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The Limits of Extended Protection for Well-Known Trademarks: A Comparative Analysis of Post-Brexit UK and EU Approaches

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Abstract. The growing economic significance of brand reputation has driven an expansion of trademark protection for well-known marks beyond the traditional principle of specialty. There are some international and regional frameworks advocating for the strengthening of such protection measures, but they offer little help in clearly defining specific boundaries. Therefore, it is necessary for courts to determine their respective interpretations based on specific cases. And there is an increasing conflict between protecting legitimate goodwill and preventing abuse through anti-competitive overreach, which was brought to the fore after Brexit due to different judicial interpretations in the UK and EU. Therefore, this study compares the case law of the UK after Brexit with that of the EU to explore the boundaries of the extension of protection for well-known trademarks. The key case, "Sky Company v. Sky Kick," was analyzed in detail. This indicates that such protection needs to be subject to the constraints of these two factors: a legitimate purpose with a justifiable reason and a clearly defined scope of protection. The flexible post-event regulatory model of the EU was compared with the strict pre-event regulatory model of the UK, which focuses on ensuring certainty and genuine business intentions. Therefore, the re-adjusted stance of the UK is more effective in protecting competition and innovation, as trademark rights should not be used to intentionally hinder competition, but rather to protect genuine business reputation.

Keywords: Extended trademark protection, Well-known trademark, Sky v. Skykick, Legitimate purpose, Defensive registration

1. Introduction

To what extent well-known trademarks should receive additional protection beyond the principle of their exclusivity remains a core and highly controversial issue in contemporary intellectual property law. Although the post-Brexit case of "Sky Company v. Sky Kick UK Limited" highlights the differences in trademark protection between the UK and the EU, existing academic research has not yet explored these differences in practical operation as constraints in a continuous comparative manner. By comparing the judicial institutions of the UK and the EU, this paper argues that extended trademark protection should be strictly limited. Protection is only reasonable when it prevents consumer confusion or protects the reputation of well-known brands from being damaged

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by counterfeiting. Based on this, there are two restriction principles: the legitimate purpose should have substantive legitimacy; the clear scope of protection should be formally constructed. For example, defensive registration violates anti-monopoly laws and regulations. Secondly, how to protect the legitimate rights and interests of consumers and maintain fair competition in the market. Through clarifying the definition of well-known trademarks, analyzing the substantive conditions required for trademark protection, and regulating the format for applying such protection; through these measures, it clarifies the regulatory capacity of the existing legal framework in promoting innovative activities while maintaining the order of fair competition; on this basis, specific policy recommendations will be proposed to better balance the interests of all parties.

2. The ambiguity and boundaries of famous trademark protection

2.1. The ambiguity in defining well-known trademarks

In trademark law, well-known trademarks are not only protected by the general protection rules but enjoy special protection. The purpose of enhancing their legal status is to safeguard the substantive investment value and brand recognition brought by the trademark, and prevent consumer confusion or unfair competition among market participants. As there are currently no specific legal standards governing this situation, trademark protection has lost its continuity and predictability in application. Ganjiai discovered that the lack of a precise legal definition has led to fundamental uncertainty in the law [1]. In practice, judicial interpretations are used to fill the gaps in definitions, so as to determine the criteria for recognizing well-known trademarks based on the specific circumstances of individual cases afterwards. The judicial precedents demonstrated by cases such as Intel and Sky indicate that courts usually consider a range of factors, including the public recognition of the trademark, the duration and geographical scope of its use, and the commercial value derived from its reputation. Due to the lack of clear testing standards, this issue naturally becomes ambiguous, and it is usually determined via court rulings only after a dispute arises. The existence of ambiguity at the initial stage of this definition is actually meaningless. For competitors, due to the ambiguous and insufficiently clear boundaries of exclusive rights, the scope is unclear, leading to significant uncertainty in market operations. Besides, this may also inhibit legitimate business activities and innovation in related fields. For trademark practitioners and courts, this leads to inconsistencies between different cases within the same legal framework, resulting in unpredictable enforcement outcomes and defense strategies. Due to the uncertainty in the definition of "enhanced protection," consumers and the market may deviate from the original intention of trademark law, which is to prevent unfair competition through ambiguous expressions, but this approach does not bring any actual benefits to source identification or consumer interests.

