

## 5. PREVENTION OF UNLAWFUL TRADEMARK USE THROUGH THE INTERNET: BEST EUROPEAN PRACTICES

As the virtual world increasingly intersects with real life, companies across the EU might be interested in a clearer regulation of keyword advertising. A great number of well-known firms in the UK, France, Germany, Austria, the Netherlands and Belgium are faced with the problem of the sale of keywords, which correspond or are identical to famous trade marks, by Internet service providers (ISPs) to third parties. One of the main reasons behind this trend is the public's growing preference for online shopping, either for products or services. As an Internet user conducts a search based on certain words/phrases, ISPs then produce a list of sites, which best matches those keywords in decreasing order of relevance. As a result, in order to attract more clients, owners of specific websites started buying keywords from the most popular ISPs. This situation led to the point where trade mark proprietors complained about the infringement of their trade mark's rights.

The popularization of the Internet was accompanied by a variety of problems that have to be regulated legally. These, however, are not always foreseen by the legislator in time. It is common for different branches of science to intersect and as a result to create totally new legal formations. For example, the intersection of keyword advertising technologies and EU trade mark law led to the emergence of clearer and more detailed legal regulations.

In order to gain a better understanding of the keywords advertising dispute, one should first analyze the legal background of trade mark use and the main characteristics of using them as keywords in Internet advertising.

In 1990, it was stated for the first time by the European Court of Justice in relation to *HAG II* (Case C-10/89) that 'the system of undistorted competition requires that companies are able to create and maintain relations with their customers by virtue of the quality of their goods.'<sup>1</sup> First and foremost, distinctive signs are essential for allowing customers to recognize goods, while they also provide an opportunity to set up a connection between goods/services and the enterprise responsible for their marketing and quality. The second most significant ruling was that 'trade marks must guarantee the identity of origin of goods bearing them.'<sup>2</sup>

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<sup>1</sup> Max Planck Institute for Intellectual Property and Competition Law. Study on the Overall Functioning of the European Trade Mark Law System (European Commission). – 2011. – P. 50. – Режим доступу: [http://ec.europa.eu/internal\\_market/indprop/tm/index\\_en.htm](http://ec.europa.eu/internal_market/indprop/tm/index_en.htm).

<sup>2</sup> *ibid.*

As it was defined by Murray, ‘branding is a watchword of marketers.’<sup>3</sup> Trade mark protection must guarantee that all products were produced and launched on the market under the supervision of a singular enterprise. This is a fundamental principle for the explanation of the idea of „trade mark use” and „use of a sign for goods” according to Art. 5 (1) (a) Trade Mark Directive (TMD) and Art. 9 (1) of Community Trade Mark Regulation (CTMR).

The legal justification of the principle of undistorted competition is based on the case law created by the European Court of Justice (ECJ). Nonetheless, there is no case law interpreting the use of trade marks „in the course of trade” or, „trade mark use.” It is necessary, however, to keep in mind that a distinction should be made between „trade mark use” and other forms of use. By contrast, there are number of ECJ decisions dealing with the concept of a sign used „as a trade mark.”<sup>4</sup>

Art. 5 (1) (a) of TDM determines that trade mark proprietors are able to prevent third parties without their consent, from „using in the course of trade 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.”

As correctly noted by Waelde, ‘80% of Internet users, who are searching for a specific site, will start their search using a search engine’, rendering ‘meaningful use of the Internet without search engines [...] therefore virtually impossible.’<sup>5</sup>

The main case law is the joint cases of *Google France Sarl v Louis Vuitton Malletier SA*<sup>6</sup> as it resulted in a crucial keyword advertising decision. Prior to this case, European national courts did not have a uniform policy as to the liability of ISPs and keyword advertisers. As a consequence, ECJ made a clear and coherent statement in *Google France*, where the ad text in fact included the brand’s name (Louis Vuitton); the other two cases by comparison did not. The facts of the case are based on the regulations of the First Council Directive 89/104/EC which was replaced by Directive 2008/95/EC with no alterations to be made in the provisions that are examined in the present

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<sup>3</sup> Murray A. Information Technology Law: Monograph. / A. Murray. – Oxford: Oxford University Press, 2010. – 289 p.

<sup>4</sup> See, e.g., (C-63/97) Bayerische Motorenwerke AG v Deenik [1999] E.C.R. I-905, paras 34-38; (C-2/00) Holterhoff v Freiesleben [2002] E.C.R. I-4187, para 17; (C-228/03) Gillette Co v LA-Laboratories Ltd Oy [2005] ECR I-2337, para 28.

