

The Google France AdWords Cases - summary of Advocate General's opinion of 22 September 2009

The recent opinion by the ECJ's Advocate General in three trade mark cases against Google (the '**Google Cases**') marks the latest development in the ongoing dispute between keyword advertisers and trade mark owners. Whilst the AG's opinion is not binding on the European Court of Justice (the '**ECJ**'), his robust defence of Google and the practice of selecting trade marks as keywords may be an early indication of the upcoming decision by the ECJ. As such it needs to be examined carefully not only by trade mark owners, but all those involved advertising on the internet.

Google's AdWords

Google is the world's most popular search engine, used in over 60% of all online searches made in 2008. Whilst Google provides its search engine free of charge, it also displays paid advertising alongside the 'natural' results returned by its search engine algorithm. These adverts are purchased by advertisers and displayed by Google as part of its 'AdWords' service, one of the company's most important sources of revenue.

The AdWords service works by allowing advertisers to bid and purchase 'keywords' from Google on a 'cost per click basis', i.e. how much Google is paid when a user clicks on the displayed advert. When a user types that keyword into Google's search engine the advertiser's result (comprising a short piece of text and a hyperlink to the selected website) appears above or alongside the 'natural' results generated by Google through its algorithmic search tool.

Many trade mark owners are unhappy with the AdWords service since it allows trade marks to be purchased as keywords by advertisers who do not own those marks and who subsequently use them to trigger sponsored links to either competitors of the trade mark owner and/or counterfeit products. Advertisers argue that many such uses are legitimate competition, and that descriptive use, comparative advertising and other uses should be permitted. Search engines argue that they are simply enabling the provision of relevant results - not everyone who enters a trade mark as a keyword is looking for the trade mark owners' site - they may be looking for reviews, for suppliers, or even for competitor products.

The ECJ Reference

France has been a particular battleground between trade mark owners and Google. After several inconclusive judgements in the lower courts, the French Cour de cassation (France's supreme court) referred the Google Cases in May 2008 to the ECJ for a reference under Article 5 of Directive 89/104 (the '**Trade Mark Directive**'). Similar references on keyword advertising have also been made in Austria, Belgium, Germany, Italy, the Netherlands and the United Kingdom.

The ECJ decided to join the three references (Louis Vuitton, Viaticum and CNRHH) since they all asked the same essential question - whether the AdWords system of allowing trade marks to be purchased as keywords was an infringement of those trade marks under Article 5 Trade Mark Directive. There was also an additional reference as to whether Google would be covered by the liability exemption for hosting provided for in Directive 2000/31 (the '**eCommerce Directive**').

The AG's Opinion

Trade mark infringement

The AG thought there were two distinct uses of the trade marks as keywords in the AdWords service. First, when Google allowed advertisers to select keywords (the '**Internal Use**') and secondly when Google displayed the adverts to users as the result of a search (the '**External Use**').

The AG identified four conditions necessary for demonstrating trade mark infringement:

- 1) the use is without the consent of the trade mark owner;
- 2) the use is in the course of trade;
- 3) the use relates to identical or similar goods or services to those protected by the trade marks; and
- 4) the use affects or is liable to affect the essential function of the trade mark by reason of a likelihood of confusion on the part of the public?

The AG held that conditions (1) and (2) were satisfied in all cases. The use was manifestly without the consent of the trade mark owners and was made in the course of Google's business activities. It was therefore conditions (3) and (4) which were important in the analysis of the Internal and External Uses.

Internal Use

The AG held that there was no trade mark infringement by Internal Use because there are no goods or services sold to the general public at the point the keyword is selected. Condition (3) was therefore not satisfied because the relationship is between the advertiser and Google and the only good or service being sold is AdWords itself. Since AdWords is not similar to the goods and services protected by the trade marks there is no risk of infringement.

External Use

Although the reference was restricted to AdWords, the AG was concerned that the same arguments on trade mark infringement could be applied to the natural results returned by Google's search engine. In order to highlight this similarity to the ECJ, the AG analysed the arguments for External Use in relation to both AdWords and natural results.

The AG thought that Condition (3) was satisfied for External Use since the adverts and natural results returned by Google following a keyword search would relate to the trade mark purchased as a keyword.

