

IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
INTELLECTUAL PROPERTY

Royal Courts of Justice
Rolls Building
Fetter Lane
London
EC4A 1NL

Date: 18/11/2016

Before :

THE HON. MR JUSTICE HENRY CARR

Between :

Victoria Plum Limited
(trading as “Victoria Plumb”)

Claimant

- and -

(1) Victorian Plumbing Limited
(2) Mark Radcliffe
(3) Coral Phones Limited

Defendants

Iain Purvis QC and Anna Edwards-Stuart (instructed by **Cleary Gottlieb Steen & Hamilton LLP**) for the **Claimant**
Michael Silverleaf QC and Tom Alkin (instructed by **Gordons LLP**) for the **Defendants**

Hearing dates: 18, 20, 21, 25 October 2016

Approved Judgment

I direct that pursuant to CPR PD 39A para 6.1 no official shorthand note shall be taken of this Judgment and that copies of this version as handed down may be treated as authentic.

.....
MR JUSTICE HENRY CARR

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Mr Justice Henry Carr:

Introduction

1. This is a claim for infringement of registered trade mark. Passing off is also pleaded by the Claimant, but it is accepted that it does not add anything, and so I will not consider it further.
2. The Claimant and the First Defendant are both bathroom retailers. The Claimant operates exclusively online, and the First Defendant primarily online. The Second Defendant is alleged to be jointly liable with the First Defendant for infringement of trade mark. The Third Defendant is the registrant of certain domain names which formed a minor aspect of this dispute. However, the Claimant abandoned its case in respect of domain names and social media handles during its closing speech.
3. Both the Claimant and the First Defendant have been trading since 2001. Until recently, the Claimant used the name “Victoria Plumb”, but in July 2015 altered its name to “Victoria Plum”. It is common ground that for the purposes of this case, nothing turns on the omission of the “b” from “Plumb”. The First Defendant has used, and continues to use, the name “Victorian Plumbing”.
4. The Claimant’s registered trade marks (“the Victoria Plum(b) marks”) which are alleged to be infringed are as follows:
 - i) UK Trade Mark No. 3,066,332 registered on 19th December 2014 for the words “VICTORIA PLUMB” in respect of goods in classes 11 and 20 and services in class 35, filed on 29 July 2014 (“the 332 Mark”);
 - ii) UK Trade Mark No. 2,530,488 registered on 5th February 2010 for a figurative mark including the words “Victoria Plumb” in respect of goods in classes 11 and 20 and services in class 35, filed on 2 November 2009 (“the 488 Mark”); and
 - iii) EU Trade Mark No. 14,347,181 for the mark “VictoriaPlum.com” in respect of goods in classes 11, 20 and 21 and services in class 35 (“the 181 Mark”).
5. The parties focused on the 332 Mark “Victoria Plumb” as the Claimant’s case on infringement stands or falls on the basis of this registration. Although I refer collectively to the Claimant’s registered trade marks, my primary focus is on the 332 Mark. The material parts of the specifications of the registered trade marks are essentially similar. The 332 Mark includes the following:

“the bringing together, for the benefit of others, of...[bathroom items]... enabling customers to conveniently view and purchase those goods... via a website.”

6. The Claimant objects to the First Defendant's bidding on the Claimant's marks as online search engine terms or "keywords". Specifically, the Claimant alleges that the First Defendant has infringed the Victoria Plum(b) marks by bidding on the Claimant's name (or minor variants of that name) as a keyword.
7. The Claimant alleges infringement against the First Defendant in respect of:
 - i) Bidding on the following terms as search advertising keywords ("the Victoria Plum(b) keywords"):
 - a) "victoria plumb" / "victoriaplumb";
 - b) "victoria plum" / "victoriaplum";
 - c) "victorian plumb" / "victorianplumb";
 - d) "victorian plum" / "victorianplum"; and
 - ii) Displaying advertisements on searches of those terms which include the following terms:
 - a) any of the terms listed in (i) above;
 - b) "victoria plumbing" / "victoriaplumbing";
 - c) "victorian plumbing" / "victorianplumbing" (alone and in URL).
8. The First Defendant began to bid on the Victoria Plum(b) keywords, at a minimal level, in 2008. However, towards the end of 2012 the First Defendant's bidding on the Victoria Plum(b) keywords increased very substantially, and has continued to increase in subsequent years. The First Defendant's advertisements presented to the public as a result of searching for the Victoria Plum(b) keywords contain the signs "Victorian Plumbing" and "www.victoriaplumbing.com". The Claimant asserts that an average consumer who types into Google the names "Victoria Plumb" or "Victoria Plum" is looking for, and expecting to find, advertisements for the Claimant's website. It submits that the public are being confused, to a significant degree, by advertisements for the First Defendant's websites, since the signs "Victorian Plumbing" and "Victoria Plumbing" are confusingly similar to the Claimant's Victoria Plum(b) marks.
9. The Claimant confines its complaint to the First Defendant's bidding on its marks as a keyword. It does not otherwise seek to restrain the First Defendant's use of the name "Victorian Plumbing". It submits that the acts complained of constitute a significant change of business practice by the First Defendant. By bidding on the Victoria Plum(b) marks as keywords, the First Defendant is using signs identical, or confusingly similar, to those trade marks. This is an infringement, since the presentation of the First Defendant's advertisements does not enable normally informed and reasonably attentive internet users, or enables them only with difficulty, to ascertain whether the goods or services referred to by the advertisements originate from "Victoria Plum(b)" or an undertaking economically connected to it, or from a third party. It further claims that since late 2012, the First Defendant, with full knowledge of the similarity of its name to that of the Claimant and the likelihood of confusion, has exacerbated the inevitable, but low-level, confusion which had previously existed.

10. The Claimant has also complained about advertisements displayed in response to the First Defendant's keyword bidding which contained a sign identical to the Claimant's trade mark Victoria Plumb. These advertisements were produced by Google's "dynamic keyword insertion" service whereby Google automatically displays the search term as the main text in the paid search listing. The Defendants have accepted that this was an infringement of trade mark and have submitted to judgment, and an injunction against further infringement, on that part of the claim.
11. In addition, the Claimant complains of the First Defendant's advertisements displayed in response to its keyword bidding on the Victoria Plum(b) marks which contain the terms "Victoria Plumbing" and/or "Victorian Plumb". The First Defendant ceased using these terms in its advertisements in 2014, as explained in a letter from its solicitors dated 17th October 2016. However, the issue remains live since infringement is not admitted and no undertaking has been offered by the First Defendant not to recommence these acts.
12. The Claimant has also bid on the First Defendant's name as a keyword. It ceased this activity in 2016. The Defendants claim that, as a result of this conduct, the Claimant is estopped from pursuing its claim of infringement of trade mark. Alternatively, it has pleaded a counterclaim for passing off, which it relies on solely as a "squeeze" in the event that its defences fail.
13. The Defendants admit that the signs Victorian Plumbing, Victorian Plum and Victoria Plumbing are confusingly similar to the Claimant's marks. They rely upon a defence of honest concurrent use and submit as follows. The parties have traded for many years in a wide range of directly competing goods. It is self-evident that the parties' names are so similar that there is a likelihood of confusion on the part of the public between them. In spite of actual confusion, the parties have co-existed peaceably for many years, each trading, without complaint, on an increasing scale.
14. They allege that the parties have, honestly, built up their respective businesses and reputations using confusingly similar names, over many years. Consequently, as a matter of law, they have to live with the resulting confusion. To those consumers who are confused, the Claimant's trade mark does not constitute a unique guarantee of origin. The Defendants have done nothing to exacerbate confusion. Bidding on the Claimant's trade mark as a keyword constitutes fair competition. It is less likely to cause confusion than, for example, the First Defendant's television advertising, about which the Claimant does not even try to complain.
15. It will be seen that this case requires consideration of the interface between two somewhat specialised areas of trade mark law. The propensity for confusion amongst average consumers as a result of the practice of bidding on the trade marks of competitor companies has been considered in a number of judgments and in particular by the Court of Justice of the European Union ("the CJEU") in *Google France Sarl v Louis Vuitton Malletier SA* (Case C-236/08); [2010] RPC 19 ("*Google France*"), and by the UK Court of Appeal in *Interflora Inc. v Marks and Spencer Plc* [2014] EWCA Civ 1403; [2015] FSR 10 ("*Interflora*").
16. Honest concurrent user is not referred to as a defence to infringement in Directive 89/104 ("the Trade Marks Directive"). However, the decision of the CJEU in *Budejovicky Budvar NP v Anheuser-Busch Inc.* (Case C-482/09); [2012] RPC 11

(“*Budweiser*”) and the judgment of the UK Court of Appeal in *IPC Media Ltd. v Media 10 Ltd.* [2014] EWCA Civ 1403; [2015] FSR 12 (“*Ideal Home*”) recognise that honest concurrent use can constitute a defence to infringement. Once such use is established, the claimant’s mark does not indicate exclusively the goods or services of the claimant. In those circumstances the guarantee given by the claimant’s mark is different, and continued use of the defendant’s mark, after a long period of honest concurrent user is not liable to have an adverse effect on its origin function. The parties did not cite any case where the defence of honest concurrent use had been considered in the context of keyword bidding.

17. The Defendants also pleaded an own name defence, but indicated in closing that it was not pursued. A defence of statutory acquiescence is pursued, but only as a “squeeze” in the event that honest concurrent use is not made out.

