

commercial

23 March 2010

AdWords: BAdWords?

Top level decision

The European Court of Justice has today handed down its long awaited decision in relation to AdWords. The decision is the conclusion of years of court proceedings brought by prestige brand owners, including Louis Vuitton, who say that Google Inc has infringed their registered trade marks by permitting third parties to purchase them as keywords.

What does this mean for brand owners?

Background

Keywords are the words which search engine users use in their searches. Google Inc allows advertisers to pay for keywords, known as “AdWords”, which trigger the display of their advertisements with the Google Inc search engine results. This practice has been a cause of great concern to brand owners who say that allowing third parties to purchase keywords which are identical to their brands harms them.

As trade mark laws were drafted when the internet was in its infancy, they do not explicitly deal with online brand protection issues such as the purchase of keywords. The lack of legal clarity (along with the revenues Google Inc makes from this type of advertising) meant Google Inc was not persuaded to stop this practice. Therefore, brand owners were left with no option but to resort to court action to try to bring the practice to an end.

The decision adds some clarity to this complex area of law and we set out the consequences for brand owners below.

Consequences for brand owners

- Successful action to prevent third parties from purchasing keywords which are identical to registered trade marks for the display of ads for goods or services which are identical to those sold by the brand owner should be achievable if the ad does not clearly enable the average internet user to ascertain that the goods or services being offered do not originate from the brand owner.
- The court ruled that simply storing and displaying keywords does not constitute trade mark infringement. Therefore, brand owners are unlikely to succeed with trade mark infringement action against search engine providers unless they:
 - played an active role in relation to the selection of keywords; and/or
 - did not act quickly enough to take down material which it knew to be unlawful.

However, the court indicated that search engine providers may be liable for messages they draft to accompany advertising links.

The way forward

- Brand owners can be more assertive in taking action against third parties who purchase their registered trade marks as keywords. However, as before, care must be taken to avoid making groundless threats of



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proceedings.

- Brand owners can draw the recent decision to the attention of infringers of their registered trade marks and require them to make clear in their ads who is behind the ad and the fact that there is no clear link with the brand owner.
- Brand owners can notify the search engine providers of infringements of their registered trade marks and require them to take down offending material.

Unanswered questions

This decision primarily addresses a search engine provider's potential liability for trade mark infringement. It gives us indications as to the potential liability of third parties who purchase key words which are the same as brand owners' registered trade marks but it will be for the national courts to decide on what practical measures are required in third parties' ads to ensure they escape liability for trade mark infringement. The decision provides little guidance on this issue. Further clarity may be given if and when the European Court of Justice hands down its decision in relation to the *Interflora v Marks & Spencer* case. We will provide further guidance when any decision in relation to the case is issued.

If you would like to discuss any issues about your brand, please contact Jill Tomasin on 0115 983 8224, JTomasin@hbj-gw.com

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23 March 2010

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