigate the UK trade mark law provisions which can be relied on to refuse registration of overbroad marks *ex ante*. In this respect, Section 3 TMA 1994 contains the list of absolute grounds of refusal, which are primarily underpinned by a public interest in allowing only distinctive signs capable of serving as indicators of origin to be registered.<sup>37</sup> Among the various absolute grounds of refusal, Section 3(6), which prevents the registration of trade marks filed in bad faith stands as the sole effective measure against overbroad trade marks,<sup>38</sup> as explained in more detail in the coming sections.

As for the relative grounds of refusal contained in Section 5 TMA 1994, they do not directly address issues of cluttering, bullying, or overbroad trade marks. Their primary purpose is to tackle conflicts between previously registered trade marks and similar or identical signs for which registration is sought.<sup>39</sup> The rationale here is to protect the rights of the first-to-file applicant against acts that could hinder the benefits bestowed upon owners of trade marks through registration, such as junior uses that generate consumer confusion, trade mark blurring, tarnishment, or free-riding.<sup>40</sup> Consequently, the type of acts that can be prevented on the basis of the relative grounds of refusal only cover a limited range of situations confined to conflicts between identical or similar signs. Conversely, certain activities falling within the scope of bad faith are not always dependent on the use of previously registered signs. One example would be

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<sup>37</sup> Mellor and others, *Kerly's Law of Trade Marks and Trade Names* para.10-003.

<sup>38</sup> Olteanu, "UK National Report: What Mechanisms Exist to Avoid Over-Broad Trademarks and Address Concerns That the Trademark Registers Are Clogged (e.g., Bad Faith in *Sky v Skykick*; Requirements for Evidence of Use) and Are These Mechanisms Effective?"

<sup>39</sup> Mellor and others, *Kerly's Law of Trade Marks and Trade Names* para.10-003.

<sup>40</sup> Mellor and others, *Kerly's Law of Trade Marks and Trade Names* para.11-004.

when an applicant files an overbroad specification of goods and services with a view to secure a future monopoly on a sign or word without any intention of using the trade mark in accordance with its function(s).<sup>41</sup> In such cases, the relative grounds for refusal are not suitable for addressing the entire spectrum of detrimental situations arising from overbroad trade marks. Instead, as will be demonstrated below, the UK trade mark law proviso concerning bad faith, if interpreted in line with its policy objectives and legislative history,<sup>42</sup> can be an effective tool against overbroad trade marks. Thus, this article discusses bad faith as an *ex-ante* remedy safeguarding against overbroad trade marks.<sup>43</sup> By focusing on bad faith provisions, one can adopt a preventive approach which could be more efficient in terms of addressing the competition and increased clearance costs associated with overbroad trade marks.<sup>44</sup> Nonetheless, before delving into the examination of the UK trade mark law concerning bad faith, it is paramount to discuss several empirical findings related to trade mark registration activity at the UKIPO level, to shed light on the current state of affairs.

### 3. Trade Mark Registration Data in the UK

According to information made available by the UKIPO and partially reproduced in Figure 1 below, the number of trade mark applications and registrations at the UK level has been continuously increasing over the past ten years.<sup>45</sup> Compared to 2020, the number of applications

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<sup>41</sup> C. Morcom, T. St. Quintin and A. Roughton, *Morcom on Trade Marks* (6<sup>th</sup> edn, LexisNexis 2021) pp.89.

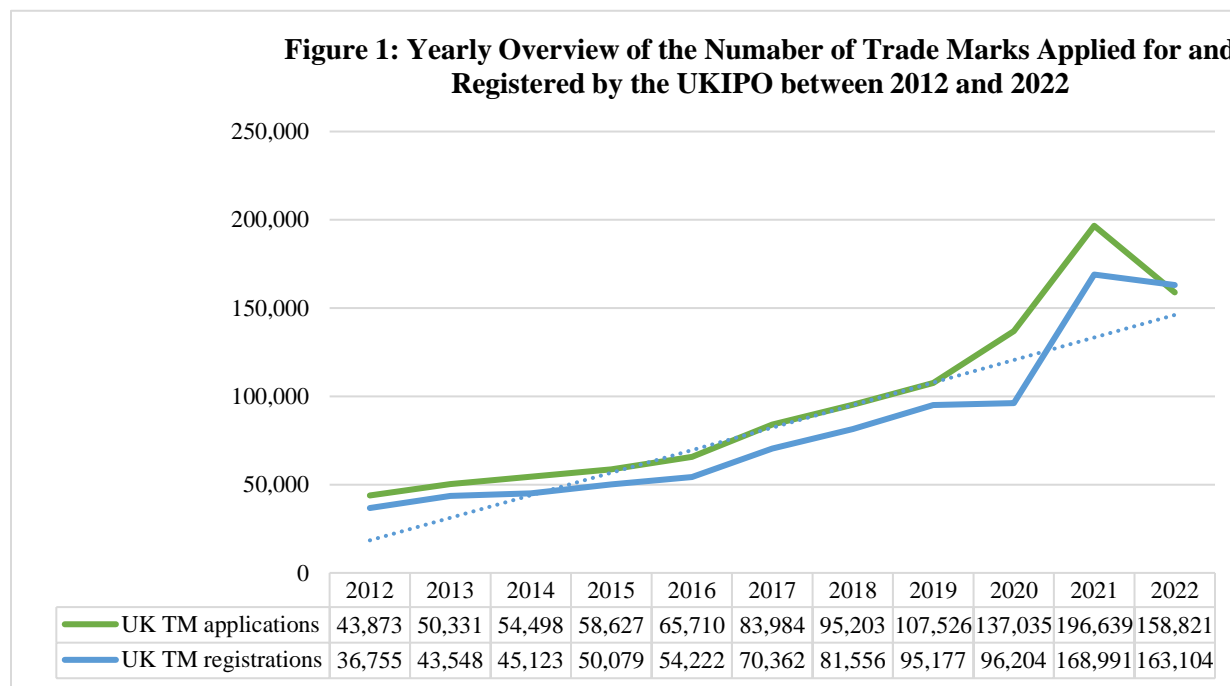
<sup>42</sup> Johnson, ““So Precisely What Will You Use Your Trade Mark for?” Bad Faith and Clarity in Trade Mark Specifications” p.960.

<sup>43</sup> While UK trade mark law contains *ex post* mechanisms that can be used to prevent overbroad trade marks and trade mark clutter, this article does not examine the provisions regarding the revocation of registered trade marks for non-use for the period of 5 years from registration. While revocation for non-use can be an efficient mechanism to remove from the register trade marks that are not used or no longer used, these provisions cannot mitigate *ab initio* the negative consequences described in this article.

<sup>44</sup> Graevenitz and others, “The Problem of Earlier Rights: Evidence from the European Trademark System” p.18. The authors argue that reliance on bad faith in cases of trade mark refiling is not necessarily efficient. Specifically, they contend that: ‘It is hard to see how reliance on the logic of bad faith can provide a reliable remedy for this problem. That is because it is hard to separate bad faith applications, intended to prolong the grace period, from applications that are made to update an existing mark’.

<sup>45</sup> UKIPO, “Facts and Figures: Patents, Trade Marks, Designs and Hearings 2021” (20 July 2022) Table 1 <https://www.gov.uk/government/statistics/facts-and-figures-patents-trade-marks-designs-and-hearings-2021/facts-and-figures-patents-trade-marks-designs-and-hearings-2021>. According to the UKIPO, “A snapshot of the IPO administration database was

filed with the UKIPO increased in 2021 by 43.5%, while the number of registrations granted by the UKIPO increased by 75.7%.<sup>46</sup> In contrast, in 2022 there was a decrease of 19.2% in the number of trade mark applications compared to 2021.<sup>47</sup>



To put the UKIPO data on filing activity in a broader global context, Figure 2 shows the evolution of national trade mark registrations in several EU Member States and Japan.<sup>48</sup> As observed, the count of trade mark registrations has shown a gradual annual increase over the past decade, with the UK experiencing the most pronounced surge in the EU. Notably, Japan has surpassed the UK in terms of yearly registrations. However, it is worth noting that Japan’s trade mark law allows for

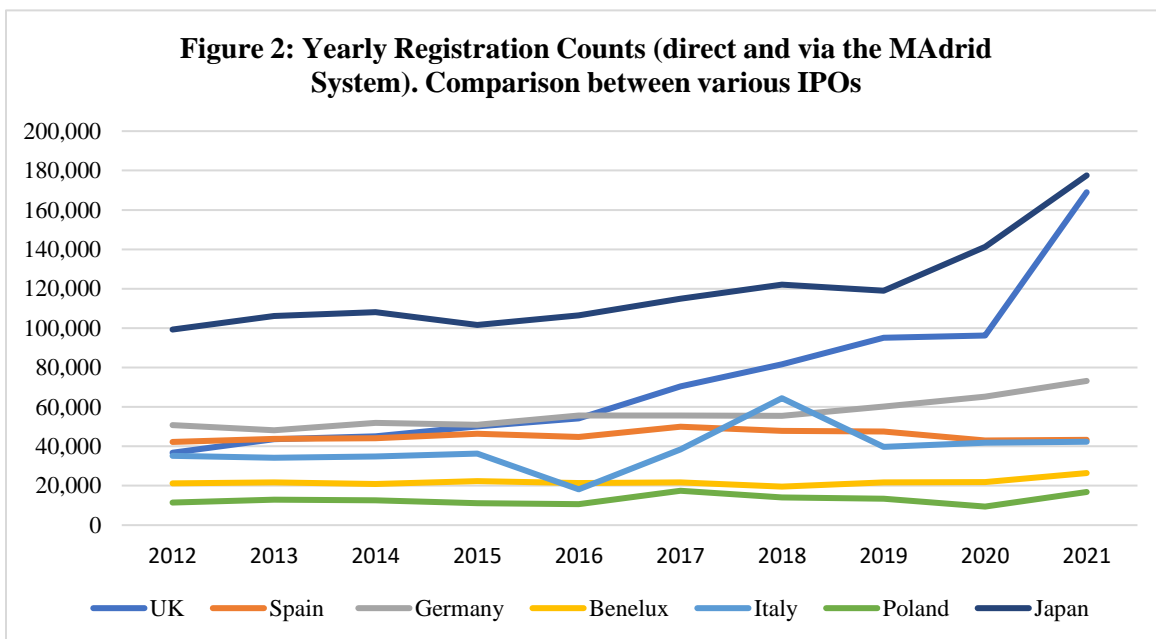
taken in May 2022 to compile these statistics. Minor variations in the statistics may occur between IPO monthly and IPO annual statistics due to late entries into the IPO databases. Late entries will mostly occur with paper-filed applications as they are dated on the post mark date received to the office, delays might occur while processing”; UKIPO, “Facts and Figures: Patents, Trade Marks, Designs and Hearings: 2022” (28 July 2023) <https://www.gov.uk/government/statistics/facts-and-figures-patents-trade-marks-designs-and-hearings-2022/facts-and-figures-patents-trade-marks-designs-and-hearings-2022#:~:text=In%202022%2C%20there%20were%2079%2C978,a%2034%25%20decrease%20from%202021.>

<sup>46</sup> UKIPO, “Facts and Figures: Patents, Trade Marks, Designs and Hearings 2021”.