The Witnesses

18. Jason Walker, the founder and former CEO of the Claimant, gave evidence of fact on its behalf. He was a 33.33% shareholder in the Claimant until April 2014 when he sold a stake in the company to the private equity firm TPG. He spent 15 years at the Claimant and knows its business well. He remains a director of the Claimant and retains an indirect shareholding.
19. Mark Radcliffe, the Second Defendant, is the managing director and principal shareholder in the First Defendant. He was able to give evidence about the trading history of the First Defendant from its inception. Evidence of fact was also given by Carol Radcliffe, Mr Radcliffe’s mother, who had some knowledge of the first few years of trading of the First Defendant. George Radcliffe and Neil Radcliffe also provided witness statements on behalf of the Defendants. They were not cross-examined and their evidence, whilst accepted, does not add materially to the evidence of Mark and Carol Radcliffe.
20. Iain Purvis QC, who appeared on behalf the Claimant, criticised the evidence of Mr Radcliffe on the basis that he was a defensive witness who made pre-prepared proclamations rather than answering questions. He submitted that his evidence was unreliable and inconsistent in relation to (a) his knowledge of the reasons for bidding heavily on the Claimant’s name from the end of 2012 and (b) whether the First Defendant was still using the “Victoria Plumbing” advertisement format. Michael Silverleaf QC, who appeared on behalf of the Defendants did not criticise the evidence of Mr Walker in his written closing submissions. However, during his oral closing, he submitted that Mr Walker was convinced that confusion as a result of the First Defendant’s keyword bidding was far more serious and damaging than was in fact the case, and this coloured his evidence. He further submitted that Mr Walker’s evidence that the Claimant did not “keep tabs” on its competitors’ products, pricing and activity was inconsistent with certain documents disclosed by the Claimant.
21. Contrary to those submissions, my impression of both witnesses was that they gave their evidence fairly. They did so from the perspective of their own businesses, but clearly believed what they were saying.
22. Expert evidence was given on behalf of the Claimant by Dr Ward Hanson, and on behalf of the Defendants by Mr Matthew O’Brien. Dr Hanson is a faculty member at Stanford

University. He has tracked the search marketing and search advertising industry since its inception and for many years has taught, researched and written on internet marketing, including online advertising. Mr O'Brien is a director of an independent search consultancy, Unscrambled Limited, which he founded in 2010. Unscrambled is an online digital marketing company and he has many years of experience in the digital marketing sector, with expertise in online advertising. Both experts were well qualified to assist the court. Both experts gave their evidence fairly and objectively. As well as providing general evidence about keyword advertising, they each analysed data concerning the effects of the First Defendant's keyword bidding on the Claimant's mark, and the possible reasons for the unusually high click through rate on the First Defendant's Victorian Plumbing advertisements by users who had entered the term "Victoria Plumb" in their search boxes.

Keyword advertising/paid searches

23. The technical and commercial background to keyword advertising was common ground between the experts and was helpfully summarised by Counsel in their opening skeletons. In particular, search engines enable users to search the web for relevant content. The user types a term into the search box, which may be a generic word or the name of a brand for which he or she is searching. In response, the search engine presents the user with a list of "clickable" links to certain websites. The pages which display those links are known as "search engine results pages" or "SERPs".
24. Search engines track the amount of usage of particular search terms and the amount of traffic generated by searches on those terms. The experts focused on the operation of Google, as by far the most searches in the United Kingdom are conducted on this search engine. Google allows commercial entities to bid for individual search terms and, subject to certain other factors referred to below, the "winner" of the bid will appear at the top of a search for those terms. The terms are referred to as "keywords".
25. Advertisers do not pay on the basis of "impressions" (when their advertisement appears on a SERP) but only when a user clicks on an advertisement to view the website. Accordingly, this form of advertising is referred to as "pay per click" or "PPC". PPC advertising is to be contrasted with "natural" or "organic" search results, and in order to distinguish between them, Google places PPC advertisements at the top and bottom of the organic results page.
26. Google software determines which advertisements will appear on a SERP and in which order. It conducts an automatic auction of the space available on the SERP. Advertisers bid for space in advance by specifying keywords that they wish to trigger the display of their advertisements, and the maximum price they are willing to pay if a user clicks on the ad. This is known as the "maximum cost per click" or "max CPC". The PPC is never more than the max CPC chosen by the advertisers, and prices can vary widely depending on the intensity of the auction competition.
27. The sequence of advertisements is no longer ordered solely by max CPC bids, although they remain by far the most important factor. Google predicts the click through rate ("CTR") of each ad, and considers that an advertisement with a high predicted CTR is more relevant for the search term. It also considers the landing page experience and how closely an advertisement is likely to match the intention behind a user's search. The composite of these factors yields a quality score.

28. The position in which advertisements appear on the SERP is extremely important, since position determines likely CTR. An advertisement in position 1 tends to have a higher click through rate than an advertisement in position 2. As the position of an advertisement drops, less and less users are likely to click through.
29. Three factors are relevant to a listing's advertisement rank. These are (a) max CPC, (b) quality score and (c) advertisement format (how much information the advertisement contains). Each advertisement is assigned an advertisement rank calculated from a combination of these factors. The relative position of advertisements on the SERP is dependent on advertisement rank score. Each advertiser pays just enough to maintain his advertisement rank over the advertiser immediately below him. An advertiser can achieve a higher advertisement rank by, for example, raising his max CPC to a sufficient extent to overtake the advertiser in the position immediately above him.

History of the parties' businesses

The Claimant

30. The Claimant was founded by Mr Walker and was set up to operate solely as an online bathroom retailer. It was incorporated on 12 March 2001 and started trading shortly thereafter under the name "Victoria Plumb", and since July 2015, "Victoria Plum". It has always marketed its own brand of bathroom products and was the first online only own-brand bathroom retailer. It began designing its own products in 2006 and has focused on designer products at reasonable, but not "bargain basement" prices.
31. The Claimant has extensively promoted its "Victoria Plumb" brand. It has advertised online by bidding on search engine keywords, and in particular on its own brand and other bathroom related terms. It has also advertised extensively offline. At the outset this was primarily in lifestyle magazines but as the business grew, advertising extended to the press and radio, both national and local. In October 2012 the Claimant ran its first national television advertising campaign. By the time of Mr Walker's departure in 2016, the Claimant had spent almost £30 million in offline advertising since its establishment and in the financial year 2014/15 alone it spent over £8.5 million.
32. The Claimant is now one of the largest and best-known bathroom only retail brands in the UK. According to an independent YouGov report, "Victoria Plumb" achieved an unprompted customer recognition score of 15% in January 2016. Bathstore, a major bathroom retailer with high street stores, scored 14%. The First Defendant had a much lower unprompted customer recognition score of 1%. Certain of the Claimant's competitors had an unprompted recognition score of zero. For prompted awareness, where a customer is asked to select a bathroom retailer from a list, Victoria Plumb scored 49%, Bathstore 48% and Victorian Plumbing 27%.
33. The Claimant grew from modest beginnings and increased rapidly from 2006 onwards. Its annual turnover between 2009 and 2015 was as follows:

Year	Turnover
2009	£8,177,980

2010	£8,994,868
2011	£13,688,507
2012	£19,145,633
2013	£26,236,371
2014	£53,785,027
2015	£72,339,998

34. Figures were not provided in the witness statements for annual turnover for earlier years. However, Mr Walker's recollection, which I accept, was that in the first few years the Victoria Plumb business was relatively small, between about £1 million and £2 million. However, by 2006 there had been a significant increase, and sales were large enough to order a full bathroom offer from Asia, which required a sufficient volume for the factory to justify production. Turnover, by this stage, was likely to have been several million pounds.

The First Defendant

35. During the 1990s, George Radcliffe, Mark Radcliffe's father, conducted a business, together with his brother, in the refurbishment, repair and sale of original Victorian and Edwardian bathroom fittings. The First Defendant was incorporated in September 2000 as the corporate vehicle for this business. In addition, Mark Radcliffe had set up a business selling mobile phone accessories online. This enabled him to gain expertise in setting up a website and in achieving visibility for that website online. Mark Radcliffe proposed that he set up a further website through which his father could sell his refurbished bathroom fittings. The First Defendant's website went live at the domain "www.victorianplumbing.co.uk" in early 2001. From about 2002 the First Defendant began selling contemporary bathroom fittings and in 2005 the business in restored pieces was moved to a separate website.
36. In 2002 the First Defendant's business gained exposure through the BBC's "Home Front" television programme. It has advertised online and offline and began television advertising in September 2014. Its turnover and advertising figures, provided in written evidence, are as follows:

Financial Year	Turnover	Advertising
2003/4	£159,578	Not given
2004/5	£138,208	Not given
2005/6	£584,031	£61,672
2006/7	£706,735	£42,027
2007/8	£573,235	£31,111

2008/9	£644,668	£27,172
2009/10	£671,464	£21,484
2010/11	£1,764,831	£97,029
2011/12	£4,157,285	£254,573
2012/13	£8,895,755	£1,016,921
2013/14	£19,205,084	£2,677,230
2014/15	£42,263,980	£9,208,454

37. Carol Radcliffe, who was an excellent witness, recollected that the First Defendant commenced trading in early 2001. I accept her evidence, which means that the First Defendant began to trade a few months before the Claimant. Gordons, the Defendants' solicitors, stated in correspondence that turnover in 2001 was only £7000. This information, which I accept, was provided by Carol Radcliffe. Mrs Radcliffe had provided a turnover figure for 2004 in her written evidence of more than £150,000. However, there was no documentary evidence to support this and she very frankly explained that she did not know where that figure came from. In my judgment, the First Defendant's turnover until about 2005 was extremely modest. It has increased considerably from 2010 onwards.

Bidding on keywords – the law

38. In *Google France*, Louis Vuitton (amongst others) argued that use of its trade mark by bidding on it as a keyword, which caused sponsored links to the defendants' website to appear in response to a search for that keyword, was an infringement under Article 5(1)(a) of the Trade Marks Directive. It claimed that the keyword in that case was identical to its registered trade mark and was used in respect of identical goods.
39. The CJEU decided that, notwithstanding that the bidding process was hidden from the public, bidding on the Louis Vuitton trade mark by the advertiser as a keyword constituted use of a sign identical with that mark in the course of trade. The Court said at [50] - [52]:

“50 The use of a sign identical with a trade mark constitutes use in the course of trade where it occurs in the context of commercial activity with a view to economic advantage and not as a private matter (*Case C-206/01 Arsenal Football Club v Reed* [2002] E.C.R. I-10273, [2003] R.P.C. 9, para. 40; *Céline*, para. 17; and *UDV North America*, para. 44).

51 With regard, firstly, to the advertiser purchasing the referencing service and choosing as a keyword a sign identical with another's trade mark, it must be held that that advertiser is using that sign within the meaning of that case-law.

52 From the advertiser's point of view, the selection of a keyword identical with a trade mark has the object and effect of displaying an advertising link to the site on which he offers his goods or services for sale. Since the sign selected as a keyword is the means used to trigger that ad display, it cannot be disputed that the advertiser indeed uses it in the context of commercial activity and not as a private matter.”