<sup>5</sup> Bednarz T., Waelde C. Search Engines, Keyword Advertising and Trade Marks: Fair Innovation of Free Riding? in Edwards L., Waelde C. Law and the Internet. / L. Edwards, C. Waelde. – [Third Edition]. – London: Hart Publishing, 2009. – P. 227.

<sup>6</sup> (C 236/08 – C 238/08) Google France Sarl v Louis Vuitton Malletier SA [2011] ECR I-2417.

paper. Therefore, there is an ambiguity revolving around issues of using trade marks as keywords in advertising that creates the impression that it will remain a forever unsolvable problem.

The ECJ has referred a number of questions to the national courts of Member States and, as a consequence, opened the way for a multiplicity of interpretations regarding the new claims national courts had to examine. While it was generally agreed that the judgment was in favour of Google, it is reasonable to assume that the outcome of new cases will depend upon the ability of solicitors to present the case from their side.

It might be a surprising fact that only one out of three users distinguishes between an advertisement and a search result. One in six recognizes a sharp difference and one in ten acknowledges that there is a financial link between the advertisements and the search engine.<sup>7</sup> When composite advertisements are screened it is likely to be difficult for a user to understand what the real link to the trade mark owner is.

Significantly, the ECJ's case law has decided only on cases where the trade mark owner had priority in the displayed results. The evidence suggests that only a small amount of users pays attention to the search results located on the right side of the screen. Consequently, only the top two positions can guarantee visibility, otherwise there is the probability that the website will be passed over.

In German legal practice the court assumes that users will realize the link between keyword advertisers and ISPs as a matter of course, while, by comparison, according to French practice this assumption was disproved. In fact, the ECJ gave the opportunity to national courts to decide for themselves in this matter.

The ECJ regards the notion of eminent and reputable marks as associated „kindred concepts.”<sup>8</sup> Well-known marks have to correspond primarily to the provisions of Art. 4 (4) (a), 5 (2) TDM and Art. 8 (5), 9(1) (c) CTMR. It is worth underlying that trade marks, which fulfil the reputation requirements of Member States, are instantaneously acknowledged as well-known in accordance to Art. 6<sup>bis</sup> of the Paris Convention.<sup>9</sup>

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<sup>7</sup> Ott S., Schubert M. It's the Ad Text, Stupid: Cryptic Answers Won't Establish Legal Certainty for Online Advertisers / S. Ott, M. Schubert // *Journal of Intellectual Property Law & Practice*. – 2011. – No 6 (1). – P. 3.

<sup>8</sup> Max Planck Institute for Intellectual Property and Competition Law. Study on the Overall Functioning of the European Trade Mark Law System (European Commission). – 2011. – P. 50 [Электронный ресурс]. – Режим доступа: [http://ec.europa.eu/internal\\_market/indprop/tm/index\\_en.htm](http://ec.europa.eu/internal_market/indprop/tm/index_en.htm).

<sup>9</sup> Paris Convention for the Protection of Industrial Property 1883 [Электронный ресурс]. – Режим доступа: [http://www.wipo.int/treaties/en/ip/paris/trtdocs\\_wo020.html](http://www.wipo.int/treaties/en/ip/paris/trtdocs_wo020.html).

Misleading advertising can have a negative influence on the consumer's economic welfare. The author agrees with Seville that the omission of a well-known trademark might be misleading, if the brand was a very important element in the buyer's decision.<sup>10</sup>

The bulk of examined cases on the problems in question deals with Google as the ISP. For this reason and for the fact that this company is currently the leader in innovative enterprises, when the present paper refers to ISP, it will usually denote Google.

Keyword advertising services „AdWords” and „AdSense,” owned by Google, are the main sources of advertising income for the company. Every day the ISP receives a huge amount of revenue from the aforementioned services.

Google also owns two distinct Keyword Tools: Google AdWords and Search-Based Keywords Tool. The first one is accessible only for AdWords clients; the second is open to the public and can propose a certain combination of words that may help to get the highest ranking position in the search list. Moreover, search outcomes using this software are likely to be slightly different because of the different algorithmic formulas used in each programme. It might be worth mentioning that AdWords was also available for everyone to use before it was substituted by the Search-Based Keywords Tool.

According to the author's opinion it is essential for the reader to understand the mechanism behind the keyword advertising service.

