



13 May 2015

## PRESS SUMMARY

**Starbucks (HK) Limited and another (Appellants) v British Sky Broadcasting Group PLC and others (Respondents) [2015] UKSC 31**

*On appeal from [2013] EWCA Civ 1465*

**JUSTICES:** Lord Neuberger (President), Lord Sumption, Lord Carnwath, Lord Toulson, Lord Hodge

### **BACKGROUND TO THE APPEAL**

Internet protocol television (“**IPTV**”) is a way of delivering TV or video content over the internet. IPTV can be “closed circuit” or “over the top”. The appellants (“**PCCM**”) are a substantial group of companies based in Hong Kong which has provided a closed circuit IPTV service in Hong Kong since 2003. Since 2006 the service has been marketed and delivered under the name “NOW TV”. By 2012, NOW TV had become the largest pay TV operator in Hong Kong, with around 1.2 million subscribers, covering over half the households in Hong Kong. People in the UK cannot receive this closed circuit service, and no subscribers for its Hong Kong IPTV service have been recruited in the UK. However, a number of Chinese speakers permanently or temporarily resident in the UK in 2012 were aware of the NOW TV service through exposure to it when residing in or visiting Hong Kong, or from viewing NOW TV programmes on YouTube and other websites in the UK. The appellants have been considering expanding its NOW TV subscription service internationally since 2009. In June 2012 it launched a NOW player “app” in the UK on its website and via the Apple Store, targeted at the Chinese-speaking population in the UK. Meanwhile, in March 2012, the respondents (“**Sky**”) announced that they intended to launch a new over the top IPTV service under the name “NOW TV”. The service was launched in beta form in mid-July 2012.

In April 2012, PCCM began proceedings seeking to prevent Sky from using the name NOW TV in connection with Sky’s IPTV service in the UK on the grounds that the use of the name amounted to “passing off”. The law of passing off prevents one trader from passing off its goods or services as the goods and services of another. At first instance, the judge found that a substantial number of Chinese speakers permanently or temporarily resident in the UK were acquainted with PCCM’s NOW TV service. He also found that PCCM’s NOW TV service had acquired a reputation amongst members of the Chinese-speaking community in the UK and that this reputation was modest but more than *de minimis*. However he held that the key question was whether the viewers of PCCM’s programmes in the UK were “customers” for its service and that, for the purposes of passing off, it was not enough for PCCM to establish that it had a reputation among a significant number of people in this country if it had no goodwill in this country. This led him to dismiss PCCM’s claim. PCCM’s appeal to the Court of Appeal was dismissed and PCCM now appeals to the Supreme Court.

### **JUDGMENT**

The Supreme Court unanimously dismisses the appeal. Lord Neuberger (with whom all the other Justices agree) delivers the judgment of the Court.

### **REASONS FOR THE JUDGMENT**

Courts in the UK have consistently held that it is necessary for a claimant to have actual goodwill, in the sense of a customer base, in this jurisdiction before it can satisfy this requirement for the law of passing off [20-25]. Where the claimant’s business is abroad, people who are in the jurisdiction, but who are not customers of the claimant in the jurisdiction, will not do, even if they are customers of the

claimant when they go abroad [47-48]. An examination of the approach in other Common Law jurisdictions suggests that the Singapore courts follow the approach of the UK courts, whereas the Courts of Australia and South Africa seem to favour the approach supported by PCCM; there does not appear to be a clear trend in the common law courts outside the UK away from the approach taken in the UK cases [50].

Goodwill in the context of passing off is territorial in nature and an English court has to consider the factual position in the UK. It is clear that mere reputation is not enough; the claimant must have significant goodwill in the form of customers in the jurisdiction. However, it is not necessary to have an establishment or office in this country [52-55]. The law of passing off involves striking a balance between the public interest in free competition and the protection of the trader against unfair competition; if it were enough for a claimant merely to establish reputation in the jurisdiction, without a significant number of people who are customers within the jurisdiction to maintain a passing off action, this would tip the balance too much in favour of protection [61-62], particularly in this modern era of global electronic communication [63].

It follows that PCCM's appeal should be dismissed. Its business is based in Hong Kong, and it has no customers, and therefore no goodwill, in the United Kingdom. The people in the UK who get access to PCCM's NOW TV programmes via the websites are not PCCM customers in the UK, because there is no payment involved and the availability of PCCM's product was intended to promote PCCM's Hong Kong business; as such it amounted to advertising in the UK which is insufficient to maintain a claim in passing off [67].

*References in square brackets are to paragraphs in the judgment*

#### **NOTE**

**This summary is provided to assist in understanding the Court's decision. It does not form part of the reasons for the decision. The full judgment of the Court is the only authoritative document. Judgments are public documents and are available at:**

[www.supremecourt.uk/decided-cases/index.html](http://www.supremecourt.uk/decided-cases/index.html)