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# Leisure Industries

Newsletter of the Leisure Industries Section of the  
International Bar Association Legal Practice Division

NUMBER 24 JUNE 2010

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## International Bar Association

10th Floor, 1 Stephen Street,  
London W1T 1AT, United Kingdom  
Tel: +44 (0)20 7691 6868  
Fax: +44 (0)20 7691 6564  
[www.ibanet.org](http://www.ibanet.org)

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[david.grant@tlq.travel](mailto:david.grant@tlq.travel)

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# Adwords or madwords?

**David Jacoby**

*Schiff Hardin LLP, New York*

djacoby@schiffhardin.com

The European Court of Justice found a French travel agency and its website provider potentially entitled to relief for violation of trademark rights under Community law for competing or confusing 'Sponsored Links' generated by searches using the plaintiffs' trademarks.<sup>1</sup> The decision won attention, not least because the plaintiff in a case decided with it was Louis Vuitton.

## Adwords program

Google Adwords sells space under the heading 'Sponsored Links', triggered by particular search terms (keywords). Viaticum owns French-registered trademarks Bourse de Vols (Flight Exchange), Bourse de Voyages (Trip Exchange) and BDV. It objected that Google.fr Sponsored Links pointed searchers to competitors' sites when Viaticum's trademarks were searched, although there was no use of Viaticum's marks on the competitors' sites.<sup>2</sup>

The Tribunal de Grand Instance de Nanterre awarded Viaticum €75,000 in damages and interest against Google France for trademark infringement, with an additional €1,500 penalty for each future violation. The Cour d'appel de Versailles affirmed.

## Questions for the ECJ

Google appealed to the French Cour de Cassation, which referred two questions to the ECJ:

- (1) Can a trademark owner prevent a search engine from selling advertisers

keywords which copy or imitate its registered trademarks when the advertisers sell goods identical or similar to those offered by the trademark owners?

- (2) Is the search engine immunised from liability until receiving notice from the trademark owner?

The ECJ concluded that Google did not 'use' the trademarks by selling Adwords and so could not be liable on that basis. EU law gives the trademark owner the right to bar the advertiser's use, however, when it hinders the trademark's function. The Court stated at para. 84:

The function of indicating the origin of the mark is adversely affected if the ad does not enable normally informed and reasonably attentive internet users, or enables them only with difficulty, to ascertain whether the goods or services referred to by the ad originate from the proprietor of the trade mark or an undertaking economically connected to it or, on the contrary, originate from a third party.

Google cannot be held responsible for the Adword use 'unless, having obtained knowledge of the unlawful nature of those data or of that advertiser's activities, it failed to act expeditiously to remove or to disable access to the data concerned.' (para 3). The ECJ left it to the French courts to apply the ruling in the particular cases.

## Implications

What knowledge makes Google responsible? A similar issue has arisen in claims against eBay for allegedly listing counterfeits. eBay recently won an American appeal, defeating claims that listing of counterfeit Tiffany items violated Tiffany's trademark and related rights,<sup>3</sup> but the court remanded a false advertising claim over eBay ads implying all listed 'Tiffany' items were genuine.

Is Google put on notice when someone seeks to buy 'Vuitton' and 'knock-off' together? A recent French decision suggests so. The Tribunal de Grande Instance de Paris held that the use of marks similar to Louis Vuitton's (including misspellings, such as 'Wuitton') violated Vuitton's trademark rights and constituted unfair competition.<sup>4</sup> The court noted particularly that the linked-to sites often included references to 'sacs' (bags). The court decided not to await the ECJ decision described above, because the trademarks were being used not merely in the Adwords keywords but also in the linked text.

Is it enough if the 'Sponsored Link' states, NOT ASSOCIATED WITH [TRADEMARK OWNER'S] SITE? Again, we have a clue how one court might respond. The Second Circuit rejected arguments in *Tiffany* that e-commerce sites would be crippled by false advertising claims, noting, 'A disclaimer might suffice.' The key is whether a 'statistically significant part of the commercial audience holds the false belief allegedly communicated by the challenged advertisement.'

## Notes

- 1 *Google France SARL v Viaticum SA* (C-237/08) (decided 23 March 2010), with *Google France SARL v Louis Vuitton Malletier SA* (C 236/08) and *Google France SARL v Centre national de recherche en relations humaines SARL et al.* (C-238/08).
- 2 Vuitton claimed Google was not only allowing sponsors to 'buy' its trademarks, but to buy them in conjunction with terms like 'copy'.
- 3 *Tiffany (NJ), Inc. v eBay, Inc.*, 2010 WL 1236315 (2d Cir. 1 April 2010).
- 4 *S.A. Louis Vuitton Malletier v Societe eBAY International AG* (decided 11 February 2010).