While typing a word in the search engine two types of results appear, called „natural” and „sponsored” results. Natural results are the list of Internet sites corresponded to those words and are selected objectively. Sponsored results are keywords which Google allows entrepreneurs to buy and they are selected by invisible keyword advertising technologies. ‘The sponsored link, typically accompanied by a short commercial message, appeared on the screen beside or above the natural results.’<sup>11</sup> The same keyword might be selected by several advertisers.

Keywords are usually sold in auction, where the price of a bidden keyword increases if several advertisers want to buy the same one. The price can also depend on whether this particular keyword was in high-usage in the past.

The intersection of law might occur when advertisements on the Internet display signs identical to trade marks.

It was questioned by an Austrian court ‘whether an infringement depends upon if an ad is shown in a separate section and is labelled as

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<sup>10</sup> Seville C. EU Intellectual Property Law and Policy: monograph / C. Seville. – Chentelham: Edward Elgar Publishing Limited, 2010. – P. 284.

<sup>11</sup> (C 236/08 – C 238/08) Google France Sarl v Louis Vuitton Malletier SA [2011] ECRI-2417.

an advertisement.<sup>12</sup> The ECJ denied a response to this query as it was not pertinent to any case in particular. As can be seen, the only visible chance to receive an explanation from the ECJ on how it is possible to detach the essential function of keyword advertisements from the requirement to isolate them from their context failed.

It should be highlighted that keyword advertising through „AdWords” has a restriction of no more than 95 characters. Because of this there is no certainty that keyword advertisers will have enough space to discredit any possible links with trade mark proprietors. Ad Words is composed of four lines: the title line has space for 25 characters, and the rest have 35 symbols each with the Display-URL on the last line. Top advertisements, however, have only 2 lines with the same allowance. Furthermore, these are not the only constraints keyword advertisers are faced with. There is a mandatory requirement in the inclusion of the price and additional promotional information. The Display-URL shown at the bottom of the ad has also to fulfil certain criteria. It needs not to be identical to the Destination-URL to which the ad is linked, but it has to be a genuine URL that is part of the advertiser’s site.<sup>13</sup>

In 2004 Google allowed its clients in the US and Canada to bid for keywords corresponding to brands. On May 5<sup>th</sup> 2008 the ISP decided to expand the same policy in the UK and Ireland. Prior to that date it was not permitted in the UK to buy keywords that were identical to brands. Since that time the ISP has created an Advertising Legal Support Team where the potential advertisers could check whether the desirable keyword was similar to that of a registered brand. As a result, advertisers that are ‘normally informed and attentive’<sup>14</sup> Internet users should know before bidding if their keyword is „free” from a trade mark. The only exceptions to this rule are pharmaceutical keywords and Facebook.

It is worth mentioning that Internet users do not pay when they use keyword links. Keyword advertisers, on the other hand, have to pay the ISP every time a user clicks on the sponsored link.

One of the main problems of keyword advertising is a claim raised by trade mark proprietors that this type of Internet services leads to misleading advertising, consumer confusion, unfair competition and infringement of their rights.

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<sup>12</sup> (C-278/08) Die BergSpechte Outdoor Reisen und Alpinschule Edi Koblmüller GmbH v Guni [2010] E.C.R. I-2517.

<sup>13</sup> Ad Words Help, Destination-URL, <https://adwords.google.com/support/aw/bin/answer.py?hl=en-uk&hlrm=de&answer=6314>

<sup>14</sup> (C 236/08 – C 238/08) Google France Sarl v Louis Vuitton Malletier SA [2011] ECR I-2417, para 84.

As mentioned in the Preamble of Directive 2006/114/EC 'misleading and unlawful comparative advertising can lead to distortion of competition within the internal market.'<sup>15</sup> Differences in the advertising legislation of Member States 'have direct effect on the smooth functioning of the internal market'<sup>16</sup> and can cause negative influences on the free circulation of goods and services, as well as deceive businesses around the EU. That is why a comparative analysis of keyword advertising liability in different Member States should be conducted, since the extant differences in legislation might be the root of the problem.

The author agrees with Tobias Bernarz and Charlotte Waelde that consumer confusion is 'the touchstone of liability'<sup>17</sup> and also one of the reasons why the problem in question has arisen. It is essential for trade mark proprietors to protect their trade marks from improper advertisement and the possible confusion of clients.

