

Border disputes

Sara Ludlam looks into the protection of trade marks online in anticipation of forthcoming European Court decisions

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The laws of England and Europe are required to deal with the ever-changing state of technology, and copyright and trade mark law in particular is hard pushed to keep up. The internet has created various new situations that the English and European courts have been asked to assess from the perspective of trade mark and copyright owners.

Last year, in *Wilson v Yahoo! UK Ltd & anor* [2008] the High Court revisited what is meant by trade mark 'use', and its decision, albeit in a summary application, had important consequences for how people use trade marks in search engines in the UK. At the end of 2008 and beginning of this year, Dutch, German, Austrian and French courts have referred questions to the European Court of Justice (ECJ) on the use of trade marks as 'keywords in internet search engines such as Google'. Anticipating their response, this article summarises current trade mark law.

The concept of 'use'

In the UK, trade marks are protected by both legislation and common law rights (passing-off rights). This article looks at the Trade Marks Act (TMA) 1994 as amended (which mirrors the European legislation) when assessing whether trade mark infringement has occurred, and in particular ss10(1)-10(3). These sections refer to the infringement of a registered trade mark if either an identical sign is used 'in the course of trade' or if a similar sign is used 'in the course of trade' and:

... there exists a likelihood of confusion on the part of the public, which includes the likelihood of association with the trade mark.

Therefore, for a claim of infringement to be successful it must be shown that the

person responsible has used a sign in the course of trade.

The Wet Wet Wet case

Since 2004, case law has provided proscribed limits for what 'use' will constitute trade mark use. The use must be use as a trade mark. *Bravado Merchandising Services Ltd v Mainstream Publishing (Edinburgh) Ltd* [1996] was a Scottish case in which the respondent published a book called *A Sweet Little Mystery: Wet Wet Wet – The Inside Story*. 'Wet Wet Wet' was a registered trade mark and the proprietor brought an action for an injunction not to use the name. The respondent argued that it had a defence under s11(2)(b) TMA 1994, which states that a trade mark is not infringed by:

... the use of indications concerning the kind, quality, quantity, intended purpose, value, geographic origin, the time of production of goods or rendering of services or other characteristics of goods or services.

This was accepted by the Court because the respondent was using the mark as an indication of the main characteristic of the product – that is, a book about the pop group 'Wet Wet Wet'.

Last year, use of the internet and in particular use of trade marks in search engines such as Google and Yahoo! was reviewed by the High Court, resulting in a decision that has affected search engine companies' policies on trade mark use.

The Mr Spicy case

In *Wilson v Yahoo! UK Ltd and Overture Services Ltd* [2008], the Mr Spicy case, the High Court granted summary judgment and dismissed a Community trade mark (CTM) infringement claim brought against a search-engine

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operator in relation to keywords and sponsored search results.

The defendants included Overture Services Ltd, a provider of sponsored search-engine technology, and Yahoo! UK Ltd, which made Overture's sponsored search-engine results available to the public through its website.

The claim arose because when Mr Wilson typed his registered community trade mark, 'MR SPICY', into the Yahoo! search engine, 515 responses appeared. On the first page of these (to the right-hand side) was a list of 'Sponsor Results', including entries for Sainsbury's and Pricegrabber.

Mr Wilson relied on the fact that a CTM proprietor can prevent third parties from using in the course of trade any sign:

- identical with the CTM in relation to goods or services identical with those for which it is registered (Article 9(1)(a) of the Community Trade Mark Regulation (40/94/EC) (CTM Regulation)); or
- where, because of its identity with, or similarity to, the CTM and the identity or similarity of the goods or services covered by the CTM and the sign, there exists a likelihood of confusion (Article 9(1)(b) of the CTM Regulation).

'Use' of a trade mark includes affixing the sign to goods, offering such goods for sale, and use in advertising (Article 9(2) of the CTM Regulation).

Search engines and keywords

Mr Wilson owned a CTM for the word mark 'MR SPICY', registered in respect of various goods, including food, spices and the provision of food and drink. Yahoo! provided a pay-for-placement search service whereby advertisers could bid to appear at the top of results produced in response to specific queries made through a search engine.

