Keyword Internet Advertisement and EU Trademark Laws:
Consumer's Interest, Fair Competition or Trademark infringement?

Duru Maximus Chizuru, 268969
Department of Law
University of Eastern Finland
13 November, 2018
Supervisor: Katja Lindroos
I. Abstract

UNIVERSITY OF EASTERN FINLAND

Faculty: Faculty of Social Science and Business Studies

Unit: 5211008

Author: DURU MAXIMUS CHIZURU

Name of the Thesis: Keyword Internet Advertisement and EU Trademark Laws; Consumer’s Interest, Fair Competition or Trademark infringement?

Major: Master degree in Economic and resource Law. MDP

Description: Master’s thesis

Date: 12 Nov, 2018

Pages: 65

Today, we live in a global interconnected world. Legal scholarship and intellectual property scholarship have been challenged with this normative question: How should legislature and its law balance trademark holders’ interest in counter-balancing and enforcing their marks against the ever-growing society's interest with regards to legitimate evolvement of innovative technologies that brought about new ways of trading in goods? When considering the internet and its potent impact on the economies of countries globally, the question of using trademarks as keywords in internet advertising has become a very important topic and a much-litigated issue both in Europe and in the United States of America. This internet growth has ushered in new and unregulated territory moving from the well-known market structure and this brought a lot of tensions. Examples are from Google vs. Vuitton to Tiffany Company vs. eBay Inc, different courts and lawmakers have struggled on how well to allocate responsibility between Trademark holders, those who directly infringe their rights and those whose action, platform, product or technology plays some role in such infringement. This paper first briefly considered the various ad words and keyword advertising and how they work. After which it lays out those legislative backdrops in the European Union that governs keyword cases, then subsequently turns to the recent preliminary rulings handed down by the ECJ in response to several questions referred to ECJ by the National Courts on how to interpret the relevant European legislation concerning internet trademarks. It concluded that the already existing legal frame works should not be broaden so as not to restrict the societal benefit of the search engine, but then proposed an authorizing model and combined active monitor between the parties involved in a notice and take down.

Key words: Internet trademark, Keyword, ECJ, Google, Interflora, search Engines, EU directives
### Abbreviations

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>ECJ</td>
<td>European Court of Justice</td>
</tr>
<tr>
<td>M &amp; S</td>
<td>Mark and Spencer</td>
</tr>
<tr>
<td>UK</td>
<td>United Kingdom</td>
</tr>
<tr>
<td>CTR</td>
<td>Click-through rate</td>
</tr>
<tr>
<td>PPC</td>
<td>Pay Per click</td>
</tr>
<tr>
<td>AG</td>
<td>Advocate General</td>
</tr>
<tr>
<td>TMD</td>
<td>Trademark Directive</td>
</tr>
<tr>
<td>EU</td>
<td>European Union</td>
</tr>
<tr>
<td>TDRA</td>
<td>Trade Dilution Revision Act</td>
</tr>
<tr>
<td>ISP</td>
<td>Internet Service Provider</td>
</tr>
<tr>
<td>EC</td>
<td>European Commission</td>
</tr>
<tr>
<td>IP</td>
<td>Intellectual Property</td>
</tr>
<tr>
<td>IT</td>
<td>Information Technology</td>
</tr>
<tr>
<td>ACPA</td>
<td>Anti-cybersquatting consumer protection Act</td>
</tr>
<tr>
<td>DNS</td>
<td>Domain Name System</td>
</tr>
<tr>
<td>UDRP</td>
<td>Uniform Domain-Name Dispute-Resolution Policy</td>
</tr>
<tr>
<td>DMCA</td>
<td>Digital Millennium Copyright Act</td>
</tr>
<tr>
<td>VeRO</td>
<td>Verified Rights Owner</td>
</tr>
<tr>
<td>BDV</td>
<td>'Bourse des Voyages</td>
</tr>
<tr>
<td>EC</td>
<td>European Commission</td>
</tr>
<tr>
<td>CDA</td>
<td>Communications Decency Act</td>
</tr>
<tr>
<td>NTD</td>
<td>Notice and Take Down</td>
</tr>
</tbody>
</table>
II. Table of Authorities

EU Directive 2015/2436 (TMD) of 16 December 2015

ECJ, Interflora Inc. v. Marks&Spencer plc (2011) Case C-323/09


ECJ, Google France SARL v. Louis Vuitton Malletier SA (2010) Joined Cases C-236/08 to C-238/08

Intel Corporation Inc. v CPM United Kingdom Ltd. Case C-252/07

EU Directive 2006/114/EC

ECJ; Case C-533/06, O2 Holdings Limited / O2 (UK) Limited v. Hutchison 3G UK Limited (2008)


Charles Gielen: On AdWords and metatags: trademark law implications in the Benelux and the rest of the Europe, Pg 374


David M. Klein & Daniel C. Glazer. Reconsidering Initial Interest Confusion on the Internet. Vol. 93 TMR Pg 1035 - 1065


Durant Alan; Bently; Lionel and Davis; Jennifer and Ginsburg; Jane C.: How can I tell the trademark on a piece of gingerbread from all the other marks on it? Naming and meaning in verbal trademark signs. In: Trade Marks and Brands: an interdisciplinary critique. (2008) , eds.


*Elisa Moro*: Protection of reputed trademarks and keywords - looking for Ariadine's thread among flowers, perfumes and bags; UCL Journal of Law and Jurisprudence, Volume 2.;2013; Pg. 64-86

*Grynberg, Michael*: Things are Worse than we think: Trademark Defenses in a "Formalist" Age. Berkeley Technology Law Journal; Spring 2009,


ISBN 978-0-521-88965-0 p. 82


*Lionel Bently, Jennifer Davis, and Jane C. Ginsburg*: Trade Marks and Brands - An Interdisciplinary Critique - Cambridge University Press.


