

IP/IT newsflash

Google victorious in AdWords decision as ECJ finds it's not infringing

The European Court of Justice (the ECJ) has today handed down a landmark decision in the case of *Google France & Others -v- Louis Vuitton Malletier & Others*, holding that an internet referencing service provider, such as Google, which offers trade marks as keywords for sponsored links, is not itself liable for trade mark infringement.

Louis Vuitton -v- Google France – the case referred

The decision concerns the use of a keyword advertisement system called AdWords, operated by Google. Advertisers are able to select keywords, for example VUITTON, which help to ensure that their advertisements are displayed alongside the "natural" search results returned by the search engine in response to a specific keyword. These advertisements usually appear along the right-hand side of the results page and Google receives a payment from the advertiser each time a user is directed to the advertisers' website by clicking on the hyperlink in the advertisement.

Google France was sued by Louis Vuitton and a number of other trade mark owners on the basis that various sponsored keywords incorporated their trade marks. Evidence was produced to show that the advertising results displayed by typing certain trade marks into the Google search engine offered counterfeit versions of the products covered by the trade marks and identical and similar products of competitors. Google was found liable for trade mark infringement by the French Courts and appealed the decision. A number of questions were then referred to the ECJ, dealing with the broad issue of whether Google can be prevented from using keywords that correspond to trade marks in its AdWords service.

Google not liable for trade mark infringement

The ECJ came to the following conclusions:

- (a) a trade mark owner is entitled to prohibit someone from advertising, on the basis of a keyword identical with its trade mark, goods and services identical with those for which the mark is registered. As such, the unauthorised use of keywords by competitors could amount to trade mark infringement under Article 5(1)(a) of Directive 89/104/EEC (the Trade Marks Directive) and Article 9(1)(a) of Regulation 40/94/EEC (the Community Trade Mark (CTM) Regulation);
- (b) an internet referencing service provider, such as Google, which stores as a keyword a sign identical to a trade mark and organises the display of advertisements on the basis of that keyword, is not liable for infringement under Article 5(1) and (2) of the Trade Marks Directive and Article 9(1) of the CTM Regulation; and
- (c) an internet referencing service provider, such as Google, is in any event excluded from liability under the hosting exemption in Article 14 of Directive 2000/31/EC (the E-Commerce Directive) provided that it has not played an active role that would give it knowledge of, or control over, the data stored.

This decision will disappoint owners of well-known brands. While the Court accepted that use of keywords by competitors could amount to unfair competition and fall foul of European trade mark law, in reality infringers are often based outside the EU and are, therefore, beyond the reach of the

European authorities. The decision is likely to lead to yet more calls on ISPs to monitor infringing activity online, and will put pressure on the EU and

national governments to take legislative steps against infringers.

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