

News

Commercial & Dispute Resolution



Online Advertising - key words for brand owners

Brand owners' ability to control the exploitation of their brands is key to preserving and increasing their value. The exponential growth in online advertising over the last few years and the associated media spend has brought the control and exploitation of brands in cyberspace into sharper focus.

However, legal developments over the past year have triggered changes in policy by Google, which has significantly weakened the protection offered to brand owners against use of trade marked terms as keyword triggers by unauthorised third parties. A brand owner needs to be aware that it may be possible for its competitors to use the brand owner's trade marks as keywords in online advertising in the UK and US, although the brand owner may be able to prevent this practice in the rest of the European Union.

With a number of potentially key judgments expected from the European Court of Justice over the coming months, now is a good time for brand owners to review their approach to this issue.

SEARCH ENGINE MARKETING

Search engine marketing covers a number of different marketing practices, including search engine optimisation, paid inclusion and paid-for listings or "paid search". The latter involves the acquisition (usually through a competitive auction) by advertisers of keywords, which when entered as search terms by users of the relevant search engine, trigger the display of the advertisers' advertisements next to the so-called "organic" or "natural" search results.

Google's AdWords system is the most widely known and the most popular example by far but Yahoo! and Microsoft's Live Search also offer similar systems. This type of search engine marketing is one of the cornerstones of an online advertising market in which advertisers spent almost £1.7 billion in the first half of 2008 in the UK alone.¹

BRAND NAMES AS KEYWORDS

One of the major selling points of paid search is its ability to deliver contextualised, targeted advertising to search engine users. In a nutshell, users only get shown advertisements which are relevant to the topic(s) they are actually searching for – thereby increasing the likelihood of advertisers being able to convert those users into customers. The key way this is achieved is through the use of keywords. Unsurprisingly, given the strong association of many brands with particular goods and services, brand names have become highly sought after keywords, particularly by competitors offering the same or similar goods and services. An example would be Pepsi purchasing the keyword "Coca-Cola" in order to ensure Pepsi advertisements are displayed when users search using that keyword.

CONTROLS ON USE BY UNAUTHORISED PARTIES

Historically, outside of the United States and Canada, brand owners have been able to rely on search engines to restrict not only the display of advertisements featuring third parties' trade marks but also the purchase by unauthorised third parties (including competitors) of keywords incorporating trade marked terms to actually trigger the display of advertisements. The only requirement in each case was that brand owners actually notified the search engines of the relevant trade marks, produced reasonable proof of their rights to those trade marks and specified which entities were authorised to use them. These restrictions applied both to registered and unregistered trade marks.

The ability to control the exploitation of a brand is key to preserving and increasing its value

¹ Source: The Internet Advertising Bureau Online Adspend Study- H1 2008



The key issue is whether the use of a trade mark as a keyword by a competitor constitutes trade mark infringement

However, legal developments over the last year have caused some search engines to change their policies on this issue, leading to a substantial relaxation of these restrictions and thereby significantly weakening the ability of brand owners to control the exploitation of their brands online. Not only has this increased the cost to brand owners of bidding for keywords incorporating their own trade marks, which many will feel compelled to do in order to protect their rights in those marks, but it has also allowed competitors to benefit from the goodwill and reputation in those trade marks by ensuring their adverts are displayed when users search for another brand.

As a result of an English High Court decision in the case of *Wilson v Yahoo! UK Ltd & Anor* [2008] (known as the “Mr Spicy” case) last year, Google amended its keyword policies in the UK and Ireland to allow anyone to bid for and use trade marked terms as keyword triggers – this includes keywords which had been previously blocked following complaints by trade mark owners.² The prohibition on unauthorised parties incorporating another’s trade marked terms in advertisements themselves does, however, remain. This harmonises the search engine’s approach in the UK and Ireland with that in the United States and Canada. It is important to note that this policy change has not, at this stage, been rolled out to the rest of Europe or, indeed, other jurisdictions outside the US, Canada, the UK and Ireland.

The trade mark policies of both Yahoo! and Microsoft Advertising remain more restrictive than those of Google. Microsoft prohibits bids on keywords “whose use would infringe the trademark of any third party”.³ Yahoo! only allows keyword bids on trade marked terms if “the advertiser presents content on its web site that: (a) refers to the trademark or its owner or related product in a permissible nominative manner without creating a likelihood of consumer confusion (for example, sale of a product bearing the trademark, or commentary, criticism or other permissible information about the trademark owner or its product); or (b) uses the term in a generic or merely descriptive manner”.⁴

TRADE MARK INFRINGEMENT?

The key legal issue is whether the use of a trade mark as a keyword to trigger the display of advertising by someone other than the trade mark owner (or suitably licensed third party) constitutes trade mark infringement. In the United States and Canada, previous court decisions have ruled that use of trade marked terms as keywords to trigger the display of advertising, without the trade mark owner’s permission is not trade mark infringement.

Brand owners will argue that the practice of purchasing a keyword the same as or incorporating another’s trade mark, in order to attract customers by displaying an advert for a third party’s product or service, is clearly done with the intention of confusing consumers as to the origin of the particular product or service and/or otherwise appropriating the goodwill vesting in the trade mark.

Search engines take a different view. Their terms and conditions make it clear that advertisers are responsible for the keywords they choose to generate advertisements and the text that they choose to use in those advertisements (notwithstanding the fact that many keyword advertising systems provide suggested keyword combinations, which from time to time inevitably include competitors’ trade marks). Under these terms and conditions, advertisers are also responsible for any resulting intellectual property rights infringement.

Furthermore, the purpose of keywords, search engines argue, is to enable the location of particular information by users and, in some cases, the keywords which are most relevant to particular goods and services will be well-known trade marks. Indeed, Google’s stated rationale for its trade mark policy in the UK, Ireland, the US and Canada is that it “aims to provide users with choices relevant to their keywords”.

2 Google AdWords Trademarks Complaint Procedure: http://www.google.com/tm_complaint_adwords/complaint.html

3 Microsoft adCentre Trademark Policy: http://advertising.microsoft.com/Home/Article.aspx?pageid=708&Adv_Articleid=3216

4 Legal Guidelines from Yahoo! Search Marketing: <http://searchmarketing.yahoo.com/legal/trademarks.php>



NEXT STEPS

Although significant, the decision in the Mr Spicy case has been criticised. The fact that the claimant did not have legal representation also undermines the usefulness of the judgment. It is fair to say that the issue has not as yet been decided conclusively in the UK and Europe. Indeed, brand owners in a number of European jurisdictions are actively pursuing trade mark infringement claims against both advertisers and search engines. However, courts in Germany, France and, most recently, the Netherlands have now referred this question (or variations of it) to the European Court of Justice (ECJ) for conclusive guidance on the issue of trade mark infringement and keywords.

The fact that trade mark laws across the European Union are harmonized, means that the ECJ's judgment(s) will undoubtedly have a significant impact on brand owners, search engines and advertisers both in the UK and across the continent. If the ECJ rules in the favour of brand owners, this could pave the way for legal challenges to be mounted against the practices of some competitors and will almost certainly trigger changes to the keyword policies implemented by search engine operators.

The ECJ's judgments will have a significant impact on brand owners and advertisers in the UK and Europe

FURTHER INFORMATION

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