40. The CJEU then considered the circumstances in which such use would constitute an infringement of trade mark. I will set out the relevant passage in full, as it was the subject of detailed submissions in the present case. At [82] – [90] it said:

“82 The essential function of a trade mark is to guarantee the identity of the origin of the marked goods or service to the consumer or end user by enabling him to distinguish the goods or service from others which have another origin (see, to that effect, Case C-39/97 *Canon Kabushiki Kaisha v Metro-Goldwyn-Meyer Inc* [1998] E.C.R. I-5507, [1999] R.P.C. 117, para. 28, and Case C-120/04 *Medion AG v Thomson Multimedia Sales Germany and Austria GmbH* [2005] E.C.R. I-8551, para. 23).

83 The question whether that function of the trade mark is adversely affected when internet users are shown, on the basis of a keyword identical with a mark, a third party's ad, such as that of a competitor of the proprietor of that mark, depends in particular on the manner in which that ad is presented.

84 The function of indicating the origin of the mark is adversely affected if the ad does not enable normally informed and reasonably attentive internet users, or enables them only with difficulty, to ascertain whether the goods or services referred to by the ad originate from the proprietor of the trade mark or an undertaking economically connected to it or, on the contrary, originate from a third party (see, to that effect, *Céline*, para.27 and the case-law cited).

85 In such a situation, which is, moreover, characterised by the fact that the ad in question appears immediately after entry of the trade mark as a search term by the internet user concerned and is displayed at a point when the trade mark is, in its capacity as a search term, also displayed on the screen, the internet user may err as to the origin of the goods or services in question. In those circumstances, the use by the third party of the sign identical with the mark as a keyword triggering the display of that ad is liable to create the impression that there is a material link in the course of trade between the goods or services in question and the proprietor of the trade mark (see, by way of analogy, *Arsenal Football Club*, para.56, and Case C-245/02 *Anheuser-Busch Inc v Budejovicky Budvar NP* [2004] E.C.R. I-10989, [2005] E.T.M.R. 27, para. 60).

86 Still with regard to adverse effect on the function of indicating origin, it is worthwhile noting that the need for transparency in the display of advertisements on the internet is emphasised in the European Union legislation on electronic commerce. Having regard to the interests of fair trading and consumer protection, referred to in recital 29 in the preamble to Directive 2000/31, Art.6 of that Directive lays down the rule that the natural or legal person on whose behalf a commercial communication which is part of an information society service is made must be clearly identifiable.

87 Although it thus proves to be the case that advertisers on the internet can, as appropriate, be made liable under rules governing other areas of law, such as the rules on unfair competition, the fact nonetheless remains that the allegedly unlawful use on the internet of signs identical with, or similar to, trade marks lends itself to examination from the perspective of trade-mark law. Having regard to the essential function of a trade mark, which, in the area of electronic commerce, consists in particular in enabling internet users browsing the ads displayed in response to a search relating to a specific trade mark to distinguish the goods or services of the proprietor of that mark from those which have a different origin, that proprietor must be entitled to prohibit the display of third-party ads which internet users may erroneously perceive as emanating from that proprietor.

88 It is for the national court to assess, on a case-by-case basis, whether the facts of the dispute before it indicate adverse effects, or a risk thereof, on the function of indicating origin as described in para.84 of the present judgment.

89 In the case where a third party's ad suggests that there is an economic link between that third party and the proprietor of the trade mark, the conclusion must be that there is an adverse effect on the function of indicating origin.

90 In the case where the ad, while not suggesting the existence of an economic link, is vague to such an extent on the origin of the goods or services at issue that normally informed and reasonably attentive internet users are unable to determine, on the basis of the advertising link and the commercial message attached thereto, whether the advertiser is a third party vis-à-vis the proprietor of the trade mark or, on the contrary, economically linked to that proprietor, the conclusion must also be that there is an adverse effect on that function of the trade mark.”

41. The *Google France* case, and other judgments of the CJEU were considered in detail by the Court of Appeal in the *Interflora* case. Having cited [82] – [90] of *Google France*, Kitchin LJ stated at [75] – [77]:

“75 The following general points of principle emerge from this passage. First, the critical question to be answered in such a case is whether the advertisement does not enable normally informed and reasonably observant internet users, or enables them only with difficulty, to ascertain whether the goods or services referred to in the advertisement originate from the proprietor of the trade mark or an undertaking economically connected to it or, on the contrary, originate from a third party.

76 Secondly, the trade mark proprietor is entitled to prevent the display of third party advertisements which such internet users may erroneously perceive as emanating from that proprietor or which suggest that there is a material link in the course of trade between the goods or services in question and the proprietor.

77 Thirdly, if the advertisement, though not suggesting an economic link, is vague as to the origin of the goods or services in question so that such internet users are unable to determine, on the basis of the advertising link and the commercial message attaching to it, whether the advertiser is a third party or, on the contrary, is economically linked to the proprietor, then this will have an adverse effect on the origin function of the trade mark.”

42. Kitchin LJ explained the policy underlying the test to be applied by the national court when assessing whether the accused use has adversely affected, or is liable adversely to affect, the origin function of a trade mark in the context of keyword advertising cases. At [132] he said that the *Google France* test:

“appears to be founded upon certain generic characteristics of advertisements of the kind in issue and a recognition by the Court of the need for transparency about the origin of the goods and services so advertised”

43. This was further elaborated at [143]:

“143 As we have said, the Court has recognised that keyword advertising is not inherently objectionable. But it has also acknowledged that there are features of such advertising which may lead the consumer to mistake the origin of the goods or services so advertised. It has noted too the importance of transparency in the display of advertisements on the internet. In this context the Court has therefore explained that the trade mark proprietor must be entitled to prohibit third party advertisements displayed as a result of the use of the mark as a keyword if average internet users may wrongly perceive that the goods or services so advertised originate from the trade mark proprietor, or which are so vague that such users cannot determine whether they do or not. This of course means that the third party advertiser using a trade mark as a keyword must take care to

ensure that his advertisements do enable average internet users to ascertain whether the goods or services originate from the trade mark proprietor or an unconnected third party. If he fails to do so, he may be found to have infringed the trade mark.”

44. The Court of Appeal in *Interflora* also made clear that keyword advertising was not inherently objectionable. On the contrary, its general aim was to be encouraged as fair competition, provided that the origin of the alternative goods or services was clear. Having cited *Google France* at [57] – [59] Kitchin LJ referred at [98] to an appreciation by the CJEU that:

“... internet advertising using keywords which are identical to trade marks is not an inherently objectionable practice. On the contrary, its aim is, in general, to offer to internet users alternatives to the goods or services of trade mark proprietors and it is not the purpose of trade marks to protect their proprietors from fair competition”

Legal issue in dispute

What is the use complained of?

45. Relying upon *Google France* at [50] – [52], the Claimant submits that the uses complained of in the present case are uses of signs identical to, or trivially different from, its trade marks. These uses, it argues, are not uses of the First Defendant’s name; rather they are uses of the Claimant’s mark(s), a fact which has considerable significance to the alleged defence of honest concurrent use.
46. The Defendants dispute this proposition. They submit that it is the First Defendant’s advertisements which appear as a result of user searches which are likely to cause confusion. Therefore, insofar as there is an infringement, the infringing act is not the use of the Claimant’s name. This is an essential part of the infringing act but the act is only complete when the test laid down by the CJEU in [84] is satisfied, namely that the advertisement presented in response to a search for the Claimant’s mark does not enable normally informed and reasonably observant internet users to identify, without difficulty, whether the goods or services emanate from or are connected with the Claimant.
47. I fully accept that the Court cannot tell whether the use complained of will have an effect on the origin function of the mark without considering the advertisements which result from the search. That follows from the proposition that keyword advertising is not inherently objectionable and may well constitute fair competition. However, Mr Purvis submits that the Defendants’ argument confuses the use complained of with the consequences of such use. I agree with this submission.
48. In my judgment, it is necessary, first, to identify the signs complained of. These are “Victoria Plumb” and trivial variations on that sign. This constitutes use of signs identical to, or immaterially different from, the Victoria Plum(b) marks. This is not use of the First Defendant’s name “Victorian Plumbing”. Secondly, it is necessary to ask whether such use is likely adversely to affect the origin function of the Claimant’s trade

marks (since, in the present case, is not alleged that any other function is adversely affected). If the answer to this second question is in the affirmative, then, subject to the various defences advanced by the defendants, there is infringement. If it is answered in the negative, then there is no infringement. This does not alter the fact that the First Defendant is using the Claimant's name, rather than its own name, in the keyword bidding complained of.

A propensity for confusion in keyword advertising

49. The Claimant submits that in *Google France*, the CJEU noted the peculiar risks of confusion which are associated with the practice of bidding on a competitor's trade mark as a keyword. In particular, the user who enters a trade mark as a search term is looking for, and expecting to be presented with, a website of or connected with, the trade mark proprietor. Furthermore, the trade mark, as a search term, is displayed on the screen at the same time as the search results. There is therefore a particular need in this context to ensure that it is "transparent" to the user that the resulting advertisements have no connection with the trade mark proprietor. It submits that trade mark law requires all acts of alleged infringement to be judged against the specific context in which they appear to the consumer. This particular context is peculiarly likely to cause confusion.
50. The Defendants submit that this proposition is wrong. They submit that the reasoning of the CJEU has nothing to do with the susceptibility of internet users, in this context, to be confused. It results simply from the nature of the stimulus with which they are being presented: brand and advertisement together. The presence of the trade mark as a search term positively suggests a connection where the advertisement is vague.
51. I do not accept the Defendants submissions in this respect. Indeed, they appear to me to come close to acknowledging that, in the context of keyword advertising, there is a heightened propensity for confusion. In my view, the case law establishes the following:
 - i) A user who searches by reference to a brand name is likely to be looking for that brand. In this context, there is a particular propensity for confusion if the resultant advertising is vague as to origin; *Google France* at [85]; *Interflora* at [132].
 - ii) This explains the particular emphasis on "transparency" in the judgment of the CJEU. The reason why transparency is necessary is to protect the consumer from unclear advertising which, in context, is liable to mislead; *Google France* at [86] – [87]; *Interflora* at [143].
 - iii) On the other hand, bidding on trade marks as keywords, where the advertiser ensures that his advertisements enable average internet users to ascertain whether the goods or services originate from the trade mark proprietor or an unconnected third-party, cannot be objected to; *Google France* at [57] – [59]; *Interflora* at [98].

