



Neutral Citation Number: [2014] EWCA Civ 1439

Case No: A3/2014/0194 & 0209

**IN THE COURT OF APPEAL (CIVIL DIVISION)**  
**ON APPEAL FROM THE HIGH COURT OF JUSTICE**  
**CHANCERY DIVISION**  
**INTELLECTUAL PROPERTY ENTERPRISE COURT**  
**Mr John Baldwin QC (sitting as a Deputy Judge of the High Court)**  
**2013 EWHC 3796 (IPEC)**

Royal Courts of Justice  
Strand, London, WC2A 2LL

Date: 12/11/2014

**Before:**

**THE MASTER OF THE ROLLS**  
**LORD JUSTICE KITCHIN**  
and  
**LORD JUSTICE BEAN**

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**Between:**

**IPC Media Limited**

**Claimant/  
Appellant**

**- and -**

**Media 10 Limited**

**Defendant/  
Respondent**

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James Abrahams and Isabel Jamal (instructed by Carpmaels & Ransford LLP)  
for the Claimant/Appellant  
James Mellor QC (instructed by Haseltine Lake LLP)  
for the Defendant/Respondent

Hearing date: 13 October 2014  
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**Approved Judgment**

## **Lord Justice Kitchen:**

1. This is an appeal and cross-appeal from an order made on 20 December 2013 by Mr John Baldwin QC sitting as a deputy judge of the Chancery Division in the Intellectual Property Enterprise Court in proceedings brought by the appellant, IPC, against the respondent, Media 10, for infringement of registered trade mark. The deputy judge dismissed both IPC's claim for infringement and Media 10's counterclaim for rectification of the register. The proceedings concern the use of the words Ideal Home as or as part of a trade mark for online mail order retailing services.

## **The background**

2. IPC is the publisher of the Ideal Home magazine which is directed to what is known as the home interest market. It was first published in 1920 and throughout its history has been one of the leading publications in this sector. At the time of the trial it had an average monthly circulation of about 200,000 and an estimated readership of about 1.25 million.
3. IPC considers Ideal Home magazine to be its flagship title and invests heavily in its promotion. In 2012 it spent around £1 million on advertisements for the magazine in printed media, retail outlets and the trade press. This investment has been well rewarded for in the same year the magazine generated around £2.6 million in advertising revenues. IPC claims and I would accept that Ideal Home magazine is now very well known, at least among consumers of home interest products.
4. Since about 1965 IPC has sold a range of home interest products through the Ideal Home magazine by means of what it calls reader offers and the like. For many years these products were sold only by mail order though it later became possible for readers to purchase them by telephone. More recently IPC has expanded the Ideal Home brand into digital media. Since about 2000 it has been possible for consumers to subscribe online for the Ideal Home magazine and in 2005 a full companion Ideal Home website was launched. This provides online features and advice relating to home decoration, home improvement and life style. Then, in 2009, IPC launched an online shop called the Ideal Home Shop. This allows customers to view and purchase a variety of home interest goods from IPC over the internet. Perhaps anticipating this development, in 2006 IPC applied for and in due course secured the registration of trade mark number 2435081 ("the registered trade mark") for the words Ideal Home. This is the registered trade mark the subject of these proceedings and it is registered in respect of the following retail services in class 35, namely:

"The bringing together for the benefit of others, of a variety of house wares, domestic electrical goods and appliances, garden equipment, plants and furniture, home furnishings, lighting apparatus, enabling customers to conveniently view and purchase these goods from catalogues by mail order or by means of telecommunication including via the internet and television shopping."

5. The deputy judge considered that IPC's general mail order business, though genuine, was modest in size, at least when compared to the business of publishing Ideal Home magazine:

“4. ... Some of the goods sold have been branded, some not branded but all of them appear to have been sold by reference to the Ideal Home sign. The value of such sales in recent years has been between about £25,000 and £45,000, i.e. quite small in relation to the revenue generated by the magazine itself. IPC Media rely on these reader offers to support a submission that it owns a goodwill in connection with the retailing of goods under the Ideal Home sign.

5. These Reader Offers form a fairly small part of a magazine which is packed with details, including sourcing and pricing, about various products of interest to the consumer in this sector. Thus the majority of items which can be bought using information in Ideal Home are available for purchase from the original supplier and under the supplier's trade marks. The magazine comprises a useful compendium of such items; it is a good source of reference for consumers looking for products for their own ideal home.”

