

Meta Tags and Trade Marks

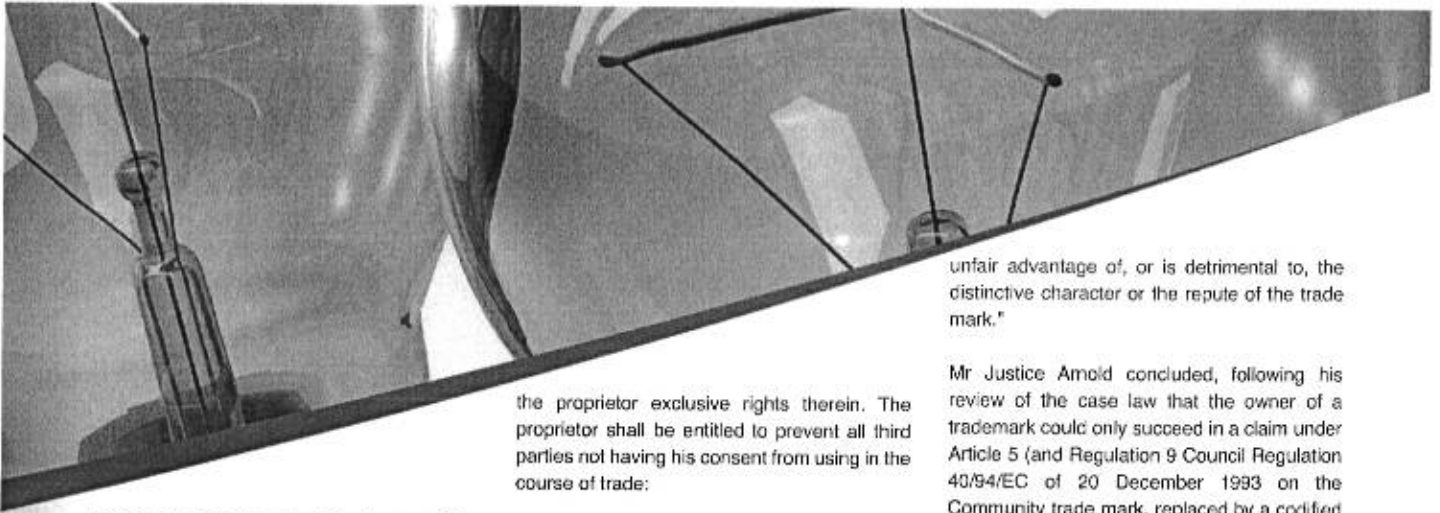
Interflora -v- Marks and Spencer Has it made a major change?

Acting for a domain name registrar, we are frequently confronted with threatening letters from lawyers from both within and outside the EU regarding domain names for which our client is registrar. Often, these letters deal with purported infringements of trade marks by names registered with our client. Sometimes they relate to our client's own advertising, which utilises place markers which automatically pick up the root names in the particular web address from which the observer is viewing and runs adverts incorporating that address. The advert then offers the observer new domain names incorporating their own web address (and often trade mark) which does seem to annoy a lot of people.

The above practice, once understood, seemed entirely legitimate and very unlikely to constitute infringement. However, more difficult issues surround the sale of domain names containing

well known trademarks other than to the registered owner of those marks. In many cases, the domain is for use in connection with an entirely unrelated product or in jurisdictions where the trademark is not registered. Sometimes they have been used as metadata

within the website of the purchaser to attract traffic which would not otherwise have arrived at the domain name owner's website. The reports of the outcome of *Interflora -v- Marks and Spencer PLC* [2013] EWCH 1291 Ch gave rise to a concern that what had hitherto been



thought to have been legitimate competition might now be infringing under both English and EU law.