UK is the country with the least number of cases concerning keyword advertising disputes (the policy put in place in May 2008 seems to be favourable to ISPs). The leaders in this area are France and Germany, where the majority of EU decisions on the subject were taken.

The author of the present paper is largely in agreement with Seville<sup>18</sup> that the E-Commerce Directive (ECD) has the strongest impact on ISPs liability. In particular Art. 12-14 stipulates liability exemptions and Art. 15 deals with the monitoring of obligations. In the most recent decisions, the Supreme Courts of Member States adopted the ECJ's decision in *Google France*<sup>19</sup> applying the limited liability rules established by ECD. As a consequence, it is likely that ISPs will 'enjoy limited liability if their activities are neutral, or passive, in respect of the infringement at stake.'<sup>20</sup> Following from Seville's point of view, there is a general argument that ISPs are immune from liability, i.e. they are not liable for the content of the information they transmit, because they act as a 'mere conduit.'<sup>21</sup>

<sup>15</sup> Directive 2006/114/ EC.

<sup>16</sup> *ibid.*

<sup>17</sup> Bednarz T., Waelde C. Search Engines, Keyword Advertising and Trade Marks: Fair Innovation of Free Riding? in Edwards L., Waelde C. Law and the Internet. / L. Edwards, C. Waelde. – [Third Edition]. – London: Hart Publishing, 2009. – P. 271.

<sup>18</sup> Seville C. EU Intellectual Property Law and Policy: monograph. / C. Seville. – Chentelham: Edward Elgar Publishing Limited, 2010. – P. 47 – 49.

<sup>19</sup> (C 236/08 – C 238/08) *Google France Sarl v Louis Vuitton Malletier SA* [2011] ECRI-2417.

<sup>20</sup> Matulionyte R., Nerisson S. The French Route to an ISP Safe Harbor, Compared to German and US Ways / R. Matulionyte, S. Nerisson // International Review of Intellectual Property and Competition Law. – 2011. – No 42 (1). – P. 66.

<sup>21</sup> Seville C. EU Intellectual Property Law and Policy: monograph. / C. Seville. – Chentelham: Edward Elgar Publishing Limited, 2010. – P. 48.

Additionally, they cannot be held liable for the storage of information at the request of the advertiser, unless they know about the unlawful character of that information or the advertiser's activity and do nothing to prevent its dissemination. It is worth underlying that ISPs have 'more practical power than right holders to address the infringement of intellectual property rights in material found on sites which they control.'<sup>22</sup> While conducting their business ISPs have no obligation to monitor the dispatched information or to investigate illegal actions, as their service is of a 'mere technical, automatic and passive nature.'<sup>23</sup> Conversely, they have to inform the authorities about any wrongdoings that they discover, made by the recipients of their service. As a result, by assisting in the creation of the ad copy for keyword advertisers, ISPs have hidden for a safe harbour and have largely escaped liability.

In spite of the content of Art. 12-14 ECD, courts can still order ISPs to 'terminate or prevent an infringement.'<sup>24</sup>

In brief, as follows from the *Google France*<sup>25</sup> ruling, an ISP, who conserves symbols/phrases of registered brands as keywords and displays them upon request, does not use that symbol/phrase in compliance with Art. 5 (1)(a) TMD. It is essential, however, to differentiate between trade marks owners within the keyword advertisement copy.

As can be seen from the ECJ judgement, the Court preferred to answer only questions put forward by La Cour de Cassation. It is for this reason that no comprehensive solution on keyword advertising legality in the EU has been found. The most important aspect of this judgement was that all three issues were decided in favour of the ISP. Hence, they are held not liable for the use of brands' signs by third parties. A parallel decision was made in July 2010 regarding the *Portakabin v Primakabin* case.<sup>26</sup>

Prior to the aforementioned decisions, the national courts of Member States adopted diverse approaches and rulings on the cases of keywords use by third parties. Nevertheless, at present, national courts still have an opportunity, left open by the ECJ, to reconsider the liability of ISPs.

<sup>22</sup> Seville C. EU Intellectual Property Law and Policy: monograph. / C. Seville. – Chentelham: Edward Elgar Publishing Limited, 2010. – P. 48.

<sup>23</sup> (C 236/08 – C 238/08) *Google France Sarl v Louis Vuitton Malletier SA* [2011] ECR I-2417, para 113.