Mr Wilson complained that when a user typed the term 'Mr Spicy' into Yahoo!'s search engine, the results showed not just websites that used the words 'mr' and or 'spicy' but also sponsored links to third parties' websites. These third parties pay Yahoo! to have their sites appear when certain keywords are typed into the search engine. The keyword they had paid for here included the word 'spicy' or a phrase containing the word 'spicy'.

Yahoo! claimed that these advertisers had not purchased 'Mr Spicy' as a keyword. Mr Wilson alleged that the fact that when someone typed 'Mr Spicy' into the search engine and the sponsored website results appeared amounted to infringement under Article 9(1)(a) of the CTM Regulation. Yahoo! applied for summary judgment or for the claim to be struck out.

Basis of the summary judgment

The Court dismissed the claim and granted Yahoo! summary judgment, holding that:

- The trade mark had been used only by the member of the public who had entered the phrase 'Mr Spicy'

Mr Wilson could not prohibit the use of the words 'Mr Spicy' even when they are being applied to goods identical to those for which the mark is registered if that use cannot affect his own interest as proprietor of the mark having regard to its functions. This is satisfied here.

Morgan J said that even if a person were to type 'Mr Spicy' into the search engine the results of such a search would show only the names of certain shops, in this case Sainsbury's and Pricegrabber, and commented as follows in relation to the effect on both shops:

It does not say that all the food sold at Sainsbury's has Mr Wilson's trade or business as an origin. It is not pretending

In Wilson, the Court held that use of a registered mark as a keyword is not trade mark use.

as a search query into Yahoo!'s search engine (the evidence in the case suggested that only Mr Wilson himself had ever done this).

- The Yahoo! search engine's automated response to the user's inputting of the trade mark did not amount to use of the mark by Yahoo!.
- Even if there was use by Yahoo!, it was use of the English word 'spicy' and not 'Mr Spicy'.
- Even assuming that there had been use of the CTM by Yahoo!, it was not use as a trade mark. Mr Wilson could not prohibit the use of 'Mr Spicy', even when applied to goods identical to those for which the mark was registered, if that use could not affect his interest as proprietor of the mark having regard to its function as a guarantee of origin.

Relevance of the search engine

Reference here was made to *Arsenal Football Club plc v Reed* [2002]. In this ECJ decision it was held that a trade mark proprietor may not prohibit the use of a sign identical to the trade mark even for goods identical to those for which the mark is registered if that use cannot affect their own interests as proprietor of the mark, having regard to the function of the trade mark. The function of the trade mark was said to be as a guarantee of the identity of origin of marked goods. Morgan J repeated this, saying that:

that Sainsbury's food all comes from Mr Wilson's trade or business, Mr Spicy. It does not even say that Sainsbury's, amongst the many brands they stock, stock Mr Wilson's foods under the brand name Mr Spicy or under the trade mark Mr Spicy. I do not begin to see how what is described in the search response with reference to Sainsbury's has any impact of an adverse character on Mr Wilson's rights as proprietor of the community trade mark.

The judge's conclusion is in line with the Court of Appeal's approach in *Reed Executive plc & ors v Reed Business Information* [2002]). However, the decision does not address the issue that the use of a mark in advertising amounts to infringement under Article 9(2) of the CTM Regulation. Advertisers should therefore remain cautious and avoid use of their competitors' trade marks in their advertising unless they comply with the rules on comparative advertising. Also, there may be further arguments for famous brands or litigants with deeper pockets. Arguably, the Mr Spicy case did not really deal with the potential problem in this area in full because the facts of the case related to the alleged unauthorised use of the CTM for Mr Spicy but the evidence showed that the trade mark being used in the search engine was not the registered trade mark Mr Spicy but just the word 'spicy'. Obviously, there can be no registered trade mark for the word 'spicy' so the claim in this case was weak.

Position relating to search engines

As the first case in the UK brought against a search-engine operator in relation to keywords and sponsored search results, *Wilson* appears to have clarified the law in relation to providers of search engines and sponsored link services and their use of registered trade marks. As a direct result Google has changed its trade mark policy, since advertisers now have the comfort that a UK court has held that use of a registered mark as a keyword is *not* trade mark use.

Google recently lost a claim in the French courts and was found to have caused loss of business with misleading 'AdWords'

On this basis, the likes of Google and Yahoo! sell keywords that are registered trade marks to the highest bidder without infringing trade mark rights. Since 5 May 2008, Google's policy has allowed advertisers to bid on third-party trade marks to trigger their own online ads, although they are still prohibited from using those trade marks in the body of their ads.

