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Clarification on keyword advertising now urgent

Courts from five different EU jurisdictions have referred questions to the ECJ with regard to keyword advertising. Further guidance on the issue is vital

The use and/or infringement of registered trademarks on the Internet through keywords has generated a considerable number of cases, brought against both advertisers and search engines. Rights holders claim that search engines infringe trademarks by allowing them to be used by keyword advertisers. Search engines retort that they are a mere conduit and have no general obligation to monitor illegal activity by internet users. The situation is crying out for resolution and with Google deriving most of its revenue from keyword advertising, the stakes are high.

Trademark owners dispute the use of registered trademarks for AdWords (Google's keyword advertising business) by anyone willing to pay the asking price. Popular trademarks can command high sums, the most recent example being the use of 'Interflora' by UK retailer Marks and Spencer plc (M&S) to link to its own mail order flower service (*Interflora Inc v Marks and Spencer plc* ([2009] EWHC 1095 (Ch), May 22 2009). In the nine days before Valentine's Day 2009 the price for per-click advertising rose to between 23 and 29 pence as M&S, Flowers Direct and Interflora all entered the bidding. This was in contrast to an average of 2p per click in 2008. While M&S paid the greatest amount for use of the keyword, the estimated value of lost business to Interflora was \$750,000.

Another feature of keyword advertising is the use of words such as 'imitation', 'copies' and 'knock-offs' in association with trademarks. In a French case against Google (now referred to the European Court of Justice (ECJ) (Case C-236-08)), LVMH Group claimed that it was not surprising that many of the sponsored links that used such words in conjunction with LVMH trademarks directed users to websites that offered counterfeit LVMH products.

A similar issue was considered in the United Kingdom for the first time in relation to metatags in *Reed Executive v Reed Business Information* ([2004] EWCA Civ 159, March 3 2004). Reed Business Information was

accused of using the claimant's trademark on its website and in metatags. On appeal, the court held that the public expect irrelevant website results to be generated by search engines and that there could not be sufficient confusion to allow a finding of infringement. The court also doubted whether use of the identical mark REED in metatags by the defendant and in conjunction with identical goods and services could amount to trademark infringement, but did not make an express finding on this point. At first instance, the late Mr Justice Pumfrey decided that use in a metatag would not amount to infringement if the only effect was to make the defendant's website appear higher in the result list.

The UK High Court also considered keywords in *Wilson v Yahoo!* ([2008] EWHC 361 (Ch), February 20 2008), a case heard at summary judgment. Although the registered trademark in this case had not been used, the court held that the search results generated by Yahoo! did not suggest a connection to the trademark owner, were not a guarantee of origin and therefore did not amount to trademark use as per *Arsenal v Reed* ([2002] EWHC 2695).

The recent *Interflora Case* involves a well-known, worldwide brand. The facts, which are largely agreed between the parties, concern the use by M&S of 'Interflora' as a keyword search term. M&S denies that:

- its use of the trademark INTERFLORA constitutes use in the course of trade;
- there is a likelihood of confusion; and
- its use of the keyword will dilute the distinctiveness of the trademark.

The High Court judgment summarizes the current references made by a number of national courts throughout Europe to the European Court of Justice and compares the questions posed. In addition to the UK case and the French cases against Google (*LVMH, Viaticum* and *EuroChallenges*), there are cases referred from Austria (*BergSpechte*), the Netherlands (*Portakabin*) and Germany (*Banana Bay*). (On May 22 the UK court also referred a case against eBay on similar issues.)

The cases are all slightly different, but essentially relate to the same issue of infringement of the trademarks in question

and the potential defences available. The key questions to be resolved can be summarized as follows:

- Can a keyword that reproduces a registered trademark be registered where the party offers identical or similar goods or services to those offered under the mark?
- Can a keyword reseller, such as a search engine, sell a keyword that comprises a registered mark and then display infringing goods in any search results?
- Can a mark owner oppose the use of a keyword where there is sufficient reputation in the mark so as to lead to a claim of unfair advantage or detriment?
- Can an internet service provider take advantage of the safe harbour provisions in the E-commerce Directive (2000/31/EC), where it takes down infringing content promptly on notification?

Interflora also requested, in a separate application, an order preventing the use by M&S of the keywords in question pending the resolution of the reference to the ECJ. No doubt Interflora had in mind the potential loss that it could suffer while waiting for the ECJ to give its decision. The High Court rejected this application on the basis that Interflora had not sought this relief from the outset and applied for it only once it became apparent that the case would be referred to the ECJ.

The implications of a ruling outlawing keyword advertising are obvious. Google and other search engines would be forced to re-think radically their business model. Should the ECJ find such use lawful, the ramifications for mark owners would be equally problematic. The growth of the Internet as an instrument of commerce has provided rights holders with the ability to increase their market for goods and services to consumers while at the same time making it easier for legitimate competitors to compete and for counterfeiters to copy.

We wait with bated breath for the outcome of the cases pending before the ECJ, especially since the opinion of the advocate general on the *LVMH Case* was postponed on June 4 – presumably so that the ECJ can consolidate all references. [WTF](#)

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