<sup>24</sup> McMahon B. Imposing an Obligation to Monitor on Information Society Service Providers / B. McMahon // *Computer and Telecommunications Law Review*. – 2011. – No 17(4). – P. 93; see also cases (I ZR 35/04) *Internet Auction II* [2007] ETMR 70 and (I ZR 304/01) *Internet Auctions of Counterfeit Watches*, Re [2006] ECC 9.

<sup>25</sup> (C 236/08 – C 238/08) *Google France Sarl v Louis Vuitton Malletier SA* [2011] ECR I-2417, para 113.

<sup>26</sup> (C-558/08) *Portakabin Ltd v Primakabin BV* [2010] ETMR 52.

Under the French judicial practice courts of jurisdiction may not adhere to upper courts' judgement. As a consequence, under the influence of the ECJ's decisions, Google decided to change its policy for AdWords.

Under the UK Trade Marks Act 1938 (repealed 31 October 1994) there was a general view that a descriptive use of a trade mark could exist, which would not infringe the trade mark proprietor's rights. Additionally, English courts tend to adhere to the view that using a trade mark sign in keyword advertising does not imply its 'use in the course of trade' and, thus, there is no trade mark infringement. In 2008, UK courts were given their first opportunity to adjudicate on a keywords advertising case in *Wilson v Yahoo!*,<sup>27</sup> where the French approach was imitated.

Nowadays, there are limited liability rules, or as they are called „safe harbours” regulating an ISP's liability, which are implemented both in the EU and the US. A lot of grey areas, nevertheless, persist.

As McMahon affirms, a number of cases were referred recently to the ECJ regarding the monitoring responsibilities of ISPs under Art. 267 TFEU.<sup>28</sup> In the UK case *L'Oreal v eBay*,<sup>29</sup> where the Internet auction operator booked the 'L'Oreal' keyword and used it on its website for advertisements of third parties, the trade mark proprietor sought to impose an injunction under Art. 11 of Directive 2004/48/EC<sup>30</sup> to protect itself from possible future infringements. On 9 December 2010, the Advocate General commented that infringement under Art. 14 of ECD denoted 'past or present infringements but not from the future'<sup>31</sup>.

In the legal practice of Germany, keyword advertisers are predominately the defendant. The author of this paper disagree with the point of view put forward by Bednarz and Waelde that even if the ISP was the respondent, there would be no case where they would be found liable.<sup>32</sup> These scholars offer several explanations for this. It is commonly believed that the ISP, and

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<sup>27</sup> *Wilson v Yahoo! UK Ltd* [2008] EWHC 361 (Ch).

<sup>28</sup> McMahon B. Imposing an Obligation to Monitor on Information Society Service Providers / B. McMahon // Computer and Telecommunications Law Review. – 2011. – No 17(4). – P. 93 – 96; Treaty on the Functioning of the European Union 01.12.2009 [Электронный ресурс]. – Режим доступа: <http://www.vilp.de/localization?id=1458&lang=de>.

<sup>29</sup> *L'Oreal SA v eBay International AG* [2009] ETMR 53

<sup>30</sup> Directive 2004/48/EC On the Enforcement of Intellectual Property Rights [Электронный ресурс]. – Режим доступа: <http://eurlex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:32004L0048:EN:NOT>.

<sup>31</sup> McMahon B. Imposing an Obligation to Monitor on Information Society Service Providers / B. McMahon // Computer and Telecommunications Law Review. – 2011. – No. 17(4). – P. 96.

<sup>32</sup> Bednarz T., Waelde C. Search Engines, Keyword Advertising and Trade Marks: Fair Innovation or Free Riding? in Edwards L., Waelde C. Law and the Internet. /L. Edwards, C. Waelde. – [Third Edition]. – London: Hart Publishing, 2009. – P. 280.



the author of the present paper supports this point of view, merely provides a virtual reality, where the keyword advertisers themselves are responsible for the decision to buy and use a certain keyword. It is practically impossible for the ISP to observe and check the origin of every keyword, as millions of advertisers use the system every day. The author, however, can provide examples of several German cases where the court held that the ISP could be held liable as an accomplice to trade mark infringement.<sup>33</sup> In fact, in *Internet Auction II*<sup>34</sup> the ISP was held liable for its inactivity after receiving a notice about an infringement. Thus, ISPs could be held liable for the non-prevention of overhanging possibility of infringement or its reiteration.

On the contrary, in the Belgian case *Lancôme v eBay*<sup>35</sup> the court held that the ISP had no responsibility to avert the infringement.

