



Intellectual Property & Technology Unit

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GOOGLE ADWORDS AND ONLINE ADVERTISING: TRADE MARK INFRINGEMENT? ECJ DECISION

Earlier this week, the Court of Justice of the European Union (the “**ECJ**”) ruled that the operation of the AdWords system by Google in itself was not a breach of EU trade mark law, but that the content of some advertisements that are linked by Google keywords may well be in breach depending upon the particular facts of the case.

The Google AdWords cases¹ concern three French companies, all of which sought relief for alleged trade mark infringement by Google due to its sale of “keywords” through its AdWords online advertising tool. The keywords in question included certain trade marks owned by Louis Vuitton. The French Cour de Cassation referred a number of questions to the ECJ. Essentially the issue to be determined was whether Google should be liable for trade mark infringement for allowing third party advertisers to purchase keywords which are trade marks, or whether advertisers should be allowed to choose and purchase keywords freely from Google. The ECJ decided in Google’s favour albeit with certain caveats discussed below.

What are Google AdWords?

Google AdWords are a popular method of targeted advertising used on the Internet. The AdWords system allows unauthorised advertisers to purchase other businesses’ brand names as Internet search engine terms (“keywords”) and so appear in the top ranked “sponsored links” in search engine results, linking users to competitors’ websites.

Legal Controversy surrounding Google AdWords

Google AdWords have been at the centre of a controversy surrounding alleged infringement of intellectual property rights, more specifically trade mark rights. Because Google allows brand names or trade marks to be purchased as keywords by entities other than the brand holder, advertisers can (it was argued by the brand owners) “piggy back” on a well-known brand to gain publicity for their sponsored link. These advertisers may be selling a competing product or a counterfeit product. Much consternation amongst brand holders has arisen as a result of the AdWord system.

What does the Google AdWords ruling mean for Brand Owners and Advertisers?

Brand owners cannot prevent their marks from being purchased as keywords. However, brand owners have the right to bring proceedings for trade mark infringement where a likelihood of confusion, including a likelihood of association, can be shown between the legitimate website and the advertiser’s website (as a result of the user clicking on the sponsored link which appeared as a result of the keyword). Confusion will exist where an average Internet user is not able to tell whether the goods or services referred to in the advertiser’s website originate from the trade mark proprietor or from a third party with an unconnected business.

It is for the national courts concerned to decide in each case whether trade mark infringement has taken place. In short, the use of a trade mark in a keyword without permission may be an infringement of that trade mark where it is impossible or difficult for the average Internet user to determine the origin of the goods or services.

What should Brand Owners and Advertisers do now?

Brand owners should carefully monitor the sponsored links appearing in search results for their brand. In cases where they

¹ Joined Cases C-236, 237 and 238/08 *Google France, Google Inc. v. Louis Vuitton Malletier; Google France v. Viaticum Luteciel; Google France v. CNRRH Pierre-Alexis Thonet Bruno Raboin Tiger, a Franchisee of Unicis*

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believe confusion is caused by the advertised sites, they should bring this fact to the attention of Google (or other search engine provider concerned). Where a search engine provider such as Google has actual notice of the unlawful nature of data that it is hosting and where it fails to act speedily to remove or disable access to the data concerned, the search engine provider may be liable in relation to that data. In the right circumstances, brand owners have the option of initiating trade mark infringement proceedings against the search engine provider and also against the advertiser.

Advertisers must tread carefully. This decision is not a “carte blanche” for the use of AdWords. Advertisers should ensure that any sponsored link that they pay for through AdWords will not cause confusion in the mind of the average Internet user.² Brand holders will not hesitate to initiate a trade mark infringement action.

The Google AdWords system will continue to operate. However, it will be interesting to see what changes Google makes to its Adwords policy as a result of the ECJ decision. This is an area of the law that will develop further and impact upon your business whether you are a brand holder or advertiser. Watch this space.

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² Clearly, the sale of counterfeit, imitation and replica products is still subject to the normal legislative prohibitions.

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About LK Shields Solicitors

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