In the *Interflora* case, *Interflora Inc.* and its UK subsidiary which each owned rights in the "Interflora" trademark complained of the admitted practice of Marks and Spencer PLC of purchasing click per view advertisements from Google to appear in the paid for advertising sections on the results pages in response to searches by members of the public for: "interflora" and variants of that word both with and without additional words or letters (for example, "interflora.com"). Marks and Spencer PLC's ("M&S") own adverts made no mention of "interflora" and did not attempt to suggest that there was any connection between M&S and *Interflora*. The use of the trademark was merely to guide Google's system to the appropriate screens on which to display M&S's paid for adverts. It cannot be argued (because the Judge in this case found as a fact to the contrary) that M&S did not themselves make use of the "interflora" mark. By M&S choosing which metatags for which they would pay Google to display adverts in response to searches of the internet, M&S did make use of the "interflora" mark. The outcome of the case was that M&S were found to have infringed the "interflora" trademark.

How did his Honour Mr Justice Arnold arrive at this conclusion?

He considered a large number of sources (in particular Article 5 of the First Council Directive 89/104/EEC of 21 December 1988 to approximate the laws of the Member States relating to trade marks ("the Directive")) and a history of the case law of the Court of Justice of the European Union ("CJEU") in arriving at this view. Article 5 (as referred to in the case) states:

"Article 5

Rights conferred by a trade mark

1. The registered trade mark shall confer on

the proprietor exclusive rights therein. The proprietor shall be entitled to prevent all third parties not having his consent from using in the course of trade:

(a) any sign which is identical with the trade mark in relation to goods or services which are identical with those for which the trade mark is registered;

2. Any Member State may also provide that the proprietor shall be entitled to prevent all third parties not having his consent from using in the course of trade any sign which is identical with, or similar to, the trade mark in relation to goods or services which are not similar to those for which the trade mark is registered, where the latter has a reputation in the Member State and where use of that sign without due cause takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the trade mark.

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3. The following, *inter alia*, may be prohibited under paragraphs 1 and 2:

(d) using the sign on business papers and in advertising.

...

5. Paragraphs 1 to 4 shall not affect provisions in any Member State relating to the protection against the use of a sign other than for the purpose of distinguishing goods or services, where use of that sign without due cause take

unfair advantage of, or is detrimental to, the distinctive character or the repute of the trade mark."

Mr Justice Arnold concluded, following his review of the case law that the owner of a trademark could only succeed in a claim under Article 5 (and Regulation 9 Council Regulation 40/94/EC of 20 December 1993 on the Community trade mark, replaced by a codified version in Council Regulation 207/2009/EC of 26 February 2009 – the Judge referred to Regulation 9 throughout) if six conditions were satisfied: (i) there must be use of a sign by a third party within the relevant territory; (ii) the use must be in the course of trade; (iii) it must be without the consent of the proprietor of the trade mark; (iv) it must be of a sign which is identical to the trade mark; (v) it must be in relation to goods or services which are identical to those for which the trade mark is registered; and (vi) **it must affect or be liable to affect the functions of the trade mark**. The Judge referred in particular to Case C-206/01 *Arsenal Football plc v Reed* [2002] ECR I-10273 at [51], *Anheuser-Busch* at [59], Case C-48/05 *Adam Opel AG v Autec AG* [2007] ECR I-1017 at [18]-[22], Case C-17/06 *Céline SARL v Céline SA* [2007] ECR I-7041 at [16] and Case C-62/08 *UDV North America Inc v Brandtraders NV* [2009] ECR I-1279 at [42]. *Emphasis added.*

What are the "functions" of the trade mark?

For the purpose of this case, the functions of a trade mark include its "origin", "advertising", "investment" and "communication" functions: see in particular Case C-487/07 *L'Oréal SA v Bellure NV* [2009] ECR I-5185 at [58]-[64]. Each of these functions overlap, to some extent, but it is worthwhile thinking about what the "investment function" is. This element of a trademark is that which gives the mark itself a value, over and above the goods or services to which it is attached. The mark itself becomes well known and builds goodwill of its own such that it reflects back on the goods and business to which it is attached. This element of the function is what will be adversely affected by a dilution of the mark, if it is attached to goods and services other than those to which it owes its origin and original goodwill.

