

Review

Commercial & Dispute Resolution



Opinion of Advocate General in Google Adwords trade mark infringement reference

Advocate General Poiares Maduro has given his opinion in the three joined references from the French Cour de cassation in *Google v Louis Vuitton*, *Google v Viaticum* and *Google v CNRRH*. The opinion concerns whether the use of trade marks as keywords in Google Adwords is trade mark infringement.

Summary

The Advocate General's opinion was as follows:

- There was no trade mark infringement by Google (1) allowing advertisers to select in Adwords keywords corresponding to trade marks; or (2) displaying ads in response to those keywords.
- The selection by advertisers of keywords in Adwords corresponding to trade marks was not trade mark infringement.
- The use of keywords corresponding to trade marks did not affect the essential function of the trade marks as a guarantee of origin or the other functions of the trade marks which included the guarantee of quality and communication, investment or advertising. A trade mark proprietor should not be given an absolute right to control the use of its trade mark.
- The fact that Google's use of keywords might contribute to trade mark infringement by third parties did not in itself amount to trade mark infringement.
- Should Google be liable under the law of a Member State for featuring content that involved trade mark infringement, it would not be able to rely on the hosting exemption in Article 14 of the E-Commerce Directive (2000/31).

For a detailed analysis of the judgment, please read on.

Background

Article 5(1) of the Trade Marks Directive (89/104) defines what constitutes trade mark infringement.

There was no trade mark infringement by Google allowing advertisers to select keywords or displaying ads.

“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:

- (a) any sign which is identical with the trade mark in relation to goods or services which are identical with those for which the trade mark is registered;*
- (b) any sign where, because of its identity with, or similarity to, the trade mark and the identity or similarity of the goods and services covered by the trade mark and the sign, there exists a likelihood of confusion on the part of the public which includes the likelihood of association between the sign and the trade mark.”*

Article 14 of the E-Commerce Directive (2000/31) establishes a liability exemption for hosting activities:

“Where an information society service is provided that consists of the storage of information provided by a recipient of the service, Member States shall ensure that the service provider is not liable for the information stored at the request of a recipient of the service, on condition that:

- (a) the provider does not have actual knowledge of illegal activity or information and, as regards claims for damages, is not aware of facts or circumstances from which the illegal activity or information is apparent; or*
- (b) the provider, upon obtaining such knowledge or awareness, acts expeditiously to remove or to disable access to the information.”*

Facts

The basic facts were the same in each of the references. In each case, the trade mark proprietor’s trade marks were being used as keywords in Google Adwords. Entering these trade marks into Google’s search engine triggered the display of ads for sites offering identical or similar products to those of the trade mark proprietor. In the Louis Vuitton reference, ads for sites offering counterfeit goods were triggered. Google were found liable for trade mark infringement in the French courts both at first instance and on appeal. In each case, the Cour de cassation referred various questions to the ECJ for a preliminary ruling. Because of the similarity of the issues, the three references were joined. The three references all posed the same basic question: does the use by Google, in its Adwords advertising system, of keywords corresponding to trade marks constitute an infringement of those trade marks under Article 5(1) of the Trade Marks Directive?

Decision

The Advocate General’s opinion was that this did not amount to trade mark infringement. His reasoning was as follows:

There are two “uses” by Google of the keywords: (a) when Google allows advertisers to select the keywords; and (b) when Google displays their ads. For either to amount to trade mark infringement under Article 5(1), the trade mark proprietors would need to establish that the four cumulative conditions in Article 5(1) were satisfied, namely (1) that the trade mark proprietors had not consented to the use by Google of keywords corresponding to their trade marks; (2) that Google’s use takes place in the course of trade; (3) that Google’s use related to goods or services which were identical or similar to those covered by the trade marks; and (4) that Google’s use affects or is liable to affect the essential function of the trade mark, which is to guarantee to consumers the origin of the goods or services, by creating a likelihood of confusion on the part of the public. It was clear that the trade mark proprietors had not given their consent.

In relation to (a), the selection of the keywords:

Use in the course of trade? – Satisfied. The pay per click system meant that this was a commercial activity carried on by Google with a view to gain.

Identical/similar goods/services? – Not satisfied. The use must entail a link to goods or services which are identical or similar to those covered by the trade mark. There was no such link as the use was limited to a selection procedure which was internal to Adwords and concerned only Google and the advertisers. The service being sold, therefore, was Adwords which was not identical or similar to the trade mark proprietors' goods or services.

Affect the essential function of the trade mark? – Not satisfied. Where the preceding condition is not met (identical goods/services), there is no risk of confusion.

Therefore, the use of allowing the selection of keywords did not constitute trade mark infringement.

In relation to (b), the displaying of adverts:

Use in the course of trade? – Satisfied. The pay per click system meant that this was a commercial activity carried on by Google with a view to gain.