2.2. The risks of expansive trademark protection

The reason why well-known trademarks should be granted additional protection has been given solid support by economics and law. Economic benefits are realised through reduced search costs for consumers as they can identify the product's origin and quality more reliably; market efficiency is improved in this way [2]. It is protected by law for its investment in building and maintaining reputation and quality, as well as the fair competitive order established through honest business practices [3]. In terms of dilution, it maintains the advertising value and the ability to express a unique brand image for the trademark. That may exist within reason; however, it does not mean that its application should be extended. If the relevant conditions are not met, expansionary protection

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policies will be implemented; thus, new competitors may find it difficult to enter the market due to the high entry costs. This risk was reflected in the "Sky v. SkyKick" case through the different defensive registration strategies adopted by the UK and the EU after the UK's Brexit. Although the relatively lenient stance of the EU does not mean that the absence of an intention to use is equivalent to malicious behavior, unless this behavior is specifically targeted at a particular competitor company, it still allows for strategic reserves of trademarks.

In contrast, based on the strict interpretation of "bona fide intention to use" under national law, the UK's has achieved this goal through its rigorous approach. The UK framework limits trademark rights to established goodwill and does not cover speculative expansions. However, permissive defensive warehousing may inadvertently hinder the goal of expanded protection. It will reduce the connection between this brand and its main products, weaken its commercial value, and affect communication. This is a kind of concept that shifts from protecting real goodwill to monopolising the market in advance. The UK-EU comparison shows that legal design affects the balance of interests among brand owners and the competitive market structure. Strict usage conditions and detailed claim rules should be established to enhance the right to prove the actual commercial results in practical operations; it should not be used as a strategic means to evade the law.

2.3. The need for limiting principles in trademark protection

Although extended protection for well-known trademarks has served legitimate economic and legal purposes, there is a risk that it will impair the competitive function of trademark law if applied without restriction. Therefore, it needs to establish a clear limit principle to restrict the expansion of extended protection in the scope of its normal normative and economic foundation.

The legitimate purpose rule requires that the claim for expanded protection be based on genuine commercial rationality, closely related to the core function of the trademark. Legal examination determines that the owner's intention is to deprive others of legitimate rights and interests obtained in good faith, purely speculative, or merely defensive. In terms of economics, it ties protection to actual market activities and consumers' perception, making the monopoly, investment, and good will proportional. In the case of Sky v SkyKick, the UK court applied this principle to question whether certain general terms such as computer software had a genuine intention of use; thus, it restricted defensive warehousing and barriers to entry. In addition, according to the Principle of a Clear Scope of Protection, it needs to be defined precisely which goods and services will enjoy extended protection. Legally, it is taken as certain; since unclear terms like computer software have no public notification function, the scope of protection cannot be defined clearly, and this leaves competitors under uncertainty when determining whether they are infringing. Economically, it lowers the costs of transactions and searches for market players and creates conditions favourable for investment and entrepreneurship. This is illustrated by the discrepancy between the EU and UK systems in Sky v SkyKick, and this issue has become increasingly prominent. Although the EU's acceptance of broad terms transfers interpretive issues to costly litigation, and the UK's insistence on clarity at the registration stage offers ex ante certainty to prevent the strategic application of ambiguity for competitive suppression or extended rights beyond the legitimate core, there is no longer any form of ambiguity in this field. From this, it can be seen that the two legal measures of "legitimate purpose" and "clear protection scope" are not mere empty words in practice, but indispensable practical tools.