6. As for the Ideal Home Shop, the deputy judge went on to explain that sales in 2010 and 2011 amounted to £86,000 and £66,000 respectively, and expressed the view that these too were relatively small figures in the context of IPC's overall business under the Ideal Home mark and the whole home interest market which, he explained, was estimated to be in excess of £10 billion per annum.
7. It may come as a surprise to many to learn that the Ideal Home Show has no connection with IPC or the Ideal Home magazine at all. It was founded in 1908 by Mr Wareham Smith, the advertising manager of the Daily Mail newspaper, as a publicity tool and a way of increasing advertising revenue and, from the outset, it has provided a venue for the retail sale to the general public of novel and popular home interest products.
8. The Ideal Home Show was originally called the Daily Mail Ideal Home Exhibition and it was the first exhibition of its kind anywhere in the world. It was a success from the start, with over 250,000 paying customers by the time the Ideal Home magazine first went on sale. It was originally run from the Grand Hall (later renamed Olympia) in Hammersmith and moved to Earls Court in the 1980s. Its name was changed to the Ideal Home Show in the 1990s to reflect a more modern image and for most of the last ten years there has been both a spring and an autumn Ideal Home Show at that venue. Over the last sixty years or so there have been sister exhibitions or shows at other venues in Glasgow, Manchester and Birmingham. As a result, the show has become widely known as the Ideal Home Show or, more simply and when clear from the context that the reference is to an exhibition or show, the Ideal Home.
9. Media 10 bought the Ideal Home Show business in 2009 and, under its control, it has continued to prosper. In 2013 the spring show at Earls Court attracted around

265,000 visitors over its eighteen day run and their spending during that period totalled around £239 million.

10. It seems that in about 2000 the Ideal Home Show opened a website under the name Ideal Home Show and in 2008 this was updated to include an online shop, albeit the shop only enabled the purchase of goods from third parties. It is not clear for how long this website was open but, in 2011, Media 10 created and launched the Ideal Home Show Plus website and, in May 2012, it launched the Ideal Home Show Shop on this website and linked it to a dedicated shop website under the Ideal Home Show name. It was this latter step which IPC claims amounted to a major departure and change in the status quo.

### **The proceedings and judgment**

11. On 9 August 2012 IPC issued these proceedings alleging that Media 10's activities in offering online mail order retail services under and by reference to the name Ideal Home Show amounted to an infringement of the registered trade mark under Article 5(1) and (2) of Directive 2008/95/EC of the European Parliament and of the Council of 22 October 2008 ("the Directive") as implemented in section 10(1), (2) and (3) of the Trade Marks Act 1994 ("the Act"). Upon this appeal IPC only pursues the allegation under Article 5(1)(b) which reads, in material part:

*"Article 5*

#### **Rights conferred by a trade mark**

1. The registered trade mark shall confer on the proprietor exclusive rights therein. The proprietor shall be entitled to prevent all third parties not having his consent from using in the course of trade:

...

(b) any sign where, because of its identity with, or similarity to, the trade mark and the identity or similarity of the goods or services covered by the trade mark and the sign, there exists a likelihood of confusion on the part of the public; the likelihood of confusion includes the likelihood of association between the sign and the trade mark.

..."

12. Media 10 denied infringement and counterclaimed, so far as relevant to this appeal, that in so far as the trade mark encompassed its activities then its use was liable to be prevented by the law of passing off and consequently the registration was and remained contrary to Article 4(4) of the Directive as implemented in section 5(4)(a) of the Act. Article 4(4) reads, in material part:

*"Article 4*

#### **Further grounds for refusal or invalidity concerning conflicts with earlier rights**

...

4. Any Member State may, in addition, provide that a trade mark shall not be registered or, if registered, shall be liable to be declared invalid where, and to the extent that:

...

(b) rights to a non-registered trade mark or to another sign used in the course of trade were acquired prior to the date of application for registration of the subsequent trade mark, or the date of the priority claimed for the application for registration of the subsequent trade mark, and that non registered trade mark or other sign confers on its proprietor the right to prohibit the use of a subsequent trade mark;

..."

13. The deputy judge heard the trial of the action over two days in late 2013. In his judgment, delivered on 6 December, he began by summarising the evidence of use by each of the parties of the words Ideal Home and then explained that, when used as a trade mark in the home interest sector, they might convey a different meaning depending upon the context:

“12. Thus I have concluded that the words Ideal Home when used as a trade mark in the home interest category may convey a different meaning depending on whether the context is a magazine or an exhibition/show. A real possibility, however, is that a consumer, whilst recognising the different meanings in the different contexts, does not actually perceive them to be different in a material way, i.e. believes that the Ideal Home magazine and the Ideal Home Show are connected to each other in some way. Such is likely to depend on how the respective entities have been marketed over the years.”

14. The deputy judge considered that for some time the parties had chosen not to take steps to make it clear to consumers that their respective business were not connected with each other in any material way. In the result a significant number of consumers would recognise the name Ideal Home when used in relation to home interest products as the trade mark of the magazine or the show and further, if they thought about it, they might well believe the magazine and the show were part of the same business or were the businesses of connected entities:

“22. In my judgment the average consumer in the home interest goods market would recognise the name Ideal Home when used in connection with home interest products as a trade mark for either a magazine or a show and would or may well think, if they thought about it at all, that it identified the business of a single entity or, more likely, the businesses of connected entities. In my judgment there are a sufficiently large

number of such consumers who would think that there is such a connection that they cannot be ignored.”

