
August 2010

Review

Commercial & Dispute Resolution



Google announces further trade mark policy shift

On 4 August 2010 Google announced two further relaxations of its trade mark usage policies, which will both take effect from 14 September 2010.

Firstly, Google is extending its complaints policy from the UK and Ireland to the rest of continental Europe. In short Google will now ignore complaints in continental Europe that Google advertisers are using third party trade marks as Google adwords, unless the sponsored links thrown up thereby are confusing.

Secondly, Google has extended from the US to the UK, Canada and Ireland its policy of allowing resellers of branded goods and suppliers of component, replacement or compatible parts for them, to use third party trade marks in the text of links to their sites.

Adwords

In the year to 31 December 2009, Google's worldwide revenue was more than \$23.6 billion. A significant proportion of that comes from the sale of Google adwords. Google's system works like this: an advertiser bids for a word or string of words – such as “soap” or “whitening soap powder” – and if his bid is the highest when those words are entered into a Google search then a link to his website, along with other links, appears in the sponsored link section either at the top or to the right of the Google search results page. The advertiser's link comprises three elements: an underlined heading which functions as a hyperlink, some promotional text and the URL of the advertiser's website.

Due to litigation fears and so as not to upset the business community on which its business ultimately depends Google originally adopted a conservative policy of stopping advertisers using third party trade marks as adwords, in response to a complaint from the brand owner. However, as Google has become ever more dominant in search and big enough to ignore criticism from any particular group of brand owners, it has gradually rolled back its trade mark use policies with a view to increasing the size of the search market.

Google will now ignore complaints that advertisers are using trade marks as adwords unless the resulting sponsored link is confusing

Firstly, in 2004, in the US and Canada it introduced a new complaints policy in relation to the use of third party trade marks as adwords. The new policy was simple: Google would ignore such complaints. In May 2008 Google adopted this policy for the UK and Ireland. In June 2009 it then adopted the same policy in the rest of the World, outside continental Europe.

In March of this year the Court of Justice of the European Union (Europe's highest court) ruled, in a series of cases brought by aggrieved brand owners (including Louis Vuitton), that Google's mere sale of trade marks as adwords did not in itself amount to trade mark infringement. This paved the way for Google's 4 August announcement that it was going to implement its rest of the World policy in continental Europe. Google will now ignore complaints about the mere purchase by third parties, in continental Europe, of trade marks as adwords. However this is not the end of the matter in Europe if the link thrown up by the search is itself confusing.

Trade Marks As Adwords Combined With Confusing Links

If a complainant's complaint in Europe (including for these purposes the UK and Eire) is not limited just to the use of a brand as a keyword but extends also to an allegation that the sponsored link, generated in response to the keyword search, does not enable the average Internet user to easily determine whether the goods promoted, on the linked website, originate from the trade mark proprietor or a connected entity (such as a licensee or distributor) then Google will investigate the complaint and if they find it has merit then they will remove the ad.

Google has had to adopt this policy as the Court of Justice in *Louis Vuitton* ruled that an advertiser, whose links confuse users as to the origin of the goods advertised, could be liable, for trade mark infringement – a finding which paved the way for Google to be liable itself if it did not take the advertisements down, once it had been notified of their confusing nature.

Google has said that the following kinds of links are unlikely to be considered by it as objectionable on the basis of confusion as to origin:-

- links using a trade marked term in a descriptive or generic way – e.g. "large Jacuzzi's for sale", (Jacuzzi is a registered trade mark of Jacuzzi Inc.)
- links promoting competing products or services
- links for informational sites about a product or service, sold under the trade mark
- links for sites which resell genuine goods bearing the trade mark
- links for sites which sell component or replacement parts or products compatible with the branded product.

Ad Text

Use of a third party trade mark in a link itself can amount to trade mark infringement. However Google has created a "safe harbour" for those advertising from the UK and Eire. Even if your link contains a third party's trade mark, used without their consent, then Google will not take it down if you are:-

- a reseller of genuine branded goods
- a supplier of component, replacement or compatible parts for them.

The Effect Of These Changes

Google's change of policy in continental Europe is unlikely to come as much of a surprise to brand owners and was more or less inevitable following the Court of Justice's March decision in *Louis Vuitton*. Brand owners will have to learn to live with

Use of a third party trade mark in a link itself can amount to trade mark infringement

seeing their brands used as Google adwords and many will end up paying a lot more per click as a result. Brand owners will now be well advised to focus on the text of links thrown up in response to the use of such search terms (and the websites they point to) to see if they are confusing as to the origin of the goods advertised for sale.

In the UK it is the second of Google's changes which is likely to have the biggest effect. All but the first two or three of the links, which appear on a Google search results page, will not be sponsored links and the use of brands in the promotional text of all such "natural" links has become very important in practice to such advertisers, as it means that they are very much more likely to attract hits. Brand owners, who find that their complaints are ignored by Google, will now have to resort to legal proceedings, with the enormous cost, delay and uncertainty that often goes with them. In practice many brand owners will simply be swamped with such links and will have to either selectively target who they go after or just live with the problem.

Google's moves on ad text in the UK and Eire represents a further erosion of brand owners' ability to control how resellers promote their branded goods online and will likely have a material effect on both intrabrand and interbrand competition online. The war is by no means over but brand owners have just lost another important battle.

Brand owners can now be expected to attempt to protect their margins both by imposing more explicit contractual online brand usage restrictions on their distributors and also by selectively litigating against those whose ad text they believe falls foul of trade mark, unfair competition or other local laws.

Further Information

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