Dedication

Dedicated to the peaceful repose of the souls of my Father, Chief Sir Francis F. Duru.
Colleagues, Friends and brothers, Isinjula Andrew Tunde, Ibeawuchi Chima and Idika Udo Godswill.
# Table of Contents

I. Abstract ......................................................................................................................... ii

II. Table of Authorities ...................................................................................................... iv

   Dedication ..................................................................................................................... 8

   CHAPTER 1 ................................................................................................................... 1

III. INTRODUCTION ......................................................................................................... 1

   1.1 .................................................................................................................................. 1

   1.2 .................................................................................................................................. 2

   CHAPTER 2 ................................................................................................................... 8

   Key Terminology .......................................................................................................... 8

IV. Key Technology ............................................................................................................ 11

   How does search engines work? .................................................................................. 11

   Keyword Advertising: ............................................................................................... 12

   Modified Broad Match ............................................................................................ 14

   Fig 2.1 ....................................................................................................................... 15

   Phrase Match ............................................................................................................ 15

   CHAPTER 3 ................................................................................................................... 17

   2.2. Google Ad words ............................................................................................... 18

   1. Fig. 3.1 ................................................................................................................ 19

   Bing ............................................................................................................................ 20

   2. Fig 3.1 ................................................................................................................ 22

   3. Fig 3.3 ................................................................................................................ 23

   Bings Organic vs Paid Results ................................................................................ 23

   4. Fig 3.4 ................................................................................................................ 24

   CHAPTER 4 ................................................................................................................... 25

V. Legal Framework of Trademarks’ Protection Under EU ................................................ 25

   A. INTERFLORA ....................................................................................................... 30

   1. Fig 4.1 ................................................................................................................ 30

   CHAPTER 5 ................................................................................................................... 51

VI. Conclusions and Proposed Remedies ........................................................................ 51
CHAPTER 1

III. INTRODUCTION

1.1. As the evolution from Physical Market based world to a Virtual Market world continue to grow, this has come as a problematic era to many business firms and independent entrepreneurs who in one way or the other use the internet as a medium of either marketing or sale of their products. To many the internet represents a great marketing tool to reach wider audience and to connect with people irrespective of their geographical locations and this presents a platform for business owners and prospective clients to find a means of connection and recognition. This is where the concept of Keyword comes to play as it is a medium by which producers, marketers (Advertisers) connect with wide range of audience for the advertisement of their goods. Many Internet users would argue that the use of keyword search should be a free for all since it plays a greater role in recognition and connection purposes. Although Trademark owners on the one hand may understandably take a different view that their brands should not be made available ‘free for all’ as a means to grab internet traffic, especially when such traffic is directed to their competitor’s commercial site. But for an ordinary internet user and consumer, however, having a search protocol and library that yields results showing different competing brands in response to their search query for a particular keyword or brand (including the actual brand they searched for), is undoubtedly a very useful tool to them. Therefore, the question remained if it is acceptable to use a competitor’s Trademarked brand name as a means to attract Internet traffic? Is it legitimately for a company to use its competitor’s brand as a ‘keyword’ to trigger its own advert in order to gain visibility in the market?

In such a global age where the internet has become the dominant marketplace for many goods and services, the Google search engine (which is the most popular means for searching information online in most part of the world especially Europe) is now one of the most powerful and important channels to the market and a key battlefield where most commercial advertisements and competition takes place. For the Mark Holders and most Legal scholars, the legal question of the legitimacy of using such competitors’ brand names as ‘keywords’ is therefore of paramount
importance not just from the stand point of trade fairness and the protection of commercial interests and goodwill, but also the issue of promoting and protecting competition and consumer choice.

For the EU Member states, finding a balanced commercial fairness against the need for effective competition has been at the heart of its trademark laws and this is reflected on how the European Courts has approach the issue of keyword advertising. In other words, the view adopted by the ECJ and other European Courts in regard to the use of third-party marks and brand names as keywords in search engine advertising is that competition should not be curtailed as long as consumers are not being misled. But the problem is that the actual rule that the ECJ and most European courts have developed in regard to Keyword and Internet search service turned out to be somewhat less straightforward. This Paper examines these issues and the reasoning of ECJ in finding a relaxing solution and the most prominent case is the claim brought by Interflora, against Marks & Spencer, a leading retailer.

1.2. The aim of this paper is to analyze the roles of keywords in internet advertising and marketing in the EU and how the European Trademark laws have continuously been applied by the European court of Justice in Internet field. The evolving role will be critically analyzed in Interflora (Cases c-323/09) and how the national courts have struggled to apply these measures in ever increasingly complex internet Technology.

To begin with, I will pinpoint the two most important question the use of keyword trademarks on the internet has given legal scholars today. To do this, reference will be given to the most important provisions in the EU First Directive to approximate the laws of the Member States concerning Trademarks. Firstly, does advertisers on the internet and search engines providers use of a competitor's trademark by any means legally constitute a use within the meaning of Article 5(1)(a) and 5(2), or does it fall under art. 5(5) of the same Directive? If the answer to this question is positive, then secondly; can it be considered a use in relation to goods or services within the meaning of Article 5(1)(a), (b) or Article 5(2) or can it be read under Article 5(5), i.e. a use for any purpose except those of distinguishing goods or services?

The issue in these cases will be to examine whether keywords constitute a use of trade mark that is capable of amounting to an infringement or not. Although with regards to recent judgments
handed down by the ECJ so far, Google does not infringe protected trade mark by making such marks available as keywords and the case laws will be discussed further in chapter 4.

The court in this sense states that third party advertisers that choose trademarks as keywords are the ones that are in infringement position as they must ensure that when they apply the keywords, that their sponsored links are sufficiently clear enough not to confuse users and to ensure that users do not have difficulties understanding whether they are connected with the original trade mark owner on the internet. According to the court interpretation, if this is not ascertained, then the origin function of the mark is adversely affected which in turns provides for basis for infringement.

The issue of internet service providers also playing a role as intermediary and accessory to infringement is also touched in the paper. For instance, If MSN sold banner ads to Samsung that shows up each time someone searches for another brand of phone on their search engine. What if iPhone is not satisfied with the banner ad and wants to either be listed when someone also searches for Samsung or Nokia? What if they (iPhone) are claiming for trade mark infringement? This Paper examines it in detail and also talks about when a search engine allows for keyed banner ads or paid placements whether the trademark infringement liability is on the search engine, the advertiser or both of them?

Keywords and internet search ads show that the globalization and growth of new way of doing business has rapidly outgrown the legislature guiding them. This has called for a clear framework regulation to guide trademark infringement claims and e-commerce in general. After a review on the US and EU trademark legislature and its case laws, I have made the following conclusions in this research thesis.

Any Trademark infringement from keywords advertising on the internet involves three parties which are: the trademark owner, the advertiser, and the internet advertising operator. All this parties’ interest should be taken into consideration whether in formulating new policy or legal proceeding on infringement claims.

For internet service providers, they should assume the obligation to check all advertising qualification documents of advertisers and various complains from right holders. If they fail to consider this and turning a blind eye over trademark infringement complains on their network, then they should be regarded and judged as a contributor to infringement. The ISPs should adopt
a trademark policy standard according to law to check these excesses and also perform the notice and take down procedure.

For Trademark holders, to protect their interest, they should quickly notify ISPs of any notice of trademark infringement on their websites to block, and block others from bidding on keywords that infringes their mark right. They can also perform the role of monitoring and reporting to ISP. Legal action should be considered the last if the above failed.

For Advertisers, since using another registered mark can land them in courts, they should be aware of this and consult the mark holder to take permission in other to user mark in keyword searching or using the various database to checklist the keywords before usage.