<sup>47</sup> UKIPO, “Facts and Figures: Patents, Trade Marks, Designs and Hearings: 2022”.

<sup>48</sup> WIPO IP Statistics Data Center, (July 2023), <https://www3.wipo.int/ipstats/key-search/indicator>.

defensive registrations for famous marks which can be filed for goods/services that are not identical or similar to those associated with the famous mark.<sup>49</sup> Furthermore, in Japan applicants are not required to use the defensively registered mark on the designated goods/services.<sup>50</sup> This could potentially contribute to the higher number of trade mark registrations in Japan.



According to the UKIPO, the notable rises observed in Figures 1 and 2 above in UK since 2016 have three potential sources: a substantial uptick in applications from China, the impact of the COVID-19 pandemic, and filings prompted by Brexit.<sup>51</sup> The UKIPO further clarified that while the first two factors have led to a surge in application numbers across most intellectual property offices around the world, the magnitude of this rise has been comparatively smaller in these offices following Brexit.<sup>52</sup>

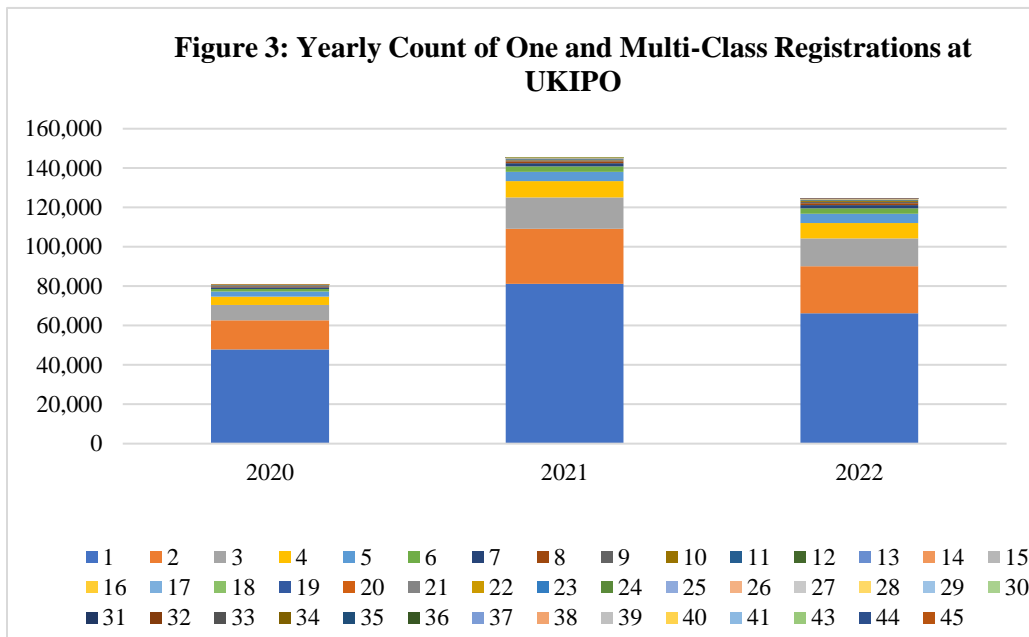
<sup>49</sup> Y. Kihara and M. Tomii, “Trade Mark Laws and Regulations Japan 2023” (18 April 2023) *ICLG.COM*, <https://iclg.com/practice-areas/trade-marks-laws-and-regulations/japan>.

<sup>50</sup> Kihara and Tomii, “Trade Mark Laws and Regulations Japan 2023”.

<sup>51</sup> UKIPO, “Facts and Figures: Patents, Trade Marks, Designs and Hearings: 2022”.

<sup>52</sup> UKIPO, “Facts and Figures: Patents, Trade Marks, Designs and Hearings: 2022”.

Nevertheless, the fact that there are more and more trade marks registered at the UK level every year is not, in itself, evidence of overbroad trade marks. Instead, what could help shed light on the extent to which trade mark applicants seek broad protection in the UK is the number of classes for which applications are made and registered.<sup>53</sup> To offer a more precise representation of registration trends across multi-class filings, I compiled a dataset comprising 350,816 trade marks registered by the UKIPO during the period between 1 January 2020 and 31 December 2022 (Dataset).<sup>54</sup> Figure 3 provides a detailed breakdown of the trade mark registrations granted by the UKIPO between 2020 and 2022. It specifically delineates the total number of trade marks that were registered yearly during this time frame, categorizing them into 45 groups depending on the number of Nice classes for which each registration was granted.

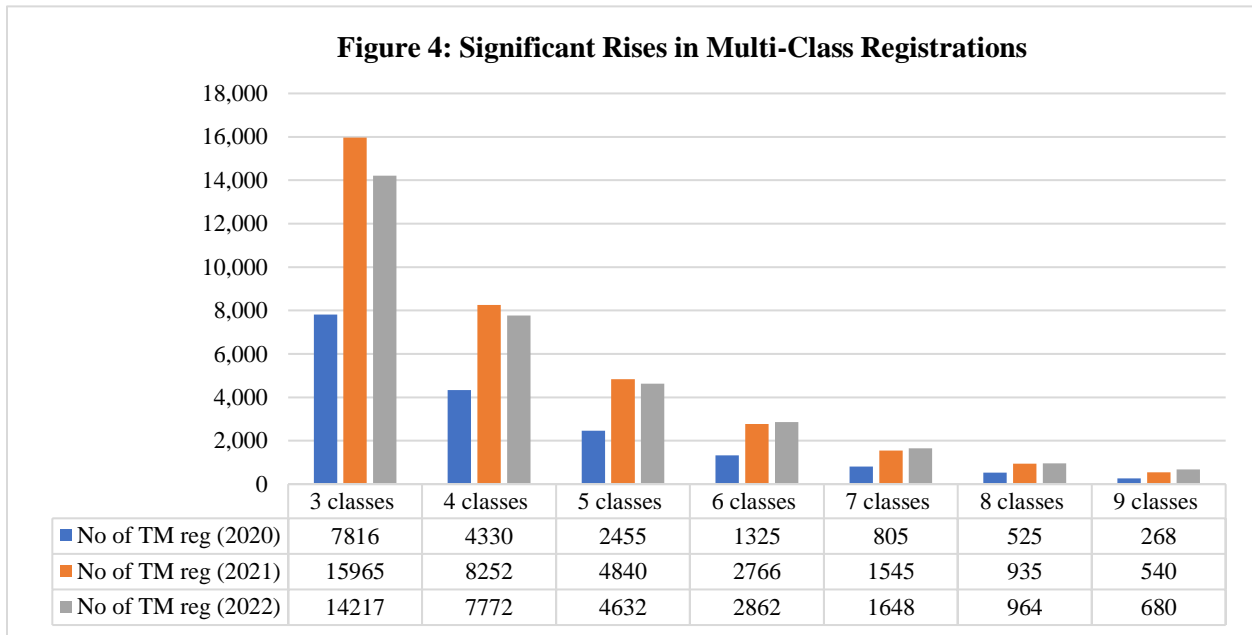


<sup>53</sup> A similar methodology was adopted by Graevenitz and others. See Graevenitz, Ashmead and Greenhalgh, “Cluttering and Non-Use of Trade Marks in Europe” p.11.

<sup>54</sup> The Dataset may be made available upon request. The number of trade marks granted by the UKIPO in 2020 and 2021 as evidenced in the Dataset differs from the number of trade mark reported by the UKIPO in its 2021 ‘Facts and figures: patents, trade marks, designs and hearings’ Report. According to the Notes to the IPO Facts and Figures: Patents, trade mark, and hearings 2021 available in Table 1, “[M]inor variations in the statistics may occur between IPO monthly and IPO annual statistics due to late entries into the IPO databases. Late entries will mostly occur with paper-filed applications as they are dated on the post mark date received to the office, delays might occur while processing”.

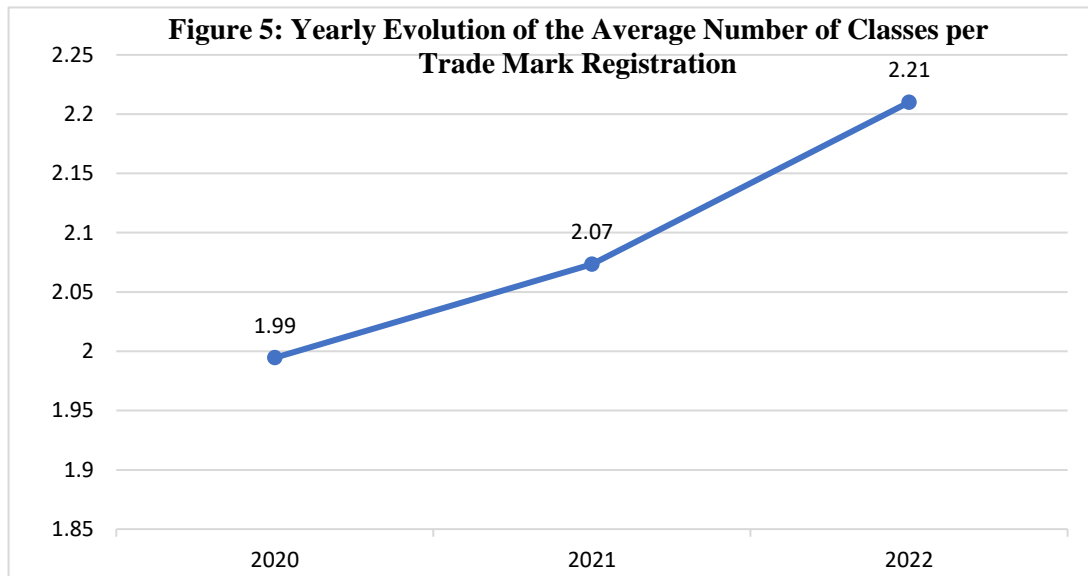


In addition, Figure 4 below illustrates the most significant rises in the number of multi-class registrations in the period between 2020 and 2022. For instance, as depicted below, the number of trade marks registered for 3, 4, 5, 6, 7, 8, and 9 Nice classes, nearly doubled in 2021 compared to 2020.



As shown above, in 2022, there was a slight decrease in the number of trade marks registered for 3, 4 and 5 classes compared to the figures observed in 2021, a year which, as previously described, was considered atypical in terms of trade mark registrations. Even so, as shown above, the rising trend of multi-class registrations continued in 2022 compared to both 2020 and 2021 for trade marks registered for 6, 7, 8 and 9 classes.

