

viewed this as an extension to the requirements for protection rather than an exception to the rule regarding goodwill which would have to be justified by commercial fairness.

Dismissing PCCM's appeal, the court held that the claimant's business was based in Hong Kong, and that it had no customers, and therefore no goodwill, in the United Kingdom. The court accepted that there were a significant number of people who were, temporarily or more permanently, members of the Chinese community in the United Kingdom, for whom the mark NOW TV was associated with PCCM's IPTV service. However, in so far as they were customers of PCCM, they were customers in Hong Kong, and not in the United Kingdom, because it was only in Hong Kong that they could enjoy the service in question, and the service was not marketed, sold or offered in the United Kingdom. The people in the United Kingdom who obtained access to PCCM's NOW TV programmes via websites, or on various international airlines, were not PCCM customers in the United Kingdom, because there was no payment involved and the availability of PCCM's product in these outlets simply was intended to, and did, promote PCCM's Hong Kong business. These actions simply amounted to advertising in the United Kingdom. A reputation acquired through advertising was not enough to found a claim in passing off.

## Comment

The court noted that it certainly had a mandate to develop or even to change the law in relation to a common law principle that it deemed had become archaic or unsuited to current practices or beliefs, and to adapt the law to suit practical and commercial realities. However, while the court considered that it was important and helpful to take into account how the law developed in other common law jurisdictions, and articulated that a consistency between jurisdictions would have been desirable, a review of the relevant case law established that there was no clear trend in the common law courts outside the United Kingdom. Conversely, the position in the United Kingdom was clear and the court therefore had no reason to alter or expand upon its jurisprudence on a domestic issue such as passing off.

# A Grey Sky for Skype

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☞ Community trade marks; Confusion; Device marks; Distinctiveness; EU law; Internet telephony; Registration; Similarity

The EU General Court decisions in *Skype Ultd v OHIM* (T-423/12, T-183/13 and T-184/13),<sup>1</sup> handed down on May 5, 2015, are the latest in the long drawn-out battle between Skype, the voice over internet protocol ("VOIP") business owned by Microsoft, and the communications giant Sky dating back a decade. Rejecting Skype's appeals from OHIM's Fourth Board of Appeal, the General Court held that Skype's name and logo were likely to be confused with Sky's earlier Community trade mark SKY and, as such, should not proceed to registration on the basis of art.8(1)(b) of the Community Trade Mark Regulation.<sup>2</sup>

## A storm is brewing

From February 2004 to June 2005, Skype made various applications to OHIM to register the word mark SKYPE and the figurative mark shown below as Community trade marks. Skype applied to register the marks in Classes 9, 38 and 42 for goods and services including:

"providing voice over internet protocol (VOIP); peer-to-peer communications; electronic transmission of data and documents over computer terminals and instant messaging services; providing a high speed access to area networks and a global computer information network."



In August 2006, Sky Plc and Sky International Ltd, filed notices of opposition, claiming that there was a likelihood of confusion between Skype's proposed marks for SKYPE and Sky's earlier Community trade mark for the word mark SKY, filed on April 30, 2003 and registered on October 14, 2008 for identical goods and services in Classes 9, 38, 41 and 42 for "telecommunications, including videoconferencing, services and sharing of files,

<sup>1</sup> *Skype Ultd v OHIM* (T-423/12, T-183/13 and T-184/13) Unreported May 5, 2015.

<sup>2</sup> Directive 40/94 on the Community trade mark [1994] OJ L11/1 as replaced by Directive 207/2009 on the Community trade mark [2009] OJ L78/1.

images, music, video, photos, drawings, audio-visual, text, documents and data; but excluding telegraph communications” amongst others.

On November 16, 2010, OHIM’s Opposition Division upheld the oppositions in respect of the goods and services in Classes 9, 38 and 42 on the basis of Community trade mark Regulation art.8(1)(b), finding that a likelihood of confusion existed between the marks.

OHIM’s Fourth Board of Appeal upheld that decision, finding that:

- “• the services covered by the marks were identical and that there was an average degree of visual, aural and conceptual similarity;
- the conditions for establishing a reduction in the likelihood of confusion on account of a peaceful coexistence of the marks on the market had not been satisfied”; and
- the “SKY” brand “enjoys a high degree of distinctiveness in the UK” in respect of telecommunication and online services in Class 38.”

Skype sought an annulment of the Board’s decisions before the General Court claiming that:

- the marks at issue were not similar;
- the figurative and word mark SKYPE had itself acquired a secondary meaning through extensive use; and
- the marks at issue have been peacefully coexisting on the market without confusion for many years.

### The downpour—the General Court judgment

The General Court dismissed Skype’s appeal and upheld the Board of Appeal’s finding of a likelihood of confusion between the SKYPE figurative and word marks and the word mark SKY.

#### *Visual, phonetic and conceptual comparison*

As regards the visual comparison with the earlier mark SKY, the General Court held that even though the word “skype” is written as one word, “the relevant public would notice the three letters ‘sky’ common to the two marks”. It was held therefore that a medium degree of visual similarity between the marks existed overall.

Phonetically, again the General Court concluded that there was a medium degree of similarity between the marks since they are both “pronounced in one syllable (‘skaip’ and ‘skai’) and therefore the beginning of the marks were identical, the only difference being the final ‘p’ of the mark applied for”. In addition, the court found that “the pronunciation of the vowel ‘y’ in ‘skype’ is not any shorter than it is in ‘sky’” (as claimed by Skype).

From a conceptual standpoint, the General Court held that the common element “sky” in the word “skype” was easily recognisable by the relevant public at the beginning of the mark SKYPE as it represented three fifths of the mark. This was despite Skype’s claim that “recognition, by the relevant public, of the element ‘sky’ in the term ‘skype’ is precluded, since the remaining element ‘pe’ does not have its own meaning”. This argument was rejected by the General Court.