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3. The legitimate purpose of expanded protection and the controversy of defensive registration

3.1. The defensive nature of extended trademark protection

In practice, the expansion of protection for well-known trademarks is usually implemented through defensive registration, and owners can expand the range of protected classes without having immediate business needs. The reason lies in preventive considerations. To prevent third parties from registering trademarks in these areas that are exactly the same or similar to this trademark, it is necessary to protect the uniqueness and reputation of this trademark from being eroded or being used without permission. Therefore, despite the opposition, defensive registration has become an indispensable part of the expanded trademark protection system. The normative justification of expanding protection is to achieve a legitimate defensive goal and thus avoid damage to the established reputation and investment. When defensive registration is applied to overly broad and general categories, the problem lies in that it becomes extremely difficult. In this case, it may deviate from the justification for protection, which is to safeguard the legitimate rights and interests of good will that have been established, into the control of potential market positions. And such alterations can turn into an unjustified barrier to new entrants in the industry and restrict fair competition among other enterprises through more proper reasons for legal operation. The post-Brexit difference in approach of the UK and EU courts in Sky v SkyKick offers a clear legal prism through which to examine this boundary. In the United Kingdom, the statutory requirement of a "bona fide intention to use" in section 32(3) of the Trade Marks Act 1994 puts defensive registrations under greater scrutiny. In this way, the expansion of protection is limited through anchoring to actual commercial intent, and there is a narrow range of strategic, non-use registrations. On the other hand, the Court of Justice of the European Union has taken a narrow view of bad faith and ruled that the lack of an intention to use does not constitute bad faith under Article 59(1)(b) of the EU Trade Mark Regulation unless it is aimed at damaging a particular competitor [1]. Raising the threshold has broader room for defence registration and shows an open-minded posture towards lawful defensive means. According to the UK model, the conditions for defensive registration are restricted so as to maintain links with justifications and reduce interference with competition. The EU approach has a more relaxed association and is thus easier to defend in terms of registration for preventing others from entering the market earlier.

3.2. The real-world consequences of permissive approaches

The flexibility given to rights holders through extended trademark protection comes with broader systemic costs. For competitors, such a framework generates market uncertainty, as they must operate under the shadow of broad and often imprecisely defined exclusive rights. This uncertainty increases legal risk and raises the cost of market entry and innovation, especially for smaller firms lacking the resources to assess and manage potential infringement exposure. These dynamics may skew competitive conditions in favour of established brand owners with extensive legal portfolios.

This permissiveness is illustrated by the EUIPO's partial revocation of McDonald's BIG MAC trademark. Notably, the decision did not turn on the mark's notoriety but on the proprietor' failure to demonstrate genuine use for specific registered goods [4]. This highlights a vulnerability in large defensive portfolios, as broader registrations demand more evidence. Even globally recognized marks are vulnerable to revocation if use can not be clearly shown, making trademark maintenance resource-heavy. Permissive registration practices also compound the high evidentiary threshold for dilution claims under EU law. As established in Intel v CPM, trademark proprietors must exhibit a

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significant change, or a serious likelihood of change, in the economic behaviour of the average consumer [5]. Thus, extensive market studies and consumer surveys are often required, resulting in substantial barriers to enforcement. As a result, legitimate claims may remain unenforced, allowing potentially harmful uses to persist due to the high cost and complexity of litigation. These issues indicate that a consistently permissive regime undermines the stability and credibility of the trademark system. It fosters broad defensive registrations that are costly to maintain and vulnerable to challenge, while also making enforcement against genuine dilution more difficult. And a more sustainable framework would focus on ex ante constraints, such as stricter requirements for proving intent to use and clearer specifications of goods and services at registration, reducing systemic uncertainty and better aligning protection with the goal of safeguarding actual market goodwill.

3.3. The impact of stockpiling unused rights

The practice of defensive registration often leads to the accumulation of unused trademark rights, that is, multiple classes have been registered but not actually used. Thus, it expands the defensive system for trademarks through legal priority in potentially new markets. Unutilised registrations have lost the effect of reputation protection and become obstacles to entering the market.