Application to the facts

Do the acts complained of satisfy the Google France test for infringement?

52. There is no dispute that the First Defendant has bid, and is continuing to bid, on a substantial scale, on the Claimant's trade mark "Victoria Plumb" (and immaterial variants of that mark) as a keyword. It is admitted, and I find, that by the end of 2012, and indeed prior to that date, the Claimant had established a valuable reputation and goodwill in the name "Victoria Plumb".
53. I find that the Victoria Plum(b) keywords are identical or confusingly similar to the Victoria Plum(b) marks. The next question is whether the presentation of the First Defendant's advertisements as a result of a member of the public searching for Victoria Plum(b) 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 Victoria Plum(b) or an undertaking economically connected to it, or on the contrary, originate from a third party.
54. The annex to this judgment shows examples of results of a search by an internet user for "Victoria Plumb" where the resultant advertisement displayed in position 2 includes the terms "Victoria Plumbing" and/or "Victorian Plumbing". On occasion the First Defendant's advertisements appear in position 1 in response to such a search. There is nothing in the First Defendant's advertisements to indicate that these are not advertisements for a business of or connected with the Claimant.
55. In the Defendants' closing skeleton argument at [41] – [45], the visual, aural and conceptual similarities between "Victoria Plumb" and "Victorian Plumbing" are emphasised, and it is submitted at [45] that:

"The conclusion as a matter of principle is that these two marks of visually, orally and conceptually closely similar. Without more, in our submission, a finding that there is a likelihood of confusion amongst the public is unavoidable."

56. This submission is made having regard to the Defendants' plea of honest concurrent use. However, it also has consequences to the issue of infringement pursuant to the *Google France* test.
57. The similarity between the signs used in the advertisements and the Claimant's trade marks is obvious. The Claimant's trade marks have an enhanced distinctive character as a result of the use which has been made of them. The services in question, namely the bringing together of bathroom items enabling customers to conveniently view and purchase those goods via a website, are identical, as are the types of goods offered on the websites. The internet user who has searched for the Claimant's trade mark is likely to be expecting to find links to the Claimant's website. Furthermore, the expert evidence concerning click through rates, which I consider further below, corroborates my view that confusion is likely, and indeed is occurring on a significant scale, as a result of the acts complained of.
58. I find that the First Defendant's advertisements complained of 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 Victoria Plum(b) or an undertaking economically connected to it, or on the contrary, originate from a third party.

Honest concurrent user – the law

Basis for the defence

59. It may come as something of a surprise that this issue has to be considered at all, given that there is no provision for such a defence in the Trade Marks Directive or Trade Marks Regulation. However, 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. The Defendants drew my attention to the following passage from the judgment of Jacob LJ in *Phones 4U Ltd v Phone4U.co.uk Internet Ltd* [2006] EWCA Civ 244; [2007] RPC 5:

“21. In this discussion of “deception/confusion” it should be remembered that there are cases where what at first sight may look like deception and indeed will involve deception, is nonetheless justified in law. I have in mind cases of honest concurrent use and very descriptive marks. Sometimes such cases are described as “mere confusion” but they are not really – they are cases of tolerated deception or a tolerated level of deception.

22. An example of the former is the old case of *Dent v Turpin* (1861) 2 J&H 139. Father Dent had two clock shops, one in the City, the other in the West End. He bequeathed one to each son – which resulted in two clock businesses each called Dent. Neither could stop the other; each could stop a third party (a villain rather appropriately named Turpin) from using “Dent” for such business. A member of the public who only knew of one of the two businesses would assume the other was part of it – he would be deceived. Yet passing off would not lie for one son against the other because of the positive right of the other business. However it would lie against the third party usurper.”

60. This has now been addressed by the CJEU in the *Budweiser* case (*supra*). This dispute arose in the context of an invalidity application by Anheuser-Busch. Both parties had distributed beer under a mark containing the word Budweiser for many decades. This particular battle concerned an invalidity application by Anheuser-Busch in respect of Budvar’s Budweiser trade mark, pursuant to Article 4(1)(a) of the Trade Marks Directive, on the ground that it was identical to a trade mark owned by Anheuser-Busch and was sought to be registered for identical goods.

61. The United Kingdom Court of Appeal referred the following, amongst other, questions to the CJEU for a preliminary ruling:

“Does Article 4(1)(a) of Directive 89/104 apply so as to enable the proprietor of an earlier mark to prevail even where there has been a long period of honest concurrent use of two identical trade marks for identical goods so that the guarantee of origin of the earlier mark does not mean the mark signifies the goods of the

proprietor of the earlier and none other but instead signifies his goods or the goods of the other user?”

62. The CJEU considered that the determination of a conflict between marks is the same whether the issue is infringement or registration. Accordingly, case law of the Court of Justice on infringement was applicable to a dispute concerning registration; [67]-[70].

63. At [71] the Court held that the protection against infringement under Article 5 existed in order to ensure that the trade mark can fulfil its functions. Therefore the exercise of that right must be reserved to cases in which another party’s use of the sign affects or is liable to affect the functions of the trade mark. Accordingly, it held at [74] that:

“Article 4(1)(a) of Directive 89/104 must be interpreted as meaning that a later registered trade mark is liable to be declared invalid where it is identical with an earlier trade mark, where the goods for which the trade mark was registered are identical with those for which the earlier trade mark is protected and where the use of the later trade mark has or is liable to have an adverse effect on the essential function of the trade mark which is to guarantee to consumers the origin of the goods.”

64. The Court then considered whether the use by Budvar of the mark Budweiser was liable to have an adverse effect on the essential function of the Budweiser trade mark owned by Anheuser-Busch. At [75] it found that this was not the case. At [76] the Court of Justice stated that:

“It should be stressed that the circumstances which gave rise to the dispute in the main proceedings are exceptional.”

65. At [77] to [81] the CJEU set out certain facts which, in its view, rendered the case exceptional. These included (amongst other things) the fact that Anheuser-Busch and Budvar had each been marketing their beers in the United Kingdom under the sign “Budweiser” or under a trade mark including that sign for almost 30 years prior to the registration of the marks concerned; that both companies had from the beginning used their Budweiser trade marks in good faith; that consumers in the UK were well aware of the differences between the beers of Budweiser and Anheuser-Busch, because of taste, price and getup; and that even though the marks were identical, the beers were clearly identifiable as being produced by different companies.

66. At [85](3) the Court of Justice answered the question that had been referred to it concerning honest concurrent use:

“In the light of the foregoing, the answer to the third question is that Article 4(1)(a) of Directive 89/104 must be interpreted as meaning that the proprietor of an earlier trade mark cannot obtain the cancellation of an identical later trade mark designating identical goods where there has been a long period of honest concurrent use of those two trade marks where, in circumstances

such as those in the main proceedings, that use neither has nor is liable to have an adverse effect on the essential function of the trade mark which is to guarantee to consumers the origin of the goods or services.”

67. The dispute then returned to the Court of Appeal who considered the effect of the judgment of the CJEU in *Budejovicky Budvar NP v Anheuser-Busch Inc.* [2012] EWCA Civ 880; [2013] RPC 12. Anheuser-Busch argued that the analysis of the Court of Justice applied only where the defendant showed that there was no more than *de minimis* confusion. Jacob LJ rejected this submission at [17]:

“I do not accept that these findings are inconsistent with what I said in my first judgment. I did not hold that the level of confusion was *de minimis*. I said was small, not that it was negligible. The level of confusion in the earlier cases was clearly not negligible: otherwise the claims for passing off would have failed for that reason alone, not because there was defence of honest concurrent use or failure to prove goodwill. What I said is entirely consistent with the findings relied upon by [Anheuser-Busch]. Common sense prevails here. These two brands have lived side by side with large sales: the sale of Anheuser-Busch’s beer are much greater than Budejovicky Budvar’s but the latter are substantial. You do not have to be a genius to infer from those very facts alone that the public by and large will have got used to that. Or that there will always be some who are confused, albeit that many are not.”

68. Jacob LJ held that the mark “Budweiser” had never denoted Anheuser-Busch’s beer alone, given the long established honest concurrent use by Budvar. He said at [23]:

“So I do not think that there is any impairment of the guarantee of origin – of either side’s mark. The guarantee is different given a situation of long established honest concurrent use.”

69. The defence of honest concurrent use received further consideration by the Court of Appeal in the *Ideal Home* case (*supra*). IPC was the publisher of *Ideal Home Magazine* and was the registered proprietor of the UK trade mark “*Ideal Home*” registered in respect of, amongst other things, online retailing of house wares. In 2009, Media 10 had purchased the business which ran the *Ideal Home Show* at Earls Court. The first exhibition had taken place in 1908, about 12 years before the launch of the “*Ideal Home Magazine*”. A main purpose of the exhibition was the retail sale of home interest products. IPC brought proceedings for infringement of registered trade mark and passing off against Media 10 in response to its launch of its own online shop under the name “*Ideal Home Show*”. The claim failed on the basis of honest concurrent use.

70. Kitchin LJ considered the Judgments of the Court of Justice and of the Court of Appeal in the *Budweiser* case at [41] – [51]. At [48] – [49] he said:

“Now it is entirely true to say that the facts of the present case are different from those of *Budweiser*. Moreover, the circumstances of *Budweiser* were clearly exceptional. However, I do not understand the reasoning or guidance of the Court of Justice to be limited to only those cases which share all five characteristics of that case. To the contrary, it seems to me that the Court has made it clear that the fundamental question to be asked and answered in any particular case is whether the impugned use does or does not have an effect upon the functions of the trade mark.

Further and importantly in the present context, the Court has not ruled that honest concurrent use cannot avail a trader if the impugned use is liable to cause some confusion. Indeed, this court was required to consider that very question in deciding the ultimate outcome of that case, for Anheuser-Busch argued that, in the light of the guidance given by the Court, the doctrine could only apply where the level of confusion was *de minimis*. It argued that if there was a level of confusion above that, then the essential function of the trade mark relied upon would be impaired and a case of permissible honest concurrent use would not be made out.”

71. Having cited [20] – [23] of the Judgment of Jacob LJ in *Budweiser*, Kitchin LJ said at [51]:

“I respectfully agree that there may well be more than *de minimis* confusion in a case of honest concurrent use. No doubt many consumers will recognise that the marks are used by different businesses, but others will not. In other words, once honest concurrent use is established, the mark does not solely indicate the goods or services of just one of the users. As Sir Robin Jacob explained, in such a case the guarantee given by the mark is different.”