Finally, this thesis paper argues that the provision of new legal framework is not the solution to the keyword trademark issues unless such framework is adopted worldwide and gives a definition of the problems that have given courts sleepless nights. e.g. the contributory infringement, direct infringement, likelihood or confusion and who should be regarded as uninformed internet user. If such approach cannot be adopted, then, adopting a legislation that is barricaded by jurisdiction would only create more problems for the local courts. In otherwise, the only adopted measures now would be to allow ISPs, mark holders and big players in the sector to pool their resources together to tackle these evolving issues.

Internet Service providers such as Google and Yahoo over the past few years, have generated a large part of its revenues by selling advertising through sponsored links or pop-up ads. For instance, business owners and Multi National Corporation have to pay a fee to Google to have their advertisements "pop-up" as part of search result when a customer types certain keywords and search terms. This ISP system of advertisement brought a lot of disputes between Trademark Right holders, Advertisers and ISPs. This is because Search engine operators are selling the ads to businesses and advertisers that are purchasing rival’s trademarks as their search terms. It is still unclear whether this act constitutes trademark infringement or can be said to be part of fair use act.

Most of the Trademarks Legislatures were enacted before the robust growth in the IT sector. This internet growth has ushered in new and unregulated territory moving away from the well-known market structure and this has brought a lot of tensions between Businesses and ISPs. From Google vs. Vuitton to Tiffany Company vs. eBay Inc, different courts and lawmakers have struggled on
how well to allocate responsibility between Trademark holders, those who directly infringe their rights and those whose action, platform, product or technology plays some role in such infringement.

The purpose of this paper is to examine the issue of the use of trade marks on the internet which in recent years has been a contentious subject in different national courts across Europe and United States.

This thesis paper analyzed the different issues that affects the trademark on the internet. How evolution of the internet has outpaced the legal regime guiding the trademark laws. Then the issue of Google ad words which has generated one of the most controversial issues concerning trademark and the internet usage. Since 2004 When Google began allowing its users and customers to select the trademarks of their competitors as keywords, Google has been bombarded with lawsuits by companies and Trademark holders who are increasingly concerned that Google's action is pushing them out of business. Many of this companies has accused Google of undermining the Trademark regulations with one of the most prominent of these lawsuits been the Rosetta Stone Ltd V. Google Inc. Although it was settled out of the court.

The issue in these cases was to examine whether keywords constitute a use of trade mark that is capable of amounting to an infringement or not. Although with regards to recent judgments handed down by the ECJ so far, Google does not infringe protected trade mark by making such marks available as keywords.

The court in this sense states that third party advertisers that choose trademarks as keywords are the ones that are in infringement position as they must ensure that when they apply the keywords, that their sponsored links are sufficiently clear enough not to confuse users and to ensure that users do not have difficulties understanding whether they are connected with the original trade mark.

---

1 http://www.lexology.com/library/detail.aspx?g=e4c19b7e-e046-486b-8b49-d22e707b272f
The Fourth Circuit affirmed in part, vacated in part, and remanded to the Eastern District of Virginia, which had granted Google summary judgment in holding that Google was not liable on all trademark infringement and trademark dilution claims brought by plaintiff Rosetta Stone in 2009. http://jolt.law.harvard.edu/digest/trademark/rosetta-stone-ltd-v-google-inc
owner on the internet. According to the court interpretation, if this is not ascertained, then the origin function of the mark is adversely affected which in turns provides for basis for infringement.

Keywords and internet search ads show that the globalization and growth of new way of doing business has rapidly outgrown the legislature guiding them. This has called for a clear framework regulation to guide trademark infringement claims and e-commerce in general. After a review on the EU trademark legislature and its case laws, I have made the following conclusions in this research thesis.

Any Trademark infringement from keywords advertising on the internet involves three parties which are: the trademark owner, the advertiser, and the internet advertising operator. All this parties’ interest should be taken into consideration whether in formulating new policy, Licensing model or legal proceeding on infringement claims.

For internet service providers, they should assume the obligation to check all advertising qualification documents of advertisers and various complains from right holders. If they fail to consider this and turning a blind eye over trademark infringement complains on their network, then they should be regarded and judged as a contributor to infringement. The ISPs should adopt a trademark policy standard according to law to check these excesses and also perform the notice and take down procedure.

For Trademark holders, to protect their interest, they should quickly notify ISPs of any notice of trademark infringement on their websites to block, and block others from bidding on keywords that infringes their mark right. They can also perform the role of monitoring and reporting to ISP. Legal action should be considered the last if the above failed.

For Advertisers, since using another registered mark can land them in courts, they should be aware of this and consult the mark holder to take permission in other to user mark in keyword searching or using the various database to checklist the keywords before usage.

Finally, this thesis paper argues that the provision of new legal framework is not the only solution to the keyword trademark issues unless such framework is adopted worldwide and gives a definition of the problems that have given courts sleepless nights. e.g. Licensing models, the contributory infringement, direct infringement, likelihood or confusion and who should be
regarded as informed and uninformed internet user. If such approach cannot be adopted, then, adopting a legislation that is barricaded by jurisdiction would only create more problems for the local courts. In otherwise, the only adopted measures now would be to allow ISPs, mark holders and big players in the sector to pool their resources together to tackle these evolving issues.
CHAPTER 2

Key Terminology

Searcher Versus Potential Consumer

Who is a searcher? A searcher is a person who submits a query or a question to a search engine on the internet, engages the results or browses Web pages. A web searcher may have an intention or not but the sole purpose of his/her engagement to the web site is to seek information.

Who is a potential consumer? A potential consumer is a searcher on the web site or internet who may make a possible purchase or is engaged in an uncompleted possible e-commerce transaction. There is an intention to make a purchase from this person during his query on the internet. For a potential consumer, there is a need for which he or she engages the internet, but whether or not the need is backed up with the willingness to make a purchase is still unknown. Make no mistake as to the inter-use of this phrase as a potential consumer is a searcher but may not be a consumer. A searcher who engaged in a search protocol or process may at some given point transit to a potential consumer. The point lies the key concept of Sponsored search.

Consumer Versus Potential Customer

A consumer is a person within a market Segment who is considered to have needs for a particular product. A customer is a person who has a realistic possibility of convincing and converting. i.e. Purchasing and signing up for a newsletter and updates from the webpage. etc. A consumer has a total need for the product and he or she is backed with the willingness to make a purchase.

