

keywords or paid placement on search engines unlawful?

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1 – Use of keywords

The case-law of the **European Court of Justice** and, consequently, the Italian one, have also recently been involved in tracing the dividing line between what is lawful and what is unlawful in terms of keywords usage, i.e., **a form of internet advertising that takes place through the use of a trade mark owned by others or identical to another's trade mark**, summarised as follows by the ECJ:

“ 9 When an internet user performs a search on the basis of one or more words on the Google search engine, that search engine will display the sites which appear best to correspond to those words, in decreasing order of relevance. These are referred to as the ‘natural’ results of the search.

10 In addition, Google’s paid referencing service – ‘AdWords’ – enables any economic operator, by means of the selection of one or more keywords, to obtain the placing, in the event of a correspondence between one or more of those words and that/those entered as a request in the search engine by an internet user, of an advertising link to its website. That advertising link appears under the heading ‘sponsored links’, which is displayed either on the right-hand side of the screen, to the right of the natural results, or on the upper part of the screen, above the natural results.

11 That advertising link is accompanied by a short commercial message. Together, that link and that message constitute the advertisement displayed under the abovementioned heading.

12 A fee for the referencing service is payable by the advertiser for each click on the advertising link. That fee is calculated on the basis, in particular, of the ‘maximum price per click’ which the advertiser agreed to pay when concluding with Google the contract for the referencing service, and on the basis of the number of times that link is clicked on by internet users.

13 A number of advertisers can select the same keyword. The order in which their advertising links are displayed is then determined according to, in particular, the ‘maximum price per click’, the number of previous clicks on those links and the quality of the advertisement as assessed by Google. The advertiser can at any time improve its ranking in the display by fixing a higher ‘maximum price per click’ or by trying to improve the quality of its advertisement”.

2 – A specific case of keywords use: Interflora Inc. v Marks & Spencer Plc ²

Interflora Inc., a US company, offered and offers – among others – a well-known flower home-delivery service and it is the owner of a namesake brand, registered internationally in several countries, including the United Kingdom.

¹ European Court of Justice, Judgement No. 323 of 22/09/2011, Case C-323/09, Interflora Inc. v Marks & Spencer Plc.

² See footnote 1 above.

Marks & Spencer, a British company also known as M & S, similarly offered and offers a flower home-delivery service and had selected, within the Google AdWords service, the keyword 'Interflora' and several variants thereof³, with the result that when users of Google's search engine entered the word 'Interflora' or one of such variants or expressions, under the heading 'sponsored link' appeared the following M & S advertisement:

“M & S Flowers Online
www.marksandspencer.com/flowers
Gorgeous fresh flowers & plants
Order by 5 pm for next day delivery”

It should be noted at this point that the EU legislation, and thus the different national laws, entitle the proprietor of a registered trade mark to prevent third parties from:

- using, without his consent, a sign identical to the trade mark for goods or services identical to those for which the same is registered;
- using a sign that for identity or similarity to the registered trade mark could pose a risk of confusion for the public or of association between the sign and the trade mark.
- Additionally, the proprietor of a trade mark which enjoys wide reputation (think for example of 'NASDAQ') can prohibit the use of the said trade mark also for distinguishing goods and services which are neither identical nor similar.

In fact, in the INTERFLORA case, the ECJ ruled that:

1) Are above all prohibited **MISREPRESENTING** practices which result in damages for the trade mark proprietor, as the primary function of the trade mark is to indicate the ORIGIN of a product or service: thus, the use of keywords is always UNLAWFUL when the advertising appearing on the basis of the keyword searched “**does not enable reasonably well-informed and reasonably observant internet users, or enables them only with difficulty, to ascertain whether the goods or services referred to by the advertisement originate from the proprietor of the trade mark or an undertaking economically connected to it or, on the contrary, originate from a third party**”.

2) Are likewise prohibited **FREE-RIDING** practices as, in fact, the trade mark also has an INVESTMENT function for its proprietor that must be properly protected: the use of keywords is unlawful “**where it substantially interferes with the proprietor's use of its trade mark to acquire or preserve a reputation capable of attracting consumers and retaining their loyalty**”. This may be the case when “*89 the advertiser rides on the coat-tails of a trade mark with a reputation in order to benefit from its power of attraction, its reputation and its prestige, and to exploit, without paying any financial compensation and without being required to make efforts of its own in that regard, the marketing effort expended by the proprietor of that mark in order to create and maintain the image of that mark. If that is the case, the advantage thus obtained by the third party must be considered to be unfair (Case C-487/07 L'Oréal and Others, paragraph 49)*”.

3) It is instead legitimate the paid placement on search engines using keywords which achieve a mere form of **ADVERTISING** without falling within any of the cases mentioned above: “*91 By*

³ These variants were formed by the same keyword with intentional 'minor errors' and expressions containing the word 'Interflora' (such as 'Interflora Flowers', 'Interflora Delivery', 'Interflora.com', 'Interflora co uk', etc.)

*contrast, where the advertisement displayed on the internet on the basis of a keyword corresponding to a trade mark with a reputation puts forward – **without offering a mere imitation of the goods or services of the proprietor of that trade mark, without causing dilution or tarnishment and without, moreover, adversely affecting the functions of the trade mark concerned – an alternative to the goods or services of the proprietor of the trade mark with a reputation, it must be concluded that such use falls, as a rule, within the ambit of fair competition in the sector for the goods or services concerned and is thus not without ‘due cause’...***

3 – Conclusions

The use of keywords is the subject of a rather recurring European and national case-law which has not failed to address also other aspects other than those discussed above, such as dilution or tarnishment of the trade mark at the expense of its proprietor, or the responsibility of the owner of the search engine and/or service provider for the unlawful activity of the competitor of the trade mark proprietor; but It is certainly not this the right forum for examining this phenomenon under all circumstances highlighted in the case-law.

It can suffice here to underline that paid placement on search engines through the use of keywords by who is not the proprietor of the trade mark/brand used for such placement is definitely illegal when it results in practices that create **confusion** between the goods and services of those who make use of such keywords and the trade mark proprietor, and/or in a form of **parasitic appropriation of prestige and reputation** to the detriment of the latter, as in the example provided by the Interflora case.

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