An additional argument can be found in the existence of *Störerhaftung* in German Law. This refers to the liability, which is a corollary of Internet law, when two people are held liable: a 'person who commits a trade mark infringement' and a 'person who causes a disturbance to the trade mark owner's rights'.<sup>36</sup>

The point of Shaefer's article seems to be that the actions of ISPs have practical value when they result in trade mark infringement. To cut a long story short, the ISP can be found liable only in conjunction with the advertiser.<sup>37</sup>

The assumption being made by Matulionyte is that German liability standards seem to be higher than their French equivalents. The reason for this is a principle of acquiescence, whereby anyone who, consciously or by accident, facilitates an infringement is liable, as they have acquiesced to the act and have defaulted on a monitoring duty. The essence of this monitoring duty is to take 'technically and economically possible and reasonable measures'<sup>38</sup> in order to prevent the infringement. Hence, there is a link between liability and monitoring duty in the German court practice. Thus, the ECJ in *Google France*<sup>39</sup> stated that the ISP is not liable and is also

<sup>33</sup> See *Montres Rolex SA v Ricardo.de AG* [2005] ETMR 25.

<sup>34</sup> (I ZR 35/04) *Internet Auction II* [2007] ETMR 70.

<sup>35</sup> *L'Oreal SA v eBay International AG* [2009] ETMR 53.

<sup>36</sup> Bednarz T., Waelde C. Search Engines, Keyword Advertising and Trade Marks: Fair Innovation of Free Riding? In Edwards L., Waelde C. *Law and the Internet.* / L. Edwards, C. Waelde. – [Third Edition]. – London: Hart Publishing, 2009. – P. 280.

<sup>37</sup> Schaefer M. *Kennzeichenrechtliche Haftung von Suchmaschinen fuer AdWords – Rechtsprechungsueberblick und kritische Analyse* / M. Schaefer // *Multimedia und Recht.* – 2005. – No 8. – P. 808.

<sup>38</sup> Matulionyte R., Nerisson S. *The French Route to an ISP Safe Harbor, Compared to German and US Ways* / R. Matulionyte, S. Nerisson // *International Review of Intellectual Property and Competition Law.* – 2011. – No 42 (1). – P. 66.

<sup>39</sup> (C236/08–C238/08) *Google France Sarl v Louis Vuitton Malletier SA* [2011] ECRI-2417.

immune from secondary liability if their role is passive and if they exercise no control over the keyword advertising. After the ISP is notified about a content of infringement though (Art. 14 ECD), it must check this immediately in order to prevent future infringements.

In French legal practice the ISP is the main defendant. Trade mark proprietors have received large sums for compensation from ISPs in all legal disputes that were decided in their favour. A good example is the *Google France* case,<sup>40</sup> where the ISP was ordered to pay 300.000 Euro. This discrepancy can be explained by several reasons. First of all, it was Google who created AdWords and received a respectable yearly income of it. Secondly, Google plays an active role in choosing the keywords. In the French Courts of First Instance, in all three cases it was ruled that the ISP was liable for brand infringement under both TMD and CTMR.

The French Freedom of Communication Act 2000 in Art. 43-48 states that ISPs are 'liable for damages or infringements in respect of contents they host only when they did not diligently impede the access to this content after having been requested to by a judiciary authority.'<sup>41</sup>

What is more, Art. L. 713-3 of the Intellectual Property Code of France stipulates that:

„The following shall be prohibited, unless authorised by the owner, if there is a likelihood of confusion in the mind of the public: (a) The reproduction, use or affixing of a mark or use of a reproduced mark for goods or services that are similar to those designated in the registration; (b) The imitation of a mark and the use of an imitated mark for goods or services that are identical or similar to those designated in the registration.'<sup>42</sup>

In the case of *Google France*<sup>43</sup> the ISP retorted that it was 'neither the author nor co-author of the advertisements using the trade marks,<sup>44</sup> i.e. keyword advertisers, as the proprietors of the linked websites, should be liable for the trade mark infringement.

However, the Court of First Instance did not take into account Google's arguments and held it liable for trade mark infringement, precisely because the ISP received profit from a trade mark sign, which was used for advertising

<sup>40</sup> (C236/08–C238/08) *Google France Sarl v Louis Vuitton Malletier SA* [2011] ECRI-2417. .

<sup>41</sup> Matulionyte R., Nerisson S. The French Route to an ISP Safe Harbor, Compared to German and US Ways / R. Matulionyte, S. Nerisson // *International Review of Intellectual Property and Competition Law*. – 2011. – No 42 (1). – P. 59.

