

Kluwer Trademark Blog

UK: “Plumbing” the issue of Honest Concurrent Use & AdWords

Julius Stobbs (Stobbs IP) · Tuesday, December 6th, 2016

The UK High Court (‘HC’) decision in *Victoria Plum Ltd v Victorian Plumbing Ltd & Ors [2016] EWHC 2911* concerns the use of AdWords by co-existing competitors bidding on each others’ names. Of particular interest are the issues raised by the parties’ co-existence and involves an unsuccessful *defence* of “honest concurrent use” (a defence not provided for in the EU TM Directive or Regulation) and a *successful* counterclaim for passing off via AdWords.

Both the Claimant and main Defendant had provided online bathroom services since 2001. The Claimant changed their trading name from “Victoria Plumb” to “Victoria Plum” in 2015. The Defendant has always traded under the name “Victorian Plumbing”.

The Claimant owned a number of trade marks containing “Victoria Plum”, including VICTORIA PLUM [word mark]. The Defendant bid on the names “victoria plumb”/ “victoriaplumb“, “victorian plumb”/ “victorianplumb“, and “victorian plum”/ “victorianplum” (‘the VP AdWords’).

The Defendant had bid on the VP AdWords since 2008 but by the end of 2012 it has increased its spending on these, and argued that there was no infringement by bidding on the VP AdWords.

The HC found that the adverts triggered by the VP AdWords did indeed fall foul of the *Google France* test in that they did not enable normally informed and reasonably attentive Internet users, or enabled them only with difficulty, to ascertain whether the goods or services referred to by the Defendant’s ad originated from or were linked to the Claimant.

So having found *prima facie* infringement the HC then had to address the claimed defence of “honest concurrent use”. To paraphrase they admitted the signs in question were confusingly

similar but that due to the honest coexistence over many years without complaint as a matter of law the parties have to live with the resulting confusion and for any consumers confused the Claimant's trade mark does not in fact constitute a unique guarantee or origin.

“Honest concurrent use” is not referred to as a defence in the EU TM Directive but has been recognised as a “defence” to infringement by the CJEU in *Budvar C-482/09* and as applied in UK Court of Appeal in *Ideal Home* in that once such use is established, the Claimant's mark no longer exclusively indicates the Claimant's goods and use by the other party does not have an adverse effect on the origin function. The guidance from those cases is clear: parties experiencing longstanding co-existence of the same/similar names will have to tolerate a level of confusion, although one party must not take steps to exacerbate the level of confusion so as to tread on the other party's goodwill.

The HC found that the Defendant had not been honest because they had not met their duty to act fairly in relation to the legitimate interests of the Claimant as a trade mark holder. This included the notable increased in spending on the VP AdWords and the increase in click-through rates through the to Defendant's website. The “defence” was therefore unavailable because the Defendant had blatantly used the Claimant's Victoria Plum(b) marks. Put another way, concurrent use allows a defendant to continue using their own name, it does not give them carte blanche to begin using a third party's name as well.

In retaliation, the Claimant had bid on the Defendant's VICTORIAN PLUMBING name as an AdWord from May 2011 to early 2016. The Defendant counterclaimed for passing off on the basis that the AdWords led to adverts being shown that contained VICTORIA PLUM(B) (as it was then). The Defendant succeeded in showing goodwill in the VICTORIAN PLUMBING name by 2011, and the HC found misrepresentation as consumers might assume a connection. Interestingly, it was noted that it was no defence to argue that there was a *lower* level of confusion in this scenario because the Claimant had allocated a smaller AdWord spend on their rival's marks and achieved a lower click-through rate to victoriaplum(b).

This case should be welcomed for providing further guidance on how AdWords and trade mark law interact. Here, this is in relation to the very specific area around co-existing parties. As such, there is no real change to the general landscape of competitors' with wholly unrelated trading names bidding on each others names to generate traffic. For this reason, the Defendant's successful counterclaim for passing off is unlikely to open the floodgates of passing off AdWords cases generally.

However, the case provides a salutary tale to co-existing brand owners because of the focus on honest concurrent use. The decision underpins the need for co-existing parties to tread carefully in the AdWord space, as any presumption of honest concurrent use can soon be tipped in one party's

favour. The quantifiable nature of AdWords, particularly spend and click-through rates, means that a party can soon fall on the wrong side of the ‘honest’ line. Co-existing parties will therefore need to carefully assess their AdWords practices to ensure that their ads are clear and satisfy the *Google France* test.

It should also be remembered that the nature of AdWords means that these cases fall heavily upon their individual facts. For example, had the Defendant enjoyed a significant trading period before the Claimant, in respect of an identical name, and maintained a steady AdWords spend, then it is conceivable that they could have successfully defended the main action.

To make sure you do not miss out on regular updates from the Kluwer Trademark Blog, please subscribe [here](#).

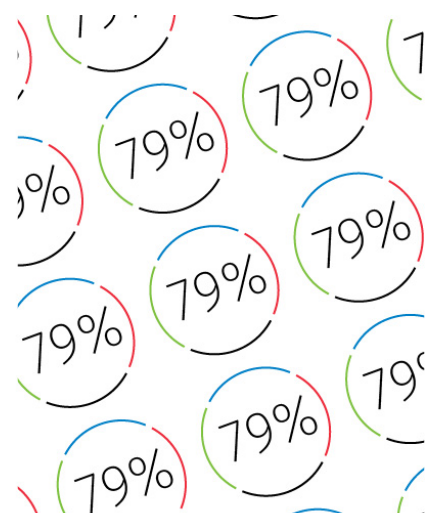
Kluwer IP Law

The **2022 Future Ready Lawyer survey** showed that 79% of lawyers think that the importance of legal technology will increase for next year. With Kluwer IP Law you can navigate the increasingly global practice of IP law with specialized, local and cross-border information and tools from every preferred location. Are you, as an IP professional, ready for the future?

Learn how **Kluwer IP Law** can support you.

79% of the lawyers think that the importance of legal technology will increase for next year.

Drive change with Kluwer IP Law.
The master resource for Intellectual Property rights and registration.



2022 SURVEY REPORT
The Wolters Kluwer Future Ready Lawyer
Leading change

This entry was posted on Tuesday, December 6th, 2016 at 5:15 pm and is filed under [Case law, United Kingdom](#)

You can follow any responses to this entry through the [Comments \(RSS\)](#) feed. You can leave a response, or [trackback](#) from your own site.