A consumer may at some point also becomes a potential customer. (The goal of sponsored search) This is because a consumer who is backed by the willingness to make a purchase also have the ability to make a choice between different products and services that offers the same satisfaction. A consumer is the person who has the need for the products been market while a potential customer might have no need for the products but has the ability and willingness to make a purchase either for resale or other purposes.
Key phrase Versus Keyword

A keyword is a word selected by a business advertiser that links a searcher’s query to an advertisement. This word acts as a key to cipher code words which will direct searchers to a particular page or phrase. In the context of web pages on the internet, the key word can be said to describe the web page and also acts as a short cut to the summary of the webpage. Together, Keywords forms a webpage metadata and assists internet search engines to match a web page with the appropriate query by the user of the web.

A key phrase is a set of two or more Keywords. It is made up of two or more keywords that an internet user needs to enter during the internet query. The concept of Key phrase will be further explained in the paper below.

Keyword Versus Search Term

A keyword is a word that is selected by an advertiser that the search engine will link to a searcher’s query in a sponsored advertisement. A search term is a set of words selected by a searcher and user of the search engine which will be used in a query. A query may contain one or more terms during one search.

Advertisement Versus Sponsored-Search Result

An Advertisement is a commercial Message (can come in different ways and meanings. e.g. Video, Audios, Pictures, phrase etc.) to a consumer. An advertisement can come in form of short movies, songs, motions, index links, words, pictures, which translates a meaning to a potential buy to persuade him or her to buy the product or service. The sole aim of an advertisement is to promote a product or service. A sponsored-search on the other hand are results of advertisement that appears on the search engine result pages. When a user of the search engine makes a query, he or she is presented with the results of the query and other web pages that usually appears bolder or embarked in a different link next to the organic search results.
Search Engine as a Business versus Search Engine as a Tool of Technology

A search engine is a business especially when considering the domain of sponsored search. A search engine is also a technology that provides a searching services for either general-purpose search engine, niche search engine or a social media services that also provides searching capability tools. It is a software that generates information from the world wide web using a means called crawling and present this information to an internet user when a query is made. The information it presents to the user may come in form of text links, pictures, maps, or mixture of this. Internet search engine can be a tool of technology in context of assisting web users navigate to and narrow down their query but also it is a business entity as most of its revenues are generated through the paid ads display.

This is usually an issue that is widely contested. At what point can the search engine be viewed as a business and at what point can it be viewed as Technology. To me, this will depend solely on the context of the issue surrounding the discussion.

An Advertiser Versus Business

An advertiser is an entity that places paid commercial message in order to attract customers. Although in e-commerce affiliate programs, the advertiser is the Web site owner or merchant (Middleman) who pays affiliates for sending traffic to their site in order to make purchases or generate leads.

A business is an entity that can engage in an advertising for some commercial purposes. Note sometimes, an Advertiser and Business can be the same entity or different entities.

An Advertiser Versus Bidder

An advertiser is an entity that places paid commercial message in order to attract customers. A bidder is an entity that engages in a sponsored-search auction from search engines. Although considering the context, an entity in a sponsored-search process is considered the advertiser while also a bidder in a sponsored-search auction
Search Engine as an Auction Technology Versus Search Engine as an Auctioneer.

A search engine provides a sponsored-search Technology platform for advertising. A search Engine also acts as an auctioneer in a sponsored-search auctioning. Although depending on the context, the search engine can sometimes be the sponsored-search technology and not the auctioneer and sometimes both. The goals are always different for each role.

A Rank Versus Position in Search Query

A rank is the numerical labels for an advertisement shown during a sponsored-search listing. Position is the slot which an advertisement occupies in a sponsored-search listing.

A Key phrase Bid Versus Maximum Cost-per-click

A key phrase bid is the amount that an advertiser is willing to pay at a given time to search engine operator for serving its advertisement, usually for a click. A maximum cost-per-click on the other hand is the maximum amount that the advertiser will pay for a click on its advertisement.

Usually the maximum cost-per-click is equal to or less than the key phrase bid.

IV. Key Technology

How does search engines work?

Internet Search engines are not the same as the so-called directories. They are databases consisting of information compiled and stored by users who search the web and feed information and websites into the database. By search engines this is done automatically: During inquiry, a little computer programs (called e-agents) browse the web for websites and save the results of the inquires according to closest in meaning in indexes. The programme usually ranks the result accordingly and the criteria for ranking the search results in the list differ from search engine to search engine.
Keyword Advertising:

Keyword advertising\(^3\) is one of the biggest sectors of e-marketing and it has continued to grow in the past years and forms part of the core Business Marketing models. The process of Keyword advertisement means that an agreement between Business owners and Advertisers is to be concluded with the operator of a search engine which provides that an advertisement is connected with certain keywords and phrases. If a user feeds the search engine with the keyword and phrase during search inquiry, the advertisement will appear alongside or next to the search results. This type of advertisement has an advantage, in that the content of the advertisement can be adapted to the special interests of the users. During the user inquiry, it is therefore more likely that they read the banner ad and follow the link. Many businesses use Keyword advertising because it is more selective and therefore more effective means to get to targeted customers.

Secondly, the banner ads are usually placed next to or even before the first hits of the list of results so that they are very eye-catching. This Keyword advertising is also the main source of revenue for search engine operators.

There are three different types of keyword advertising:

I. When a competitor's signs are not only used as keywords, but also in the own banner ad
II. When the signs are used as keywords, but not in the banner ad
III. When a generic term is used as keywords instead of a competitor's signs.

\(^3\)This is a form of advertising on the internet, in which business owners and advertisers pays to have an advertisement or a link to a website appear on someone's computer screen when they use a particular word or phrase to search for information on the internet. Cambridge Business English Dictionary
However, this keyword advertising can be abused in various ways. For instance, a company can buy or link its advertisement to its competitor's company or product name in order to entice the competitor's customers away.

**Broad Match Keywords**

Broad Match is the default setting for new keywords in most platforms used by Search Engine providers. Going by its name, it also gives search engines the most latitude when matching any specific keyword(s) to a specific search query. Even though the search query and the keyword can be multiple words. Using a broad match, the keyword can match a query with the words in any order and in any synonyms.

For instance, if an advertiser choice of keyword were "black shoes,” The ads could appear for multiple search queries, such as “buy black shoes,” “shoes that are black,” “boot shoes,” and “black slippers”. Broad match keyword: low-carbohydrate diet plan and the Ads may show on searches for: carbohydrate-free foods, low-carbohydrate diets, low calorie recipes, Mediterranean diet plans and low-carbohydrate dietary program

---

4 Different search engines employ slightly different criteria in Keyword Advertising, sponsored advertising typically enables an advertiser to influence search results through the selection and purchase of certain keywords irrespective of whether or not they belong to its competitor. In the context of search engine keyword programs, this sponsored advertising is triggered when an internet user enters a search term that corresponds to or incorporates a third-party keyword. Sponsored links appear alongside 'organic’ results, which themselves are generated and ranked according to among other things the meta tags appearing in a website’s HTML source code.

