General Court dismisses appeal to register SKYPE as a community trade mark

The General Court of the European Union has handed down its judgment in Skype's appeal in relation to the registration of SKYPE as a community trade mark ("CTM"). The court has upheld the decisions of the Office for Harmonisation in the Internal Market ("OHIM") that there is a likelihood of confusion between SKYPE and SKY, and upheld Sky's opposition to both the word and figurative SKYPE marks.

SKY

skype SKYPE

SKY word mark **SKYPE figurative and word marks**

Background

In 2004 and 2005 Skype Ultd ("Skype") applied to the OHIM for registration of the SKYPE figurative and word marks as CTMs. Sky plc ("Sky") opposed the marks applied for, arguing that there was a likelihood of confusion with its earlier SKY mark.

OHIM upheld Sky's oppositions and dismissed Skype's appeal against its decisions. OHIM found that: there was a likelihood of confusion as the goods and services covered by the marks were identical; there was an average degree of visual, phonetic and conceptual similarity between the marks; and the SKY brand was highly distinctive in the UK.

Appeal to the General Court

Skype appealed to the General Court of the European Union. Skype argued that the signs at issue were not similar and that the SKYPE mark had acquired a "secondary meaning" which counteracted any similarity between the signs. Skype also argued that the marks had co-existed on the market without confusion for many years and that the SKY mark had been 'diluted'.

Comparison of the SKYPE and SKY marks:

OHIM compared the marks visually, phonetically and conceptually and held that:

a the relevant public would notice the three letters "sky" common to the two marks and found a medium degree of visual similarity;

b the two signs were pronounced as one syllable ('skaip' and 'sky'), the only difference was in the final "p" sound. It found a medium degree of phonetic similarity; and

c the ordinary meaning of the word 'sky' was used and OHIM noted that the word 'skype' had no meaning in English. OHIM held that relevant public would note the word 'sky' within 'skype' and found a medium degree of conceptual similarity.

Word mark:

SKYPE argued that OHIM had artificially split the single word "skype" into "sky" and "pe" and that OHIM had not taken account of the fact that as the marks were relatively short the differences had a greater impact than the similarities.

The General Court upheld OHIM's decisions and held that Skype's arguments were not capable of undermining the assessment that the marks were visually, phonetically and conceptually similar. Further, that even if the finding of similarity had been wrongly based on the fact that the three letters 'sky' were reproduced at the beginning of the mark, a review of all the relevant circumstances could not lead to a different result. The term 'sky' represented three fifths of the mark applied for and was "fully heard" when the SKYPE mark was pronounced. The pronunciation of "y" was a similar length in 'sky' and 'skype', leaving 'sky' as clearly recognisable within 'skype'. Skype's argument that differences were of greater importance in short signs was not sufficient to counteract the similarity created by these elements.

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Figurative mark:

The General Court upheld OHIM's decision to base its assessment on the word element and treat the borderline bubble or cloud as "merely decorative". The Court held that the border traced the contours of the word 'skype' without adding any other identifiable shape and did not hold a person's attention or reduce the overall impression as a simple border. As the figurative element did not influence the mark phonetically, the phonetic impression was made solely by the word element. The Court also held that if the relevant public were to recognise the figurative element as a cloud, it would increase the recognition of the 'sky' element.

Decision of the General Court

The General Court upheld the decision of OHIM and confirmed a likelihood of confusion existed between the marks, summarising the decision of the court as follows:

> *"contrary to what the applicant (Skype) claims, the signs at issue are visually, phonetically and conceptually similar. In addition, the alleged secondary meaning of the mark applied for cannot be taken into account. Moreover, there has been no peaceful coexistence between the signs at issue on the market, within the meaning of the case-law cited in paragraph 60 above, and finally, a 'dilution' of the earlier trade mark has not been shown".*

Conclusion

Given the renown and likely high value of the Skype brand, it is expected that Skype will now appeal the decision of the General Court, to the Court of Justice of the European Union (although no appeal has been filed at the time of writing).

It is worth noting, however, that CTM and national law are distinct from OHIM decisions. Therefore, even if the Skype mark is struck out, separate infringement proceedings would need to be brought to test whether the SKYPE mark infringed the SKY mark and Sky would need to make its 'likelihood of confusion' case afresh. Therefore, unless Sky and Skype can reach a commercial agreement to co-exist, it is quite possible that this litigation battle will continue for some time to come.

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