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“Intellectual Property lies at the centre of the modern company's economic success or failure”

Lester Thurow : Economist

Trade marks & Brands

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Does the use of Google AdWords mean trade mark infringement? The debate continues...

by Kim Henry
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Google AdWords provide a very powerful online marketing tool to advertisers. They also provide Google with its principle source of revenue. However, many high profile brand owners throughout Europe have complained that the use by competitors (without consent) of well known trade marks in Google sponsored links infringes their registered trade marks. The issue is still unclear and various national Courts have referred the matter to the European Court of Justice for further guidance and direction.

AdWords are essentially sponsored links, which advertisers can buy from Google (one of the most popular search engines). You may well be familiar with these at the top and / or at the side of a Google Results page. Popular AdWords (or keywords) can be subject to a bidding process, as more than one person can purchase them and be ranked accordingly.

In May 2008, Google changed its AdWords policy in the UK and Ireland so that third parties could bid for registered trade marks as keywords. This policy change had a considerable financial effect on Interflora, as it had to bid for its own trade mark as an AdWord. Interflora brought an action against Marks & Spencers for using its trade mark 'INTERFLORA' as an AdWord to promote its own flower delivery service. The High Court in the UK concluded that the law in this area was unclear and is now awaiting a ruling from the European Court on various issues.

AdWords have been the subject of much debate in Louis Vuitton's case against Google in France. The retailer argued in the French courts that Google's system allowed advertisers to use its trade mark as a keyword, which constituted trade mark infringement. Louis Vuitton also argued that the system promoted the advertisement of counterfeit goods. The French court ruled in favour of Louis Vuitton but Google then took the case to the European Court.

The Advocate General, of the European Court announced a preliminary opinion on the Louis Vuitton case in September 2009. He suggested that "Google

has not committed a trade mark infringement by allowing advertisers to select, in AdWords, keywords corresponding to trade marks". It is the Advocate's view that the mere display of a link does not constitute trade mark infringement and is not enough to establish a risk of confusion on the part of the consumers. The opinion further states, "Internet users are aware that not only the site of the trade mark owner will appear as a result of a search in Google's search engine and sometimes they may not even be looking for that site".

Brand owners are now eagerly awaiting the final verdict but the opinion has left with them with little optimism. Generally initial opinions, although not binding are persuasive and often mirrored in final verdicts in the Courts of the European Union countries. The outcome of this Louis Vuitton case will also form a landmark for the other pending cases such as the Interflora case.

If the Court upholds the Advocate General's initial opinion, then brand owners will have to spend a huge amount on AdWords in the future to outbid competition for their OWN trade marks. Alternatively, they may decide not to invest in the service any further leaving their less high profile competitors to bid for their marks. Google would be able to continue operating its service in the same way and would therefore be the clear winner.

The European Court should reach a final verdict within the next couple of months and we shall report this further in due course.

The information is for guidance purposes only and should not be regarded as a substitute for taking legal advice.