5 When you use broad match, The ads automatically run on relevant variations of your keywords, even if these terms aren’t in the keyword lists. This helps attract more visitors to the website.

Bread match is the default match type that all your keywords are assigned if an advertiser doesn’t specify another match type (exact match, phrase match, or negative match). The Google Ad Words system automatically runs the ads on relevant variations of the keywords, including synonyms, singular and plural forms, possible misspellings, stemming (such as floor and flooring), related searches, and other relevant variations. To help deliver relevant matches, this match type may also take the customer’s recent search activities into account.

https://support.google.com/adwords/answer/2497828?hl=en&ref_topic=3122868
Using Broad match can sometimes be too expensive, as shown in the example above. But it can be good, too based on the fact that it has a wider reach of different variety. Google reports that as much as 20 percent of its monthly searches are unique, This means that such search was the first time it appeared. When an Advertiser uses a keyword in ad group with no formatting around the word it's called broad match. When using Broad match, Keywords can trigger the ads to show on the search result if the searcher uses a query that is related to the keyword. this is irrespective of misspellings, plurals and similar words.

**Modified Broad Match**

Broad match modifiers as its name sounds lets the advertiser target searches that include at least one of his or her keywords. This can help increase the relevant of traffic to the ads, and improve the click through (CTR) and conversion rates. In Ad Words, it uses the broad match option to target searches that include any combination of different words in the keyword term, as well as searches containing synonyms and/or other variations of those words including related searches.

To modify the broad match keywords the advertiser simply add the “+” sign in front one or more words. For instance, the “black shoes” becomes “+black +shoes.” The benefit of using this, is that the modifier signals the search engine that the ad should only be eligible if the word marked with a “+” is present in the search query.

---


7 Broad match modifiers ensure that the ads will only show when someone’s search is an exact match or close variant of the keyword. Close variants include misspellings, singular and plural forms, abbreviations and acronyms, and stemming (like “floor” and “flooring”). Synonyms (like "quick" and "fast") and related searches (like "shoes" and "boots") aren't considered close variants.
Fig 2.1. Shows the scale of audience reach and scale of relevancy in the audience search query.

For example, when we use this keyword “+black +shoes” it would be eligible for searches like “buy black shoes” and “shoes that are black.” But it would not be eligible for searches like “black slippers” “boot shoes” or “Henry shoes” or “black Nikes.” In every Keyword Phrases, there is always one to three words that are important and carries the exact meaning to the advert. the rest of the words are modifiers and do not mean as much. The words that matters are the ones that are modified with a plus sign which signals the search engine that those are the import words that matters and should be present before the ads can be shown as part of the search results.  

Phrase Match

This is a type of Keyword in which advertisers can show their ads to customers who are searching for the exact keyword and/or close variants of the exact keyword, notwithstanding additional words before or after the keywords. Although Phrase match is more targeted to search queries than

---

8 Brad Geddes: Advanced Google AdWords. 2014. John Wiley & Sons, Inc., Indianapolis, Indiana., Pg. 38
the default broad match, but more flexible than exact match. It gives the advertisers more control over how closely the keyword must match users' search term so their ads can appear.

In phrase match, the ads can appear when search engine users enters query for the exact phrase used bought by advertisers, even if the search phrase include one or more words before or after it. The ad will be shown when someone searches for a close variant of the phrase match keyword. Close variants include words misspellings, singular and plural forms, acronyms, stemming such as floor and flooring, abbreviations, and accents. Although Word order is important with phrase match, which means that the ad won’t appear if someone enters an additional word in the middle of the keyword.

Most advertiser who uses Phrase match considers the order of keywords in a search query important for intent. For example, an advert on “Helsinki hotels,” If the advertiser doesn’t want to his ads to show up for searches on “hotel Helsinki.” Phrase match allows the ad to show when someone adds words before or after, like “best Helsinki hotels” or “Helsinki hotels near Train station.”

---

9 David Szetela, Joseph Kerschbaum: Pay-Per-Click Search Engine Marketing: An Hour a Day. Pg. 28
10 Phrase match is more flexible than exact match, but is more Concentrated than the default broad match option. With phrase match, advertisers can reach more internet users, while still showing their ads to users who are most likely searching for the product or service.
CHAPTER 3

The aim of this chapter is to discuss Internet advertisement; in particular Keyword advertising. Keyword advertising on the internet can lead to a number of complex problems relating to trademark infringements and other Intellectual property issues. In this chapter, we examine the various keyword advertising on the internet. Different search engine and how they operate their Keyword search protocol. This chapter also furthers to highlight how this can lead to consumer confusion. The chapter also considers how this search engine advertising are measured.

It's no longer new that everyone who uses the search engine knows that after typing a particular word, the web browser displays two types of results. The first of them occupying most of the result page is usually the "natural" results of the search, i.e. the various websites indexed by the search engine as the most closely connected with the keyword or phrase (this is also called the "organic" results). Although the order in which this links is displayed is subject to a complex algorithm.

Taking into account various factors ranging from the number of views and number of websites referring to specific keyword. This is to say that the more frequent a web site is visited the higher the chances of it being displayed within the organic search results. Thus, this will mimic an internet user's natural search behaviors.\(^\text{12}\) The search engines are able to manipulate this listing based on relevant with the help of web crawler\(^\text{13}\). It's worth noting that web browsers strictly protect this structure of algorithms and make them more difficult from potential manipulations by the advertisers on the algorithms. For the purpose of later discussions in chapter 2 and 3, it should be emphasized that these advertisers have no legal means of affecting the order the organic results when a user makes a query.


\(^{13}\) Usually a Web crawler is an Internet bot that systematically browses the World Wide Web, for the purpose of Web indexing. see also web spidering.

Internet search engines and some other sites uses Web crawling or spidering software to update their web content or indices of others sites. i.e. web content. This Web crawlers can copy all the pages they visit for later processing by the search engine which indexes the downloaded pages so the users can search much more efficiently.
After the organic search results, the other results displayed by search engines are those which are generated by their paid search services. It is the manner in which this search results are displayed alongside the organic search results that forms the issue of most litigation against search engines around the world.

2.2. Google Ad words

Google ad words is a service offered by Google Inc to advertisers. It enables advertisers to compete for various display brief advertising copy to internet users, based on keywords but predefined by the advertisers, that will link the web user to content of another page advertised on Google search engine. This web pages from Google and from partner websites are designed to allow Google to select and display their advertising copy so to enable user navigate to the web sites. Whenever an internet user diverts their browsing to seek more information about the copy displayed in this ads section, the advertiser owner is charged, and also partner websites receive a portion of the income which they generate.