These functions can be affected by use of the trademark, without any confusion being caused to the public (or any significant portion of the public) in respect of the origin of goods or services if a person fulfilling the first five criteria

referred to in the preceding paragraph takes unfair advantage of the existence of and awareness of a trademark belonging to another. The Judge said:

"The advantage arising from the use by a third party of a sign similar to a mark with a reputation is an advantage taken unfairly by that third party of the distinctive character or the repute of the mark where that party seeks by that use to ride on the coat-tails of the mark with a reputation in order to benefit from the power of attraction, the reputation and the prestige of that mark and to exploit, without paying any financial compensation, the marketing effort expended by the proprietor of the mark in order to create and maintain the mark's image"

One of the problems in the case, with which the Judge had to grapple, was that the CJEU has held that keyword advertising has no effect on the advertising function of a trade mark however its comments on the origin function were helpful to the decision he reached in this case [225] – [267]. He referred to the judgement in *Google France SARL v Louis Vuitton Malletier SA* [2010] ECR I-2417 in which it was held:

"82. The essential function of a trade mark is to guarantee the identity of the origin of the marked goods or service to the consumer or end user by enabling him to distinguish the goods or service from others which have another origin (see, to that effect, Case C-39/97 *Canon* [1998] ECR I-5507, paragraph 28, and Case C-120/04 *Medion* [2005] ECR I-8551, paragraph 23).

83. The question whether that function of the trade mark is adversely affected when internet

users are shown, on the basis of a keyword identical with a mark, a third party's ad, such as that of a competitor of the proprietor of that mark, depends in particular on the manner in which that ad is presented.

84. The function of indicating the origin of the mark is adversely affected if the ad does not enable **normally informed and reasonably attentive internet users, or enables them only with difficulty, to ascertain whether the goods or services referred to by the ad originate from the proprietor of the trade mark or an undertaking economically connected to it or, on the contrary, originate from a third party** (see, to that effect, *Céline*, paragraph 27 and the case-law cited).

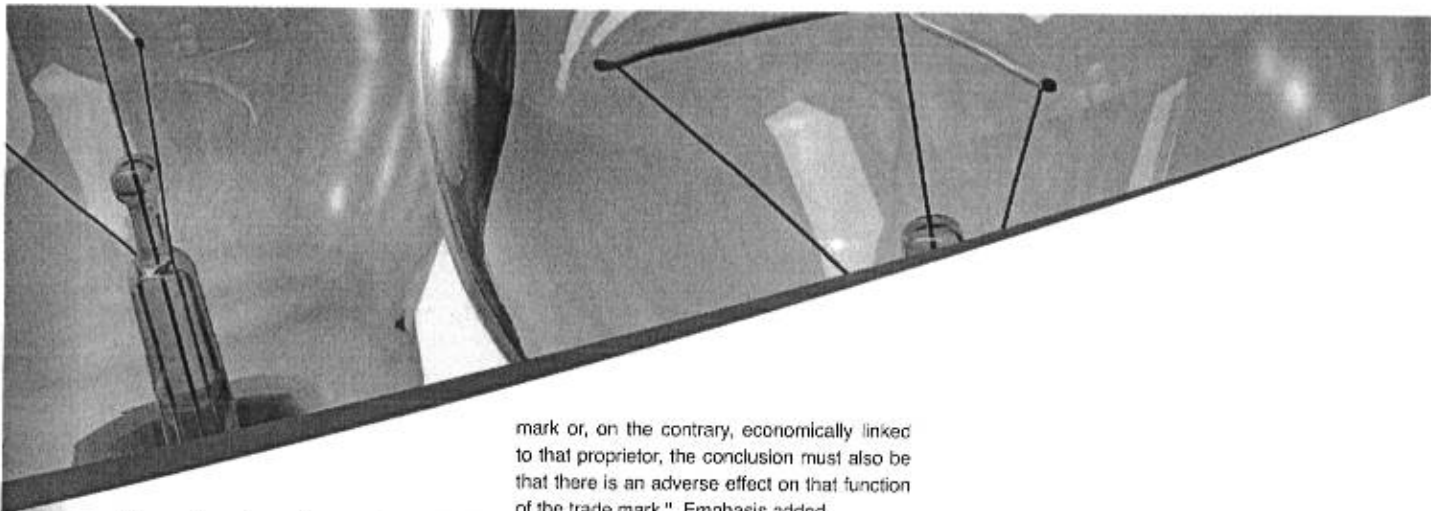
85. In such a situation, which is, moreover, characterised by the fact that the ad in question appears immediately after entry of the trade mark as a search term by the internet user