15. This meant there was some confusion between the businesses, although this was of little practical consequence in so far as one was running a show and the other a magazine:

“23. The consequence of this is that there is some confusion between the two businesses by reason of their respective uses of the words Ideal Home. It may well be, however, that since the respective businesses of publishing a consumer home interest magazine and running a consumer home interest show are different, then this confusion was of little consequence - it was more in the nature of an administrative inconvenience than anything else.”

16. The deputy judge then turned to the introduction by Media 10 of the online retail shop under the name the Ideal Home Show and the contention that this amounted to an infringement of the registered trade mark. After dealing with the attack on the registration, to which I will shortly return, the deputy judge turned to the issue of infringement. In that regard he directed himself, in terms agreed by the parties, that for IPC to establish its case of infringement under Article 5(1)(b) of the Directive it would have to show that there existed a likelihood of confusion on the part of the public and that this confusion was such as to have or be likely to have an adverse effect on the functions of the registered trade mark.

17. It was submitted on behalf of IPC that it was obvious that the average consumer who knew of the Ideal Home trade mark for retail services and who saw the sign Ideal Home Show being used in relation to such services would be confused and would believe that they were the same or at least economically linked. The deputy judge observed (at [52]) that it seemed to be implicit in this submission that the use of Ideal Home in relation to retail services would be recognised as denoting the business responsible for the Ideal Home magazine, but whether that was so or not:

“... it does not in my judgment matter since I am satisfied that the reputation of Ideal Home in connection with a magazine swamps any small reputation IPC Media might have in connection with retail sales of consumer goods under that mark, and that its reputation in connection with the magazine is relevant.”

18. This was a finding of some importance for it meant that consumers seeing the mark Ideal Home used in relation to retail services would think they were the services of the Ideal Home business with which they were already familiar. This is a matter to which the judge returned later in his judgment.

19. Media 10 responded that the evidence in support of a likelihood of confusion was pitiful but in any event it was entitled to rely upon the doctrine of honest concurrent user and in that connection relied upon the guidance given by the Court of Justice in Case C-482/09 *Budějovický Budvar NP v Anheuser-Busch Inc* [2012] RPC 11 and the judgment of this court given in light of that guidance ([2012] EWCA Civ 880,

[2013] RPC 12). It contended that, just as in the *Budweiser* case, the long period of honest concurrent use of the words Ideal Home as or as part of the trade marks used by the parties in connection with their respective businesses had the consequence that its use of the sign Ideal Home Show in relation to its online retail services would not have an adverse effect upon the origin or any other function of the registered trade mark.

20. The deputy judge summarised his conclusions on the evidence in these important paragraphs:

“56. In the present case, the names are the same (ignoring the ‘show’ difference for the moment) and the concurrent use has been in the same general area of business, i.e. home interest goods, but the respective individual uses have been different - one has been in relation to a monthly magazine showcasing and relating to home interest products and the other in relation to an exhibition showcasing and relating to home interest products. Furthermore, and as I have already mentioned, the parties have not marketed their products or services or otherwise conducted themselves in a way which might have educated consumer that the respective businesses were not connected. Indeed, my conclusion is that there has been a tendency to encourage the reverse.

57. To my mind, the key point of similarity between this case and *Budweiser* is that the name Ideal Home as a trade mark in the field of home interest goods or services has never (or, at least, since about 1920) signified only one business; it has signified either the business of the magazine or that of the show. In circumstances where the context shows the name is a reference to a magazine and not a show (or vice versa), then that context provides a partial answer. It is only a partial answer because it may not tell the consumer that the magazine and the show are the responsibility of unrelated undertakings; in some circumstances it will, but in others it will not.

58. My conclusion from the evidence is that the scenario just outlined was the position in 2006 when IPC Media applied for the trade mark registration in suit. Furthermore, that conclusion is not altered by the fact that the specification of services for which registration is sought is different from that of the core businesses of either party or, in particular, the business of operating a show. In my judgment, the almost total overlap in subject matter of the two businesses (showcasing (in a wide sense) home interest goods to consumers) together with the nature of that subject matter (every day type products) has the consequence that it is not realistic to consider the services within the specification in suit to be so different from those with which the parties are already engaged that the average consumer would be alerted and think that the guarantee of origin provided by the registered mark would be different from

that provided by and associated with Ideal Home in the wider field of home interest goods generally.”

21. That brought the deputy judge to the crucial question, namely whether the impugned use would have an effect upon the functions of the registered trade mark. He concluded it would not, essentially as a result of the long period of time for which the parties’ respective businesses had been conducted side by side:

“59. This brings me to Mr Mellor QC’s submission to the effect that Media 10’s use of Ideal Home Show in connection with its online shopping business does not impair the guarantee of origin provided by IPC Media’s Ideal Home trade mark. I accept that submission. The fact of the matter is that by reason of the concurrent use by both parties over many years, the guarantee of origin afforded by the mark and protected by the registration was flawed (or, if flawed is not the appropriate description, was not the same as the guarantee provided by a trade mark in the normal circumstances of a single user of a mark).

