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# Kluwer Trademark Blog

## Should own name still be a valid defence for corporate entities?

Julius Stobbs (Stobbs IP) · Thursday, July 27th, 2017

That is the question recently raised at the Chancery Division of the High Court in England and Wales within the case of *Sky Plc & Ors v SkyKick UK Ltd & Anor [2017] EWHC 1769 (Ch) (13 July 2017)*.

The Claimants in this case provide a range of services, including pay television, home entertainment and broadband. The Defendants are a start-up providing cloud based information technology migration, backup and management services to IT solution providers who partner with Microsoft.

In February 2016, the Defendants applied to invalidate the Claimants' EU trade marks on the basis that the word SKY was not distinctive in relation to the field of cloud computing. The Claimants then brought a claim in the UK courts against the Defendants for trade mark infringement and passing off in May 2016 in relation to their use of the sign, SKYKICK. In defence of this claim, the Defendants argue that their business is very different to the Claimants', meaning that there is little crossover commercially. Further, they rely on the own name defence, in that all they are doing is using their own name in accordance with honest practices in industrial or commercial matters. Based on this defence, the Defendants made an application for a pre-trial reference to the CJEU to review the validity of Article 1(13) of Regulation (EU) 2015/2424, which has the effect of abolishing the own name defence for corporate entities.

In England and Wales, Section 11(2)(a) of the 1994 Act means that the own name defence is still available for corporate entities in relation to UK trade marks. The deadline for that part of the Act to be amended to fall in line with the EU directive has not yet been reached. The defence has, however, already been limited to natural persons only for infringement of EU trade marks. Therefore, if Article 1(13) is held to be valid, the Defendants will be unable to rely on the own name defence in relation to the EU trade mark infringement claim in this case.

The Defendants argue that Article 1(13) is invalid because it is an interference with the freedom to conduct business and the right to property which companies already had under the existing law, as interpreted in the case of *Anheuser-Busch v Budejovickybudvar Case C-245/02 [2004] ECR I-10989*. The Defendants also hold there has been no proper assessment of the impact that this change to the law will have, and that it is discriminatory. The Defendants believe it would be in the public interest to make a reference to the CJEU now, because the issue of the validity of Article 1(13) is a matter of wider public importance.

The Claimants disagree with the Defendants' arguments. They argue that the legislator in the EU originally intended that the law relating to the own name defence for trade mark infringement would only apply to natural persons, and that this express alteration is being made to simply adjust the law back, so that the defence is applied as originally intended.

Mr Justice Birss considered that both parties had an arguable case on the merits. Within his decision he considered the principles that:

1. References should not be made to the CJEU of matters which are of purely academic interest; and
2. The CJEU prefers for the relevant factual matrix to be sufficiently determined before a reference is made.

On this basis, and the fact that either party may win their case without reference to the own name defence, Mr Justice Birss held it to be inappropriate to make a reference to the CJEU in relation to the validity of Article 1(13) at this stage. He noted that as a start-up reliant on external funding, the Defendants were concerned about their financial vulnerability whilst the case was ongoing, and that the quickest way to achieve a resolution was to keep the trial timetable on track for early 2018. If the dispute is then found to turn on the validity of Article 1(13), the final resolution will have to await the CJEU whatever happens, but at least the trial will have resolved all the other issues.

We may, therefore, never receive an answer to the Defendants' query on the validity of Article 1(13). A further twist to this following Brexit will be whether or not the UK actually decides to ratify the EU Trademark Directive by the deadline of 14 January 2019, just over two months before it is currently set to leave the EU. If the UK chooses not to, then there will be a divergence between the law in the UK and the law in the EU in relation to defences available for trade mark infringement, leaving the own name defence open as an option for corporate entities in relation to UK trade marks. Like so many other uncertainties surrounding Brexit, we will have to wait and see which route the UK takes here.

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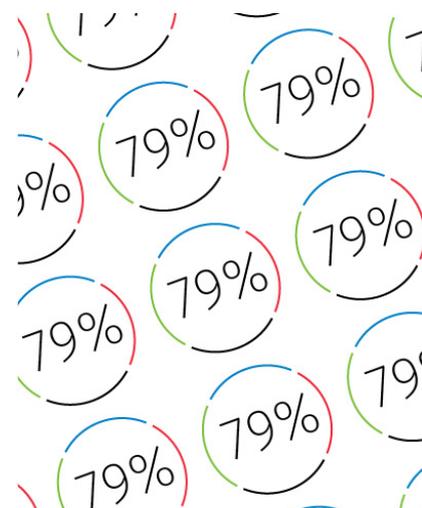
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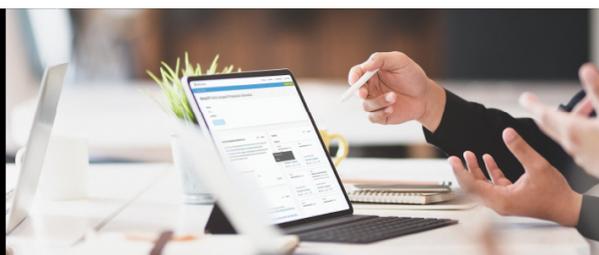


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