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# Victoria Plum Limited v. Victorian Plumbing Limited & Ors

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**In a case concerning two online bathroom retailers with remarkably similar names, the High Court considered, for the first time, whether honest concurrent use could act as a defence to keyword advertising trade mark infringement.**

## Background

The claimant, Victoria Plum, and the first defendant, Victorian Plumbing, are both online bathroom retailers. Each has been trading since 2001, with the claimant initially trading as 'Victoria Plumb' and then as 'Victoria Plum' since July 2015. The claimant owns UK word marks for VICTORIA PLUMB and 'victoria plumb' (figurative) and an EU trade mark for 'VictoriaPlum.com' (the 'VP marks').

The first defendant had been bidding on variants of the VP marks since 2008, most notably 'victoria plumb,' 'victoria plum,' 'victorian plum' and 'victorian plumb' as online search engine terms or 'keywords' (the 'VP keywords') in order to obtain sponsored advertising space on search engine results pages. Sponsored, paid-for ad results (such as Google's AdWord program) can be distinguished from the 'organic' search results (based on automatic search engine algorithms) and appear in a prominent position on search engine pages. In response to the first defendant's increased bidding activity, the claimant began bidding on the defendant's name ('Victorian Plumbing') as a keyword from 2011 to 2016.

The claimant complained that the first defendant's bidding on the VP

keywords, together with the resultant display of advertisements containing (i) the VP keywords, and/or (ii) the terms 'Victoria Plumbing' and/or the defendant's 'Victorian Plumbing' sign (as one and two words), constituted trade mark infringement. Victorian Plumbing submitted to judgment and an injunction in respect of advertisements containing a sign identical to its VICTORIA PLUMB mark but not in respect of advertisements containing the other terms, including the defendant's 'Victorian Plumbing' sign. While the defendants admitted that the signs 'Victorian Plumbing,' 'Victorian Plum' and 'Victoria Plumbing' were confusingly similar to the VP marks, they relied on a defence of honest concurrent use and averred that, despite the likelihood of confusion, both parties had co-existed peaceably for many years in a wide range of directly competing goods. The defendants argued that their keyword bidding constituted fair competition and did nothing to exacerbate confusion. In addition, the defendants argued (unsuccessfully) that the claimant was stopped from pursuing its claim for trade mark infringement because of its own keyword bidding on 'Victoria Plumbing,' and raised a counterclaim in respect of the claimant's keyword bidding in passing off, which operated as a 'squeeze' (meaning that if

the claimant's trade mark infringement arguments succeeded, so too would the defendant's claims in passing off).

## Decision Infringement

Carr J applied the keyword advertising trade mark infringement tests laid down by the Court of Justice of the European Union ('CJEU') in *Google France*<sup>1</sup> and *Interflora*<sup>2</sup>, noting that the average internet user who searches by reference to a brand name, is likely to be looking for that brand, and there is particularly likely to be confusion where the resultant advertising is unclear as to the origin of the brand owner [51]. It was clear from these cases that the sponsored advertising must be transparent in order to avoid confusion, but bidding on trade marks as keywords is not objectionable where the advertising enables the average internet user to ascertain whether the goods or services originated from the trade mark proprietor or an unconnected third party.

Unsurprisingly, Carr J held that the use of 'Victoria Plumb' and minor variations thereof was use of signs identical to, or confusingly similar to, the VP marks [48]. The key question was therefore whether the advertising made the origin of the services clear. Carr J held that

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there was nothing in the first defendant's advertisements to indicate that they were not advertisements for the claimant's (or a connected) business [54]. Carr J held that a propensity for confusion was likely in view of the enhanced distinctive character of the claimant's marks through use, the "obvious" similarity between the signs used in the advertisements and those marks, and the identity of the services in question (i.e. a website for the purchase of bathroom goods). This view was also supported by expert evidence concerning click-through rates [57].

Accordingly, Carr J held that the defendant's advertisements (including those containing only the defendant's 'Victorian Plumbing' sign) "do not enable normally informed and reasonably attentive internet users, or enable them only with difficulty, to ascertain whether the goods or services referred to by the advertisements originate from [the claimant] or an undertaking economically connected to it [...]" [58].