60. My conclusion therefore is that although there may be some confusion caused by use of Ideal Home Show as a trade mark for online retail shopping, that confusion is no more than may be expected by reason of the concurrent trading by the parties in their core businesses using Ideal Home, and is not such as to affect the function of IPC Media’s trade mark more adversely than it is already affected by virtue of the long standing uses by these separate businesses.”

22. It followed that the allegation of infringement failed although the deputy judge recognised that the consequence of his conclusion might be that there would be some confusion between the parties’ online retail businesses, as he explained in the final paragraph of the judgment:

“63. I accept that the consequences of my conclusions open up the possibility of some confusion between the online retail businesses of IPC Media and Media 10. It should be in the interests of both parties for that confusion to be kept to the minimum by appropriate measures such as choice of get up and the like. Furthermore, the conclusions I have reached in this judgment may have little relevance should either party venture into the core business of the other. Although I heard no argument upon the matter, such might give rise to a significant change in the status quo and so might be different in kind from the matters which are the subject of this action.”

23. Reverting now to the attack on the registered trade mark, Media 10 contended that normal and fair use of the mark in relation to services falling within the scope of the specification encompassed use in relation to services provided in connection with or in the context of the Ideal Home Show and that such use was liable to be prevented by

the law of passing off. Consequently, it continued, the registration offended against Article 4(4)(b) of the Directive and should be revoked.

24. The deputy judge invited Mr James Mellor QC, who appeared at the trial on behalf of Media 10, to outline a scenario in which Media 10 could successfully sue IPC in passing off for use of the Ideal Home name. His response was summarised by the deputy judge in these terms:

“41. ... He [Mr Mellor QC] pointed out that his clients had an existing and very extensive goodwill in connection with the Ideal Home name and the Ideal Home Show. He submitted that there would be a misrepresentation if IPC Media set up an internet mail order business under the Ideal Home name if that business had any connection with the Show. He submitted that IPC Media’s registration was wide enough to cover such an activity, which was no more than normal and fair use of the mark within the scope of the registration, and that such use would lead to deception and passing off, and therefore the whole registration must fall.”

25. The deputy judge was not impressed. He considered that in such a case any misrepresentation would be the result of something in addition to the Ideal Home mark itself and so did not meet the requirements of Article 4(4)(b). The attack on the registered trade mark therefore failed. He expressed his conclusion in this way:

“42. I do not accept Mr Mellor QC’s argument under section 5(4)(a). It seems to me that he is relying on a misrepresentation being caused by the potential use by IPC Media of something in addition to the Ideal Home mark itself, something extra which itself is the cause or source of the misrepresentation. I do not consider that to be the right approach to the section.

43. I do not intend by this conclusion to suggest there would be no passing off if, for example, IPC Media were to launch a home interest show under the name Ideal Home, or if Media 10 were to launch a consumer magazine under the name Ideal Home. Such would depend on the circumstances surrounding that launch. But the sale of home interest goods by either party under the Ideal Home name is, in my judgment, sufficiently in the middle of the spectrum between the respective core businesses for neither party to be able to succeed against the other in a passing off claim. The attack on the validity of the registration fails.”

### **The appeal**

26. IPC has been represented upon this appeal by Mr James Abrahams and Miss Isabel Jamal, as it was below. Media 10 has again been represented by Mr James Mellor QC. It is convenient to deal first with the infringement appeal.

*The infringement appeal*

27. Mr Abrahams launched a vigorous and sustained attack upon the approach adopted and conclusions reached by the deputy judge on the infringement issue. First of all he highlighted what he described as certain basic facts. He contended that for very many years the Ideal Home magazine and the Ideal Home Show (and before that, the Ideal Home Exhibition) co-existed without major difficulty because the respective businesses were different and any confusion between them was of little consequence. However, a major change to the status quo occurred in May 2012 when Media 10 expanded into online mail order retail. While it had always been an aspect of the Ideal Home Exhibition, and more recently the Show, that visitors could purchase goods from exhibitors, the move into mail order retail was a major departure for Media 10. For the first time, it was selling goods under its own brand and on its own account, rather than simply playing host to retailers who sold goods under their own brands. The parties were, from this point, competing head to head, offering the same services to the same customers under the same name. An inevitable consequence was that there would now be real confusion between the parties' businesses and not merely inconsequential inconvenience.
28. Elaborating upon the impact of the concurrent use by the parties of the words Ideal Home, Mr Abrahams accepted that some people think that the publisher of the Ideal Home magazine is related in some way to the organiser of the Ideal Home Show, believing either that they are part of a single business or that they are businesses of connected entities. He submitted that this confusion, referred to by the deputy judge as a popular misconception, did not affect the parties' respective trade marks, however. Despite the popular misconception, a person who sees a magazine entitled Ideal Home knows that it is the same magazine that has been published for very many years, whoever that publisher may be. IPC's trade mark Ideal Home for magazines therefore works perfectly well and fulfils its essential function, and does so regardless of whether customers have any misconception about other activities which IPC may carry on. Precisely the same applies to Media 10's trade mark Ideal Home Show for exhibitions.
29. Accordingly, Mr Abrahams argued, a fundamental error of the deputy judge was to say (as he did in his judgment at [59]) that the registered trade mark was "flawed". To the contrary, IPC was, until the commencement of the activities complained of, the only user of Ideal Home in respect of magazines, mail order and online mail order. The registered trade mark could and did properly fulfil its essential function of guaranteeing the identity of the origin of the goods and services to which it was applied. But all that changed in May 2012, when Media 10 began its own mail order service under the Ideal Home name. This severely affected the functions of the registered trade mark and for that reason constituted a plain infringement.
30. Focusing now upon the details of the reasoning of the deputy judge, Mr Abrahams contended that he fell into error in no fewer than six further respects. He developed his submissions in the following way.
31. First, the deputy judge fell into error in considering the meaning of the registered trade mark in the abstract, or in relation to a general home interest category. The deputy judge ought rather to have considered the meaning of the mark in relation to specific goods or services. Had he done so he would have been bound to find that