In terms of the yearly weighted average number of classes per trade mark registration, this has gradually increased over the past three years as illustrated in Figure 5 below. The upward trend in the average number of classes suggests a broadening of the scope of goods and services per trade mark registration, thereby implying potential strategic considerations among applicants.<sup>55</sup>

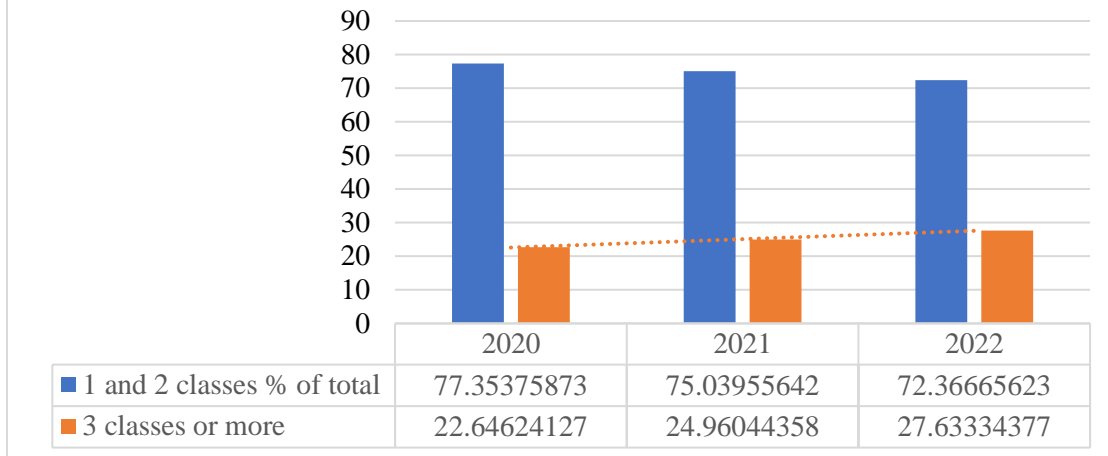


This rise occurred against the backdrop of the fact that a substantial proportion, exceeding 70% of the yearly registered trade marks in the period between 2020 and 2022 pertain to a relatively limited range of one or two classes<sup>56</sup> as shown in Figure 6 below.

<sup>55</sup> Olteanu, “UK National Report: What Mechanisms Exist to Avoid Over-Broad Trademarks and Address Concerns That the Trademark Registers Are Clogged (e.g., Bad Faith in Sky v Skykick; Requirements for Evidence of Use) and Are These Mechanisms Effective?”.

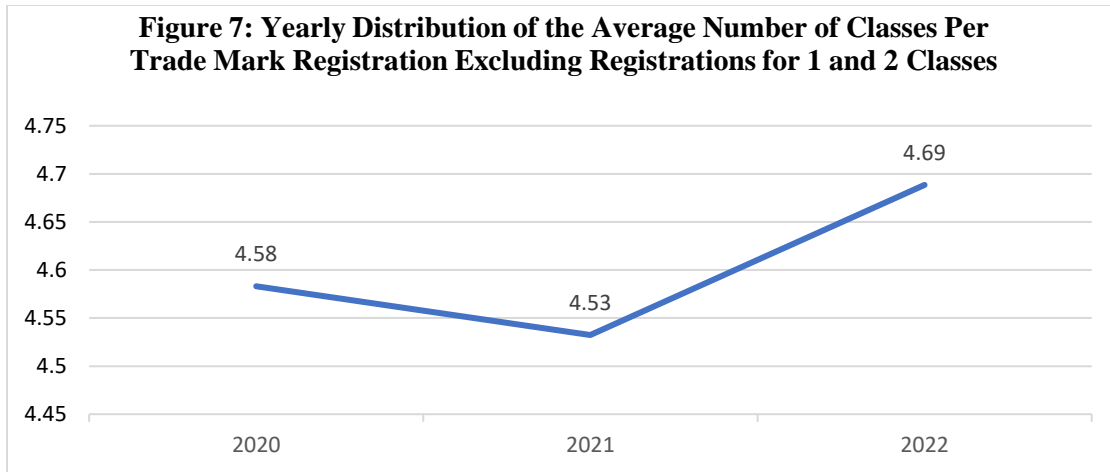
<sup>56</sup> Olteanu, “UK National Report: What Mechanisms Exist to Avoid Over-Broad Trademarks and Address Concerns That the Trademark Registers Are Clogged (e.g., Bad Faith in Sky v Skykick; Requirements for Evidence of Use) and Are These Mechanisms Effective?”.

**Figure 6: Percentage of Trade Marks Registered for More Than 3 Classes: 2020 - 2022 Breakdown**



Another interesting finding arises when considering the yearly weighted average of the number of classes per registration, specifically when registrations for 1 and 2 classes are excluded from the calculation.<sup>57</sup> This adjusted average figure illustrated in Figure 7 below is double compared to the overall average illustrated in Figure 6 above and has increased in 2022 compared to both 2020 and 2021. This finding suggests that there is a significant proportion of trade mark registrations that extend across multiple classes, beyond the more common registrations limited to just one or two classes.

<sup>57</sup> Olteanu, “UK National Report: What Mechanisms Exist to Avoid Over-Broad Trademarks and Address Concerns That the Trademark Registers Are Clogged (e.g., Bad Faith in Sky v Skykick; Requirements for Evidence of Use) and Are These Mechanisms Effective?”.



The statistical data presented above, while informative and insightful, is limited in terms of its capacity to provide direct evidence of overbroad trade marks. This is because the quantitative analysis illustrated in Figures 1 – 7 does not explicitly establish causation between the growth in filings and multi-class registrations and the presence of poor-quality filings (i.e., trade marks registered by applicants lacking the intention to use the trade mark for the entire specification of goods and services). However, the significant increase in the number of trade marks and multi-class applications registered in the period between 2012 and 2022 coupled with the fact that the TMA 1994 does not require evidence of prior use as a prerequisite for trade mark registration, do indicate a potential rise in trade marks registered for more goods and services that necessary. To better understand the reasons behind this conclusion, it is useful to briefly analyse the conclusions of the 2015 Clutter Report commissioned by the UKIPO to investigate the extent of cluttering and non-use of trade marks in Europe. The Report examined the level of clutter in Europe based on data related to trade marks granted between 2004 and 2012 at the United States Patent and Trademarks Office (USPTO), the European Union Intellectual Property Office (EUIPO) and UKIPO level.<sup>58</sup>

<sup>58</sup> Graevenitz, Ashmead and Greenhalgh, “Cluttering and Non-Use of Trade Marks in Europe” p.18.

One of the methods used to evaluate clutter considered how broad the trade marks were at the time of application.<sup>59</sup> Specifically, broad trade marks were measured based on “the number of Nice classes for which a mark is registered or on the basis of the number of goods and services for which the mark is registered within those classes”.<sup>60</sup> Using these measurements, the authors of the Report observed a significant increase in the number of Nice classes claimed per application at EUIPO in comparison to those at USPTO.<sup>61</sup> Additionally, at UKIPO, the number of Nice classes per application, although lower than that at EUIPO, was still significantly higher than the count at USPTO.<sup>62</sup> Another key finding related to the level of class filling in the UK. Specifically, in the period between 2008 and 2012, in the UK, the median reached one class per application after being higher in 2008 (i.e., slightly less than 2.5).<sup>63</sup>

Against this background, the authors concluded that:

“Given that trade mark owners are required to demonstrate actual use of their marks at USPTO it is questionable whether the much stronger upward trend in the number of Nice classes per application which we observe at OHIM [currently EUIPO] and at EU national offices such as IPO is due to a real increase in the breadth of business models attached to specific trade marks”.<sup>64</sup>

The quantitative analysis which underpinned the conclusion that there was evidence of clutter at the UKIPO level was supplemented by qualitative data obtained through a survey conducted among UK-based trade mark lawyers.<sup>65</sup> The survey “aimed primarily at determining whether there

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<sup>59</sup> Graevenitz, Ashmead and Greenhalgh, “Cluttering and Non-Use of Trade Marks in Europe” p.11.

<sup>60</sup> Graevenitz, Ashmead and Greenhalgh, “Cluttering and Non-Use of Trade Marks in Europe” p.11.

<sup>61</sup> Graevenitz, Ashmead and Greenhalgh, “Cluttering and Non-Use of Trade Marks in Europe” p.15.

<sup>62</sup> Graevenitz, Ashmead and Greenhalgh, “Cluttering and Non-Use of Trade Marks in Europe” p.15.

<sup>63</sup> Graevenitz, Ashmead and Greenhalgh, “Cluttering and Non-Use of Trade Marks in Europe” p.13.

<sup>64</sup> Graevenitz, Ashmead and Greenhalgh, “Cluttering and Non-Use of Trade Marks in Europe” p.14.

<sup>65</sup> Graevenitz, Ashmead and Greenhalgh, “Cluttering and Non-Use of Trade Marks in Europe” p.30.

is a cogent view among practicing trade mark attorneys in the United Kingdom that there is an increasing proportion of registrations on the effective UK register that are unused (in whole or in part), or are overly broad in terms of being unlikely to be used (in whole or in part)".<sup>66</sup> In this respect, the 2015 Clutter Report concluded that:

“[I]t has been widely accepted as good practice by experienced UK attorneys, and for the general benefit of their clients in UK trade mark matters, to file applications with a somewhat broader goods/services claim than is consistent with a strictly true use/intent declaration”.<sup>67</sup>

Since the release of the 2015 Clutter Report, the UK trade mark legislation has undergone significant changes following the EU trade mark law reform package<sup>68</sup> and the Brexit regulations.<sup>69</sup> However, none of these changes introduced a proof of use requirement or stricter criteria for demonstrating the intention to use the mark. Additionally, there have been no measures put in place to encourage applicants to register trade marks in strict accordance with the goods and services they are currently or genuinely intending to use the mark for. With no specific legislative changes addressing overbroad specifications or clutter occurring within UK trade mark legislation, it is not unreasonable to assume that “the pattern of filing overbroad trade marks, encompassing more goods and services than the intended use, has persisted”.<sup>70</sup>

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<sup>66</sup> Graevenitz, Ashmead and Greenhalgh, “Cluttering and Non-Use of Trade Marks in Europe” p.32.

<sup>67</sup> Graevenitz, Ashmead and Greenhalgh, “Cluttering and Non-Use of Trade Marks in Europe” p.17.

<sup>68</sup> Trade Marks Regulation 2018 (S.I. 2018/825).

<sup>69</sup> The Trade Marks (Amendment etc.) (EU Exit) Regulations 2019 (S.I. 2019/269); The Intellectual Property (Amendment etc.) (EU Exit) Regulations 2020 (S.I. 2020/1050); The Trade Marks and International Trade Marks (Amendment) (EU Exit) Regulations 2021 (S.I. 1235/2021); The Agricultural Products, Food and Drink (Amendment) (EU Exit) Regulations 2020 (S.I. 2020/1661); The Agricultural Products, Food and Drink (Amendment etc.) (EU Exit) Regulations 2020 (S.I. 2020/1637).

<sup>70</sup> Olteanu, “UK National Report: What Mechanisms Exist to Avoid Over-Broad Trademarks and Address Concerns That the Trademark Registers Are Clogged (E.G. Bad Faith in Sky v Skykick; Requirements for Evidence Of Use), And Are These Mechanisms Effective?”.

