

EIP

M&S v Interflora – the latest CJEU ruling on the use of keywords

Can use by a competitor of a trademark as a keyword in an advertising service, such as Google's AdWords service, be restricted by the proprietor of the trademark? Services such as AdWords allow businesses to buy keywords so that sponsored links are displayed in Internet searches relating to or including that keyword, even if that keyword is a registered trademark, and regardless of who that trademark belongs to. The Court of Justice of the European Union (CJEU) has provided clarification on this issue in a case that relates to purchase and use of the AdWord "Interflora" by Marks & Spencer (M&S) so that targeted adverts for M&S flowers are shown when users search for "Interflora" (a registered trademark of Interflora).

This judgement expands on others in this area such as the Google France decision, where the CJEU decided that the sale and use of targeted search adverts such as AdWords is lawful as long as their use does not create confusion as to origin of the products.

Clarification regarding the test to be applied is provided in this judgement. A particularly important factor in this case was whether the use of AdWords could incorrectly lead "reasonably well-informed and observant internet users... who have entered the search terms" to believe that M&S is part of the Interflora network. This is a question for the UK High Court to determine: according to the evidence, are users generally aware that M&S is not part of the Interflora network, and can they tell whether the M&S adverts originate from Interflora or not?

The CJEU also considered whether Interflora could prevent this use by M&S on the basis that Interflora, being a mark with a substantial reputation, benefits from enhanced

trademark infringement rights. The CJEU stated that, where either detriment (i.e. dilution) occurs, or unfair advantage is taken (i.e. free-riding), the proprietor is entitled to prevent a competitor from using the trademark as a search keyword for a service such as Google AdWords.

In relation to dilution, the CJEU highlighted that the advertisement must be considered from the point of view of a reasonably well-informed and reasonably observant internet user. If such a user is able to tell that the goods or services offered originate from a competitor of the proprietor of the trademark, the CJEU indicated that the trademark's distinctiveness will not be affected, and thus that dilution does not take place.

On free-riding, the CJEU noted that although there appeared to be an intention of free-riding in this case, there are exceptions that can prevent the trademark proprietor from enforcing his trademark against such use. For example where an advertisement is for an alternative to the goods/services of the proprietor, such use is fair competition within the sector for the goods or services concerned, provided that the advertisement does not offer a mere imitation of the goods or services of the proprietor.

Now that the CJEU has clarified these points, the UK High Court will make its decision regarding infringement of the Interflora trademark by M&S. The CJEU decision advances our understanding of what advertisers can and cannot do but more guidance is still needed. In particular, the CJEU alluded to an "investment function" of the trademark without explaining it fully. There are already more references before the CJEU so further guidance can be expected.