when average consumers see the name Ideal Home used in relation to a magazine they know it comes from the publisher of the long established magazine of that name. So also, prior to May 2012, when such consumers saw an Ideal Home mail order service they knew it was operated by the proprietor of the Ideal Home mail order business.

32. Second, the deputy judge ought not to have found that the reputation of Ideal Home in connection with the magazine swamps any small reputation IPC may have in connection with the provision of retail services and the sale of home interest goods under that mark. This was both legally irrelevant and wrong. A proprietor does not secure any lesser protection for a second business because he has a successful first business.
33. Third, the deputy judge fell into further error in considering that the present case had any relevant similarity to *Budweiser*. That was an exceptional case and it was decided in the light of its own particular circumstances. None of those circumstances exist in the present case, and the deputy judge did not even consider them. In fact, there is a key difference between *Budweiser* and the present case in that, in contrast to the situation pertaining in *Budweiser*, Media 10 and its predecessor had been using the trade mark Ideal Home in relation to a business and services which were quite different from those of IPC. The deputy judge simply did not grapple with the fact that IPC was complaining about a wholly new activity which Media 10 began in May 2012.
34. Fourth, the deputy judge adopted a flawed process of reasoning in his judgment at [60]. He should have asked himself whether the registered trade mark was adversely affected by Media 10's use of the sign in relation to its online mail order retail business and had he done so, he would have been bound to answer in the affirmative. Instead he asked himself whether the adverse effect on the mark was more than that caused by Media 10's use of the sign in relation to its different services which were not the subject of any complaint.
35. Fifth, the deputy judge failed to see that his finding at [63], namely that it was in the parties' interests to distinguish their services by "choice of get up and the like", was a finding that the registered trade mark was unable to function as a guarantee of origin as a result of Media 10's activities.
36. Finally, the deputy judge failed to appreciate that it is a direct consequence of his reasoning that each party may now start using the mark Ideal Home in relation to the other's core business. This is an absurd conclusion to which the deputy judge's logic inexorably leads.
37. Mr Mellor QC responded that the deputy judge carefully evaluated the facts, made findings which were open to him, directed himself correctly in law and came to a conclusion with which this court should not interfere.
38. In assessing these submissions, I of course accept that the essential function of a trade mark is to guarantee the identity of the origin of the marked goods or services to consumers by enabling them, without any possibility of confusion, to distinguish those goods or services from others which have another origin (see, Case C-39/97 *Canon Kabushiki Kaisha v Metro-Goldwyn-Mayer Inc* [1998] E.C.R. I-5507; [1999] E.T.M.R. 1 at [28], and Case C-120/04 *Medion AG v Thomson Multimedia Sales*

*Germany & Austria GmbH* [2005] E.C.R. I-8551; [2006] E.T.M.R. 13 at [23]). For a trade mark to be able properly to fulfil this essential role, it must offer a guarantee that all the goods or services bearing it have been made or supplied under the control of a single undertaking which is responsible for their quality (see, for example, *Arsenal Football Club plc v Reed* [2001] ECR I-10273 at [48]).

