

Goodwill In Common Law Passing Off

■ Rohit Ralleigh



The UK Supreme Court has declined an invitation to develop the tort of passing off to reflect the changing nature of global telecommunications and commerce.

In Starbucks (HK) Limited and another v British Sky Broadcasting Group PLC and other [2015] UKSC 31, a major Hong Kong media and telecoms group, PCCM, operated under license a successful internet TV service to subscribers in Hong Kong. "NOW TV" had no subscribers in the UK, although it had a reputation among the Chinese speaking community there, and had visitors to content on its website and YouTube channel.

The defendant, Sky, meanwhile launched an internet TV service in the UK also under the name "NOW TV". Litigation inevitably ensued, resulting in PCCM's Community Trade Mark (CTM) being held to be invalid and not infringed by Sky's use of the name. PCCM's passing off claim was also dismissed, and PCCM appealed.

The Court of Appeal (CoA) upheld the first instance decision. In respect of the passing off claim, this was on the basis, inter alia, that while PCCM's NOW TV service had a certain level of reputation in the UK, it had no UK subscribers to its set-top box service and that "just using the internet to

access the programmes of a named service on a website does not satisfy the basic requirements of being a customer or forming part of a goodwill of a business".

PCCM appealed to the Supreme Court only against the decision dismissing the passing off claim. In its submissions, PCCM referred to judgments in the UK and other common law jurisdictions, notably the Australian case of ConAgra Inc v McCain Foods (Aust) Pty Ltd (1992). There it was said that "the 'hard line' cases in England conflict with the needs of contemporary business and international commerce". Reference was also made to Sheraton Corporation of America v Sheraton Motels Ltd [1964] RPC 202 where the existence of customers making reservations in overseas hotels through a local office or booking agents was sufficient to establish an arguable case that it had goodwill, justifying the grant of an interlocutory injunction.

The Supreme Court upheld the CoA's decision and reaffirmed the long line of English case law that reputation alone is not sufficient to establish a claim in passing off. A claimant must show that it has customers within the jurisdiction of the court who, by booking or purchasing from an entity in that country, obtained the right to receive the claimant's service abroad. The launch of a substantial advertising campaign could give rise to a goodwill, but PCCM's planned launch in the UK was not sufficiently advanced.

The case highlights the tension between the traditional common law view of goodwill being a territorial or property right and the impact of global telecommunications on commerce. Although PCCM's infringement action failed on the facts, such an action is generally easier to establish, less costly and does not require proof of goodwill. Indian businesses should consider registration of a UK trade mark or CTM to secure these advantages. [v](#)



Rohit Ralleigh is a Solicitor at Zaiwalla & Co., specialising in dispute resolution.



Zaiwalla & Co
solicitors

ZAIWALLA & CO.

Chancery House, 53/64 Chancery Lane London

WC2A 1QS, DX: 42 Chancery Lane