Nevertheless, as mentioned previously, UK trade mark law has a targeted mechanism aimed at preventing the registration of trade marks when there is no genuine intention to use the mark, namely the absolute ground of refusal prohibiting registrations made in bad faith. However, as elaborated upon in greater detail in Section 5 below, the standard by which bad faith is assessed presently lacks clarity, pending guidance from the UK Supreme Court. Given this context, it becomes crucial to examine the prevailing outcomes in bad faith claims in the form of lack of intention to use the mark before the UKIPO Hearing Officer and compare them to the overall volume of trade mark registrations granted by the UKIPO. This precise examination is the focus of Section 4 below.

#### **4. Bad Faith Activity: Uncovering Trends at the UK Intellectual Property Office**

As discussed above, there are indications that the practice of registering broad trade marks in the UK is a reality. Despite this, no changes in trade mark law have been implemented to curtail this phenomenon. Instead, the Court of Appeal in *Sky v SkyKick* determined that Sky's registration, encompassing all conceivable categories of computer software, was not made in bad faith.<sup>71</sup> This was the case despite the High Court judge's finding that Sky did not plan to use the mark for all software categories.<sup>72</sup> The Court of Appeal reasoned that an alternate interpretation of Section 32(3) would result in an ever-mounting and impractical burden on applicants, contingent on the meticulous division of the range of goods or services specified in the application.<sup>73</sup> Within this context, this section aims to assess whether, given the current standard of bad faith and the

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<sup>71</sup> *Sky Plc v SkyKick UK Ltd* [2021] EWCA Civ 1121 at [113].

<sup>72</sup> *Sky Plc v SkyKick UK Ltd* [2018] EWHC 155 (Ch) at [250].

<sup>73</sup> *Sky Plc v SkyKick UK Ltd* [2021] EWCA Civ 1121 at [42].

prevailing interpretation of its connection with the requirement in Section 32(3), applicants accused of registering expansive trade marks tend to prevail or lose claims of bad faith.

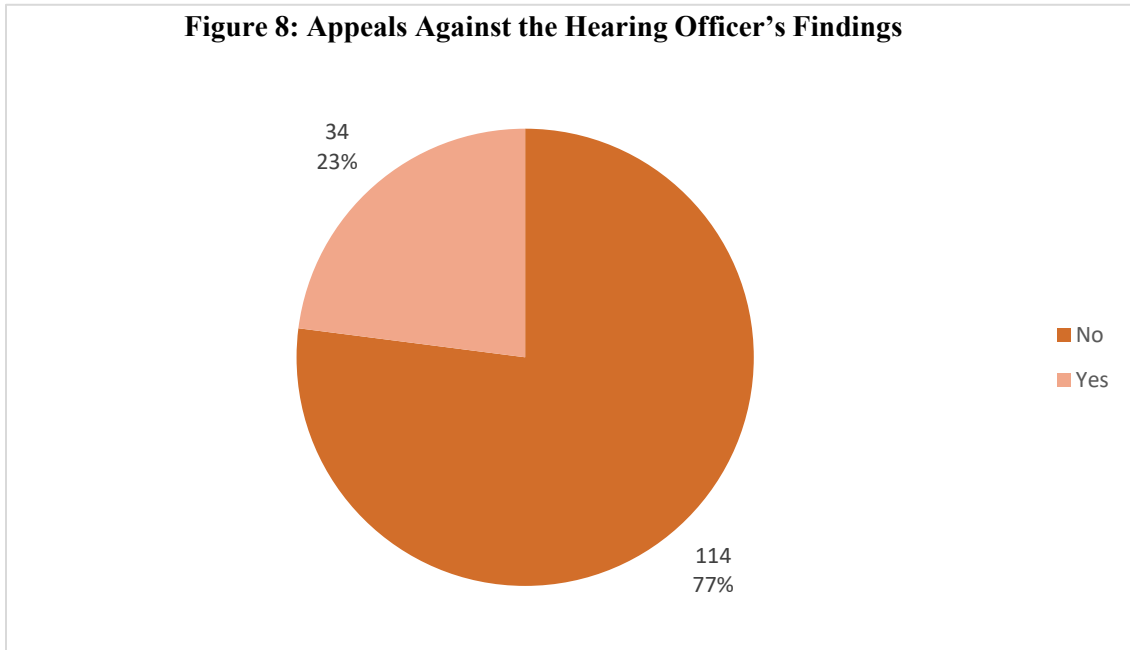
#### *4.1 Research Design*

From a methodological perspective, I proceeded as follows. To measure the level of bad faith activity in the form of lack of intention to use the mark at the level of the UKIPO, I reviewed and indexed all bad faith claims decided by the Hearing Officer in the period 1 January 2011 and 31 December 2022 (Reference Period). The information was collected from the website of the UKIPO where trade mark decisions are made available via the following search form: <https://www.ipo.gov.uk/t-challenge-decision-results.htm>. The relevant bad faith claims were selected by searching the UKIPO database for Hearing Officer trade mark cases. The UKIPO search engine allows the selection of bad faith decisions that concern lack of intention to use the trade mark, thus filtering out other types of bad faith claims such as registrations filed having knowledge of the opponent's use in the UK or outside UK, breach of an agreement between the parties, breach of a fiduciary duty, application by a local agent / distributor problems, music groups or breakdown of a partnership.

To examine the level of bad faith activity at the level of the UKIPO I focused on claims of bad faith rather than “bad faith cases” or “bad faith decisions” as the Hearing Officer sometimes joins two or more invalidity or opposition proceedings into one case. Thus, a single case may contain both accepted and rejected claims of bad faith. This is why the approach that I have chosen provides an accurate depiction of the volume of bad faith claims and their outcomes. The bad faith claims heard by the Hearing Officer (i.e., 148 as detailed below) were selected over Appointed Person's due to the lower number of the latter (i.e., 34). Another factor influencing the choice of

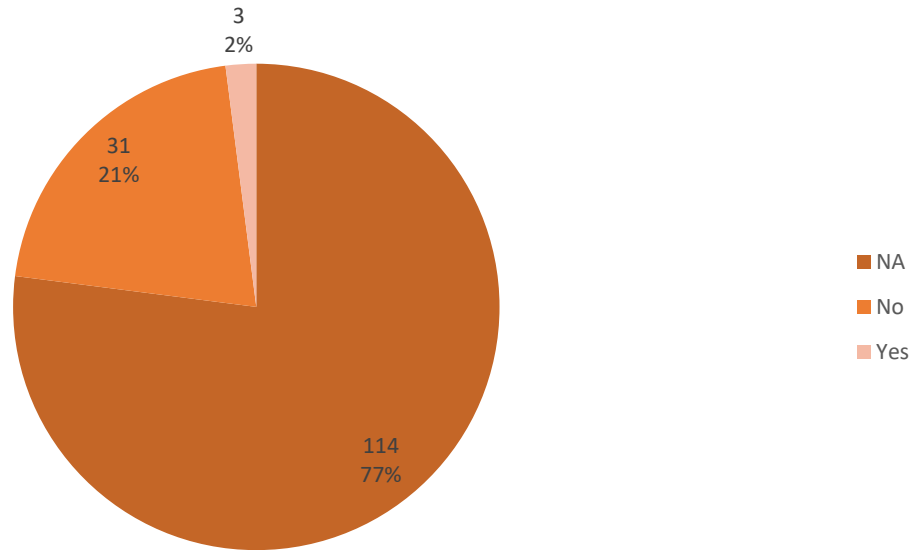


the Hearing Officer was the relative degree of authority these findings carry. This is particularly evident as, during the Reference Period, only 23% of the Hearing Officer’s findings were challenged before the Appointed Person, totalling 34 appeals as shown in Figure 8 below.



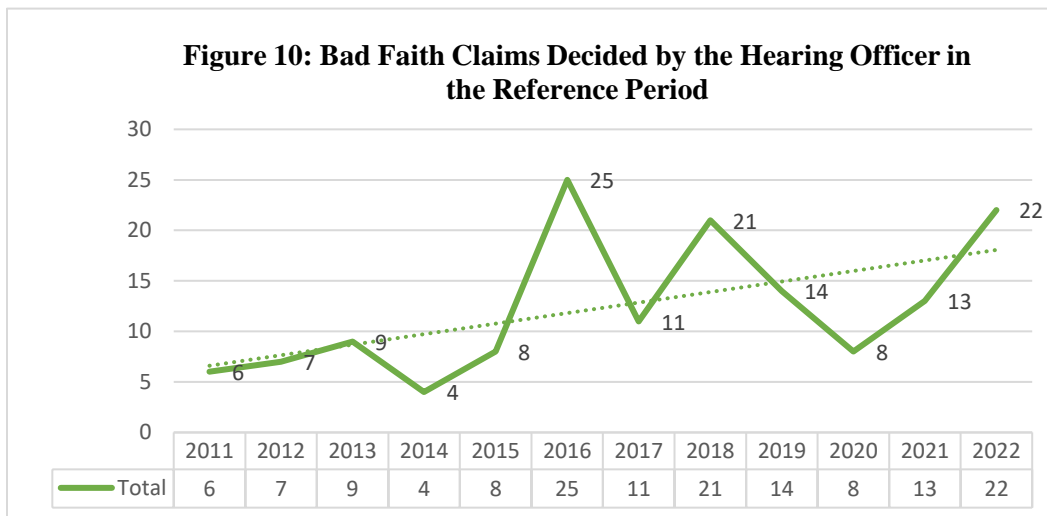
In any event, as shown in Figure 9 below, fewer than 2% of the findings, specifically 3 cases, led to a modification of the outcome by the Appointed Person.