39. I recognise too that the origin function of a trade mark is, in general, liable to be affected adversely if a third party uses in the course of trade a sign which is similar to the trade mark in relation to goods or services which are similar to those in respect of which the mark is registered and, as a result, there exists a likelihood of confusion on the part of the public. As Article 5(1)(b) of the Directive makes clear, such confusion includes the likelihood of association between the sign and the trade mark. In *Specsavers International Healthcare Ltd v Asda Stores Ltd* [2012] EWHC Civ 24, [2012] FSR 19, this court identified (at [51] to [52]) a number of important decisions of the Court of Justice which explain the correct approach to the assessment of the likelihood of confusion, and we endorsed a series of key principles adopted and used by the Trade Marks Registry as being sufficient for the determination of many of the disputes coming before it. To that I would simply add the further guidance provided by the Court in Case C-39/97 *Canon* at [29] that the risk that the public might believe that the goods or services in question come from the same undertaking or, as the case may be, from economically-linked undertakings, constitutes a likelihood of confusion for the purposes of this provision.
40. Nevertheless, it is inherent in these propositions that the impugned use must indeed be liable to have an adverse effect on the functions of the trade mark in the circumstances of any particular case. That brings me to what I perceive to be the central issue on this appeal, namely whether or not the use by Media 10 of the name Ideal Home Show in relation to internet retail services is liable to have an adverse effect upon the functions of the registered trade mark in the light of the very many years during which the words Ideal Home have been used in connection with the parties' respective businesses.
41. The notion that the concurrent use over a long period of time of identical or similar marks may require a tempering of the provisions of the Directive was the subject of consideration by the Court of Justice in the *Budweiser* case to which I have referred. This was another decision in the long running dispute between two brewers, Budvar, established in the Czech Republic, and Anheuser-Busch, established in the US, concerning the use of the name Budweiser in relation to beer.
42. So far as relevant to this appeal, the material facts may be summarised as follows. Budvar and Anheuser-Busch entered the United Kingdom market under the mark Budweiser in 1973 and 1974 respectively. In 1979 Anheuser-Busch sued Budvar for passing off and sought an injunction to restrain it from using the mark. Budvar counterclaimed and sought the same relief against Anheuser-Busch. Both the claim and counterclaim were dismissed, the trial judge holding, in a decision upheld on appeal to this court, that neither party had made a false representation and that the mark Budweiser had a dual reputation. In the meantime, Anheuser-Busch applied for registration of the word Budweiser as a trade mark in respect of beer. Some years later Budvar submitted a cross-application for registration of the word Budweiser, again in respect of beer. They each opposed the application of the other but eventually, in 2000, both applications proceeded to registration. Then, in May 2005, nearly five

years after the date of registration, Anheuser-Busch applied for a declaration that Budvar's registration was invalid. It claimed, inter alia, that its application had been filed first and so its registration was to be treated as the earlier of the two; that the marks and goods were identical; and that consequently it was entitled to a declaration that Budvar's registration was invalid pursuant to what is now Article 4(1)(a) of the Directive. This provides that a later trade mark is liable to be declared invalid where it is identical to an earlier trade mark and the goods or services for which the later trade mark is registered are identical with those for which the earlier trade mark is protected.

43. On an appeal to this court, several questions were referred to the Court of Justice. By the third of those questions the Court was asked to consider, in essence, whether Article 4(1)(a) must be interpreted as meaning that the proprietor of an earlier trade mark can obtain cancellation of an identical later trade mark designating identical goods where there has been a long period of honest concurrent use.
44. In answering that question the Court explained that Article 4(1)(a) corresponds to Article 5(1)(a), which determines the circumstances in which the proprietor of a trade mark is entitled to prevent third parties from using signs which are identical to the mark in relation to goods or services which are identical to those for which the mark is registered. Moreover, the Court continued, it is well established that the exercise of the right under Article 5(1)(a) is reserved to cases in which the offending use is liable to affect the functions of the trade mark (see, for example, *Case C-487/07, L'Oréal SA v Bellure NV* [2009] ECR I-5185, [2010] RPC 1 at [58], and *Joined Cases C-236/08 to C-238/08, Google France SARL v Louis Vuitton Malletier SA* [2010] ECR I-2417, [2010] RPC 19 at [77]).
45. The Court continued (at [74]) that Article 4(1)(a) must therefore be interpreted as meaning that a later trade mark was liable to be declared invalid where it was identical with an earlier trade mark, where the goods for which the trade mark was registered were identical with those for which the earlier trade mark was protected and where the use of the later mark had or was liable to have an adverse effect upon the essential function of the trade mark which was to guarantee to consumers the origin of the goods.
46. The Court then explained (at [75]) that it was to be noted that the use by Budvar of the Budweiser mark had not had and was not liable to have an adverse effect on the essential function of the Budweiser mark owned by Anheuser-Busch. It proceeded to point out that the facts of the case were exceptional in five respects:

“77. First, the referring court states that Anheuser-Busch and Budvar have each been marketing their beers in the United Kingdom under the word sign ‘Budweiser’ or under a trade mark including that sign for almost 30 years prior to the registration of the marks concerned.

78. Second, Anheuser-Busch and Budvar were authorised to register jointly and concurrently their Budweiser trade marks following a judgment delivered by the Court of Appeal (England & Wales) (Civil Division) in February 2000.

79. Third, the order for reference also states that, while Anheuser-Busch submitted an application for registration of the word ‘Budweiser’ as a trade mark in the United Kingdom earlier than Budvar, both of those companies have from the beginning used their Budweiser trade marks in good faith.

80. Fourth, as was stated in para.10 of this judgment, the referring court found that, although the names are identical, United Kingdom consumers are well aware of the difference between the beers of Budvar and those of Anheuser-Busch, since their tastes, prices and get-ups have always been different.

81. Fifth, it follows from the coexistence of those two trade marks on the United Kingdom market that, even though the trade marks were identical, the beers of Anheuser-Busch and Budvar were clearly identifiable as being produced by different companies.”

