

Trademark Infringement over the Internet via Meta-tags and Keyword Advertising

The European Viewpoint
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Introduction

Presentation Plan

- **TM Owner v. Advertiser**
 - Principles set up by the European Court of Justice
 - Application in France

- **TM Owner v. Referencing Service Provider**
 - Principles set up by the European Court of Justice
 - Application in France



1 ■ Trademark Owner v. Advertiser

Description of situations tackled by ECJ case law



GOOD GUY

- owns “Nicebrand” TM



BAD GUY

- is a competitor
- purchases the term “Nicebrand” as an Adword

Situations involving trademarks with **no specific reputation**

- **Situation #1 - BG merely uses Nicebrand as an Adword**
 - Situation tackled in *Google France* case (23 March 2010) and *Bergspechte* case

- **Situation #2 – BG is a reseller of second-hand Nicebrand goods**
 - The ad displayed in the “sponsored links” section refers to “**used Nicebrand goods**”
 - Situation tackled in *Portakabin* case

Situations involving **well-known trademarks**

- Situation #3 – GG is **Louis Vuitton** and BG is a **dealer in fake Vuitton**
 - BG purchases the term “Vuitton” as an Adword, **in combination with terms like “imitation” or “copy”**
 - Situation tackled in *Google France* case
- Situation #4 – GG is **Interflora** and BG is **not a member of Interflora network**
 - BG purchases the term “Interflora” as an Adword to promote its own flower delivery service
 - Situation tackled in *Interflora* case

A few facts to keep in mind about EU trademark law (1/2)

i.e.: what constitutes trademark infringement under EU law

- TM Owner may prohibit use of an identical or similar sign when :
 - That use is in the course of trade;
 - That use is in relation to identical goods or services;
 - That use is **liable to affect the functions of the TM**

- The functions of a TM include:
 - The function of **indicating origin** (which is the essential function)
 - The function of guaranteeing the quality of the goods
 - The functions of communication, **investment** and **advertising**

- Which function for which use ?
 - If sign **identical** → Owner may prohibit use that affects **any** of these functions
 - If sign **similar** → Owner may only prohibit use that affects **the essential function**

A few facts to keep in mind about EU trademark law (2/2)

i.e.: what constitutes trademark infringement under EU law

- Well-known TMs enjoy **specific protection** against:
 - **Dilution**
 - i.e. when TM's ability to identify Owner's goods from those of different origin is weakened
 - **Tarnishment**
 - i.e. detriment to TM's power of attraction
 - **Free-riding (parasitism)**
 - i.e. when unfair advantage is taken of TM's distinctiveness or reputation

- That specific protection is awarded provided use is made **without “due cause”**

When is the **function of indicating origin** liable to be adversely affected with regard to Adwords referencing ?

- When Ad **does not enable** internet users to **ascertain easily whether advertised goods originate from TM Owner or from a third party**, i.e.:
 - When ad **suggests** there is an **economic link** with TM owner;
 - Or when ad is **so vague** that internet users are **unable to determine** whether Advertiser is a third party vis-à-vis the TM owner or, on the contrary, economically linked to that owner
- This may happen, for instance, if:
 - In *Interflora* case: internet users are unable to determine whether BG is a member of Interflora network or not

When is the **advertising** function liable to be adversely affected with regard to Adwords referencing ?

- **NEVER !**

- The mere fact that **TM Owner is obliged to pay a higher price per click to ensure his ad appears before that of the competitor** is not sufficient

When is the **investment** function liable to be adversely affected with regard to Adwords referencing ?

- **HARDLY EVER !**

- Only when there is **substantial interference** with TM Owner's use of its TM to **acquire or preserve a reputation** capable of attracting consumers and retaining their loyalty
- The mere fact that **TM Owner is obliged to increase his efforts to acquire or preserve a reputation** is not sufficient
- The mere fact that **some consumers may be prompted to switch from TM Owner's goods or services** is not sufficient

Regarding well-known marks, does Adwords referencing cause **dilution** ?

- Same **confusion test** as that applied to the function of indicating origin:
- **YES,**
if ad **does not enable** internet users to **ascertain easily** whether advertised goods originate from TM Owner or from a third party
- **NO,**
IF ad **enables** internet users to **tell that advertised goods are independent from those of TM Owner**

Regarding well-known marks, does Adwords referencing amount to **free-riding** ?

- **YES**

“The advertiser **rides on the coat-tails** of a trade mark with a reputation in order to benefit from its power of attraction, its reputation and its prestige, and to **exploit, without paying any financial compensation and without being required to make efforts of its own** in that regard, the **marketing effort expended by TM Owner** in order to create and maintain the image of that mark”.

- **BUT**, Advertiser **may rely** on the “**due cause**” defense

“When the ad merely puts forward an **alternative to TM Owner’s goods** (without offering infringing goods or causing dilution or tarnishment, or adversely affecting TM’s functions), such use falls, as a rule, **within the ambit of fair competition**”.