**Figure 9: Instances where the outcome of the UKIPO Hearing Officer bad faith finding was changed by the Appointed Person**



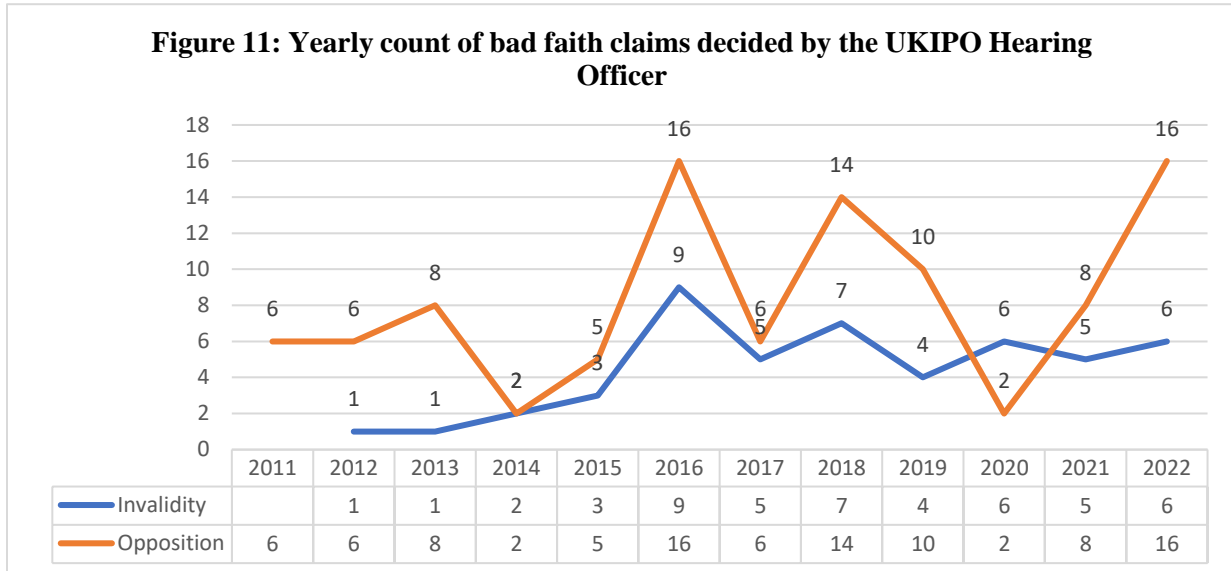
#### 4.2 Data Analysis and Discussion

In the Reference Period, the Hearing Officer heard 148 claims of bad faith in the form of lack of intention to use the trade mark (Total Bad Faith Claims) as detailed in Figure 10 below:<sup>74</sup>



<sup>74</sup> The Total Bad Faith Claims Dataset is available upon request.

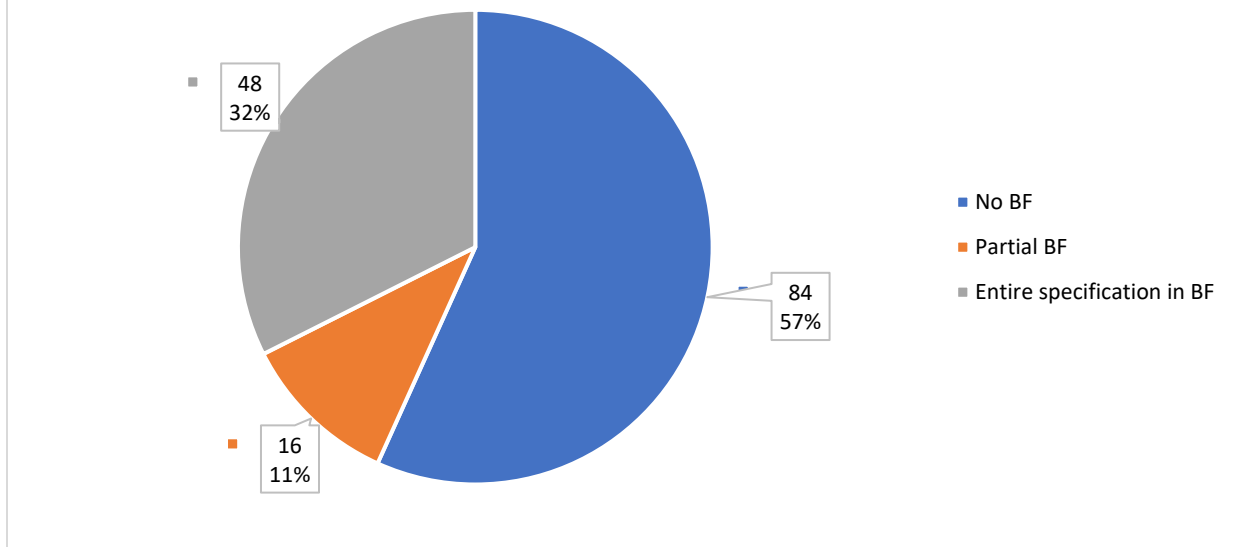
Out of the 148 claims of bad faith, 37 of them were filed in invalidity proceedings, while 81 were filed in oppositions as illustrated in Figure 11 below.



Upon comparing the data in Figure 1 above depicting the annual count of UKIPO trade mark applications with the number of bad faith claims involving lack of intention to use the mark in Figure 11, it becomes evident that the proportion of applications facing accusations of bad faith in the Reference Period is less than 1% of the annual total registrations, and even a smaller proportion are successful.

Specifically, with respect to the outcome of the bad faith claims in the Reference Period, as detailed in Figure 12 below, a percentage of 57% of the Total Bad Faith Claims (i.e., 84 claims) were deemed unfounded by the Hearing Officer. Instead, 11% (i.e., 16 claims) of the bad faith claims in the Reference Period were deemed founded only for part of the goods and services in the specification. Finally, 32% of the Total Bad Faith Claims (i.e., 48 claims) were considered founded for the entire specification of goods and services and hence the trade mark was either rejected or removed from the register.

**Figure 12: Distribution of the outcome of the bad faith claims in the Reference Period**



This indicates that, generally, the majority of claims involving lack of intention to use the mark in cases of bad faith resulted in favour of the applicant. In certain instances where claims of bad faith were dismissed, the claim that the applicant lacked intent to use the mark were substantiated by the extensive specifications of goods and services associated with the applications.<sup>75</sup> Notably, some of these submissions pertained to goods that, given today’s technological landscape, might be perceived as outdated or no longer relevant. For instance, trade mark number UK3230901 was registered for “magnetic, optical or magnetic/optical carriers, including compact disks, DVDs, cassettes, diskettes”.<sup>76</sup> Similarly, trade mark number UK3565243 was registered among other things for mimeograph paper and paper for radiograms.<sup>77</sup> While it is not impossible to imagine the

<sup>75</sup> Case O/130/20 (2 March 2020) [https://www.ipo.gov.uk/t-challenge-decision-results/t-challenge-decision-results-bl?BL\\_Number=O/130/20](https://www.ipo.gov.uk/t-challenge-decision-results/t-challenge-decision-results-bl?BL_Number=O/130/20); Case O/103/18 (15 February 2018) [https://www.ipo.gov.uk/types/tm/t-os/t-find/t-challenge-decision-results/t-challenge-decision-results-bl?BL\\_Number=O/103/18](https://www.ipo.gov.uk/types/tm/t-os/t-find/t-challenge-decision-results/t-challenge-decision-results-bl?BL_Number=O/103/18); Case O/168/16 (4 April 2016) [https://www.ipo.gov.uk/types/tm/t-os/t-find/t-challenge-decision-results/t-challenge-decision-results-bl?BL\\_Number=O/168/16](https://www.ipo.gov.uk/types/tm/t-os/t-find/t-challenge-decision-results/t-challenge-decision-results-bl?BL_Number=O/168/16); Case O/826/22 (26 September 2022) [https://www.ipo.gov.uk/t-challenge-decision-results/t-challenge-decision-results-bl?BL\\_Number=O/826/22](https://www.ipo.gov.uk/t-challenge-decision-results/t-challenge-decision-results-bl?BL_Number=O/826/22).

<sup>76</sup> Trade mark number UK00003230901, <https://trademarks.ipo.gov.uk/ipo-tmcase/page/Results/1/UK00003230901>.

<sup>77</sup> Trade mark number UK00003565243, <https://trademarks.ipo.gov.uk/ipo-tmcase/page/Results/1/UK00003565243>.

trade mark being used for such goods, a practical and intuitive perspective suggests that this scenario is highly unlikely. Yet, these trade marks were presumed to have been submitted with the intention of eventual utilization for all goods and services in the specification and hence kept on the register.

The findings above raise doubts about the existence of any burden on applicants in demonstrating their legitimate intentions to use the trade marks they are registering even for obscure or obsolete goods. This situation is particularly concerning, especially when considering the points discussed in earlier section where it was mentioned that research focusing on the level of clutter and excessive trade marks at the level of the UKIPO has validated the existence of these phenomena.

Currently, there are no indications of any forthcoming trade mark law reforms in either the UK or the EU. Furthermore, the prospect of introducing a proof of use requirement which seems to be perceived as one of the most effective measures to combat “deadwood” on the register<sup>78</sup> presents a complex policy endeavour. Therefore, it becomes all the more essential to explore viable alternatives within the existing legislation to address the issue of overbroad trade marks and their potential negative consequences. This forms the basis for the next section, which aims to provide a historical overview of the bad faith absolute ground of refusal under UK law and its subsequent development following the harmonisation of EU trade mark law. Exploring the early UK case law dealing with acts that nowadays would constitute “bad faith” registrations provides valuable insights into how the law has adapted to tackle the challenges posed by overbroad trade marks and ensure that the trade mark system operated in accordance with its normative goals.

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<sup>78</sup> Graevenitz, Ashmead and Greenhalgh, “Cluttering and Non-Use of Trade Marks in Europe” p.67

## 5. The Interplay of Bad Faith and Absence of Intent to Use the Mark

### 5.1 Lack of Intention to Use the Trade Mark Pre-Harmonisation

The 2015 Clutter Report discussed in the previous section revealed that several respondents to the survey conducted among UK-based trade mark lawyers perceived excessively broad specifications for goods or services as instances of bad faith.<sup>79</sup> Currently, UK courts apply the standard of bad faith as developed in the jurisprudence of the CJEU. However, it is worth noting that even before these developments, the lack of intent to use the trade mark was a genuine concern for UK trade mark lawyers. Specifically, several earlier cases provide compelling justifications for why bad faith should be found when the applicant's demonstrated intention of use does not encompass all the goods and services in the specification, including their subdivisions. Additionally, these past authorities discussed in the following paragraphs show that this interpretation of the current bad faith ground of refusal would align with the normative goals of the UK trade mark system and effectively address the issue of overbroad trade marks.

Dawson explains that while the concept of bad faith was not extensively established in the UK prior to the EU harmonisation of trade mark law, early cases demonstrate a judicial inclination to prevent registrations made with no *bona fide* intention to use the mark.<sup>80</sup> Essentially, as noted by Dawson, English trade mark law was centred<sup>81</sup> around the concept of good faith rather than bad faith. In *Batt & Co*<sup>82</sup> the applicant registered two trade marks for goods in which they had not been trading or had no intention to trade. Romer J, at first instance, determined that there had been no "real user" of the Respondents' two marks prior to or after registration in Class 42, and that the

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<sup>79</sup> Graevenitz, Ashmead and Greenhalgh, "Cluttering and Non-Use of Trade Marks in Europe" p.67.

<sup>80</sup> Norma Dawson, "Bad Faith in European Trade Mark Law" (2011) 3 IPQ 229, 231.

<sup>81</sup> Dawson, "Bad Faith in European Trade Mark Law" p.232.