47. The Court reiterated (at [82]) that, in circumstances such as these, a long period of honest concurrent use of two identical marks designating identical products neither had nor was liable to have an adverse effect upon the essential function of the mark. It then answered the referred question in these terms:

“84. In the light of the foregoing, the answer to the third question is that Art.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.”

48. 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.

49. 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 continued 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.

50. This court rejected that submission. Sir Robin Jacob (with whom Ward LJ and Warren J agreed) put it this way ([2013] RPC 12):

“20. I do not accept that. The Court could have said just that but did not. The rather self evident point as to the effect of a long period of honest concurrent use was clearly laid before the Court when I summarised Mr Mellor's submission:

“Mr Mellor suggests that the Court might recognise a further exception in the case of long established honest concurrent use. For in such a case the guarantee of origin of the mark is not impaired by the use of the mark by each party. Once such concurrent use is established the mark does not solely indicate the goods of just one of the users. It means one or the other. Hence there is no impairment of the guarantee and, if impairment is the touchstone of art.4(1), no infraction of it.”

21. The Court did not rule that only *de minimis* levels of confusion are acceptable when there is honest concurrent use. Nor did the Court rule that the inevitable confusion in a same mark/same goods case is enough to take a case out of acceptable concurrent use. Yet that is what Mr Bloch's submissions involve.

22. More fundamentally, Mr Bloch's submissions involve the unstated premise that even where there is long established honest concurrent use the mark of one party must provide a guarantee of origin in that party and not the other. That is quite unrealistic. Here for instance, Budweiser has never denoted AB's beer alone.

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.”

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.
52. I turn then to consider the application of these principles in this case and in the light of the findings of fact that the deputy judge has made. The words Ideal Home have been used as or as part of the names of a magazine and a show directed to home interest products since 1920. The deputy judge has found that the reputation and goodwill attaching to each of the businesses is very substantial indeed. It follows that neither can complain about the honest use by the other of the words Ideal Home in relation to their respective core businesses, that is to say, in the case of IPC,

publishing a magazine concerned with home interest products, and, in the case of Media 10, operating shows of home interest products at which such products are sold. That is so despite the fact that, as the deputy judge also found, consumers may well think that the two businesses are one and the same or are at least connected.

53. In my judgment the same considerations apply to the provision of home interest retail services online by IPC under the name Ideal Home, and by Media 10 under the name Ideal Home Show. The deputy judge has found that these services are so closely related to the activities the parties have carried on for very many years that the words Ideal Home provide to consumers just the same guarantee that they have always provided, that is to say that the services are those of the entity responsible for running the show or the magazine or, to many consumers, the entity responsible for both of them. In other words, he has found on the facts that the name Ideal Home, when used in relation to such online retail services, does not denote and has never denoted to average consumers the services of a single entity. Rather, it denotes and has always denoted the services of both IPC and Media 10, that is to say the services of the businesses responsible for publishing Ideal Home magazine and running the Ideal Home show. Sometimes the circumstances of the use may suggest that the services are those of one business rather than the other. But that will not always be so. Further and in any event, many consumers believe the businesses are one and the same or are at least connected.
54. I recognise, as did the deputy judge, that the confusion that occurred whilst the parties limited themselves to running a show and a magazine was more in the nature of an administrative inconvenience. I also accept the finding of the deputy judge that his conclusion opens up the possibility of some confusion between the parties' online retail businesses. But that, it seems to me, 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 businesses of each of them. It was not, as Mr Abrahams characterised it, a major departure for Media 10. Indeed, Media 10 referred the deputy judge to mail order marketing carried out by its predecessor in title, the Daily Mail Group, in the early 1990s; to the introduction of a credit card in the mid 1990s; and to the updating of the Ideal Home Show website in 2008 to include an online shop, although it merely enabled the purchase of goods from third parties. 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 has not done so and in that regard it is notable that it uses for its services the name Ideal Home Show, just as it does in relation to its core business.
55. The fact that IPC began to sell home interest products some time ago by way of reader offer and on the telephone is also a matter to which I have given careful consideration. I am also conscious that IPC is the senior user in relation to online retail services. However, these were matters which the deputy judge had well in mind. He found, as I believe he was entitled to on the evidence, that the value of the sales through reader offers and through the Ideal Home Shop has been quite small in comparison to the revenue generated by the magazine itself. More fundamentally, he also found that the average consumer would recognise the name Ideal Home when used in connection

with home interest products as a trade mark for a show or a magazine and would or might well think that it identified the business of a single entity or the businesses of connected entities. In other words, these activities of IPC have been conducted on a scale and in a manner such that they have not generated any reputation or goodwill separate or in any way different from the enormous reputation the parties enjoy in the name Ideal Home as a result of their core activities. As a result, when used in relation to online retail services the words Ideal Home denote what they have always denoted, namely that these are the services of the entities or entity responsible for the show and the magazine. The likelihood of confusion and the nature of that confusion are just the same as they would have been had the parties begun to offer such retail services at exactly the same time.