concerned and is displayed at a point when the trade mark is, in its capacity as a search term, also displayed on the screen, the internet user may err as to the origin of the goods or services in question. In those circumstances, the use by the third party of the sign identical with the mark as a keyword triggering the display of that ad is liable to create the impression that there is a material link in the course of trade between the goods or services in question and the proprietor of the trade mark (see, by way of

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analogy, *Arsenal Football Club*, paragraph 56, and Case C-245/02 *Anheuser-Busch* [2004] ECR I-10989, paragraph 60).

86. Still with regard to adverse effect on the function of indicating origin, it is worthwhile noting that the need for transparency in the display of advertisements on the internet is emphasised in the European Union legislation on electronic commerce. Having regard to the interests of fair trading and consumer protection, referred to in recital 29 in the preamble to Directive 2000/31, Article 6 of that directive lays down the rule that the natural or legal person on whose behalf a commercial communication which is part of an information



society service is made must be clearly identifiable.

87. Although it thus proves to be the case that advertisers on the internet can, as appropriate, be made liable under rules governing other areas of law, such as the rules on unfair competition, the fact nonetheless remains that the allegedly unlawful use on the internet of signs identical with, or similar to, trade marks

lends itself to examination from the perspective of trade-mark law. Having regard to the essential function of a trade mark, which, in the area of electronic commerce, consists in particular in enabling internet users browsing the ads displayed in response to a search relating to a specific trade mark to distinguish the goods or services of the proprietor of that mark from those which have a different origin, that proprietor must be entitled to prohibit the display of third-party ads which internet users may erroneously perceive as emanating from that proprietor.

88. It is for the national court to assess, on a case-by-case basis, whether the facts of the dispute before it indicate adverse effects, or a risk thereof, on the function of indicating origin as described in paragraph 84 of the present judgment.

89. In the case where a third party's ad suggests that there is an economic link between that third party and the proprietor of the trade mark, the conclusion must be that there is an adverse effect on the function of indicating origin.

90. In the case where the ad, while not suggesting the existence of an economic link, is vague to such an extent on the origin of the goods or services at issue that normally informed and reasonably attentive internet users are unable to determine, on the basis of the advertising link and the commercial message attached thereto, whether the advertiser is a third party vis-à-vis the proprietor of the trade

mark or, on the contrary, economically linked to that proprietor, the conclusion must also be that there is an adverse effect on that function of the trade mark." Emphasis added.

Taking into account the factual evidence as to the public's understanding of the way in which pay per click advertising works and evidence of the actual behaviour of some users of google who searched for "interflora" (or related keywords), the Judge concluded that there was sufficient evidence of confusion amongst a significant percentage of the public as to whether M&S might be part of the Interflora network by reason of its use of the relevant trademarks and that the onus was on M&S to dispel that confusion in its advertisements.

The Judge pointed out that M&S had not defended the claim against it by arguing that its advertisements were comparative advertising compliant with the conditions laid down in Article 4 of the Misleading and Comparative Advertising Directive, indeed he had gone so far as to ask Counsel for M&S why they had not pursued this defence. As a result of this defence not having been put forward, the Court did not need to decide the issue of whether it would have been an effective defence. The Judge pointed out in his summing up that at least one court of an EU Member state had held that keyword advertising is comparative advertising and implied that this defence ought at least to have been put to the Court.

In conclusion, this case did not establish any new approach to the issue of the use of trademarks as keywords. The fact that Interflora has a loose and changing network of members was a contributory factor in its success in this case. It was more likely that the public might believe that M&S could have been providing services as part of the Interflora network, in view of Interflora's history of working with other supermarkets.

None of these factors are likely to be present in the situations addressed at the start of this article.

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