Furthermore, the General Court held that the figurative SKYPE mark which contained a soft, irregular border around the word “skype” might further increase the likelihood of the element “sky” being recognised within the word “skype” as the border was suggestive of a cloud (albeit a dark one for Skype given the circumstances).

#### *Distinctiveness of the marks at issue*

Marks with a highly distinctive character tend to benefit from broader protection due to the risk that the relevant public are more likely to confuse such marks. The General Court found that Sky’s mark had a high level of acquired distinctiveness, due to its extensive reputation within the United Kingdom for “apparatus for recording, transmission or reproduction of sound and images” in Class 9, “telecommunications” in Class 38 and “entertainment” in Class 41.

Skype’s claim that the mark SKYPE was highly distinctive in its own right and had acquired a secondary meaning (for VOIP and peer-to-peer communication services) through extensive use was rejected by the General Court. The court declared that, even if “the term ‘skype’ had acquired a meaning of its own for identifying the services covered by the mark applied for, it would thus be a generic term and therefore a descriptive one”, for such services.

#### *Skype’s “dilution” argument*

Skype also argued that the word “sky” is highly suggestive of television broadcasting services and that “its use by third parties in connection with numerous goods and services in Classes 9, 38 and 42 has resulted in its ‘dilution’ for the services at issue”, so much so, “as to weaken the protection that could be afforded to [Sky]”.

The General Court rejected Skype’s argument, stating that the alleged weak inherent distinctiveness of the word “sky” would not affect the distinctiveness of the SKY mark for the proposed goods and services given Sky’s extensive reputation.

#### *Storm in a tea cup? Peaceful co-existence of the marks?*

Skype claimed that the marks at issue had coexisted in the telecoms market for a number of years without being confused and that in some instances the marks appeared

together in public advertisements on Sky television. Furthermore, Sky had never brought infringement proceedings.

The General Court rejected these arguments on coexistence as Skype had not “demonstrated that such coexistence was based on the absence of any likelihood of confusion on the part of the relevant public”. This was due to the fact that such coexistence only lasted for 22 months (at the most) and concerned a service which was not part of Sky’s “core business”.

In addition, the peaceful coexistence of the marks in the United Kingdom concerned only one particular service for peer-to-peer communications and not the other goods and services covered by the marks. The General Court found that:

“coexistence concerning only one, highly specific service among a list of goods and services covered by the marks ... cannot diminish the likelihood of confusion for the entirety of those goods and services.”

Finally, the General Court held that the fact that Sky had not brought infringement proceedings against Skype could be based on a variety of reasons and did not necessarily mean that Sky believed no likelihood of confusion existed.

## Comment

Skype failed to weather the Sky storm and the General Court upheld the decision that a likelihood of confusion in the mind of the relevant public existed. Skype’s action was dismissed by the General Court and they were ordered to pay OHIM’s costs.

The General Court’s decision provides an interesting commentary on the extent to which factors such as the phonetic, visual and conceptual similarity of marks, the high degree of distinctiveness of an earlier mark and peaceful co-existence are taken into consideration when determining whether or not a likelihood of confusion exists between two marks. It would appear that the court will not be moved by arguments based on peaceful co-existence unless the alleged co-existence is particularly extensive both in time and across the range of goods and services to which the marks applied for relate. Crucially, Skype had no case that its business extended beyond peer-to-peer communication services to other services for which it sought registration and therefore had no basis for a claim that its mark should be registered across all those services. Nonetheless there is every possibility that Skype will appeal the General Court’s decision to the Court of Justice given the prominence and value of their brand within the online telecommunications market.


# Curtains Down on Popcorn Time: s. 97A Takes Centre Stage

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 Blocking injunctions; Communication to the public right; Copyright; Internet service providers; Online infringement; Streaming media; Websites

The High Court has recently granted a website blocking order pursuant to Copyright, Designs and Patents Act 1988 (“CDPA 1988”) s.97A directed at so-called “Popcorn Time” websites.<sup>1</sup> This is the first time the court has considered the application of s.97A to this type of website. This article explains the significance of the order and considers the relevance of the case in the context of “communication to the public”.

## Introduction

The jurisdiction of the High Court of England and Wales to grant website blocking injunctions against ISPs whose services are being used to infringe copyright is firmly established. Such injunctions are granted pursuant to CDPA 1998 s.97A which implements art.8(3) of the Information Society Directive.<sup>2</sup> The remedy has proved an effective tool against online piracy for applicants from the film, music, publishing and sports industries.

## Background

The first application for an order under s.97A was brought by the major Hollywood film studios against BT and concerned the Newzbin2 website. Newzbin2 was an incarnation of the original Newzbin website. The studios had previously taken direct action against the operators of Newzbin in *Twentieth Century Fox v Newzbin*.<sup>3</sup> The Newzbin2 application, which was acknowledged to be a test case, resulted in two landmark rulings given by Arnold J in 2011: the first dealt with major points of principle<sup>4</sup> and the second dealt with the appropriate form

<sup>1</sup> *Twentieth Century Fox Film Corp v Sky UK Ltd* [2015] EWHC 1082 (Ch).

<sup>2</sup> Directive 2001/29 on the harmonisation of certain aspects of copyright and related rights in the information society [2001] OJ L167/10.

<sup>3</sup> *Twentieth Century Fox Film Corp v Newzbin Ltd* [2010] EWHC 608 (Ch).

<sup>4</sup> *Twentieth Century Fox Film Corp v British Telecommunications Ltd* [2011] EWHC 1981 (Ch); [2012] 1 All E.R. 806; [2011] R.P.C. 28.