---

14 Ad Words systems is a service that is usually practiced by Google, yahoo and other search engines which allows businesses to nominate certain words that will be used to trigger the display of a link to that business’s web page when an internet user searches the web using those words. Although sponsored links are usually displayed separately from the natural results and might be differentiated using a hyperlinks to the advertisers web page and sometimes a short description that is written by the advert owner.

15 Every time someone searches on Google engine, Ad Words runs an auction to determine the ads that show on the search results page during that search, and their rank on the page. using various means e.g. Cost-per-click bidding which means that you pay for each click on your ads. using this campaigns, an advertiser sets a maximum cost-per-click bid - or simply "max. CPC". i.e. that's the highest amount that an advertiser is willing to pay for a click on his ad. Or Cost-per-thousand viewable impressions bids (vCPM) which lets the advertiser to bid for impressions when his ads appear in a viewable position, and he only pays when ads are measured as viewable by Active View.
1. **Fig. 3.1.**

The above shows a personal search I conducted on the Google using asiandating site as at Jan 2017

After the search query is entered in Google search engine, Google Ad Words are displayed above organic results and sometimes next to them and are distinctly marked in bold green as “Ad” or “Sponsored” links. Above display is an image of Google search for the phrase Asiandating site. The advertiser who uses this Google Ad Words may choose between a variety of formats – usually most advertisements are shown in a text consisting of descriptive and captivating sentences, then a link to the advertiser’s website or page, and the website’s URL address. The order by which this sponsored links is displayed is determined by:

- Keywords chosen by advertisers;
- The amount the advertiser is willing to pay for every “click” on the link to his or her webpage on every search;
- And the number of views of an advertisement in a given time.
A particular keyword may be reserved by more than one advertiser at a time. Because of this, Google created the “sponsored links campaigns”, which primarily allow displaying advertiser's webpage links in positions visible for web users regardless of webpage position in organic search results. Google generates revenue by selling these keywords to advertisers and sponsored ads makes up a large part of its revenues. But interestingly, various advertisers may choose words, which are already registered trademarks as their keywords, irrespective of the balances in competition market. This consequently leads to potential trademark litigations.

**Bing**

Bing Ads which was formerly known as Microsoft adCenter or MSN adCenter is an internet service provider that uses pay per click advertising medium on both the Bing and Yahoo! search engines. It shares the larger part of US Internet advertising with Google as at June 2015. Its Ads has 33% market share in the United States.

Bing was the last of the so called "big three" search engines (namely Google and Yahoo!) to develop its own system for delivering advertisement on pay per click (PPC) ads. Before 2006, all of the internet ads displayed on the MSN Search engine were being supplied by Overture and later

---

16 This is done through a medium called "pay per click" which the advert owner budgets on. Each time a user clicks on the link and is redirected to the advert owner’s web page, the Search engine is paid and a daily limit might apply. When a daily limit is used, the sponsored link will seize to appear until the following day. The problem with this keywords is that they are not sold exclusively because many advertisers can use the same keyword. This brings the problem of many likelihood advert links to appear on the same time when a user enters the word that trippers them. So they search engine uses a ranking medium. Priority is then given to the links to advertisers with highest per click price. That means that the higher the per click price the advertiser is willing to pay, the more likely his advert links are to appear inter alia. Therefore, popular keywords attracts higher prices than the less popular ones. This does not consider whether the words are protected or not. Google for instance allows advertisers to purchase trademark of their competitor as keyword for their advert.

Yahoo!. A portion of the ad revenue is then remitted to MSN in return for displaying Yahoo!'s ads on its search engine.

As the search marketing grew, Microsoft began developing its own ads system called MSN adCenter, they sold PPC advertisements directly to advertisers. During the first phase of its creation, MSN showed Yahoo! ads on its website search results\textsuperscript{18}.

In September, 2012, The MSN adCenter was renamed to Bing Ads, while the Search Alliance (Yahoo and MSN) was renamed the Yahoo! Bing Network. and powered by Media Net.

In April 2015, the Yahoo! Bing partnership was modified leaving Yahoo! Search engine to only feature Bing results on the "majority" of its desktop traffic, with this, the company was left to modify its search experience on the mobile results\textsuperscript{19}.

In comparison to Google AdWords, Bing Ads uses the same took as the maximum amount an advertiser is willing to pay per click (PPC) on their adverts and the advertisement's click-through rate (CTR) to determine how frequently an advertisement is shown. It’s a system that encourages advertisers to write their own effective ads and to advertise only on searches that are relevant to their placements.

The difference being that Bing Ads allows advertisers to target their ads by restricting their ads to a given set of demographics. This also allows them to increasing their bids whenever the ad is seen by a user of a certain demographic. Bing Ads also allows advertisers to run their ads only on a specific day of the week. Below is a screen photo shot of a search conducted on the Bing network.

\[\text{\textsuperscript{18}In January 2010, Microsoft announced a deal in which it would take over the functional operation of Yahoo! Search, and set up a joint venture to sell advertising on both Yahoo! Search and Bing known as the Microsoft Search Alliance. A complete transition of all Yahoo! sponsored ad clients to Microsoft adCenter occurred in October the same year.}\]

\[\text{\textsuperscript{19}This leaves the company open to enhancing the search experience non-exclusively on both desktop and mobile. Also Microsoft took over as the exclusive seller of ads delivered through Bing: Yahoo! and sold its own ads through its new in-house Gemini platform.}\]

- 21 -
2. **Fig 3.1**

The above photo displays an internet search query conducted during January 2017.

It can be seen from the search results above there was no paid ads displayed on the search result. The reason being was because Bing does not display ads on its Bing network. This is as a result of its partnership deal with AOL to display majority of its Ads on its search result and partly on Yahoo search engine.

Microsoft still retained its display ads, which includes mobile, graphics and video ads, on its various properties ranging from MSN to Outlook to Xbox and Skype. But however, the sale of those ads was no longer done directly but rather, AOL will handle these Microsoft’s nine largest global markets. Which includes the US, France, Germany, UK, Canada, Brazil, Italy, Spain and Japan. And AppNexus will programmatically sell its display inventory in the markets of Austria, Belgium, Denmark, Finland, Ireland, the Netherlands, Norway, Portugal, Sweden and Switzerland.

---

20 Microsoft Bing and AOL have signed a new 10-year agreement for Bing to provide search listings and ads to AOL as of January 1, 2016.
3. **Fig 3.3**

The above photo shows an AOL internet search conducted during January 2017

**Bings Organic vs Paid Results**

Unlike Google, Bing differentiates itself using features like the daily full-screen home page image and also a longer list of search results per page. It also uses a rewards program that will let its users earn points that can be redeemed for gift cards when they search and use the Bing ads. They also give the users the power to modify the search results and what kind of results they would like to see when they search on the Bing site based upon any location, they would like the results to appear from\(^\text{21}\).

Below is also a screen snap of a search conducted on the Yahoo search engine.

