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STOP PRESS: European Trade Mark Alert - Google AdWords

Key Note:

Search engines' sale of trade marks as keywords does not infringe trademark owners' rights, according to the ECJ Advocate General's opinion released last week in three cases brought by various trade mark owners against Google. Advertisers should also be free to bid on trade marks as keywords, but still need to be careful to ensure that the text of any link, and advert and the websites that they link to, do not infringe trade mark owners' rights.

Legal Analysis:

The Advocate General's opinion focuses on his recognition that trade mark rights are not, and should not be, monopoly rights. The protection offered by a registered trade mark has to be balanced against other rights, such as freedom of expression and freedom of commerce. There are many legitimate uses of trade marks by entities other than the trade mark owner (e.g. descriptive use and comparative advertising) and he expressed concern that if Google was prevented from the sale of trade marks as keywords that would give trade mark owners an absolute right of control over the use of their trade marks in cyber space.

He also thought that internet users were pretty savvy and can recognise that, when they enter a term into a search engine, they are going to be bombarded with all sorts of results (both paid for and natural) which do not emanate from the trade mark owner. Consumers will not be confused, he said, and there is no detriment to the essential function of the trade mark as a guarantee of origin, or to its other functions as a means of protecting innovation and investments.

The opinion is limited to the sale of keywords and the display of adverts by Google (and not the content of the links or adverts). He said the sale was a private transaction between Google and the advertiser, and that, even though the trade mark was being "used" in a trade mark sense (a critical question for trade mark law in Europe and the US), the marks were not being used in relation to the goods and services of the trade mark owners, so there was no infringement.

What's Next:

The Advocate General's opinion is preliminary guidance for the ECJ, which is likely to issue its judgement by some time early next year. So, whilst the Advocate General has issued a forthright defence of Google's practices in this case, it is by no means the end of the story.

Interim Action:

This is the first of a number of references that have been made to the ECJ on this subject including two by the English Court in *Marks & Spencer v Interflora* and *L'Oreal v eBay*. Pending opinions (and ultimate judgments) in these other cases, and a final judgment in this one, Google will be encouraged, as will advertisers bidding on trade marked terms, even on those of direct competitors. Advertisers need to be aware that this is not yet an "all clear" for keyword bidding and would also still be well advised to check carefully that their advertising and links do not infringe other trade mark owners' rights.

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