### Honest concurrent use

Having found infringement, Carr J then considered whether the defendants could rely on the honest concurrent use defence.

Carr J explained that although there is no provision for such a defence in either the Trade Marks Directive<sup>3</sup> or Trade Marks Regulation<sup>4</sup>, it is based on the notion that "any rational system of registered trade marks has to cater for the situation where two traders have co-existed, using trade marks which have caused confusion, for many years" [59]. As determined in *Budejovicky Budvar NP v. Anheuser-Busch Inc.*<sup>5</sup> and *IPC Media Ltd. v. Media 10 Ltd*<sup>6</sup>, long-established concurrent use of the same mark in an honest manner cannot have an adverse effect on the origin function because such use operates as a guarantee of origin for the goods and services of both the claimant and the defendant. In such circumstances, "inevitable confusion may have to be tolerated" [78].

Carr J then set out a number of factors as to what constitutes 'honest' concurrent use. In particular, Carr J noted that the

"defendant has a duty to act fairly in relation to the legitimate interests of the trade mark proprietor," including whether the defendant could be regarded as unfairly competing with the claimant. Other relevant factors include "whether the defendant has taken steps which exacerbate the level of confusion beyond that which is inevitable" and if the defendant "ought to be aware that such steps will exacerbate confusion" [79].

Ultimately, Carr J held that Victorian Plumbing could not rely on the defence simply because it had never used the VP marks other than by bidding on them as keywords. A defendant can only rely on the defence where it uses its own name or mark [82] and where a mark has become a guarantee of origin of both the claimant's and the defendant's business; in this case, the defendants accepted that 'Victoria Plum' exclusively meant the claimant. This meant that the defence could not apply [85].

Carr J went on to explain why, even if he was incorrect in holding that the defence could not apply in principle, Victorian Plumbing's use of the marks was not "honest." Carr J found it particularly relevant that: Victorian Plumbing increased its expenditure on bidding on the VP marks from a few hundred pounds to hundreds of thousands of pounds per annum; the defendant was aware of the propensity of confusion from users in relation to the parties' respective marks and the very high click-through rates from internet users to its website as a result of its increased expenditure [94]; data evidence demonstrated a high click-through rate to the defendant's business by users who search for 'Victoria Plum' and these high click-through rates could only be explained by confusion [95-111]; and the defendant exacerbated confusion by substantially increasing its bidding on the claimant's marks [117]. Carr J determined "that it should have been obvious to the [defendant] that its change in policy would exacerbate inevitable confusion, and that a reasonable person would have appreciated this" [125]. Although Carr J held that the defendants were liable for infringement, he found in Victorian Plumbing's favour in its

counterclaim for passing off, finding that internet users who searched for 'Victorian Plumbing' were likely to be looking for Victorian Plumbing's website, and because those users would have been presented with Victoria Plum's website instead, this constituted a misrepresentation that was likely to deceive consumers into believing that the two entities were connected, and cause Victorian Plumbing damage.

### Comment

The judgment is notable as it is the first time that the defence of honest concurrent use has been considered in the context of keyword advertising, and Carr J has laid down some clear principles for brand owners in a similar position to follow. The case is also the first time that a claim in passing off has been made out in relation to keyword advertising in the English courts.

The case law on keyword advertising (*Google France, Interflora*) has already established that there is nothing inherently objectionable to bidding on a competitor's trade marks as keywords but businesses must be careful that the resultant advertisements enable consumers to distinguish between the respective undertakings.

The present case demonstrates that heightened caution must be exercised where parties share highly similar names due to increased likelihood of confusion as to the origin of goods or services. As Carr J held, the defence is a non-starter if you use a competitor's trade marks and do not make the resultant advertising clear as to origin. Even then, care must be taken to ensure that the sponsored advertising is 'honest,' acting fairly in relation to the trade mark proprietor's legitimate interests.

1. *Google France Sarl v. Louis Vuitton Malletier SA* (Case C-236/08).
2. *Interflora Inc. v. Marks and Spencer Plc* [2014] EWCA Civ 1403 [2014] EWCA Civ 1403.
3. 89/104.
4. 207/2009/EC.
5. Case C-482/09.
6. [2014] EWCA Civ 1403.