<sup>82</sup> *Batt & Co, Re* (1898) 15 R.P.C. 534.

marks were registered without any *bona fide* intention to use them for that class.<sup>83</sup> Consequently, the judge ordered the removal of the marks from the register. On appeal, the Respondents contended that the legislation in force did not require them to use the trade mark for all goods for which they had obtained the registration and that they had provided evidence of its use for some items within Class 42.<sup>84</sup> Addressing the matter of proper construction of the law at that time, which did not explicitly required applicants to apply for goods in relation to which they used or intended to use the mark, Lord Lindley MR explained that:

“Common sense, and *Edwards v. Dennis*, concur in confining the goods to those which a man makes or deals in, or intends to make or deal in when he applies for registration”.<sup>85</sup>

Furthermore, akin to the current prevailing sentiment among trade mark specialists concerning overbroad trade marks,<sup>86</sup> Lord Lindley MR highlighted that trade marks registered without any genuine intention to use them for the entire specification of goods were harmful to trade.<sup>87</sup> Consequently, the decision at first instance was upheld, leading to the removal of the marks from the register. It is interesting to observe that Lord Lindley MR also addressed the possibility of his decision being interpreted as imposing excessive restrictions on applicants seeking to acquire and use marks on various types of goods.<sup>88</sup> In response, he clarified that such concerns were unfounded,

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<sup>83</sup> *Batt & Co* at [534].

<sup>84</sup> *Batt & Co* at [536].

<sup>85</sup> *Batt & Co* at [539].

<sup>86</sup> Professor Dr Vesna Tomljenovic, Judge at the General Court of the European Union and Sven Sturmman, Chair of 2nd Board of Appeal, EUIPO during the ‘Question the Trade Mark Judges’ event that took place on 7 March 2023. [Professor Dr Vesna Tomljenovic at minute 6:05 of the Recording and Sven Sturmman at minute 9:16] Recording available at: <https://www.ucl.ac.uk/laws/events/2023/mar/recording-question-trade-mark-judges>; Chave and Jacob, “Registered Trade Marks - A System in Crisis and What's to be Done?” p.174.

<sup>87</sup> *Batt & Co* at [540].

<sup>88</sup> *Batt & Co* at [540].

emphasizing that applicants were free to apply for the registration of marks precisely as they intended to use them.<sup>89</sup> The Claimants sought leave to appeal but the House of Lords denied it.<sup>90</sup>

The case attracted significant attention, sparking discussions in parliamentary debates in May 1898.<sup>91</sup> Specifically, Sir Frederick Cawley raised concerns regarding abuses in cases where individuals would register trade marks with the intention of demanding payment from others who genuinely sought to use similar marks for legitimate purposes.<sup>92</sup> Moreover, he questioned the President of the Board of Trade on the matter, inquiring about the possibility of strengthening the law to prevent abuses of the trade mark registration system.<sup>93</sup> In response, the President acknowledged the issue and stated that he had been advised that the relevant law (i.e., Section 90 of the Patents, Designs, and Trade Marks Act 1883) likely provided an adequate remedy to address the problem.<sup>94</sup>

Lord Lindley's reasoning emphasizing the necessity of registering a trade mark with the intention to use it was subsequently cited as good law by the Chancery Division and the Court of Appeal.<sup>95</sup> This occurred even though the Patents, Designs, and Trade Marks Act 1883, which was the law applied in *Batt & Co* had been replaced by the Trade Marks Act 1905 and subsequently by the Trade Marks Act 1938, laws which governed the disputes in the cases cited by the Chancery Division and the Court of Appeal.

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<sup>89</sup> *Batt & Co* at [540].

<sup>90</sup> *John Batt & Co v Dunnett (t/a James Carter & Co)* [1899] A.C. 428.

<sup>91</sup> House of Commons Debates, "Trafficking in Trade Marks" (6 May 1898, Vol 57 c518) <https://api.parliament.uk/historic-hansard/commons/1898/may/06/trafficking-in-trade-marks>.

<sup>92</sup> House of Commons Debates, "Trafficking in Trade Marks".

<sup>93</sup> House of Commons Debates, "Trafficking in Trade Marks".

<sup>94</sup> House of Commons Debates, "Trafficking in Trade Marks".

<sup>95</sup> *Gestetner's Trade Mark* [1907] 2 Ch. 478 at [481]; *Philippart v William Whiteley* [1908] 2 Ch. 274 at [286]; *In Re Ducker's Trade Mark* [1929] 1 Ch. 113 at [119]; *Imperial Group Ltd. v Philip Morris & Co. Ltd.* [1982] F.S.R. 72 at [78].



Additionally, in *American Greetings Corporation's Application*<sup>96</sup> the House of Lords tangentially touched upon the matter of trade marks registered without any genuine intent for use. It specifically addressed the practice of trade mark trafficking, which Section 28(6) of the Trade Marks Act 1938 prohibited. Lord Brightman delved into the issue of trade mark trafficking and referenced Romer J's nearly a century earlier decision in *Batt & Co*. His lordship characterized trade mark trafficking as the act of "stockpiling of trade marks, without any use or intended use in relation to the goods of the proprietor, with the intention of turning them to account when other traders wished to make use of the marks on their own goods".<sup>97</sup> Most importantly, his lordship distinguished between two distinct aspects of registering trade marks. First, the act of registering marks to identify or promote merchandise in which the mark's proprietor genuinely had an interest.<sup>98</sup> This approach aligned with the notion of bad faith, as later elaborated by the CJEU in *Lindt*<sup>99</sup> as we shall shortly see. Second, he emphasized the practice of dealing in a trade mark primarily as a commodity in its own right, separate from any legitimate use on goods or services.<sup>100</sup> This latter approach was deemed as expressly prohibited by the 1938 Act.<sup>101</sup>

These earlier developments reveal that what we now recognize as 'overbroad registrations' is not a novel occurrence but has historical precedent. Traders engaging in such acts existed in the past, and courts recognized the detrimental impact these practices had on trade. Consequently, various principles were established by English courts to curb these acts, even in the absence of a bad faith absolute ground of refusal. The underlying logic behind prohibiting registrations made without a genuine intent to use the mark was straightforward: a trade mark serves the vital purpose of

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<sup>96</sup> *HOLLY HOBBIE Trade Mark* [1984] R.P.C. 329.

<sup>97</sup> *HOLLY HOBBIE Trade Mark* [1984] R.P.C. 329 at [356].

<sup>98</sup> *HOLLY HOBBIE Trade Mark* [1984] R.P.C. 329 at [356].

<sup>99</sup> *Chocoladefabriken Lindt & Sprüngli AG v Franx Hauswirth GmbH* (C-529/07) EU:C:2009:361; [2009].

<sup>100</sup> *HOLLY HOBBIE Trade Mark* [1984] R.P.C. 329 at [356].

<sup>101</sup> *HOLLY HOBBIE Trade Mark* [1984] R.P.C. 329 at [356].

indicating the origin of goods and services. If a trade mark application is made without the intention to use it across the entire specification, it raises doubts about its eventual utilization, potentially obstructing other traders from exploiting it in a legitimate manner. At the same time, if a trader wishes to branch out, it can apply to register the same or a new mark for those additional goods and services. Notwithstanding these sound historical developments, which provide a clear understanding of why filling trade marks without the intention to use them is wrong, it is almost ironic to observe that in the contemporary context, when UK trade mark law expressly excludes from registration trade marks applied for in bad faith, the question of whether the lack of intention to use the mark should be regarded as a registration made in bad faith remains somewhat unclear. The subsequent section addresses the ambiguities within UK trade mark law concerning bad faith in the aftermath of the EU harmonization.

### *5.2 Lack of Intention to Use the Mark Within Harmonized Trade Mark Law*

Currently, Section 3(6) TMA 1994, which draws its origins from the EU legislation<sup>102</sup> establishes that a trade mark application shall be rejected “if or to the extent that the application is made in bad faith”. Bad faith can be raised by UKIPO examiners during the examination stage,<sup>103</sup> by any interested parties during the opposition period<sup>104</sup> or by the Registrar or any interested party in invalidity proceedings.<sup>105</sup> Additionally, the Registrar, under Section 47(4) can “apply directly to the court for a declaration of invalidity of a mark registered in bad faith”.<sup>106</sup> Under UK trade mark

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<sup>102</sup> Mellor and others, *Kerly’s Law of Trade Marks and Trade Names* para.10-254.

<sup>103</sup> s.37(1) Trade Marks Act 1994 provides that “The registrar shall examine whether an application for registration of a trade mark satisfies the requirements of this Act (including any requirements imposed by rules)”.

<sup>104</sup> According to Rule 17(1)-(3) of the Trade Mark Rules 2008 (as amended), the opposition period is 2 months but can be extended to 3 months [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/957705/Legislation-Consolidated-Trade-Mark-Rules.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/957705/Legislation-Consolidated-Trade-Mark-Rules.pdf).

<sup>105</sup> s.37(1) Trade Marks Act 1994.

<sup>106</sup> Mellor and others, *Kerly’s Law of Trade Marks and Trade Names* para.12-043.

law, bad faith claims are assessed in conjunction with Section 32(3) TMA 1994. Section 32(3) TMA 1994 provides that: “[T]he 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”.

Bad faith was not defined by the TMA 1994 nor by the EU trade mark legislation. Instead, the meaning of this concept has been developed by both UK courts and the CJEU. As noted by Dawson, the first case where the issue of trade marks registered in bad faith emerged before English courts was in *Road Tech Computer Systems*.<sup>107</sup> In a somewhat coincidental and strikingly similar occurrence to *Sky v SkyKick*, the claimant in *Road Tech* registered the mark “Roadrunner” in class 9 for “computer software and programs”, with the intention of using it for road haulage industry software<sup>108</sup> while the defendants were using the mark “RoadRunner” for a backup system software.<sup>109</sup> Consequently, the plaintiff sued for trade mark infringement while the defendant submitted a counterclaim submitting that the plaintiff’s mark had been registered in bad faith “because the plaintiff had no *bona fide* intention that the mark be used in relation to the goods for which registration had been sought”.<sup>110</sup>

In deciding the case, Mr Justice Walker refrained from offering a definition of bad faith. His decision was driven by the fact that the plaintiff had filed a summary judgment, and he believed that such an important legal concept warranted a preliminary reference to CJEU.<sup>111</sup> At the same

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<sup>107</sup> *Road Tech* [1996] F.S.R. 805. Dawson, “Bad Faith in European Trade Mark Law” p.233.

<sup>108</sup> Dawson, “Bad Faith in European Trade Mark Law” p.233.

<sup>109</sup> Dawson, “Bad Faith in European Trade Mark Law” p.233.

<sup>110</sup> *Road Tech* [1996] F.S.R. 805 at [806].

<sup>111</sup> *Road Tech* [1996] F.S.R. 805 at [819].

time, the judge dismissed any interpretation of bad faith relying on pre-harmonization UK case law.<sup>112</sup>

More than a decade later, the CJEU in *Lindt*<sup>113</sup> provided three criteria to be considered when assessing whether a trade mark has been registered in bad faith. These are:

- i. the applicant's knowledge that a third party is using an identical or similar sign for identical or similar goods capable of being confused with the sign for which registration is sought;
- ii. its intention to enjoin that third party from continuing to use that sign; and
- iii. the degree of legal protection enjoyed by the third party's sign and by the sign for which registration is sought.<sup>114</sup>

Additionally, the CJEU in *Lindt* elaborated on the relationship between the lack of intention to use the mark and bad faith. In this respect the Court explained that if it becomes evident that the applicant has applied for a trade mark without any genuine intent to use it, with the sole purpose of preventing a third party from entering the market, then the mark fails to fulfil its essential function which is to identify the origin of goods or services.<sup>115</sup> Thus, in the eyes of the Court, this conduct (i.e. applying without the intention to use the mark but for other reasons) amounted to bad faith.<sup>116</sup> As previously mentioned, this fundamental principle aligns with the ethos of trade mark law, which both Romer J and Lord Lindley acknowledged in *Batt & Co.*

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<sup>112</sup> *Road Tech* [1996] F.S.R. 805 at [819].