72. Turning to the facts of the case before him, Kitchin LJ recognised at [53] – [54] that there was the possibility of confusion between the parties’ online retail businesses. However, this was confusion which had to be tolerated, because the name “Ideal Home”, when used in relation to online retail services, does not denote, and has never denoted to the average consumer, the services of a single entity. He stated that such confusion:

“...is the inevitable consequence of the use by two separate entities of the same or closely similar names in relation to such similar businesses, namely the running of a show of consumer interest products and the publishing of a magazine all about such products. I am satisfied that the provision of online retail services concerning such products was an entirely natural extension of the business of each of them.”

73. He continued:

“...of course Media 10 must not take any steps to increase the level of confusion beyond that which is inevitable and so encroach onto IPC’s goodwill. But the Deputy Judge was satisfied that it had not done so ...”

Summary

74. The case law to which I have referred establishes the following principles:
- i) Where two separate entities have co-existed for a long period, honestly using the same or closely similar names, the inevitable confusion that arises may have to be tolerated.
 - ii) This will be the case where the trade mark serves to indicate the goods or services of either of those entities, as opposed to one of them alone. In those circumstances, the guarantee of origin of the claimant’s trade mark is not impaired by the defendant’s use, because the trade mark does not denote the claimant alone.
 - iii) However, the defendant must not take steps which exacerbate the level of confusion beyond that which is inevitable and so encroach upon the claimant’s goodwill.

The test for honesty

75. The parties drew attention to the principles to be applied under section 11(2) of the Trade Marks Act 1994 (Article 12(a) of the Regulation) when considering whether the use by a person of his own name is in accordance with honest commercial practices in industrial or commercial matters. The relevant principles were set out by Arnold J in *Hotel Cipriani v Cipriani (Grosvenor Street)* [2008] EWHC 3032 (Ch); [2009] RPC 9 at [143] – [164]; affirmed on appeal in [2010] EWCA Civ 110; [2010] RPC 16. First, the requirement that the use be in accordance with honest practices constitutes the expression of a duty to act fairly in relation to the legitimate interests of the trade mark proprietor. Secondly, all circumstances should be considered when ascertaining whether or not the use is honest, including whether the defendant can be regarded as unfairly competing with the proprietor of the trade mark. Thirdly, an important factor is whether the use of the sign complained of either gives rise to consumer deception or takes unfair advantage of, or is detrimental to, the distinctive character or repute of the trade mark. If it does, it is unlikely to qualify as being in accordance with honest practices. Fourthly, a likelihood of confusion can be in accordance with honest practices if there is a good reason why such confusion should be tolerated. Finally, whether the defendant ought to have been aware of the existence of substantial confusion or deception is a relevant factor.
76. More recently, the Court of Appeal considered the question of honest commercial practices in the context of an own name defence in *Maier v Asos Plc* [2015] EWCA Civ 220; [2015] FSR 20 at [145] – [160]. It confirmed that the defendant is under a duty to act fairly in relation to the legitimate interests of a trade mark proprietor, and that the court is required to carry out an overall assessment of all the relevant facts and circumstances to determine whether the defendant is competing unfairly. In addition, Kitchin LJ stated at [149]:

“The possibility of a limited degree of confusion does not preclude the application of the defence, however. It all depends upon the reason for that confusion and all the other circumstances of the case”

77. In the present case, the Claimant submitted that it is very hard to see how a case of deliberate use of the Claimant’s name by bidding on it as a keyword, the results of which cause confusion, could conceivably be in accordance with honest commercial practices. In this regard it relied upon the decision of the CJEU in *Portakabin Ltd v Primakabin BV* (Case C-558/08) [2010] ETMR 52 at [67] – [72]. Having considered the *Portakabin* decision in *Interflora*, Kitchin LJ concluded at [88] that:

“In this passage the Court has made clear the where the use by an advertiser of a sign identical to a trade mark as a keyword in an internet referencing service is liable to be prevented under art. 5 of the Directive then the advertiser cannot in general rely upon art. 6 as a defence, and that is so because, in such a case, its advertisement is likely to cause at least a significant section of the relevant public to establish a link between the goods or services to which it refers and the goods or services of the trade mark proprietor or persons authorised to use the trade mark”

78. However, it should be borne in mind that neither *Portakabin* nor *Interflora* were cases where the defence of honest concurrent user was, or could be, relied upon. It is clear from the authorities cited above that in such a case, inevitable confusion may have to be tolerated as it will not impair the origin function of the trade mark.

Summary

79. In my judgment, the factors which have been considered in the context of honest commercial practices in respect of the own name defence need a degree of adaptation when considering whether “concurrent use” is honest. In particular:
- i) The defendant has a duty to act fairly in relation to the legitimate interests of the trade mark proprietor.
 - ii) All circumstances must be considered when ascertaining whether or not the use by the defendant is honest, including whether the defendant can be regarded as unfairly competing with the trade mark proprietor.
 - iii) However, the question is not simply whether use of the sign complained of gives rise to consumer deception, as such deception may have to be tolerated. Similarly, the defendant may well be aware of the existence of such confusion, having lived with it for a considerable period.
 - iv) The question is whether the defendant has taken steps which exacerbate the level of confusion beyond that which is inevitable and so has encroached upon the claimant’s goodwill.

- v) Whether the defendant ought to be aware that such steps will exacerbate confusion is a relevant factor.

Application to the facts

The signs complained of

80. In its opening skeleton, the Claimant suggested (or may have suggested) that the defence of honest concurrent use could only apply where two entities were using identical trade marks. In the course of his thoughtful submissions, Mr Silverleaf denied this, drawing attention, by way of analogy, to sections 7 and 12(2) of the Trade Marks Act 1938 which dealt with a saving for “vested rights” and allowed registration, not only of an identical mark but also of a mark “nearly resembling” that of the proprietor. He is supported in this submission by the judgment of Kitchin LJ in *Ideal Home* at [154], which recognises that the defence may apply “to the use by two separate entities of the same or closely similar names”. Mr Purvis clarified in closing that this was not his case. This was sensible. In my judgment the policy underlying honest concurrent use can also apply to closely similar marks.
81. However, a fundamental difficulty for this defence is that the use complained of is use by the First Defendant of the Claimant’s Victoria Plum(b) marks (or trivial variations thereof) by bidding on them as keywords. I do not consider that the defence can apply in these circumstances, for the following reasons.
82. First, a defence of honest concurrent use can entitle a defendant to continue to use its own name or mark. It cannot, in cases where the marks used by the claimant and defendant are different, entitle the defendant to use the claimant’s mark, and no case has been cited to me where the defence has been applied in such circumstances.
83. Secondly, the First Defendant cannot claim honest concurrent use of the Victoria Plum(b) marks for the simple reason that it has never used those marks other than by bidding on them as keywords, which is the subject of this complaint.
84. Thirdly, if it were correct that honest concurrent use could justify use by the First Defendant of the Claimant’s marks, then the First Defendant would be able to apply to register as trade marks “Victoria Plumb” and “Victoria Plum”. As in the *Budweiser* case, there could be no objection to registration. This cannot be correct, as the Defendants themselves recognise.
85. Fourthly, honest concurrent use arises in cases where a mark has become a guarantee of origin of two unrelated entities, so that it cannot be said to be an exclusive guarantee of origin of either. Yet the Defendants acknowledged that this was not the case in respect of the Victoria Plum(b) marks. Mr Radcliffe, during his cross examination, readily accepted that the First Defendant did not claim any rights over the Claimant’s trade marks. He recognised that those trade marks indicated, exclusively, the Claimant and not the First Defendant. That is why the Defendants submitted to judgment in respect of advertisements displayed in response to the First Defendant’s keyword bidding which contained a sign identical to the Claimant’s trade mark “Victoria Plumb”, as is made clear by the following evidence (T2/104/6-18):

“MR PURVIS: ...the reason that you took those steps was that you accept that it’s wrong to put the claimant’s trade mark in the text of the ad; correct?”

A. I think the fact we have admitted the claim straight away proves that, yes.

Q. Because of course, Victoria Plum is the claimant’s trade mark?

A. My Lord, the Victoria Plum is indeed the claimant’s trade mark, a shorter version of our name that we selected in the year 2001, before the claimant.

Q. Well Victoria Plum exclusively means the claimant, doesn’t it?

A. Yes my Lord.”

86. Mr Radcliffe elaborated this at T2/126/12-16:

“The Victoria Plum is their trade mark and I know they have worked hard to build that trade mark and in that particular instance, I agree it was unfair to display that and we admitted it being wrong.”

87. In those circumstances, a defence of honest concurrent use cannot justify the First Defendant’s use of the Claimant’s marks when bidding on them as keywords.

Honesty of use

(i) A change in approach to keyword bidding by the First Defendant

88. In case I am wrong in this conclusion, I need to consider whether the use complained of by the First Defendant is “honest”, when judged by the criteria which I have set out above.

89. The first relevant factor is a change in approach by the First Defendant to its keyword bidding in about November 2012. The First Defendant has bid on the Claimant’s trade marks as keywords since about November 2008. However, such bidding was at a minimal level until the end of 2012. In particular, data disclosed by the Defendants (at Trial Bundle X, tab 1) shows that in November and December 2008 the First Defendant spent £15 on bidding on “Victoria Plumb” as a keyword. Its total expenditure on such bidding in 2009 was £39; in 2010 £202; and in 2011 £469. In 2012 this sum rose to £1,053. There was then an increase in 2013 to £46,017. By 2014 this expenditure increased more than fourfold to £204,298. There was another very significant increase in 2015 to £626,175. Between January and August 2016 the First Defendant spent £465,630 on bidding on the “Victoria Plum(b)” keywords.

90. The First Defendant increased the percentage spent of its advertising budget on bidding on the Claimant’s trade marks from 11.86% in 2012 to 44.30% in 2013. In 2014, the

figure rose to 54.93%. In 2015 the percentage was 54.13%. and in 2016, 45.10%. In comparison, the percentage spent on bidding on the First Defendant's own name as a keyword decreased from 51.31% in 2012 to 18.67% in 2016. The First Defendant's annual spend on bidding on the Victoria Plum(b) marks as keywords also dwarfed its keyword spend on other competitors, both in terms of overall percentage spend and money.