<sup>42</sup> Intellectual Property Code of France 1994 [Електронний ресурс]. – Режим доступу: [http://lexinter.net/ENGLISH/intellectual\\_property\\_code.htm](http://lexinter.net/ENGLISH/intellectual_property_code.htm).

<sup>43</sup> (C 236/08 – C 238/08) *Google France Sarl v Louis Vuitton Malletier SA* [2011] ECRI-2417.

<sup>44</sup> Blakeney S. Keyword Advertising: Will the ECJ Provide an Answer? / S. Blakeney // *Computer and Telecommunications Law Review*. – 2008. – No 14(8). – P. 210.

fake products. Furthermore, while typing the word ‘imitation’ AdWords nominated ‘imitation Louis Vuitton.’<sup>45</sup> Finally, the ISP was held liable for allowing the usage of signs of already registered trade marks.

Google has developed a function of keyword suggestions offered to users, which exploits algorithmic formulas. This process has led to situations whereby, while typing keywords corresponding to the names registered as brands, Google Suggest displayed the results together with words such as ‘rape’, ‘satanic’, ‘prison’ and others. The ISP argued that these search results could not be considered slanderous, as they were generated automatically by the service and without any human input. Subsequently, however, the ISP and its executive director were held liable for slanderous ‘search suggestions’ and ‘defamation against individuals under the French law.’<sup>46</sup> The decision was appealed on the grounds of the technically neutral character of Google’s services with reference to the *Google France* judgement.<sup>47</sup>

Following the work of Lemperiere, the author of this paper concurs that it is hard for legislators to create new regulations that will be kept up-to-date with technological innovations. The cost of some of these innovations overtops the amount of the fine imposed by the court. As a result it is more comfortable for ISPs to allege on the neutral character of service than to divulge the principles upon which its algorithms are based. The tendency to put the onus of evidence on the respondent, however, makes the protection of ISPs more complex.

It seems that ISPs should provide themselves with program software that will be able to reveal to users and the appropriate authorities the relevant information, in order to avert such pitfalls. Otherwise, the non-interference character of Google services may lead to greater problems.

It should be kept in mind, however, that the placement of new filtering programs can deprive ISPs of their exemption from liability, as ‘mere conduits’.

Additionally, copyright law in Art. 8 (3) of Directive 2001/29/EC specifies that mark rights holders should have the opportunity ‘to apply for an injunction’<sup>48</sup> against ISPs, if their services are used by third parties to violate intellectual property rights.

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<sup>45</sup> Blakeney S. Keyword Advertising: Will the ECJ Provide an Answer? / S. Blakeney // Computer and Telecommunications Law Review. – 2008. – No 14(8). – P. 210.

<sup>46</sup> Lemperiere M., Jobard A. ‘M.X... v Google Inc., Eric S. and Google France’ (Case Comment) / M. Lemperiere, A. Jobard // European Corporate Lawyer. – 2011. – No 11(1). – P. 5.

<sup>47</sup> (C 236/08 – C 238/08) *Google France Sarl v Louis Vuitton Malletier SA* [2011] ECRI-2417.

<sup>48</sup> Directive 2001/29/EC On the Harmonization of Certain Aspects of Copyright and Related Rights in the Information Society [Електронний ресурс]. – Режим доступу: [http://europa.eu/legislation\\_summaries/information\\_society/data\\_protection/l26053\\_en.htm](http://europa.eu/legislation_summaries/information_society/data_protection/l26053_en.htm).

To conclude, both the German and French Supreme Courts, in the number of cases they have tried, have proven reluctant to apply EU safe-harbour provisions, and are keen to find ISPs liable under the most stringent national laws.<sup>49</sup> As a result, the application of safe-harbour provisions differs between Member States: attention no longer focuses on whether these provisions are applicable, but on the ways that can be applicable.<sup>50</sup>

The evidence led to the conclusion that keyword advertisers will not escape from liability, if their products are identical to an already registered brand, even if they clearly mark them as „imitations” or „copies”.

In the Austrian *BergSpechte* case<sup>51</sup> the ECJ held that trade mark proprietors can prohibit advertisers from using their marks, because it may affect their original function.