<sup>113</sup> *Chocoladefabriken Lindt & Sprüngli AG v Franx Hauswirth GmbH* (C-529/07) [2009]; EU:C:2009:361.

<sup>114</sup> *Chocoladefabriken Lindt & Sprüngli AG v Franx Hauswirth GmbH* (C-529/07) [2009]; EU:C:2009:361 at [54].

<sup>115</sup> *Chocoladefabriken Lindt & Sprüngli AG v Franx Hauswirth GmbH* (C-529/07) [2009]; EU:C:2009:361 at [44]-[45].

<sup>116</sup> *Chocoladefabriken Lindt & Sprüngli AG v Franx Hauswirth GmbH* (C-529/07) [2009]; EU:C:2009:361 at [43].

The test in *Lindt*, as subsequently applied by UK courts,<sup>117</sup> confirmed that when seeking to determine whether an application for trade mark registration was made in bad faith, the focus should be on the mental element (i.e. the intention of the applicant).<sup>118</sup> The UKIPO *Manual of Trade Marks Practice* specifies that the type of information that may serve to rebut the presumption that the trade mark application was submitted in good faith must be sufficient to demonstrate, *inter alia*:

- i. that the applicant was involved in trade mark squatting, acquiring trade marks not to use themselves but to sell back, or licence, to the legitimate brand owners;
- ii. that the applicant is registering trade marks not for its own use but “merely for the purpose of creating conflict/dispute with others”,<sup>119</sup>
- iii. that “an applicant is intentionally seeking to mislead the public or obtaining the trade mark as an instrument of fraud”.<sup>120</sup>

In any event, according to the *Manual of Trade Marks Practice*, during the examination phase, it is improbable for the examiner to find, via Internet searches, “facts and information sufficient to rebut the presumption of good faith”.<sup>121</sup> This is why this absolute ground for refusal of registration is not expected to be successfully raised frequently at the examination stage. Instead, bad faith is

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<sup>117</sup> See *Red Bull GMBH v Sun Mark Ltd, Sea Air & Land Forwarding Ltd* [2013] E.T.M.R. 53; The Trade Marks Act 1994 was amended in 2019 by The Trade Marks Regulations 2018 to give effect to Directive (EU) 2015/2436 of the European Parliament and of the Council of 16 December 2015 to approximate the laws of the Member States relating to trade marks. The Recast Directive, like its two predecessors, contains bad faith as an absolute ground for refusal of registration.

<sup>118</sup> Mellor and others, *Kerly’s Law of Trade Marks and Trade Names* para.10-269.

<sup>119</sup> UKIPO, “Manual of Trade Marks Practice. Examination Guide” (Last update: 20 February 2023) <https://www.gov.uk/guidance/trade-marks-manual/the-examination-guide>.

<sup>120</sup> UKIPO, “Manual of Trade Marks Practice. Examination Guide”.

<sup>121</sup> UKIPO, “Manual of Trade Marks Practice. Examination Guide”.

more frequently raised by interested parties during the opposition period or in invalidity proceedings decided by the UKIPO Hearing Officer.

However, the extent to which bad faith includes situations where the applicant simply lacks the intention to use the trade mark at the time of registration and had lied about it in the statement submitted under Section 32(3) remains a contentious issue.<sup>122</sup> The answer to this question (i.e. whether the lack of intention to use a mark constituted bad faith) was further complicated by a series of decisions from the General Court, which aimed to provide additional clarity on the scope of the bad faith ground of refusal.<sup>123</sup> For instance, in *Psytech*, the General Court ruled that the large size of the list of goods and services in a trade mark application should not, in itself, be considered as evidence of lacking intent to use the mark.<sup>124</sup> Consequently, a complaint of bad faith against a broadly registered trade mark was dismissed.<sup>125</sup> A similar reasoning (i.e. that the size of good in itself is not evidence of a lack of intention to use the mark) was adopted by the General Court in *Pelikan*.<sup>126</sup> Here however the Court had received evidence that “Pelikan’s intention was, first and foremost, to file a modernised trade mark covering an updated list of services”.<sup>127</sup> It is crucial to highlight that both in *Psytech* and *Pelikan*, the allegations of lack of intention to use the mark were inferred from the extensive list of goods and services, and no additional evidence regarding the applicant’s lack of intent to use the mark had been presented, as opposed to the circumstances in *Sky v SkyKick*, which will be discussed below shortly.

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<sup>122</sup> Mellor and others, *Kerly’s Law of Trade Marks and Trade Names* para.10-264.

<sup>123</sup> *Psytech International Ltd v OHIM* (T-507/08) EU:T:2011:46; [2011]; *pelicantravel.com s.r.o. v OHIM* (T-136/11) EU:T:2012:689; [2012]; *Koton Magazacilik Tekstil Sanayi ve Ticaret AS (C-104/18 P)* EU:C:2019:724; [2019]; *Hasbro, Inc. v EUIPO* (T-663/19) ECLI:EU:2021:211; [2021].

<sup>124</sup> *Psytech International Ltd v OHIM* (T-507/08) EU:T:2011:46; [2011] at [88].

<sup>125</sup> *Psytech International Ltd v OHIM* (T-507/08) EU:T:2011:46; [2011] at [89].

<sup>126</sup> *Psytech International Ltd v OHIM* (T-507/08) EU:T:2011:46; [2011] at [54].

<sup>127</sup> *Psytech International Ltd v OHIM* (T-507/08) EU:T:2011:46; [2011] at [52].

In *Red Bull v Sun Mark*,<sup>128</sup> Arnold J (as he then was) concluded that “a possible or contingent intention to use the mark at some future date may suffice” to combat a bad faith accusation.<sup>129</sup> However, six years later in *Sky Plc v SkyKick UK Ltd*<sup>130</sup> the same learned judge referred several preliminary questions to the CJEU including whether registering a trade mark without any intention to use it in relation to the specified goods or services represented bad faith.<sup>131</sup> One of the concerns behind the CJEU referral in *Sky* was the fact that overbroad trade marks were likely to abuse the trade mark system.<sup>132</sup>

Regarding the matter of bad faith, the CJEU affirmed that it cannot be automatically assumed or presumed. Rather, the Court said that it must derive from “objective, relevant and consistent indicia”.<sup>133</sup> Most importantly, the CJEU emphasized that the applicant must not be considered as having submitted the application in bad faith simply because at the date of filing the trade mark application they were not involved in economic activities matching the goods and services mentioned in the application.<sup>134</sup> In addition, the Court clarified that

“[...] a trade mark application made without any intention to use the trade mark in relation to the goods and services covered by the registration constitutes bad faith, within the meaning of those provisions, if the applicant for registration of that mark had *the intention either of undermining, in a manner inconsistent with honest practices, the interests*

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<sup>128</sup> *Red Bull v Sun Mark* [2012] EWHC 1929 (Ch).

<sup>129</sup> *Red Bull v Sun Mark* [2012] EWHC 1929 (Ch) at [163].

<sup>130</sup> *Sky Plc v SkyKick UK Ltd* [2018] EWHC 155 (Ch).

<sup>131</sup> *Sky Plc v SkyKick UK Ltd* (C-371/18) ECLI:EU:C:2020:45; [2020] at [47]. At the time when *Sky Plc v SkyKick UK Ltd* was being litigated before the England and Wales High Court, UK courts, under the EU (Withdrawal) Act 2018 (EUWA) were still permitted to make preliminary references to the CJEU under Article 267 of the Consolidated version of the Treaty on the Functioning of the European Union.

<sup>132</sup> *Sky Plc v SkyKick UK Ltd* [2018] EWHC 155 (Ch) at [177].

<sup>133</sup> *Sky Plc v SkyKick UK Ltd* (C-371/18) ECLI:EU:C:2020:45; [2020] at [77].

<sup>134</sup> *Sky Plc v SkyKick UK Ltd* (C-371/18) ECLI:EU:C:2020:45; [2020] at [78].

*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 [emphasis added]*”.<sup>135</sup>

Thus, the CJEU refined the instances of bad faith related to the absence of an intention to use a trade mark. It clarified that an underlying illegitimate objective, such as undermining the interests of third parties or obtaining a right that contradicts the fundamental functions of the trade mark should accompany the lack of intention to use the trade mark for it to constitute bad faith. Considering these additional limitations imposed by the CJEU in defining the scope of bad faith, as argued elsewhere,<sup>136</sup> this author agrees with previously expressed opinions that the decision in *Sky* raised the threshold for bad faith and failed to provide a disincentive against practices that allow overbroad trade marks.<sup>137</sup>

Nonetheless, the Court’s response to the question of whether Section 32(3) is compatible with the EU trade mark law directives is relevant for better understanding how the CJEU understood the relationship between the lack of intention to use a mark and bad faith. In this respect the Court explained that “[...] the infringement of such an obligation to make such a statement may constitute evidence for the purposes of establishing possible bad faith on the part of the trade mark applicant when he or she filed the trade mark application”.<sup>138</sup> Nonetheless, the Court further clarified that “such an infringement cannot constitute a ground for invalidity of the trade mark concerned”.<sup>139</sup> There are two possible interpretations of the Court’s statement cited in the previous

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<sup>135</sup> *Sky Plc v SkyKick UK Ltd* (C-371/18) ECLI:EU:C:2020:45; [2020] at [81].

<sup>136</sup> Olteanu, “UK National Report: What Mechanisms Exist to Avoid Over-Broad Trademarks and Address Concerns That the Trademark Registers Are Clogged (e.g., Bad Faith in *Sky v Skykick*; Requirements for Evidence of Use) and Are These Mechanisms Effective?” p.12.

<sup>137</sup> Meale, “SkyKick: A Disappointing End to an Exciting Series of Events” p.234.

<sup>138</sup> *Sky Plc v SkyKick UK Ltd* (C-371/18) ECLI:EU:C:2020:45; [2020] at [86].

<sup>139</sup> *Sky Plc v SkyKick UK Ltd* (C-371/18) ECLI:EU:C:2020:45; [2020] at [86].



sentence. The first interpretation suggests that the mere fact that the applicant fails to file a statement regarding their intention to use the trade mark can be considered evidence of bad faith. However, as per the CJEU, failure to submit the Section 32(3) statement cannot, by itself, constitute a ground for invalidity of the registered trade mark.

