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 *Bergspechtle* 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 \( \rightarrow \) Owner may prohibit use that affects any of these functions
  - If sign similar \( \rightarrow \) 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”.

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Image: Google search results for "nicebrand" showing ads related to products.
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](http://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**
THANK YOU VERY MUCH