91. Mr Radcliffe explained that this change in the First Defendant's approach to keyword bidding was a result of the arrival of Joe Pascoe, the First Defendant's marketing manager who was employed by the First Defendant in November 2012. However, Mr Pascoe, who could have explained the reasons for this change in policy, was not called as a witness by the Defendants. This was unfortunate, because Mr Radcliffe knew very little about the bidding strategy, or the reasons for the change in policy. He explained that it was Mr Pascoe who reorganised the campaigns and that he had a lot of autonomy with Adwords advertising. Furthermore, there was no document disclosed by the Defendants which considered or otherwise explained the commercial rationale for the change in policy.
92. The Defendants denied that the First Defendant had changed its policy to target the Claimant's brand. They suggested that Mr Pascoe had employed the same return on investment approach to all of the First Defendant's keyword bidding, and the effect of that approach was to grow each kind of bidding proportionately in precisely the same way. I do not find this a satisfactory explanation. It ignores the actual amounts spent on bidding on these various brands. The amount spent by the First Defendant on bidding on the Victoria Plum(b) marks exceeds the amount spent on other competitors' trade marks by a factor of about 9 to 1. Mr O'Brien fairly accepted that the data showed a change in the First Defendant's policy towards bidding on the Claimant's trade marks, evidenced by an increase in the max cost per click on those terms and a dramatic increase in expenditure (O'Brien T3/92-93).
93. The result of this change in policy has been that the average position of the First Defendant's advertisements shown in response to a search for "Victoria Plum(b)" has risen to about 1.7 – 1.8 i.e. those advertisements generally appear in either first or second position on the SERP. The click through rate to the First Defendant's website, which I consider further below, has risen to about 18%.
94. There is no doubt that the First Defendant considers it commercially worthwhile to increase its expenditure on bidding on the Claimant's trade marks from a few hundred pounds to hundreds of thousands of pounds per annum. This is not some passive activity enforced upon it by the operation of Google. The First Defendant is, of course, aware of the confusing similarity between the Victoria Plum(b) trade marks and the Victorian Plumbing signs. The First Defendant is also aware of the very high click through rate from internet users to its website as a result of its increased expenditure on the Victoria Plum(b) keywords, as its own data shows.

(ii) Click through rates

95. I will now consider whether a substantial proportion of such click throughs are likely to have been caused by confusion, and whether a reasonable commercial entity would appreciate that this is the case.

96. Both experts noted a striking difference between click through rates to the First Defendant's website when its advertisements appear following a search for Victoria Plum, and when those same advertisements appear following a search for other competitor brands on which the First Defendant has also bid as keywords. Searches for Victoria Plum(b) produce a click through rate of 15 to 20% whereas searches for other competitor brands produced a click through rate of 0 to 4%. This is the case even where the average position of the First Defendant's advertisements on the SERP was higher in response to searches of other competitor brands than for Victoria Plum(b). This is shown by plots prepared by Mr O'Brien at C2/7/14-16 and by Dr Hanson at paragraph 72 onwards.
97. Large numbers of consumers, having searched for Victoria Plum(b), are clicking through to the First Defendant's website. As shown by Mr O'Brien's plot 7, the number has risen from a negligible amount to about 50,000 consumers a month.
98. Dr Hanson also pointed to a much lower click through rate when the Claimant has bid on the First Defendant's name. The click through rate to the Claimant's website was initially about 8% and has fallen to 4-5%. This compares with the much higher click through rate when the First Defendant has bid on the Claimant's name. This may be explained by the fact that the Victoria Plum(b) name is more distinctive, and more well-known, than the Victorian Plumbing name. Therefore, somewhat fewer consumers click through to Victoria Plum(b) as they are somewhat less likely to be confused. This is supported by Mr O'Brien's evidence at [153] where he said, in relation to this asymmetry, that:
- “This may perhaps be explained by the fact that a person searching for the term [victorian plumbing] ...is more likely to have a greater sense of the distinction between the two brands.”
99. Dr Hanson explained these differences in click through rates at [72] to [76] his report. At [72] he stated that:
- “In my opinion, the most logical explanation for this pattern is searcher confusion between the intent of their search (Victoria Plum) and the advertisement being posted (for Victorian Plumbing).”
100. At [149] of his report Mr O'Brien noted that the click through rate to the First Defendant's website following a search for Victoria Plum(b) was unusually high for keyword bidding on a competitor brand. This is because, in general, most internet users do not click through to a competitor brand, but rather to the website of the brand which they have entered as a search term.
101. At [150] Mr O'Brien considered that this high click through rate was likely to be caused by the similarity of the names “Victoria Plum(b)” and “Victorian Plumbing”. He offered the following possible reasons why a user searching for “Victoria Plumb” would click on a “Victorian Plumbing” advertisement:

“150 It seems to me likely that this high CTR is caused by the similarity of the names ‘Victoria Plum/b’ and ‘Victoria Plumbing’. Broadly, I think there are two possible reasons why a user searching e.g. [victoria plumb] would click on a ‘Victorian Plumbing’ ad:

(1) They may not notice that the name ‘Victorian Plumbing’ is not the same as the name ‘Victoria Plumb’ and so click on the link in the mistaken belief that it says ‘Victoria Plumb’ rather than ‘Victorian Plumbing’. I think this scenario is easier to imagine if the ad appears to the top of the paid search results. It is harder to imagine if the ad appears below a ‘Victoria Plum/b’ ad.

(2) They may notice that the name ‘Victorian Plumbing’ is not the same as the name ‘Victoria Plumb’, but click on the ‘Victorian Plumbing’ ad anyway. I can think of two possible reasons for this:

(a) The user searches [victoria plumb] but decides that the ‘Victorian Plumbing’ ad offers an attractive alternative to the ‘Victoria Plum/b’ ad or natural search result e.g. because both have similar names [sic] offer the same product categories.

(b) The user had intended to search for [victorian plumbing], had mistakenly searched [victoria plumb] and then realised their mistake when presented with a ‘Victorian Plumbing’ ad. The influence of auto-complete makes this latter scenario more likely.”

102. Mr O’Brien’s first explanation at [150](1) is in my view, consistent with the evidence of Dr Hanson that the high click through rate is caused by confusion.
103. The first alternative explanation suggested by Mr O’Brien is that when the user searches for Victoria Plumb he or she is not confused and clicks on the First Defendant’s Victorian Plumbing link as an attractive alternative. I do not accept that this is an adequate explanation for the remarkably high click through rate which both experts have noted. If it were correct, one would expect to see a comparable click through rate when the First Defendant’s advertisements were presented as a result of searches for other competitor brands. But the experts were agreed that the rates are very different.
104. The second alternative explanation postulates a user searching for Victoria Plumbing who had mistakenly entered Victoria Plum(b), possibly because of Google’s auto-complete function. The user then realises his or her mistake and clicks on a Victorian Plumbing ad, for which he originally intended to search. I do not accept that this is an adequate explanation for the remarkably high click through rate. Mr O’Brien was asked to consider the auto-complete function as a possible explanation in a letter of instruction from the Defendants’ solicitors dated 7 September 2016. That letter stated:

“Anybody searching for either “victorian plumbing”, “victoria plumb” or “victoria plum” is given the option of clicking on an automatic prediction of the search term which appears in a drop-down below the search box.

On most occasions when a search is performed “victoria plumb” appears in the drop-down box after three or four letters of “victoria” or “victorian” have been typed.

As there is confusion between the businesses’ names, Plumbing believes that there will be consumers who are searching for “victorian plumbing” (perhaps after seeing one of Plumbing’s television advertisements) who are then confused and click on “victoria plumb” names in the autocomplete drop-down menu.”

105. In order to test this hypothesis, Mr O’Brien cleared his search history and entered “Victorian Plumbing” as a search term. The auto-complete function only offered “Victoria Plum” as a search term after the entire word “Victoria” had been typed, and even then, only as the sixth option in the drop-down menu. The auto-complete function produces different results for each user, depending on their search history. No doubt the Defendants’ solicitors had searched for “Victoria Plum(b)” and “Victoria Plumbing” on several occasions, which would explain their instructions to Mr O’Brien. However, the evidence before the Court has been given by Mr O’Brien and does not suggest that the auto-complete function is a significant factor in the click through rate.
106. Furthermore, the number of users searching for “Victorian Plumbing” is relatively modest, and cannot explain the very high number of people who click through to the First Defendant’s website, having searched for the Claimant. Mr O’Brien did not maintain that a significant proportion of users were clicking through to the First Defendant’s website for this reason; (T3/118/24 -119/10):

“It would therefore seem extremely unlikely that your second explanation, that a significant proportion of that number were people who were looking for the Victorian Plumbing website, was in fact true?

I think in my second explanation I say that it’s likely that it could happen and could be a proportion. I don’t mention that it would be a significant proportion.”

107. Mr Silverleaf offered an alternative explanation for the anomalously high click through rate. He submitted that when the First Defendant advertised on television, in particular from November 2014, the click through rate from its keyword bidding on the Victoria Plum(b) marks increased dramatically. The high click through rate could be attributed to an external cause, namely, greater public awareness of the First Defendant’s name during its television advertising campaigns. The theory postulates that internet users, having seen the First Defendant’s television advertising, are searching for the First Defendant. They mistakenly enter the Claimant’s name, which Mr Silverleaf characterises as “pre-search confusion”. When the advertisement for the First Defendant’s website appears in the search results, the pre-search confusion disappears

because they see the “Victorian Plumbing” brand, for which they had been intending to search.