The second interpretation proposes that providing false information in the Section 32(3) statement, such as indicating an intention to use the mark for the entire specification of goods and services when the applicant knows they will only use it for part of the specification, can be considered evidence of bad faith. Nonetheless, this second interpretation would mean that providing false information cannot be a ground for invalidating the trade mark. The second interpretation is, in the opinion of this author, less likely to be what the Court intended. When an applicant knowingly provides false information about their intention to use the trade mark, this automatically means the mark cannot, *de plano*, genuinely serve any of its functions as the mark will never be used. Consequently, this means that the applicant is seeking to obtain an exclusive right to the trade mark for purposes other than those falling within the functions of a trade mark without even targeting a specific third party and hence the registration is made in bad faith.

When the case returned to the High Court, Arnold J found that part of the applicant's trade marks had been registered in bad faith because the specifications included goods and services for which the applicant "had no reasonable commercial rationale for seeking registration".<sup>140</sup> Furthermore, based on the evidence adduced in that case, the judge seemed compelled to conclude that "the reason for including such goods and services was that Sky had a strategy of seeking very broad protection of the Trade Marks regardless of whether it was commercially justified".<sup>141</sup> Even if

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<sup>140</sup> *Sky Plc v SkyKick UK Ltd* [2018] EWHC 155 (Ch) at [250].

<sup>141</sup> *Sky Plc v SkyKick UK Ltd* [2018] EWHC 155 (Ch) at [250].

Arnold J’s finding of partial invalidity was in the opinion of this author the correct approach, Hariharan expressed concerns as to “whether this does enough to deter companies from filing broad specifications or, once registered, from using trade marks purely as a “legal weapon””.<sup>142</sup>

Sky appealed and the case was brought before the EWCA, where a different interpretation of the concept of bad faith was presented. Sir Christopher Floyd, in particular, disagreed with the notion that the applicant’s lack of a commercial plan for all types of computer software in the specification was “a relevant or objective indication of bad faith”.<sup>143</sup> In addition, the judge held that strategic applications “of sufficient width to cover some further, as yet unformulated, goods within the same category” is a concession that must be made to applicants.<sup>144</sup>

Another argument which might have underpinned Sir Christopher Floyd’s conclusion refers to the interpretation of Section 32 TMA 1994 and its effects on bad faith claims. At paragraph 42 of the decision, the judge pointed out that on a proper construction of Section 32(2), if the specification is made for a category of goods that has subdivisions, the applicant “is not required to say that it has used, or intends to use, the mark for all the possible types of goods which fall within the category for which it has applied to register it”.<sup>145</sup> The same argument is reiterated at paragraph 124 where the judge explains that “[A]n applicant is not required by Section 32(3) to declare that he or she is using or intends to use the mark for all of the goods and services which fall within any given descriptor”.<sup>146</sup> Rather, according to the judge:

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<sup>142</sup> Jeevan Hariharan, “Trade Mark Specifications: Clear (And Precise) Skies Ahead?” (2020) *The Cambridge Law Journal* 79(2) 231, 234.

<sup>143</sup> *Sky Plc v SkyKick UK Ltd* [2021] EWCA Civ 1121 at [113].

<sup>144</sup> *Sky Plc v SkyKick UK Ltd* [2021] EWCA Civ 1121 at [116].

<sup>145</sup> *Sky Plc v SkyKick UK Ltd* [2021] EWCA Civ 1121 at [42].

<sup>146</sup> *Sky Plc v SkyKick UK Ltd* [2021] EWCA Civ 1121 at [124].

“[T]he applicant is only required to say that it has used or that it intends to use the mark for goods of that kind or description. Any other interpretation would, as it seems to me, create an increasingly impossible burden on applicants depending on how finely one sliced up the category of goods or services for which the application is made”.<sup>147</sup>

This statement by the EWCA can be understood as favouring already established trade mark owners to the detriment of new entrants.<sup>148</sup> In addition, as one practitioner rightly pointed out, one of the downsides of the EWCA decision in *Sky* is that “the clearance process for any new brand is far more difficult if the register is cluttered by trade marks with long specifications and broad categories of goods”.<sup>149</sup> On 28 and 29 June 2023, the UKSC heard the appeal in this case.<sup>150</sup> The key issues which the UKSC will have to decide is whether the intention to use the trade mark only for a part of the goods and services included in the specification should be considered as use for the entire specification.

If the UKSC will agree with the Court of Appeal and conclude that requiring applicants to state their intention to use the mark for each and every subdivision of goods and services in the specification would be excessively burdensome (and hence the solution is to consider that the intention to use the mark for a small part as sufficient for the entire specification), this approach would have flawed foundations. As demonstrated in Section 4 above, prevailing in bad faith claims before the UKIPO Hearing Officer is far from straightforward, opponents having the burden of

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<sup>147</sup> *Sky Plc v SkyKick UK Ltd* [2021] EWCA Civ 1121 at [42].

<sup>148</sup> Olteanu, “UK National Report: What Mechanisms Exist to Avoid Over-Broad Trademarks and Address Concerns That the Trademark Registers Are Clogged (e.g., Bad Faith in *Sky v Skykick*; Requirements for Evidence of Use) and Are These Mechanisms Effective?” p.13.

<sup>149</sup> Sean Ibbetson, “Skykick Loses as Court of Appeal Finds Sky Did Not Act in Bad Faith” (2022) Ent. L.R. 33(1) 24, 27.

<sup>150</sup> UKSC, ‘Permission to Appeal - July and August 2022’, <https://www.supremecourt.uk/news/permission-to-appeal-july-august-2022.html>.

proofing acts that can sometimes be considered both bad faith and good faith. Additionally, such claims demand substantial evidence and face stringent scrutiny, making the process of establishing bad faith in trade mark registrations challenging. Moreover, this approach would essentially permit dishonesty in certain instances based on the breadth or narrowness of the category of goods or services in question, raising moral concerns about the type of conduct the law encourages. Lastly, it would necessitate the formulation of a test to determine which categories of goods and services could be broadly addressed in terms of the intention to use.

However, if the UKSC were to reverse the decision of the Court of Appeal and align with the High Court, acknowledging that Sky's demonstrated lack of intention to use the mark, combined with evidence of their strategy to pursue broad registrations, constitutes bad faith, it would be a significant step in preventing those with overbroad specifications from enforcing their marks against entities with vastly different business practices, as emphasized by Chave and Jacob.<sup>151</sup> Furthermore, as discussed above, previous research conducted by the UKIPO among UK-based trade mark attorneys supports the notion that stricter intention of use requirements, meaning that if the intention to use the mark is not demonstrated at the time of application, the applicant does not intend to use the mark in line with its function, could effectively prevent overbroad trade marks and their associated negative consequences.<sup>152</sup>

Finally, this approach would align with the law's normative objectives, as expressed not only in the pre-harmonization case law but also by the CJEU in *Lindt* where the Court stated that trade marks not filed with the genuine intention to use them cannot fulfil their fundamental function.<sup>153</sup>

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<sup>151</sup> Chave and Jacob, "Registered Trade Marks - A System in Crisis and What's to be Done?" p.172.

<sup>152</sup> Graevenitz, Ashmead and Greenhalgh, "Cluttering and Non-Use of Trade Marks in Europe" p.69.

<sup>153</sup> *Chocoladefabriken Lindt & Sprüngli AG v Franx Hauswirth GmbH* (C-529/07) [2009]; EU:C:2009:361 at [44]-[45].

Particularly, this approach would fall within the scenarios envisioned most recently by the CJEU in *Sky*, where the Court acknowledged that bad faith includes intentions of undermining the interests of indeterminate third parties or obtaining an exclusive right for purposes beyond the functions of a trade mark, without specifically targeting any third party.<sup>154</sup>

## **6. Conclusion**

The number of trade marks for which registration applications are submitted at the UKIPO level has increased significantly in the last decade. Additionally, over the past three years, there has been a noticeable rise in multi-class filings. The increased volume of trade marks and classes, coupled with findings of previous empirical research measuring the level of overbroad trade marks in the UK indicates a higher likelihood of overbroad trade marks compared to the US. This seems to be mainly due to the absence of the proof of use criterion as a precondition for trade mark registration under UK trade mark law.

Since the introduction of a proof of use requirement would need legislative intervention, solutions should be sought under the current law. UK trade mark law has at least one robust mechanism to prevent the phenomenon described throughout this article as overbroad trade marks. This is the absolute ground for refusal of registration precluding applications made in bad faith without any intention to use the trade mark. However, as discussed above, bad faith claims brought before the Hearing Officer are challenging to substantiate either by the examiner or opposing parties. The data from the Reference Period, as previously examined, revealed that in most of the analysed cases, applicants effectively refuted allegations of bad faith, even in instances where the goods and services they sought registration for had become obsolete or had been discontinued.

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<sup>154</sup> *Sky Plc v SkyKick UK Ltd* (C-371/18) ECLI:EU:C:2020:45; [2020] at [81].

Against this background, a more stringent interpretation of the requirement for demonstrating intention to use a trade mark when an accusation of bad faith is made is necessary. This heightened standard would serve to restore equilibrium within the system, rather than imposing an insurmountable burden on applicants. This would provide the UKIPO with the tools it needs to ensure that trade mark applications are filed for their intended purpose, rather than as tools for anti-competitive behaviour or other illegitimate purposes. Specifically, a stricter understanding of the provisions in Section 32(3) would require that for goods and services clearly obsolete, discontinued, or specialized, applicants must clarify their sourcing or integration plans if asked to do so. Similarly, exceptionally broad specifications, such as applications spanning 30 A4 pages or more, should be regarded sceptically unless the applicant provides further explanations.

The UK Supreme Court, in the pending appeal in *Sky v SkyKick*, can clarify the concept of bad faith. This could occur if the Court accepts that in cases where an applicant is unable to offer a plausible explanation or justification for including outdated or incongruent goods and services in their application, it signifies a lack of intention to use the mark for those specific items. This interpretation aligns with the precedent set by the CJEU in *Lindt*, where it was affirmed that the trade mark cannot fulfil its function when it is not filed with the intention to be used in trade. Consequently, such a filing has been made for ulterior motives, resulting in the potential classification of the trade mark application as being partially submitted in bad faith.

The above proposal would make it more difficult for applicants to obtain overbroad trade marks and deter companies from using trade marks excessively, as “legal weapons”, in ways that run counter to the underlying philosophy of trade mark law: that the mark is an indication of goodwill, and indeed, good faith.

Conversely, if the UK Supreme Court were to confirm the position expressed by the Court of Appeal in *Sky*, it would raise at least two significant issues. First, such a decision would go against a body of evidence that clearly demonstrates how applicants pursue and register overly broad trade marks without significant hindrance, facing minimal obstacles in registration proceedings and oppositions and invalidity proceedings based on bad faith. Second, it would imply that the law does not sanction untruthful accounts, as it accepts *ab initio* that providing a partially inaccurate statement under Section 32(2) of the TMA 1994 does not constitute bad faith. This raises moral complexities and creates confusion about the acceptable extent of deceit. Then, the question that arises is how much falsehood or inaccuracy is deemed acceptable within the framework of trade mark law. Such an outcome would not only be morally intricate but also challenging to comprehend in terms of establishing a clear and consistent standard for determining bad faith.