

---

March 2010

---

# Review



## Commercial & Dispute Resolution

---

---

### Online advertising: legal ruling on trade marks as keywords

This week, Europe's highest court handed down its judgment in the Google Adwords cases. The judgment concerns whether the reservation and use in Google's Adwords system of keywords identical to registered trade marks amounts to trade mark infringement.

#### Background

Google's Adwords system allows anyone (for example, a brand owner) to reserve keywords. When one of those keywords is entered into Google's search engine the brand owner's URL and a short commercial message will appear as a sponsored link on the upper part or right hand side of the results screen.

The controversial aspect of this, and the reason why these cases have ended up in Europe's highest court, is that Google allows businesses to reserve as keywords registered trade marks owned by others without getting their consent. For example, Marks & Spencer reserved (although no longer has) 'Interflora' as a keyword. This meant that M&S' URL and a brief message about its sales of flowers appeared as a sponsored link when 'Interflora' was typed into Google. The result is that businesses are reserving their competitor's trade marks as keywords as a way of competing, by getting their products in front of their competitors' potential customers.

Three brand owners in France objected to this practise and sued Google alleging that offering their registered trade marks as keywords and displaying adverts in response to these keywords amounted to trade mark infringement. The Court of Justice of the European Union (CJEU) was asked to rule on whether this was trade mark infringement under European law.

#### The ruling

The CJEU held that offering registered trade marks as keywords and displaying adverts in response to the keywords was not trade mark infringement by Google. There was no actual use of the keywords by Google itself which could amount to trade mark infringement. Google was simply creating the online environment in which advertisers could operate.

---

There is no action under trade mark law if the competitor's link does not associate itself with you

---

In relation to the liability of businesses buying keywords, the CJEU held that using keywords would be trade mark infringement by a business if the sponsored link triggered by the keyword did not make it clear who the business was. For example, the commercial message in the sponsored link might suggest some economic connection between the business and the brand owner of the keyword or be vague on this issue such that an Internet user would be confused about the identity of the business behind the sponsored link. Only in these circumstances would use of the keyword amount to trade mark infringement and here the brand owner would be able to prevent further use of the keyword. If the sponsored link was clear about the identity of the business behind it and left no room for confusion on this issue amongst Internet users, then there would be no trade mark infringement by the business and the brand owner could not object to the continued use of the keyword.

### **Implications for brand owners**

The effect of this decision is limited as even if your competitor has bought a keyword which may be your trade mark, if that competitor's link clearly does not associate itself with you, then there is no action that you can take under trade mark law.

### **Further Information**

For further information please contact:



**Mike Butler**

Partner, London

T: +44 (0)7973 287504

E: [mike.butler@hammonds.com](mailto:mike.butler@hammonds.com)

---

**[WWW.HAMMONDS.COM](http://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](mailto: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 2010.

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.