---

\(^{21}\)Bruce Clay: Search Engine Optimization All-in-One For Dummies. August 2015. Pg. 29 para 5.
4. **Fig 3.4**

The above shows a Yahoo internet search conducted during January 2017.
CHAPTER 4

V. Legal Framework of Trademarks’ Protection Under EU

4.1.1 The Aim of this chapter is to understand the new Trademarks Directive (EU Directive 2015/2436) as effective from the 23th March 2016 harmonizing the national trademark regime of the EU member states. Its amended Council Regulation (EC No 207/2009) on the Community trade mark and Commission Regulation (EC No 2868/95) and implementing Council Regulation (EC No 40/94) on the Community trade mark, while repealing Commission Regulation (EC No 2869/95) on the fees payable to the Office for Harmonization in the Internal Market Trade Marks and Designs. This revised Legislature shows the most relevant changes in EU trademark Regime.

4.1.2 How Interflora v marks & Spencer (case c-323/09) shaped the future of EU trademark Regime. It concerned unauthorized use of third-party trademarks as advertising keywords on Google's AdWords search engine.

This paper further investigates the reasoning taken by ECJ to arrive to underlying position that a sponsored ad triggered by any third party's protected marks might be infringing the mark holder's right if the ads itself does not enable search engine users to determine that good and services offered in the ads does not originate from the Mark owner. It further examines the issue of dilution, imitation and offering alternative

4.1 EU trademark protection is accorded by the Directive 2015/2436 of the European Parliament and of the EU Council of 16 December 2015 (hereinafter referred to as “TMD”) is twofold. Firstly, The art. 10(2)(a) states\(^{22}\): "Without prejudice to the rights of proprietors acquired before the filing date or the priority date of the registered trade mark, the proprietor of that registered trade mark shall be entitled to prevent all third parties not having his consent from using in the course of trade, in relation to goods or services, any sign where: (a) the sign is identical with the trade mark and is used in relation to goods or services which are identical with those for which the trade mark is registered",}

\(^{22}\) Official Journal of the European Union; 23.12.2015. L 336/11, Sec 3, Art 10, 2
that the proprietor of any trademark may prevent other parties from using his mark without his or her consent when the third party uses any sign identical to the trademark in relation to the goods or services which are at the same time identical with those for which the trademark was registered. And, art. 10(2)(b)\textsuperscript{23} then entitles the owner of any trademark to restrain any third party from the use of such identical or similar sign to the trademark in relation to identical, similar goods or competing goods when there exists a likelihood of confusion on the part of the general public, which in particular includes the likelihood of association between such sign and that of the trademark. Secondly, the art. 10(2)(c)\textsuperscript{24} allows the proprietor of any registered trademark to prevent all third parties having not obtained his consent from using in the course of trade any sign which is identical with and/or similar to, the trademark in relation to goods or services even though they are not similar to those for which the trademark is registered, where the latter commands a reputation in the Member State and where allowing such a use of that sign without due cause takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the trademark.

Even with the strict limitations on the protection of trademarks included in the above-mentioned art. 10(2)(a) and art. 10(2)(b) of the TMD, the ECJ pointed to the functions of the trademark when determining the scope and limits of trademark protection afforded in the EU laws. Although, unlike the statutary limitations, these functions, which are also used as “functional equivalent to limitations”\textsuperscript{25}, are not mentioned or defined in the same Directive. But rather they should be “conceptualized as being only inherent to the exclusive right and have to be carved out by various case laws”.

\textsuperscript{23} (b) the sign is identical with, or similar to, the trade mark and is used in relation to goods or services which are identical with, or similar to, the goods or services for which the trade mark is registered, if there exists a likelihood of confusion on the part of the public; the likelihood of confusion includes the likelihood of association between the sign and the trade mark;

\textsuperscript{24} (c) the sign is identical with, or similar to, the trade mark irrespective of whether it is used in relation to goods or services which are identical with, similar to, or not similar to, those for which the trade mark is registered, where the latter has a reputation in the Member State and where use of that sign without due cause takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the trade mark.

Going by the art. 10(2)(a) and (b) of the TMD, trademark owners are given control over communication concerning their marks and its uses, covering the identification and distinction of the goods or services offered in the marketplace. Regardless, the protection afforded under art. 10(2)(a) and 10(2)(b) can be granted only if such use of a conflicting sign is likely to cause confusion to the consumers.

Using art. 10(2)(a), the risk of confusion may be deemed so obvious that it may sometimes be presumed. Nevertheless, as highlighted by Senftelben M. 26, the existence of such a factual presumption should not encourage the court to deviate from the general requirement using evidence that the likelihood of confusion may arise from the use at issue. Just as it has turned out in case law of the ECJ, the fact that third party merely used a registered trademark that belongs to another does not necessarily lead to consumers’ confusion. The ECJ Arsenal case was an example of such occurrence. 27 In the case, the defendant offered identical goods to those of the trademark holder using a mark, which was also identical to the registered trademark of the claimant. Nevertheless, the defendant had displayed a sign which it used to informed clients that products it was displaying were unofficial. Consequently, consumers could not have been confused as to the origin of the goods. Despite that, the ECJ ruled that such a use of a registered trademark constitutes infringement under art. 10(2)(a) if by such display it is capable of affecting one of the functions of the mark registered. As such, the ECJ has interpreted the Trademark Directive as protecting a registered trademark against non-trade mark use by a third party due to a likelihood of confusion. 28

27 CJEU, Arsenal Football Club plc v. Matthew Reed (2002) Case C-206/01


Those questions were raised in proceedings between Arsenal Football Club plc (‘Arsenal FC’) and Mr Reed concerning the selling and offering for sale by Mr Reed of scarves marked in large lettering with the word ‘Arsenal’, a sign which is registered as a trade mark by Arsenal FC for those and other goods
Down the same case, the ECJ also held that this type of use affects the original functions of a registered trademark, as the use of the mark was likely to confuse subsequent buyers who have less knowledge of the defendant's information regarding whether there could be link in the course of trade between the goods and the trademark. Interestingly, this was the first time that the ECJ referred to functional interpretation of the protection of trademarks. This shows that it would just be a matter of time before the court determined other functions worth protecting. Also, in L'Oreal decision the ECJ continued the same path of extending trademarks' protection by assuming that art. 10(2)(a) protects not just the essential function of the trade mark, "i.e. to guarantee to consumers the origin of the goods or services, but it also includes other functions, especially that of guaranteeing the quality of the goods or services in question and those of communication, investment or advertising". These as a result, goes farther to protect the mark even if the origin function is not threatened, the double identity rule embodied in art. 10(2)(a) of the TMD may be violated if any of the other functions of the trademark are affected in any way.