The AG therefore focussed on whether External Use was capable of affecting the essential function of the trade mark by reason of a likelihood of confusion by the public (Condition (4)). It could only do so if the link '*may lead the consumers to confuse the origin of the goods or services offered on these sites even before the content of these sites is taken into account. In order for such a right to exist, consumers would have to assume, from the mere fact that certain*

*sites are associated with such keywords, that these sites originate from the same undertaking [as the trade mark proprietor] or, as the case may be, from economically linked undertakings.*¹

The reference to the ECJ only concerned the use of keywords as trade marks, it did not relate to the use of trade marks in the sponsored adverts or on the linked websites. Whilst sponsored adverts or websites may infringe trade marks, the AG held that Google's search engine was merely a tool linking the keywords to the resulting content (both for AdWords and natural results) and, as such, was not enough to cause a risk of confusion to the public. He said: *'internet users only decide on the origin of the goods or services offered on the sites by reading their description, and, ultimately, by leaving Google and entering those sites.'*²

Use of keywords by advertisers

Another issue discussed was whether the advertisers themselves were guilty of infringement when selecting trade marks as keywords. The AG considered that, since Google was not infringing in this context, it would be contradictory if bidding on keywords was an infringement by advertisers.

The AG felt it would be *'tantamount to saying that Google should be permitted to allow the selection of keywords that no one is permitted to select'*.³ The proper remedy for trade mark owners would be to claim infringement against the relevant advert or website, not against the process of selecting keywords.

Trade Marks with a Reputation

The ECJ reference also asked whether trade marks with a reputation should be protected against keyword advertising (under Article 5(2) of the Trade Mark Directive)⁴. As with ordinary trade marks, the AG felt that they should not, citing the need to protect freedom of expression and commerce over the rights of trade marks proprietors. The AG was concerned that the owners were claiming *'an absolute right of control over the use of their trade marks as keywords'*⁵ which could possibly be used to prevent their use in natural as well as sponsored online searches.

Contributory infringement

The AG emphatically rejected the notion that Google should be liable for trade mark infringement merely through providing links to third party infringing websites. The AG recognised the problem that trade mark owners have in tackling counterfeit and infringing sites but felt that the current references were an attempt to *'stop the message by stopping the messenger'*⁶ and rejected *'the notion that the act of contributing to a trade mark infringement by a third party, whether actual or potential, should constitute an infringement in itself'*⁷.

¹ Google Cases at 84

² Google Cases at 89

³ Google Cases at 151.

⁴ See our previous Alert on Intel (Link :[Intel Alert](#)) for a discussion of trade marks with a reputation.

⁵ Google Cases at paragraph 108

⁶ Google Cases at 115

⁷ Google Cases at 119

The AG cited the difficulty for Google of blocking from AdWords all keywords which might be trade marks and he was concerned that placing Google under such an obligation could change the nature of the internet and search engines in particular.

The situation could well be different in cases where Google allows (and in some cases encourages) advertisers to select other keywords, such as 'counterfeit' alongside the trade mark term, with a view to increasing the exposure. The AG felt that, whilst a matter for national law, Google could incur liability for contributing to internet users being directed to counterfeit sites. The recent English Court decision in L'Oreal v eBay (Link: [L'Oreal v eBay](#)) set out a thorough analysis of the law of joint liability for trade mark infringement, and held that eBay could not be held liable for mere 'facilitation', and had no obligation to prevent infringement of third parties' registered trade marks.

Hosting Exemption

The final part of the reference considered by the AG was whether the content featured by AdWords (i.e. the links and the text of the ad, rather than the bidding process) was covered by the hosting exemption contained in Article 14 of the eCommerce Directive.

In order for the exemption to apply, Google would need to meet three conditions: it must be an information society service; the AdWords service must consist of the storage of information provided by the recipient; and Google must be neutral in relation to that information.

Whilst the AG felt that Google could be defined as an information society service, he felt that because AdWords (unlike the natural search results) involved Google having a direct commercial interest in users clicking on the links, Google was not neutral in regards to the information it hosted. The exemption in Article 14 should therefore not apply.

Implications for trade mark owners

Whilst the AG's opinion is highly unfavourable to trade mark owners who wish to prevent the use of their trade marks as keywords, it is important to remember that the opinion is not binding on the ECJ whose judgment is expected early next year. Nevertheless it has been estimated that the AG opinion is followed in about 80% of final decisions by the ECJ so this may be an early indication of how the Court is likely to rule.

If the ECJ does agree with the AG then keyword advertising with other people's trade marks may become a much more common strategy for internet advertising. Trade mark owners need to plan accordingly, including increasing budgets for purchasing its trade marks as keywords and deciding whether to use competitor trade marks as part of an overall internet advertising strategy.

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