Google's website states:

Please note that we have made a policy revision that applies to complaints we receive regarding trade marks in the UK and Ireland. Beginning 5 May 2008 we will no longer review a term corresponding to the trade marked term as a keyword trigger.

Google's *AdWords Trademark Complaint Procedure* states that it 'will not disable keywords in response to a trade mark complaint'.

2009 and the future

As indicated on Google's site, what constitutes use of trade marks is treated differently in different jurisdictions, even within the European Union. The policy with regard to use of keywords or 'AdWords' as referred to above is currently applicable in the US, UK, Ireland and Canada. The policy in Europe and each member state will have to reflect local court decisions or ECJ decisions. Trade mark lawyers have therefore been watching closely recent developments in Germany, Austria, France and the Netherlands. The supreme courts in these countries have each referred questions on the use

of 'AdWords' and keywords to the ECJ in recent months. Such decisions may overturn the current situation in the UK and Ireland.

At the end of 2008, the Dutch Supreme Court referred a number of questions to the ECJ in relation to the use of the trade mark 'PORTAKABIN' in internet search engines. The ruling is eagerly awaited. This case involves the use of the trade mark for the resale of genuine second-hand goods. The principal questions are whether the use of a registered trade

mark as a keyword constitutes 'use of a trade mark' for the purposes of the EU Trade Marks Harmonisation Directive (Article 5), and, if so:

- whether there is a difference between 'use' that results in a link to an advertiser's website as part of the general list of results and 'use' that results in a sponsored link next to that list; and
- whether the goods offered on websites included in the search result that are identical to those protected by the registered trade mark appear immediately on the results page of the search or if you have to reach the advertiser's website via a link.

European perspective

The French Supreme Court has referred questions to the ECJ concerning Google's liability for trade mark infringement in connection with the use of 'AdWords'. The relevant cases are *Google v Louis Vuitton* [2008], *Google v Viaticum* [2008] and *Google v CNRRH* [2008].

The referral from the Austrian Supreme Court in *Bergspechte Outdoor Reisen v Gunter Guni* [2008] C-278/08 relates to the use by an advertiser of another party's trade mark to advertise the advertiser's own goods and services.

On 3 March 2009, IP Kat (www.ipkitten.blogspot.com) provided a translation of the referral from the German Federal Supreme Court to the ECJ in relation to a case involving a trade mark for 'bananabay'. In this case, the trade mark proprietor brought a claim to stop its competitor using a registered mark as a keyword

on its website and sought damages, claiming trade mark infringement. The translated question to the ECJ is:

Does the reference to 'trade mark use' in Article 5(1) sentence 2 (a) of the 89/104/EEC directive include use by a third party when it provides a search-engine operator with that registered trade mark as a keyword for the purpose of selling identical goods and services?

Meanwhile, national courts in Europe have handed down conflicting rulings on particular aspects of trade mark law. Google recently lost a claim in the French courts and on 7 January 2009 was ordered to pay damages to two travel agencies that claimed a loss of business resulting from misleading 'AdWords'. As owners of the registered trade marks 'terres d'aventure' and 'voyageurs du monde', the travel agencies demonstrated that their marks in the Google search engine resulted in links to their competitors' websites. They have recovered €350,000 in damages and legal fees from Google, but Google is planning to appeal.

How to proceed?

While the use of trade marks as keywords is currently legal in the UK, I would recommend caution when claiming trade mark infringement if the trade mark 'use' does not fall squarely within accepted definitions of 'trade mark use' for the goods or services that your client has registered, not least because a claim for groundless threats may be brought if you are unsuccessful.

2009 is going to be a big year for what constitutes trade mark use. Watch out! ■

Arsenal Football Club plc v Reed [2002] EUECJ C-206/01
Bergspechte Outdoor Reisen v Gunter Guni [2008] C-278/08
Bravado Merchandising Services Ltd v Mainstream Publishing (Edinburgh) Ltd [1996] FSR 205
Google v CNRRH [2008] C-238/08
Google v Louis Vuitton [2008] C-236/06
Google v Viaticum [2008] C-237/07
Reed Executive plc & ors v Reed Business Information [2002] EWHC 1015 (Ch)
Wilson v Yahoo! UK Ltd & anor [2008] EWHC 361 (Ch)