Identical/similar goods/services? – Satisfied. By displaying ads in response to keywords which correspond to trade marks, Google establishes a link between those keywords and the sites advertised, including the goods and services sold on those sites. The sites concerned sell goods/services identical or similar to those covered by the trade marks.

Affect the essential function of the trade mark? – Not satisfied. The display of ads establishes a link between the keywords corresponding to the trade marks and the sites advertised but that link would not cause consumers to confuse the origin of the goods or services offered on those sites. Consumers are aware that Google's search engine is a search tool. They know that not only the site of the trade mark owner will appear in the search results and sometimes they may not even be looking for that site. The users will only make an assessment as to the origin of the goods/services advertised on the basis of the content of the ad and by visiting the advertised site. No assessment will be based solely on the fact that the ads are displayed following the entry of keywords corresponding to trade marks.

Therefore, the use by the display of adverts did not constitute trade mark infringement.

The Advocate General also gave his opinion on a number of other questions:

- Could Google's use of keywords which correspond to trade marks affect other functions of the trade marks besides their essential function of guaranteeing origin?

Other functions included guaranteeing the quality of goods and communication, investment or advertising. All of these functions are related to the promotion of innovation and investment. These needed be balanced against the interests of freedom of expression and freedom of commerce and competition and open access to ideas, words and signs. These interests require that a trade mark proprietor is not given an absolute right to control the use of its trade mark as a keyword. The use of keywords opens up access to information via the Internet. This would be closed down if trade marks could generally not be used as keywords.

Therefore, the use of keywords corresponding to trade marks should be found not to affect the other functions of a trade mark. This is the case even if the trade mark in question has a reputation.

- Does Google's possible contribution to trade mark infringement activities by third parties itself amount to trade mark infringement?

No. This would involve a significant expansion of the scope of trade mark protection towards a concept of contributory infringement and would inhibit the delivery of information by search engines. Google would have to block so many words from Adwords (and therefore lawful sites) that the nature of the Internet and search engines as we know it would change. Trade mark proprietors must point to specific instances of illegal use of their trade marks in order to be able to prevent their use. They should not have a 'blanket' power to do this on the basis that some trade mark infringement may occur.

- Does the liability exemption for hosting apply to the content featured by Google in Adwords?

It was necessary to consider this question because Google may be liable under the national law of a Member State for featuring content that involves trade mark infringement. The question was whether Google would be exempt from such liability under Article 14 of the E-Commerce Directive.

Providing hyperlinks and search engines amounted to an information society service. However, the advertising activity involved in Adwords did not amount to hosting as the content featured in Adwords was not neutral. Google had a direct interest in Internet users clicking on the ads links. The liability exemption was intended only to apply to service providers who remained neutral as to the information they carried or hosted.

Accordingly, the liability exemption for hosts should not apply to the content featured in Adwords.

- Does the use of keywords by advertisers, when they select them in Adwords, amount to trade mark infringement?

No. The selection of keywords is not a commercial activity but a private use on the part of the advertisers as there is no consumer audience involved. Also, this selection could take place for many legitimate uses (comparative advertising, product reviews, purely descriptive uses etc) and to find that the selection amounted to trade mark infringement would preclude those legitimate uses. Trade mark proprietors are not left without protection because they can intervene when the content of the ads are harmful to their trade mark and involve a risk of confusion.

Comment

Whilst this decision will come as a relief to Google and other search engines, it will not be welcomed by brand owners who were hoping to retain greater control over their trade marks. The Advocate General's opinion merely guides the ECJ. The ECJ's judgment is expected early next year.

FURTHER INFORMATION

For further information please contact:



Carl Rohsler
Partner, London
T: +44 (0)20 7655 1662
E: carl.rohsler@hammonds.com



Andrew Clay
Partner, Birmingham
T: +44 (0)121 222 3358
E: andrew.clay@hammonds.com



Patricia Jones
Partner, Manchester
T: +44 (0)161 830 5304
E: patricia.jones@hammonds.com



Alex Newman
Partner, Leeds
T: +44 (0)113 284 7522
E: alex.newman@hammonds.com

WWW.HAMMONDS.COM

If you do not wish to receive further legal updates or information about our products and services, please write to: Richard Green, Hammonds LLP, Freepost, 2 Park Lane, Leeds, LS3 2YY or email richard.green@hammonds.com.

These brief articles and summaries should not be applied to any particular set of facts without seeking legal advice. © Hammonds LLP 2008.

Hammonds LLP is a limited liability partnership registered in England and Wales with registered number OC 335584 and is regulated by the Solicitors Regulation Authority of England and Wales. A list of the members of Hammonds LLP and their professional qualifications is open to inspection at the registered office of Hammonds LLP, 7 Devonshire Square, London, EC2M 4YH. Use of the word "Partner" by Hammonds LLP refers to a member of hammonds LLP or an employee or consultant with equivalent standing and qualification.