56. I therefore believe that this is one of those rare cases in which the use of the mark complained is indeed honest and that it has not had and will not have an adverse effect upon the essential function of the registered trade mark, and that is so because the guarantee of origin the mark provides is just the same as it has always been. The deputy judge referred to the trade mark as flawed. I prefer to say (as Sir Robin Jacob did) that the guarantee is different from that which it would have been had the mark only ever been used by a single entity.
57. I believe this deals with all of the submissions advanced by Mr Abrahams save the last. As to that, I do not accept that the reasoning of the deputy judge leads directly and inevitably to the conclusion that each party may now start using the name Ideal Home in relation to the core activities of the other. That, it seems to me, would be an expansion of a different nature from that which the parties have undertaken in relation to retail services on the internet, and that is so because it would involve an encroachment into precisely the area of business in relation to which each has generated a goodwill over very many years. As such I believe it would involve the use of the name in a different context and might well result in the actionable deception of a significant number of persons. However, it is not a matter before us and so I prefer to express no final conclusion upon it.
58. It follows that the deputy judge was entitled to make the findings that he did and to reject the claim for infringement of the registered trade mark. I would therefore dismiss IPC's appeal.

### *Invalidity*

59. Mr Mellor advanced the following concise submission in support of Media 10's cross appeal. He argued that an attack under Article 4(4) of the Directive requires a consideration of a normal and fair use of the trade mark in respect of all of the services for which it is registered. In this case the deputy judge was therefore required to consider a notional use of the mark separate and distinct from the context of the Ideal Home magazine. Such use would, he said, result in passing off and so the deputy judge ought to have declared the mark invalid under Article 4(4)(b) of the Directive.
60. It is to be noted that this submission is rather different from that presented to the deputy judge and summarised by him in his judgment at [41]. At trial the focus of the argument was upon a notional use of the mark in relation to services provided by IPC in connection with or in the context of the Ideal Home Show. On the appeal Mr

Mellor invited us to consider a notional use of the mark by IPC in relation to services provided in a context and manner separate and distinct from the Ideal Home magazine.

61. Nevertheless, the approach to be adopted remains the same. In assessing the application of Article 4(4) of the Directive as implemented in section 5(4)(a) of the Act, the question to be answered in any case is whether normal and fair use of the impugned mark for the purpose of distinguishing the goods or services of the proprietor (or applicant) from those of other undertakings was liable to be prevented at the date of application for registration by a claim in passing off against the proprietor (or applicant). In the context of the present case, Media 10 must therefore show that, as of October 2006, the date of the application, normal and fair use of the mark by IPC in relation to any of the services for which it is registered was liable to be prevented by such a claim.
62. I think the answer to this question is that Media 10 has wholly failed to establish that normal and fair use of the mark Ideal Home by IPC in relation to online retail services could ever have been prevented by an action for passing off, and the deputy judge was right to so decide. As I have sought to explain, the expansion of IPC's business into the provision of online retail services was an entirely natural step for it to take, and the use of the mark Ideal Home in relation to such services has never denoted that they are those of the entity responsible for the Ideal Home Show and none other. To the contrary, the deputy judge has found and I would accept that, in the context of home interest services, the name Ideal Home has always signified the business of the show or the magazine, or both of them.
63. Mr Mellor sought to derive support for his submission from the decision of Mann J in *Sir Robert McAlpine v Alfred McAlpine plc* [20014] EWHC 630 (Ch), [20014] RPC 36 in which the claimant, Robert McAlpine, sought an injunction to restrain the defendant, Alfred McAlpine, from trading under the name "McAlpine" without using the prefix "Alfred". It contended that, prior to the re-branding exercise which led to the commencement of proceedings, Alfred McAlpine had used this prefix for some 70 years and that this enabled customers to distinguish their respective construction businesses. The judge held that the effect of the re-branding exercise was to play down the word "Alfred" as a distinguisher so that it was virtually non-existent. Further, Alfred McAlpine's use of the word "McAlpine" alone would amount to a misrepresentation which was calculated to cause confusion and damage to Robert McAlpine's business. He therefore granted the injunction sought.
64. The facts of the *McAlpine* case are, it seems to me, quite different from those with which we are concerned. In 2006 online retail services was an area of business which, as the deputy judge explained, lay in or around the middle of the spectrum between the parties' respective core businesses and, as I have said, I am satisfied it was one into which each party might reasonably wish to expand. Further, neither could complain about the normal and fair use by the other of the mark Ideal Home in relation to such services. Of course it was possible that one party might use the mark in a context or manner such as to denote a connection with the other and so cause a greater degree of confusion than was the inevitable consequence of their use of the same name for very many years in relation to such closely related businesses. But that would not have been a normal or fair use of the mark.

65. In my judgment the deputy judge was therefore right to hold that Media 10 had failed to establish that a normal and fair use by IPC of the mark Ideal Home in relation to online retail services would have amounted to passing off. It follows the deputy judge was right to dismiss the attack on the registered trade mark under Article 4(4)(b) of the Directive.

**Conclusion**

66. For all the reasons I have given I would dismiss the appeal and the cross-appeal.

**Lord Justice Bean:**

67. I agree.

**The Master of the Rolls:**

68. I also agree.