108. I do not accept this explanation for a number of reasons. First, this submission depends on a correlation between the First Defendant’s TV advertising and a substantial increase in click through rate. That would require detailed evidence to establish. However, this theory was not put forward in the Defendants’ written evidence at all. Mr Radcliffe mentioned the theory during his cross examination, and an attempt was made in re-examination to hand in a new document which purported to establish it. Mr Purvis objected, and I only admitted the document to support the credibility of Mr Radcliffe.
109. The data on which this submission depends was not referred to in the Defendants’ written evidence, was not exhibited to Mr Radcliffe’s statement, and was only disclosed during the course of the trial, when it was handed up in cross-examination. Mr O’Brien’s report does not refer at all to the First Defendant’s television advertising giving rise to pre-search confusion as a possible explanation for the unusually high click through rate. Given that he specifically turned his mind to the possible causes of the high click through rate at [150] of his first report, I would have expected this issue to have been discussed by Mr O’Brien, if he had considered it was relevant and plausible. This is particularly the case since his letter of instruction dated 7 September 2016, cited above, made reference to the possibility of confusion amongst those who had seen one of the First Defendant’s television adverts.
110. Secondly, when one looks at the data, the alleged correlation is far from self-evident, and the question of its statistical significance has not been considered in any evidence. Mr Purvis submitted, and I accept, that the data relied on at Trial Bundle X3 does not appear to support the alleged correlation between the First Defendant’s TV advertising and an increase in click through rate. On occasions the click through rate decreased when the First Defendant was spending heavily on TV advertising, and on other occasions the click through rate increased markedly when there was no such advertising.
111. Thirdly, had this been the subject of expert evidence, I would have expected the theory to be tested by reference to a control. Given that the theory depends upon the user, having seen a TV advertisement for the First Defendant’s brand, mistakenly entering the Claimant’s brand, this should not apply to completely different brands. No one would enter, for example, “Plumb Centre” when searching for Victorian Plumbing. However, the data suggests similar trends in terms of increase and decrease in click through rate when the First Defendant has bid on competitor brands.

(iii) Exacerbation of confusion

112. The Defendants submit that, as a result of the similarity of the marks in issue, there is and has always been a high degree of likelihood of confusion. This, they claim, applies to all uses of the First Defendant’s and the Claimant’s mark made in the normal course of trade. It will apply when the parties advertise on television or in the press, generally when they advertise online, when they present their website to the public and when they interact with the public during the course of purchasing transactions and after sales service, technical and otherwise. They also point to various instances of confusion which have occurred throughout the years and suggest that this means that confusion as a result of their keyword bidding must be tolerated.

113. I do not accept these submissions for the following reasons. First, I consider that there is a greater propensity for confusion where a user has entered the name “Victoria Plum(b)” as a search term than in other contexts. He or she is looking for, and expecting to find, the Claimant’s website. The First Defendant’s advertisements use a very similar name and there is no indication of the absence of any connection. This gives rise to a greater likelihood of confusion than in other trading situations.
114. An analogy from the offline environment may serve to illustrate the point. If a consumer enters a department store and asks an assistant for a particular brand of goods, that is what he is expecting to be shown. If the assistant leads him to goods of a competitor with a very similar name, which do not make clear that they have no connection with the brand owner, the consumer is very likely to be confused. In fact, the position is worse when searching on the internet, because consumers click through to links very quickly and with no opportunity to inspect the goods.
115. Secondly, the CTR data which I have considered above establishes, on a balance of probabilities, that confusion is occurring on a very substantial scale as a result of the acts complained of. The instances of confusion relied upon in other circumstances by the Defendants have not been, and perhaps cannot be the subject of any such analysis. I am asked to form an impression as to their extent and significance from a number of documents in the disclosure bundle. Mr Silverleaf showed me some examples and suggested that there were many more in the Trial Bundles at E3/16 – E5/208. Mr Purvis dealt with the specific examples relied on by Mr Silverleaf, suggesting that they were instances, not of confusion, but of mistakes or administrative errors.
116. I readily accept that because of the similarity of names, a degree of confusion over the years was inevitable. Having considered the evidence and the documents, I believe that confusion between the two businesses has existed for many years, but at a relatively low level. Much of this confusion may be described as administrative and relatively easy to deal with, for example by a correcting email. For many years, neither side complained to the other about confusion. I note that the First Defendant was advised that it could not take action against the Claimant in 2002, but if, in subsequent years, a real and serious problem had developed, I would have expected one side or the other to have raised it much earlier.
117. In my judgment, the situation changed, particularly from 2013 onwards, as the First Defendant increased its bidding on the Victoria Plum(b) marks as keywords by very substantial amounts. I consider that this activity increased and exacerbated confusion that was otherwise inevitable.

(iv) Additional submissions by the Defendants

118. The Defendants submit that the First Defendant’s advertisements presented in response to searches for the Victoria Plum(b) marks are less likely to cause confusion than in other contexts because the average consumer rarely has a chance to make a direct comparison between the marks and therefore has to rely upon an imperfect recollection of them, which increases the likelihood of confusion. In the online searches in issue in this case, the marks are seen simultaneously, making possible a direct comparison. Therefore, the Defendants submit that there is no question of exacerbation of confusion by the acts complained of.

119. I do not accept this submission, for the reasons set out above. A user, having entered the Claimant's name as a search term, is expecting to find its website. Resulting advertisements, which are not "transparent" are more likely to cause confusion than in other contexts. Further, the Defendants' submission that the presence of the two brand names will decrease the likelihood of confusion is contradicted by [85] of the Judgment of the CJEU in *Interflora*. The fact that "the ad in question appears immediately after entry of the trade mark as a search term by the internet user concerned and is displayed at a point when the trade mark is, in its capacity as a search term, also displayed on the screen" was regarded as a factor which was more likely to mislead the average consumer.
120. The Defendants allege that the source of the Claimant's objection is that fact that the First Defendant's advertisements are appearing in first or second place on the SERP, which is the cause of the high click through rate. So any injunctive relief which did more than prohibit cases where such advertisements appeared in first or second place would be disproportionate. However, the Defendants cannot control the position in which their advertisements appear, whilst continuing to bid on the Victoria Plum(b) keywords, as such position is dependent on the acts of their competitors, as well as their own acts. Therefore, it is not possible to frame proportionate injunctive relief.
121. I reject this submission. The Claimant's complaint is not confined to cases where the First Defendant's advertisements appear in first or second place. Rather, it depends on application of the *Google France* test, which requires the First Defendant, when bidding on the Victoria Plum(b) keywords, to ensure that its resulting advertisements are "transparent". The First Defendant has failed to do this, and I do not believe that there will be a difficulty in framing a proportionate injunction.
122. The Defendants further allege that because the Claimant does not object to the name "Victoria(n) Plumbing" other than as a result of bidding on the Victoria Plum(b) keywords, this can only be on the basis of honest concurrent use. Such a defence should therefore apply to the acts complained of.
123. I reject this submission. The Claimant complains of use of the Victoria Plum(b) marks. This only commenced on a significant scale at the end of 2012, as a result of the Defendants' change of policy to which I have referred to above. Other uses of the First Defendant's own name in other contexts are longstanding, and qualitatively different from the uses complained of.

Conclusion

124. In assessing whether the use complained of is "honest", I have taken account of the long history of concurrent trading of these parties under very similar names. However, I do not consider that the acts complained of are consistent with the First Defendant's duty to act fairly in relation to the legitimate interests of the trade mark proprietor. I bear in mind all the circumstances which are set out above, including the First Defendant's decision in late 2012 to increase by a very substantial amount its spending on bidding on the Victoria Plum(b) keywords; the absence of an explanation by a witness with knowledge of the reasons for that decision; that the First Defendant has always known that its name was confusingly similar to the brand name; the propensity for confusion of users searching for "Victoria Plum(b)"; and the extensive confusion shown by the unusually high click through rates.

125. I do not consider that Mr Radcliffe was deliberately intending to confuse internet users by the First Defendant's bidding, on this scale, on the Victoria Plum(b) marks. His evidence satisfied me that he believed that this activity was necessary to ensure that customers for Victorian Plumbing who experienced "pre-search confusion" reached the First Defendant's website rather than that of the Claimant. However, I have rejected that theory and I consider that it should have been obvious to the First Defendant that its change in policy would exacerbate inevitable confusion, and that a reasonable person would have appreciated this.
126. I conclude that the First Defendant has taken steps which exacerbate the level of confusion beyond that which is inevitable and so has encroached upon the Claimant's goodwill.

Estoppel

127. The Defendants rely upon the fact that the Claimant began to bid on the First Defendant's name, initially in May 2011 and then on a more substantial scale in August 2012 and that this bidding continued until earlier this year. The Defendants submit that against the background of long-standing and peaceable coexistence of the parties' businesses, a reasonable party in the First Defendant's position would have understood the Claimant's conduct as positively indicating that it did not object to the First Defendant's bidding on the Claimant's trade marks as keywords and that in the light of that representation, it would be unfair if the Claimant could now complain about those acts.
128. I do not accept this submission. First, the Defendants would need to show that the Claimant made a representation, explicitly or implicitly, to the First Defendant that the First Defendant was entitled to bid on the Claimant's trade marks as keywords. No such representation was made. Mr Radcliffe explained at [60] of his statement that the first contact between the parties was a letter from the Claimant's solicitors asking the First Defendant to stop the activities complained of.
129. Secondly, the Defendants would have to show that they had relied upon such representation to their detriment. Even if the Claimant's conduct is considered to amount to a representation addressed to the Defendants, there is no evidence of any such reliance. In particular, there is no evidence that the bidding policy developed by Mr Pascoe was done in reliance upon any representation from the Claimant.

Statutory acquiescence

130. Section 48 of the Trade Marks Act 1994 provides:
48. Effect of acquiescence

(1) Where the proprietor of an earlier trade mark or other earlier right has acquiesced for a continuous period of five years in the use of a registered trade mark in the United Kingdom, being aware of that use, there shall cease to be any entitlement on the basis of that earlier trade mark or other right—

(a) to apply for a declaration that the registration of the later trade mark is invalid, or

(b) to oppose the use of the later trade mark in relation to the goods or services in relation to which it has been so used.

unless the registration of the later trade mark was applied for in bad faith.

(2) Where subsection (1) applies, the proprietor of the later trade mark is not entitled to oppose the use of the earlier trade mark or, as the case may be, the exploitation of the earlier right, notwithstanding that the earlier trade mark or right may no longer be invoked against his later trade mark.