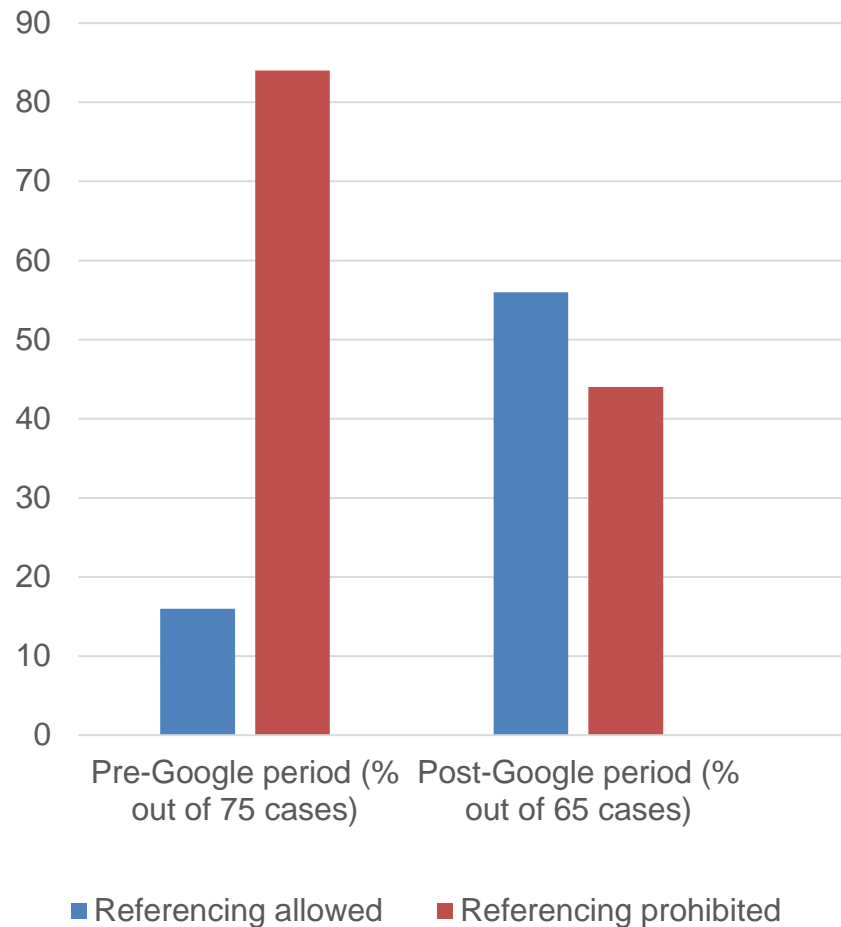
CONCLUSION

- Good Guy will be able to **stop** Bad Guy in the following situations:
 - BG's ad is **confusing**
 - BG **substantially interferes** with GG's use of its TM to **acquire or preserve a reputation**
 - But this seems highly hypothetical
 - BG **tarnishes** GG's trademark
 - BG deals in **counterfeit** goods

- Good Guy will have to bear the situation if:
 - BG does nothing more than using GG's TM as an Adword to generate commercial ads and links promoting its own products and services as an alternative

- Assessment **is for national court**, on a case-by-case basis

Impact of *Google* caselaw on Adwords cases in France



French case law generally considers that TM's functions cannot be adversely affected when:

- **No reference** is made to the trademark in the ad
- **Name of Advertiser is clearly apparent** in the ad (e.g. in the domain name/link)

What about metatags cases?

