



Keyword advertising: A European perspective

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The Court of Justice of the European Union (CJEU) has recently delivered its judgment in the long awaited “keyword” advertising case *Interflora v Marks and Spencer plc*, on a reference from the English High Court made in June 2010. This update provides a UK, German and French perspective on the recent legal developments in keyword advertising

UK focus

The *Interflora* judgment appears to be a victory for brand owners wishing to restrict use of their brands as keywords. The English High Court’s decision on whether Marks & Spencer’s use of the INTERFLORA mark infringes *Interflora*’s rights is expected sometime in 2012 and may well influence the future of keyword advertising in Europe. **Read more**



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France focus

The French courts have been active in relation to keyword disputes since the CJEU’s *Google France* decision and the *AutoLES* and *Cobrason* cases are of particular note. Trade mark owners’ position in France is likely to be further strengthened by the *Interflora* judgment. **Read more**



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Germany focus

The German Federal Supreme Court of Justice (BGH) issued the *Bananabay II* decision in early 2011, but there may well be a different, and more trade mark owner favourable approach, following the *Interflora* judgment. The BGH’s decision in *Impulsonline* may also provide some assistance to trade mark owners. **Read more**



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UK Focus

Background

Interflora, the flower delivery network, objected to M&S buying the word “Interflora” as a Google AdWord so that M&S’ flower delivery site would show up prominently in the sponsored links when a user searched for the term “Interflora”. Interflora sued in the English High Court for trade mark infringement.

Several questions were referred to the Court of Justice of the European Union (CJEU), which culminated in its recent judgment¹.

The CJEU followed its approach in previous cases and held that M&S’ selection of the “Interflora” keyword was “use” of Interflora’s trade mark, but such use could only be restricted if the use has an adverse effect on one of the “functions” of a trade mark.

The key function of a trade mark is as a guarantee of origin, but the CJEU confirmed there are other functions – significantly as an “instrument of commercial strategy used to acquire reputation to develop customer loyalty” (termed the “investment function”).

Guarantee of origin

So far as the “guarantee of origin” function is concerned, there will be an infringement if the keyword advertisement “does not enable reasonably well-informed and reasonably observant internet users, or enables them only with difficulty, to ascertain whether the goods or services referred to by the advertisement originate from the proprietor of the trade mark or an undertaking economically connected to it”.

On the facts of this case, this means that Interflora’s trade mark will be

infringed if the English High Court considers that “*the display of M&S’ keyword may lead users to believe that the flower-delivery service offered by M&S is part of Interflora’s commercial network*”. The CJEU followed in the path laid by the Advocate General by suggesting that, because the Interflora business model depends on the recognition the Interflora brand brings to a network of independent florists, there is a higher risk of infringement on these facts than might arise in most other keyword disputes.

Investment function

So far as the “investment function” is concerned, there will be an infringement if the keyword advertisement “*substantially interferes with the proprietor’s use of its trade mark to acquire or preserve a reputation capable of attracting consumers and retaining their loyalty*”.

On the facts of this case, this means that Interflora’s trade mark will be infringed if the English High Court considers that “*the display of M&S’ keyword jeopardises the maintenance by Interflora of a reputation capable of attracting customers and retaining their loyalty*”.

Marks with reputation

Finally, the CJEU stated that the use of keywords is capable of constituting an infringement under Article 9(1)(c) of the Community Trade Mark Regulation (and analogous national provisions in respect of national trade marks) if such use amounts to “*riding on the coat-tails of a trade mark with a reputation in order to benefit from its power of attraction... without paying financial compensation*”.

RPC comment

The *Interflora* judgment appears to be a victory for trade mark owners wishing to restrict use of their brands as keywords.

The CJEU has set out at least three grounds of attack that a trade mark owner can rely on: prejudice to the “guarantee of origin”, prejudice to the “investment function” and “riding on the coat tails” of the registered trade mark.

It is now up to the High Court to apply the CJEU ruling to the facts of this case, but keyword advertisers should certainly now tread carefully.

¹ C-323/09, *Interflora Inc, Interflora British Unit v Marks & Spencer Plc, Flowers Direct Online Limited*.

France focus

Background

Following the *Google France* CJEU decision (of 23 March 2010), French courts have remained quite busy with “keyword” advertising cases. Since then, French courts have ruled many times concerning this specific issue, using various analysis leading to different decisions. Hopefully, the CJEU judgment in *Interflora* will help French courts establish a clear and unified solution. Among the “keyword” decisions issued by French courts, one should pay specific attention to the *AutoIES* and *Cobrason* decisions.

The decisions

AutoIES – Decision of the Paris Court of Appeal, 2 February 2011

In this decision, the Paris Court of Appeal applied the *Google France* principles by considering on the one hand that selection by an advertiser of a keyword identical to a trade mark owned by a third party constitutes a use of such trade mark in the course of trade and, on the other hand, that one should establish if such use may 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 (“the function of indicating origin”).

The Paris Court of Appeal considered that in this case (a “classic” Google AdWords case), the adverse effect on the function of indicating origin was not established, considering that a reasonably informed internet user, when looking at the results of a search relating to the trade mark, was able to distinguish the trade mark owner’s products and services from others. Thus, the Paris Court of Appeal considered that there was no trade mark infringement. The Court also ruled that the advertiser using a keyword identical to a third party’s company name is not liable on the ground of unfair competition, considering that – according to the Court – there is no risk of confusion in such case.