According to the legal practice of the Netherlands in the famous case *Portakabin Ltd v Primakabin BV*<sup>52</sup> the ECJ stated that advertisers can use trade marks as keywords according to the ‘honest practices in industrial and commercial matters’ for the sale of second-hand brand products.<sup>53</sup> This means that keyword advertising issues should be decided by the national courts of Member States.

The *Portakabin* case differs from the aforementioned European cases as the reseller relabelled the product without the permission of the trade mark owner, who made the product and placed it on the market in the first place. Hence, brand concealment occurred. In this case, the question arose whether the resellers can conduct their business publicly by using trade marks and whether their performance will damage the brand’s reputation.<sup>54</sup>

The ECJ’s manual covered three dimensions: first, the advantages of unlimited Internet resale activities for resellers and their clients; second, full data as to the provenance of goods; and, third, made the point that

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<sup>49</sup> See *Tiscali Media v Dargaud Lombard and Lucky Comics* decision available at <<http://www.droit-technologie.org/upload/actuality/doc/1294-1.pdf>>, an English translation can be found in 223 RIDA 456-466 (2010); (C-236/08) Hamburg Court of Appeal, 30 September 2009, Case No. 5 U 111/08 (Hamburg District Court), 2010 MMR 51 – Sharehoster II; Düsseldorf Court of Appeal, 27 April 2010, Case No. I-20 U 166/09 (Düsseldorf District Court), 2010 MMR 483 – Rapidshare.

<sup>50</sup> Matulionyte R., Nerisson S. The French Route to an ISP Safe Harbor, Compared to German and US Ways / R. Matulionyte, S. Nerrison // *International Review of Intellectual Property and Competition Law*. – 2011. – No 42 (1). – P. 73.

<sup>51</sup> (C-278/08) *Die BergSpechte Outdoor Reisen und Alpinschule Edi Koblmüller GmbH v Guni* [2010] ECR I-2517

<sup>52</sup> (C-558/08) *Portakabin Ltd v Primakabin BV* [2010] ETMR 52

<sup>53</sup> *ibid* 9.

<sup>54</sup> ‘European Union: Council Directive (EEC) 89/104 of 21 December 1988 to approximate the laws of the Member States relating to trade marks, Arts. 5-7 – „Portakabin” (Case Comment) (2011) 42(2) IIC 235.

the advertising link should also propose the resale of products from other brands.

In answering the first and second questions the Court pointed out that the disposal of second-hand products is not a novel practice and is already known to customers as the kind of trade, where the reseller shifts the original label by the sticker replacing it with the name of reseller without giving any notice to the brand's proprietor. As a consequence, there is no any reference to the original brand, as the trade mark owners themselves are not interested in appearing as a party to a resale process. The ECJ concluded that on such occasions the original function of the trade mark (guarantee of the product's origin) is affected and the buyer has no opportunity to discern the origin of the product.

The Court's response on the third point was that under Art. 7 TMD in the reselling of second-hand goods, the reseller cannot be prevented by the trade mark owner from shifting the mark, unless the origin of the product is known to the customer, or there is lawful reason under Art. 7 (2) TMD. The following reasons can be considered legitimate: resale activities can adversely influence the brand owner's reputation; the consumer may think that there is a commercial link between the brand's possessor and the reseller.

It should be emphasized that the Dutch case differs from the aforementioned French ones, because here the questions that arose concerned the liability of the advertiser, but not of the ISPs. Meanwhile, in the Austrian *BergSpechte* case,<sup>55</sup> the advertiser considered the use of the brand for the promotion of its own products.

From the author's point of view, it is worth mentioning that one of the findings of Bernardz and Waelde's work is that the lack of transparency in the ECJ's case law on the requirements of trade mark use may produce different results at the national level. As the ECJ has left a wide range of responsibilities to the national courts, it seems that these unresolved discrepancies will continue to produce different outcomes as to the liability of keyword advertisers.<sup>56</sup> It can be assumed that national courts may want advertisers to refrain from the use of trade marks in the wording of the advertisement, by placing supplementary conditions.

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<sup>55</sup> (C-278/08) *Die BergSpechte Outdoor Reisen und Alpinschule Edi Koblmüller GmbH v Guni* [2010] ECR I-2517

<sup>56</sup> Bednarz T., Waelde C. *Search Engines, Keyword Advertising and Trade Marks: Fair Innovation or Free Riding?* in Edwards L., Waelde C. *Law and the Internet.* / L. Edwards, C. Waelde. – [Third Edition]. – London: Hart Publishing, 2009. – P. 308-309.