



LATEST IP UPDATE FROM POTTER CLARKSON

CJ Issues Decision on Internet Sponsored Links/Keywords Bidding on Third Party Trademarks

The Court of Justice of the European Union (CJ) has issued its long awaited judgment concerning advertisers bidding on a third party's trademark, or so called Keywords, to promote their own products and services via websites that appear in the Sponsored Links section of the results produced by an internet search engine provider (for example, Google and Yahoo!).

Certain questions had been referred to the CJ by a French court in a dispute involving Google and Louis Vuitton. Louis Vuitton has sued Google for infringement of their Louis Vuitton trademark, because Google were allowing third parties to bid on that trademark. The French court initially took the view that this amounted to trademark infringement but referred the matter to the CJ for clarification.

The CJ has effectively ruled against the French court, in that it has decided that Google was not liable for trademark infringement simply by allowing this bidding to take place.

The CJ considered that Google's activities did not amount to use of the trademark in the course of trade (i.e. as an indicator of the origin of the goods/services being advertised) even though Google creates the technical conditions necessary for use of the sign in this way, and is paid for that service (every time a user "clicks" the Sponsored Link site), by the advertiser.

The CJ then addressed the issue of whether the advertisers themselves (namely the parties who were doing the bidding) were infringing the trademark. The CJ accepted that the advertiser uses the trademark in the course of trade (in an "invisible" way) even though the trademark itself may not appear in the advertisement itself (or on the advertiser's website when the user "clicks" through to it). However, the CJ stated that trademark infringement would occur only if the Sponsored Link advertisement itself (namely its text etc) did not enable the average internet user to ascertain whether the goods or services referred to in the advertisement originate from the trademark owner, or an undertaking economically connected to it.

It will be for the national courts themselves to assess, on a case by case basis, whether the Sponsored Link advertisement does mislead average internet consumers, and therefore infringes the trademark.

The CJ has still to issue judgments on some other questions that have been referred to it in this field, and therefore further guidance may be produced as a result.

Summary and Recommendation

Trademark owners will not be able to prevent their trademarks from being bid on as Keywords.

Although Google, and other search engine providers, will not be held liable for trademark infringement simply by allowing this bidding to take place, those search engine providers and advertisers may still be liable for trademark infringement depending on the content of the Sponsored Link advertisement itself.

If there is confusion as to origin, then the trademark owner should bring this to the attention of the search engine provider. If the search engine provider receives such notice but fails to act adequately or quickly in removing or disabling the "offending material or data" then the trademark owner could pursue the search engine provider, as well as the advertiser, for trademark infringement.

If you/your clients wish to engage in this bidding activity, you/they should make sure that the content of the Sponsored Link advertisement itself does not mislead the average internet user concerning the origin of the goods/services being advertised. Care should therefore be taken in the preparation and presentation of the content of such Sponsored Link advertisements.

We should also point out that this decision only relates to the position in the European Union, and will therefore have no bearing on such issues in other jurisdictions, which may take a different stance.

If you require any further information on this subject, please contact Sanjay Kapur, John Peacock or Lucy Mills in our Nottingham office.

The information in this Newsletter was correct at the date of release. More up to date information is available by contacting Potter Clarkson LLP. All comments contained here are of a general nature and full professional advice should be sought on any specific problem. Please note that all our Newsletters can be found on our website: www.potterclarkson.com.

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