Last, but not least, the Court ruled that Google did not commit a fault in

offering registration of the keyword and could not be held liable on the ground of misleading advertisement.

Cobrason – Decision of the Paris court of Appeal, 11 May 2011

Even though there was no trade mark issue involved, the *Cobrason* decision remains particularly interesting considering what was ruled in the *AutoIES* case. In the *Cobrason* case, a French company named Cobrason brought an action on the ground of unfair competition and parasitism and misleading advertisement, against Google Inc., Google France and a competitor which was using the sign *Cobrason* as a keyword on Google’s AdWords service.

While it had ruled almost the opposite in the *AutoIES* case, the Paris Court of Appeal ruled in the *Cobrason* case that the advertiser, one of Cobrason’s competitors, had necessarily caused consumer confusion in using the claimant’s name as a keyword. On this basis, the Paris Court of Appeal ruled that the defendant was liable on the ground of unfair competition and parasitism.

The Court also raised that in this case, considering the way the results of the search were displayed, a potential client would necessarily believe that a specific commercial link existed between the advertiser and Cobrason. On this basis, the Court considered that the advertiser was liable on the ground of misleading advertisement.

While it has ruled that the advertiser was liable, the Court also considered that Google Inc. was to be held jointly liable with the advertiser, considering that (i) Google Inc. had suggested the “Cobrason” keyword within the suggestion tool offered in the AdWords service and (ii) it had displayed the corresponding commercial link.

PDGB comment

The *AutoIES* decision was considered as unfavourable to trade mark owners.

The *Cobrason* decision should be analysed as an important tempering of the Court’s position as to the possible adverse effect on the function of indicating origin.

Considering what was ruled in the *Cobrason* case and, moreover, in the *Interflora* case discussed in the UK section of this update, companies still have ability, before the French Courts, to restrict use of their trade mark or company name as keywords.

Germany focus

Background

Following the Court of Justice of the European Union's (CJEU) well-known *Google France* ruling, but before the *Interflora* ruling, discussed in the UK section of this update, the German Federal Supreme Court of Justice (BGH) issued the decisions *Bananabay II* and *Impulsonline* giving first indications how the *Google France* decision are being implemented in Germany.

The decisions

*Bananabay II*¹

With the decision in *Google France*, the CJEU had decided that keyword advertising is trade mark infringement if it is used for an advertisement that does not enable an average internet user, or enables that user only with difficulty to ascertain whether the goods or services referred to therein originate from the proprietor of the trade mark or an undertaking economically connected to it or, on the contrary, originate from a third party.

In the *Bananabay II* decision, the BGH assumed that for the specific advert in question, an Internet user did not have cause to assume a connection between the advertising company and the owner of the trade mark. One major factor in the assessment of the BGH was that the other party's trade mark was contained neither in the text of the advert nor in the relevant line.

All in all, this decision reads like a "free ride ticket" for third parties to use others' trade marks within the framework of Google AdWords; provided the other party's trade mark is not contained in the superimposed advert.

In this context, it is also of interest that the Austrian Supreme Court of

¹ BGH, Judgment of 13.01.2011 – I ZR 125/07, No. 26 – *Bananabay II*.

Justice (OGH) assumed a trade mark infringement in the decision following the *BergSpechte* case, even though the trade marks concerned were not mentioned in the advert.² What counted for the OGH was that the requirement of transparency was not satisfied and that it remained vague what the relationship is between the advertiser and the trade mark proprietor.

However, the theory of the BGH to look at the search term and the superimposed advert separately seems to be overcome by the *Interflora* decision of the CJEU, where the keyword was also not shown in the advert itself.

*Impulsonline.de*³

The *Impulsonline.de* decision is significant regarding the burden of presentation and proof in connection with keyword advertising cases, for it is generally the claimant/plaintiff that has to demonstrate and prove the infringement. As the trade mark proprietor cannot always establish with certainty which keywords are used by the advertiser, the BGH decided that the defendant must disclose which keywords were booked and thus also which keyword triggered the specific advert or the claimant/plaintiff's claim/plea is deemed to have been sustained.

In summary, it can therefore be stated that an advertiser generally has two lines of defence. First, the advertiser may deny infringement by presenting and proving that no mark identical or confusingly similar as defined in Sec. 14 (2) German Trademark Act was booked as the keyword in Google. Second, the advertiser can plead that the transparency requirement was satisfied.

² ÖGH, Decision of 21.06.2010 – 17 Ob 3/10, GRUR Int. 2011, 173 – *BergSpechte*.

³ BGH, Judgment of 13.01.2011 – I ZR 56/08, No. 21 – *Impulsonline.de*.

SKW Comment

The *Bananabay II* decision of the German BGH seems to be a setback for trade mark owners.

The *Bananabay II* decision seems to contradict the *Interflora* and *Google France* decisions of the CJEU.

Following the *Impulsonline* decision of the German BGH, the advertiser has to disclose the keywords us

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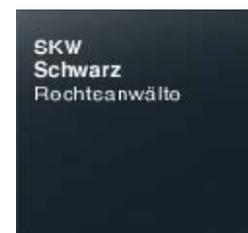
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