The competitive effects are immediate. By occupying the trademark register in unrelated fields, rights holders can exclude new entrants from adopting identical or similar signs, even for legitimate and non-competing goods or services. Thus, the pool of available signs is narrowed, clearance costs and legal risk increase, and market opportunities may be foreclosed in sectors where the incumbent has neither commercial activity nor established reputation. This dynamic distorts competition at the point of entry and weakens the integrity of the trademark register, which is intended to reflect actual trade and source identification rather than speculative claims to exclusivity. The effects of stockpiling unused trademark rights can be mitigated through the consistent application of limiting principles within extended trademark protection. The Principle of Legitimate Purpose makes sure that protection is linked to a true business reason and not just a preemptive one. Clear Scope of Protection principle prevents accumulation as it calls for very specific listing of goods/services, so broad language can not reserve unused legal space.This requires meaningful use requirements and rejecting registrations without intent to trade. While broad protection is commonly defended as shielding brand reputation and encouraging investment, it is warranted only insofar as it rewards the creation and maintenance of genuine goodwill [6]. If the legal system protects unused rights, it will divert resources from market activities to defensive strategies, leading to inefficient allocation of economic resources [7]. Thus, the extended protection measures should only be aimed at preventing specific forms of dilution, such as blurring.

4. The ambiguous clauses and legal uncertainty in trademark protection

4.1. The divergence between UK and EU approaches

It is also necessary to clearly specify the specific goods or services, as vague descriptions can harm the interests of all parties involved in the market [8]. In the case of Sky v. SkyKick, the issue further highlighted the obvious differences between the UK and the EU. The UK insists on a clear and explicit registration process to ensure legal certainty beforehand; while the EU is more inclined to accept broader terms such as "computer program," because in subsequent litigation, these terms can be interpreted, thereby providing greater flexibility for different markets and technologies [9]. This difference stems from different legal bases. In the UK, the requirement of "good faith intention" in

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Article 32(3) of the Trademark Act 1994 also supports the necessity of clarifying this element by linking the registration to the actual commercial intention. With the approval of the court, the EU method allows for a certain degree of initial ambiguity and resolves it via infringement or invalidity lawsuits later on; and it places more emphasis on flexibility rather than immediate certainty. This shows that the UK, which emphasizes clear pre-emptive planning, reduces market uncertainty and limit the strategic exploitation of ambiguous registration; the more lenient attitude in EU postpones the definition of boundaries until high-cost litigation occurs, which benefits the financially strong rights holders. The choice between precision and flexibility directly determines the registration strategy and re-adjusts the balance between trademark protection and market competition access.

4.2. The consequences of ambiguity and the case for clarity

The recognition of ambiguous concepts shifts the burden of proof in litigation, and uncertainty in law further hinders the development of fair competition through market regulation; Small- and micro-sized enterprises have less capacity to adapt compared with large enterprises [10]. Ambiguity can be utilised. In cases related to App Store, financially strong companies can use vague trademark identifications and threats that may lead to costly lawsuits to prevent competitors, thereby hindering the innovation process, regardless of the legitimacy of the case itself. In contrast, the UK is more focused on explicit and certain regulations to create conditions for certainty; thus, a regularised legal order can be maintained. Therefore, this also makes new enterprises easier to assess the legal risk involved in entering the platform and lower their loss during the litigation process. Meanwhile, it can provide them with more legal protection to promote technological innovation. In addition, the clarity of trademark specifications is also a fundamental condition for sustaining open and impartial market order. It also reduces the cost of strategic misuse, increases system costs, and hinders fair competition and dynamic innovation among all participants.

5. Conclusion

In conclusion, extended protection for well-known trademarks must be rigorously limited to prevent the distortion of competition and the stifling of innovation. The analysis of the Sky v SkyKick case, contextualised by rulings in Intel and McDonald's, demonstrates that these limits are effectively defined by two interdependent principles. Protection must be grounded in a Legitimate Purpose, focused on safeguarding brand reputation against unfair practices like dilution, not on creating legal obstructions to competition through defensive registrations. Furthermore, protection must be based on a Clear Scope of Protection, providing ex-ante legal certainty through precise specifications rather than relying on ex-post, resource-intensive litigation to define the fundamental boundaries of the right. This analysis affirms that the UK's post-Brexit stance, while stringent, represents a justified and principled recalibration. The UK Supreme Court's demand for precise rights and commercial justification more reliably safeguards competitive markets and sustainable innovation by ensuring that the powerful tool of extended trademark protection rewards genuine commercial achievement and consumer goodwill, rather than success in strategic legal positioning and speculative registration.

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