



## Wise Up: UK Court Invalidates Broad Software Terms in Landmark Decision Post-*SkyKick*

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Hot on the heels of our recent update on the UK Intellectual Property Office's (UKIPO) revised approach to bad faith objections ([UKIPO/SkyKick](#)), we now have the first, and eagerly anticipated, English court decision assessing the validity of broad trade mark specifications. The judgment confirms that *SkyKick* is no longer just a theoretical risk: the courts are now prepared to question and, where appropriate, cut back overbroad terms. As explained below, the ruling illustrates the material and fundamental impact of the *SkyKick* decision in infringement proceedings and provides clarity on how the widely-used term "computer software," in particular, is likely to be treated. The era of broad specifications, particularly in Class 9, may be drawing to a close.

### Background and Context

The case arose from a trade mark infringement claim. The claimant, a fintech company specialising in global money transfers, relied on a figurative WISE mark and the word mark TRANSFERWISE, both covering broadly drafted goods and services in Classes 9 and 36 (together, the Wise Marks). The claimant alleged that the defendants, who develop onboarding systems for logistics companies, infringed the Wise Marks through their use of the mark WISE in both plain and stylised word formats.

The key point of interest lies in the defendants' counterclaim that the Wise Marks had been applied for in bad faith and should be partially invalidated on the basis that the specifications were excessively broad and unsupported by any genuine intention to use the marks across such a wide range. In particular, the counterclaim targeted the terms "computer software" and "application software" in Class 9 (Software Goods), and "*financial affairs, monetary affairs, financial services and internet accounts and banking*" in Class 36 (Financial Services).

### The Court's Approach to Bad Faith — Applying *SkyKick*

- **Presumption of Good Faith, but Burden Can Shift:** The Court reaffirmed the principle that trade mark applicants benefit from a presumption of good faith. However, consistent with the Supreme Court's judgment in *SkyKick*, this presumption can be rebutted and, in appropriate circumstances,

the proprietor may be required to demonstrate a plausible commercial rationale for the breadth of the specification.

- **Broad Terms Under the Microscope and Requirement for Commercial Justification:** The Court closely examined the broad specification terms for the Software Goods and Financial Services. Drawing on *SkyKick*, the judge noted that such terms include distinct categories or subcategories of goods or services. The Court went on to find that:
- In relation to the Software Goods, the claimant failed to produce any evidence or explanation to justify the breadth of its Class 9 specification. Although the claimant's business relied on software, this did not extend to the development or marketing of software of every conceivable type. The Court stated: "*There must have been many sub-categories of software in relation to which the Claimant never had any intention of using the Marks and there was no realistic prospect of it ever doing so.*" The burden therefore fell to the claimant to justify the scope of its filing strategy and, in the Court's words, it "*completely failed to do this.*" The absence of any credible commercial rationale led the Court to infer bad faith.
- In relation to the Financial Services, while the terms were "*broad and imprecise,*" the Court found that the claimant's business expansion, both before and after the application date, did not support an inference that there were further subcategories of financial services in relation to which the claimant never had any intention of using the mark. The Court therefore held, "*with some hesitation,*" that the presumption of good faith had not been rebutted in this instance.
- **Partial Invalidation and Specification Trimming:** The Court ordered that the Class 9 specification be narrowed, limiting protection to the following:

*"Computer software and application software relating to financial services, monetary services, and banking services in connection with electronic money and currency transfer services, foreign currency exchange services, foreign currency payment processing services, financial management services, financial transfers and transactions, payment services, invoice services, managing tax services, mass payments services and payroll services."*

This revised wording was intended to reflect a reasonable specification for the claimant's business, including those goods for which, as of the application date, the claimant could reasonably have been expected to have a genuine intention to use the marks. The Class 36 specification was left unchanged.

## Significance and Practical Implications

- **SkyKick moves from principle to consequence:** This decision marks the first prominent application of *SkyKick* by the English courts in the context of an infringement action. At a high level, it demonstrates how the English courts are likely to apply the *SkyKick* framework in practice. More specifically, the Court's treatment of the broad computer software term in Class 9 illustrates how quickly and decisively a previously accepted — and broad — term can now be narrowed. What was once a reliable basis for opposing or preventing the use or registration of a similar mark in the software space may no longer offer the same breadth of protection.
- **Judicial and registry scrutiny aligned:** The decision in the *Wise* case is a clear signal that both the UKIPO and the English courts are now prepared to challenge and, where appropriate, trim back overbroad trade mark specifications that cannot be justified by reference to the applicant's real or reasonably anticipated business activities.
- **Class 36:** Finally, while the broad Financial Services terms just about withstood scrutiny, our view is that another judge could easily have reached a different conclusion, and this decision may not be a reliable shield for similarly broad specifications without strong evidential support. Rights holders relying on broad terms in Class 36 should be prepared to justify the commercial rationale behind them, or risk the same outcome that befell the software terms in this case.

*\*Lavinia Puder, a trainee in our London office, contributed to this advisory.*

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