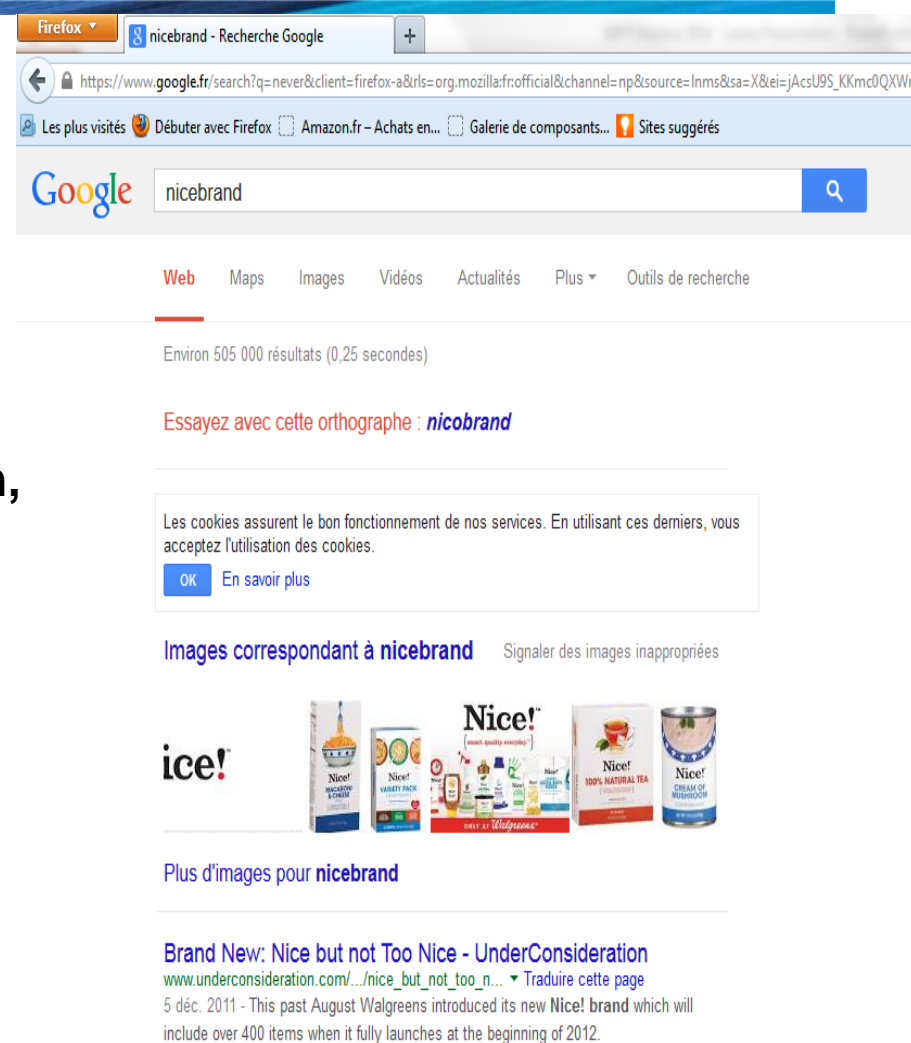
- Several dozens of cases


- But no clear-cut principles
 - Trend simply **transposing** Adwords case law to metatags
 - i.e. they assess whether the text displayed in the **natural** search results is confusing or not
 - **Debatable** → Display in the **natural** search results is potentially more confusing than in the sponsored links section

 - Trend holding that metatags cannot infringe as they are **invisible** to internet users
 - **Debatable** →
 - An Adword is also invisible
 - in *BEST* case, ECJ ruled that metatags should be regarded as advertising, regardless of their invisibility to internet users

A disturbing issue: the “simultaneous display” test

- *Google France case* (§85):
“Internet users **may be mistaken** as to the origin of the goods when the ad:
 - **appears immediately after entry of the trade mark as a search term;** and
 - **is displayed at a point when the trade mark is, in its capacity as a search term, also displayed on the screen”.**
- Unsettled issue:
 - Some courts have accepted this view
 - Some have resisted it:
 - “This situation **does not, by itself, cause the internet user to err** as to the origin of the goods or services”.





2 ■ TM Owner v. Referencing Service Provider

Is Google guilty of trademark infringement?

■ NO !

- Use is in the course of trade
- Use is for identical products or services
- Use may affect TM's functions
- **BUT**, use is not made by Google **itself**, for **its own** commercial communication

May Google be held guilty under other national legislation?

For instance, general civil liability law, free-riding...

■ YES

- **UNLESS** Google is eligible to **host specific liability regime**
 - Art. 14 of e-commerce Directive
- **Host** → Provider of a service that consists of the storage of information provided by a recipient of the service
- **Host** may be held liable for the data which it has stored only on condition that:
 - He had **knowledge** of the unlawful nature of those data; **and**
 - He **fails to act expeditiously to remove or to disable access** to those data.

Criteria to qualify as a **host** with regard to Adwords referencing

- *Google France case:*
A referencing service provider may qualify as a Host on condition that :
 - its role is **neutral**, in that its conduct is merely **technical, automatic and passive**,
 - pointing to a **lack of knowledge or control** of the data which it stores.
- *L'Oreal / eBay case (12 Jul. 2011):*
Application to **online marketplace operators**, like e-Bay
- Non disqualifying circumstances:
 - The service is subject to **payment**
 - The service provider **sets the payment terms**
 - The service provider provides **general information** to its clients
- Disqualifying circumstances:
 - The operator provides assistance for the drafting of the ad or the choice of Adwords

May TM Owner get injunctions against host?

- **YES**

- Host may be enjoined to take measures which contribute to **stop** infringement and **prevent** future infringement
- Those injunctions must be effective, proportionate, dissuasive and must not create barriers to legitimate trade.

- **BUT,**

- Host may not be subjected to an obligation to take **active and preventive data monitoring measures**

Is Google a host? : the example of France

- Dominant French case law tends to regard Google **as a Host**
- A recent example: the *Olivier Martinez* case
 - Search on name Oliver Martinez triggered display of the following ad:
 - News – Olivier Martinez**
 - www.gala.fr
 - Most famous love sorrows:
the Olivier Martinez case
 - Paris, Court of Appeal, 11 December 2013:
 - The contents of the ad and the choice of keywords were made by the advertiser alone → Google is a host
 - The 1st instance court had ruled to the contrary
- What if Google has removed infringing ad, but TM is again purchased as an Adword?
 - Some judges had applied a “take down, stay down” principle
 - But Sup. Court, 12 Jul. 2012 → TM Owner **has to notify operator every time**

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THANK YOU VERY MUCH

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