131. The Defendants rely on section 48 only if they are not entitled to a defence of honest concurrent use. In that event, the First Defendant contends that it is the senior user under the law of passing off, and is therefore the proprietor of an earlier right who has acquiesced in the use of the Claimant's marks for a period of five years within the meaning of section 48(1). Accordingly, the Defendants submit that section 48(2) prevents the Claimant from asserting that mark against the First Defendant.
132. I do not accept this submission for the following reasons. First, section 48(2) only prohibits the proprietor of a trade mark from objecting to the use and exploitation of the "earlier right" claimed by the defendant. Here, the Claimant objects to use by the First Defendant of the Victoria Plum(b) marks. For the reasons set out above, the First Defendant does not have, and does not claim to have, an earlier right in "Victoria Plum(b)".
133. Secondly, in order to establish an earlier right, the First Defendant would need to show that it had sufficient goodwill in the name "Victorian Plumbing" at the date when the Claimant commenced the acts complained of, to enable it to sue for passing off: *Cadbury-Schweppes v Pub Squash Co* [1981] 1 WLR 193. However, I have found that the Claimant started trading shortly after March 2001 under the name "Victoria Plumb". By that date there was no evidence of any significant trade by the First Defendant. It had only commenced trading a few months earlier, and its annual turnover for 2001 was about £7000.
134. In these circumstances, I do not accept that there is any defence of statutory acquiescence.

Joint tortfeasance

135. It is alleged that the Second Defendant, Mr Radcliffe, is jointly liable for the acts of the First and Third Defendant. To establish joint liability, it is not sufficient to show that a defendant assisted in the commission of a tort by another. Nor is it sufficient to show that that a defendant knew that his acts would facilitate commission of the tort. In *Sea Shepherd UK v Fish & Fish Ltd* [2015] UKSC 10; [2015] 2 All ER (Comm) 867, Lord Neuberger identified three conditions which must be satisfied in order for a party to be jointly liable. First that he has assisted in the commission of the tort by another person; second, that it is pursuant to a common design; and third, an act is done which is, or turned out to be tortious.

136. In the present case it is alleged that the Second Defendant has day-to-day control of the activities of the First Defendant; that he maintains the website and dealt with making changes to it and that he was solely responsible for branding the site; that he undertook the majority of the SEL work and invested time and money into SEL; and that until 2012 he was solely responsible for ad words campaigns
137. In my judgment the claim of joint liability against Mr Radcliffe fails. I am not satisfied that the first two conditions identified in *Sea Shepherd* are satisfied. The acts complained of were not commenced until the end of 2012 and Mr Radcliffe's knowledge of and involvement in these acts was at a very high level of generality. He mistakenly claimed during his oral evidence that the First Defendant was still using the Victoria Plumbing ad format, although this was clearly incorrect. This shows his lack of involvement in the First Defendant's keyword advertising. The Claimant submits that because Mr Radcliffe stated in cross-examination that he took full responsibility for all actions of his staff, and had regular meetings with Mr Pascoe to discuss the success of the bidding campaign, this is sufficient to show a common design. I disagree. Mr Radcliffe was fulfilling his responsibilities as Managing Director but was not sufficiently involved in the acts complained of by the First Defendant for joint liability to be established

Counterclaim for passing off

138. The Defendants complain of the Claimant's bidding on the name "Victorian Plumbing" as a keyword, so as to cause the return of sponsored links containing the text "Victoria Plum(b)". They allege that if, contrary to their primary case, bidding by the First Defendant on the Victoria Plum(b) marks as keywords is an infringement, then the same is true of the Claimant's keyword bidding.
139. By the date when the Claimant commenced the acts complained of in 2011, I am satisfied that the First Defendant had sufficient goodwill in the name "Victorian Plumbing" to enable it to bring a passing off action against use of that name by the Claimant.
140. The Claimant asserts that the scale of its operations in this respect were much smaller than the First Defendant's activities. That may be true. However, I do not consider this to constitute a defence. Moreover, I do not accept that the acts of the Claimant, which continued for several years, were in any sense de minimis. Mr O'Brien has shown, by reference to plot 33 of his evidence, that clicks, impressions and spend resulting from the Claimant's acts were initially modest but that they began an accelerating trend upwards in 2014; O'Brien Expert Report [143].
141. The Claimant also asserts that, in contrast to the position of the First Defendant, there was no reason to believe that those who did click through to the Claimant's website after searching for "Victorian Plumbing" were doing so because they believed it was the First Defendant's website. I bear in mind that the click through rate is lower than in the case of the First Defendant. I have found that this indicates a somewhat lower likelihood of confusion amongst users searching for "Victorian Plumbing" than amongst those searching for "Victoria Plum(b)".
142. However, in my judgment, internet users who enter "Victorian Plumbing" are likely to be looking for the First Defendant's website. When presented with Victoria Plumb

advertisements for a business unconnected with that of the First Defendant, it seems to me that there is a propensity for confusion. There is nothing in those advertisements to indicate the absence of a connection between the parties. Some users are likely to have clicked through to the Claimant's website, and their confusion is likely to have continued. The fact that many users may not be confused is not an answer. I consider that a substantial proportion of the relevant public are likely to have been misled into believing that the Claimant is, or is connected with, the First Defendant, and that this constituted a misrepresentation by the Claimant. In the circumstances I believe that there is a likelihood of damage.

Conclusion

143. I conclude as follows:

- i) The First Defendant is liable for infringement of trade mark of the Claimant's "Victoria Plum(b)" marks.
- ii) The Second Defendant is not jointly liable with the First Defendant for infringement of trade mark.
- iii) The First Defendant's counterclaim for passing off against the Claimant is successful.

ANNEX

The screenshot shows a Google search for "victoria plumb". The search bar contains the text "victoria plumb" and a magnifying glass icon. Below the search bar are navigation tabs for "Web", "Shopping", "Images", "Videos", "News", "More", and "Search tools". The search results indicate "About 1,170,000 results (0.26 seconds)".

The main search results list several advertisements:

- victoriaplumb.com - Victoria Plumb™**
Ad www.victoriaplumb.com/
Massive Savings on all Bathrooms! We Will Not Be Beaten on Price
An Extra 20% Off Selected Showering & Bathroom Taps, Use Code 'TS20' at Basket!
Autumn Sale Now On Save Up to Half Price On Selected Items, Shop Online Today.
- Victoria Plumbing - VictorianPlumbing.co.uk**
Ad www.victorianplumbing.co.uk/ 4.6 ★★★★★ advertiser rating
Bathroom Suites From £84.99 Quality, Low Price & Fast Delivery
- Bathroom Offers - betterbathrooms.com**
Ad www.betterbathrooms.com/ 4.1 ★★★★★ advertiser rating
We Guarantee to beat all prices Upto 70% Off Taps, Showers & Baths

On the right side, there is a sidebar with a "Recent posts" section. It features a post from "Victoria Plumb" with a thumbnail image that says "AUTUMN SALE EXTRA 20% OFF" and "USE CODE AT BASKET TS20". The text of the post reads: "There's an Extra 20% Off selected Sh Bathroom Taps with discount code TS out these deals & more in our Autumr http://bit.ly/1BXLonL 26 Aug 2014".

Below the search results, there is a section titled "Victoria Plumb : The UK's Leading Online Bathroom Retailer" with the URL www.victoriaplumb.com/. The text below it says: "The UK's lowest prices for bathrooms, including suites, showers, furniture, taps, enclosures and more. Save up to 50% in our Summer Sale plus Free Delivery!".

Under this section, there are several category links:

- Sale**: Bathroom Tiles now on Sale at Victoria Plumb with up to 30 ...
- Shower Enclosures**: Find a range of quality shower enclosures from corner shower ...
- Bathroom Suites**: Luxury bathroom suites at Victoria Plumb. Modern & traditional as ...
- Bathroom Furniture**: Shop a wide selection of bathroom furniture ranges, from vanity ...
- Showers**: Quality showers available at Victoria Plumb, including ...
- Baths**: Browse a wide range of luxury baths including freestanding roll ...

Google victoria plumb

Web Shopping Images Videos News More Search tools

About 523,000 results (0.24 seconds)

Cookies help us deliver our services. By using our services, you agree to our use of cookies.
Learn more Got it

victoriaplumb.com - Victoria Plumb™
Ad www.victoriaplumb.com/Official-Site 4.3 ★★★★★ advertiser rating
Massive Savings on all Bathrooms! We Will Not Be Beaten on Price
Lowest Price Guarantee · Next Day Delivery · Interest Free Credit
Victoria Plumb has 218 followers on Google+

Up to 60% Off Bathrooms
Save up to 60% Off Selected Bathrooms, Shop Online Now.

Plus An Extra 10% Off
Save An Extra 10% Off Orders Over £500, Save Online Today.

Victorian Plumbing - Low Prices & Quality Customer Care
Ad www.victorianplumbing.co.uk/ 4.6 ★★★★★ advertiser rating
Buy Your New Bathroom Online Today
Victorian Plumbing has 467 followers on Google+
Buy Luxury Showers Online - Buy Baths from £100 - Buy Stylish Furniture

Victoria Plumb : The UK's Leading Online Bathroom Retailer
www.victoriaplumb.com/
The UK's lowest prices for bathrooms, including suites, showers, furniture, taps, enclosures and more. Save with up to 60% off selected bathrooms!

Results from victoriaplumb.com

Sale Bathroom Tiles now on Sale at Victoria Plumb with up to 20 ...	Bathroom Furniture Vanity Units - Bathroom Furniture Ranges - Basin and Toilet Units
Bathroom Suites Luxury bathroom suites at Victoria Plumb. Modern & traditional as ...	Shower Enclosures Find a range of quality shower enclosures from corner shower ...
Showers Shower Enclosures - Shower Trays - Shower Slider Rail Kits	Baths Straight Baths - Shower Baths - Freestanding Baths - ...

Victoria Plumb
Company
Victoria Plum Ltd is an online and mail order bathroom supplies company. Founded in 1999, it is part of the Walker Group, which also owns other popular home ware and furniture stores such as MFI Group.
Wikipedia
More about Victoria Plumb
Feedback

Ads
Great Deals on Bathrooms
www.diy.com/Bathrooms
Buy Bathrooms at B&Q Online
Transform Your Home Today!
1201 High Rd, London
020 8445 3696

Bathroom Offers
www.betterbathrooms.com/
4.1 ★★★★★ advertiser rating
We Guarantee to beat all prices
Upto 50% Off Taps, Showers & Baths

75% Off At Bathrooms.com
www.bathrooms.com/Bathroom-Sale
Free Delivery On Orders Over £499.
10 Year Quality Guarantee. Buy Now!

60% Off Bathrooms - Sale
www.bathempire.com/
4.4 ★★★★★ rating for bathempire.com
Huge Savings on Bathrooms Today.
10 Year Warrantv & Free Deliverv.