During different litigation processes, the ECJ has expressed the notion that the function of origin indication of the trademark is adversely affected when different internet users are shown a third party’s adverts on the basis of a keyword that is identical to a protected mark. The Apex court continued its opinion by stating that:

The Court has already held that the exclusive right under Article 5(1)(a) of Directive 89/104 was conferred in order to enable the trade mark proprietor to protect his specific interests as proprietor, that is, to ensure that the trade mark can fulfil its functions and that, therefore, the exercise of that right must be reserved to cases in which a third party’s use of the sign affects or is liable to affect the functions of the trade mark (Case C-206/01 Arsenal Football Club [2002] ECR I-10273, paragraph 51; Case C-245/02 Anheuser-Busch [2004] ECR I-10989, paragraph 59; and Case C-48/05 Adam Opel [2007] ECR I-1017, paragraph 21). These functions include not only the essential function of the trade mark, which is to guarantee to consumers the origin of the goods or services, but also its other functions, in particular that of guaranteeing the quality of the goods or services in question and those of communication, investment or advertising.

31 ECJ, Google France SARL v. Louis Vuitton Malletier SA (2010) Joined Cases C-236/08 to C-238/08, par. 99 as follows:
the origin indicating function of the mark is adversely affected if the advert does not enable normally informed and reasonably attentive internet users, or enables them only with difficulty, to ascertain if/whether the goods or services that are been referred to by the advert originate from the proprietor of the trade mark or an undertaking economically connected to it or, on the contrary, originate from a third party.

Finally, the ECJ established that:

where the advert, while not suggesting the existence of an economic connection, is vague to such an extent on the origin indication of the goods or services at issue, that normally informed and reasonably attentive internet users are unable to determine, on the basis of the advertising connection and the commercial message attached thereto, whether the advertiser is a third party vis-a-vis the proprietor of the trade mark or, on the contrary, economically linked to that proprietor.

4.2 Considering the INTERFLORA\textsuperscript{32} case, where the defendant – Marks & Spencer had used its competitor’s name “INTERFLORA” as a keyword to advertise its own flower delivery services,

In the light of the foregoing, the answer to the first question in Case C-236/08, the first question in Case C-237/08 and the first and second questions in Case C-238/08 is that:

– Article 5(1)(a) of Directive 89/104 and Article 9(1)(a) of Regulation No 40/94 must be interpreted as meaning that the proprietor of a trade mark is entitled to prohibit an advertiser from advertising, on the basis of a keyword identical with that trade mark which that advertiser has, without the consent of the proprietor, selected in connection with an internet referencing service, goods or services identical with those for which that mark is registered, in the case where that ad does not enable an average internet user, or enables that user only with difficulty, to ascertain whether the goods or services referred to therein originate from the proprietor of the trade mark or an undertaking economically connected to it or, on the contrary, originate from a third party;

– an internet referencing service provider which stores, as a keyword, a sign identical with a trade mark and organizes the display of ads on the basis of that keyword does not use that sign within the meaning of Article 5(1) of Directive 89/104 or of Article 9(1)(a) and (b) of Regulation No 40/94.

3. The interpretation of Article 5(2) of Directive 89/104 and Article 9(1)(c) of Regulation No 40/94 \textsuperscript{32}\textsuperscript{ECJ, Interflora Inc. v. Marks&Spencer plc (2011) Case C-323/09}
A. INTERFLORA

1. Fig 4.1

Above picture displays the Google search result when Interflora is keyed in by users.

After the wake of Google France v Louis Vuitton case, the ECJ was again asked to provide guidance on a further keyword bidding dispute, but this time around in INTERFLORA v Marks & Spencer (C-323/09). In the case, Marks & Spencer bought the word 'INTERFLORA' as a keyword searching used in Google's Ad-Word paid referencing service. Therefore when users looking for the world-famous INTERFLORA flower delivery service on Google search, they would find an advertisement placement for Marks & Spencer's rival service at the top of the non-organic (paid search results). INTERFLORA felt a trademark infringement from Marks & Spencer based on (i) That they were proprietors of the famous INTERFLORA trade mark, (ii) That when internet users type in "INTERFLORA" as a search term, They were obviously looking for their website and not their competitor Marks & Spencer and (iii) That it happened just before the celebration of St Valentine's Day, which according to them is one of the biggest events of the year for the flower trading. This must be trade mark infringement, according to INTERFLORA. The British court could not use the ECJ’s ruling in Google France which the court concluded that neither the sale nor the use of terms protected by trademarks as keywords constituted a per se trade mark infringement. This was because the Google France case was based on "5(1) (a)", in which same goods/same mark (double identity) infringement was alleged. In this case INTERFLORA had a '5(2)' argument, based on a use that allegedly damaged the mark's reputation or distinctive character without due cause. After discovering this, INTERFLORA brought proceedings for trade mark infringement before the High Court of Justice (England & Wales), Chancery Division.
the ECJ followed the path it once established in the *L’Oreal* case. The ECJ ruled that the use of the word “INTERFLORA” as a trademarked keyword is likely to cause confusion by insinuating that the flower delivery service offered by the defendant is part/linked to INTERFLORA’s commercial chain. The Court concluded that “the advertisement at hand does not allow it to be determined whether or not *M & S* is a third party in relation to the proprietor of the trade mark or whether, on the other hand, it is economically/commercially linked to that proprietor”.33

With that in mind, Consequently, it is believed that the original trademark function of the mark would be adversely affected. Although it is important to underline, that contrary to the *L’Oreal* case, the defendant’s advertisement and website did not contain any reference to the plaintiff’s trademark.

Therefore consideration shall be given whether an average consumer may be confused by a sponsored link, especially if a trademark is used neither in the text of an advertisement i.e. sponsored link nor on the advertiser’s website. And according to the AG JÄÄSKINEN opinion on the INTERFLORA case, He held that "The protection provided in Article 5(1)(a) of Directive 89/104 relating to identical signs and goods or services is ‘absolute’ in the sense that the trade mark proprietor does not need to show likelihood of confusion. (21) That, in contrast, is required for protection under Article 5(1)(b) covering situations where the ‘double identity’ between signs and goods or services is missing but the signs, goods or services or both are similar. By situations of double identity, I refer to cases in which the rights of a trade mark proprietor are infringed by a third party using an identical sign for identical products”34.

33 ECJ Interflora Inc. v. Marks&Spencer plc (2011) Case C-323/09, par. 49.
Indeed, if the referring court’s assessments of the facts were to show that M & S’s advertising, displayed in response to searches performed by internet users using the word ‘Interflora’, may lead those users to believe, incorrectly, that the flower-delivery service offered by M & S is part of Interflora’s commercial network, it would have to be concluded that that advertising does not allow it to be determined whether M & S is a third party in relation to the proprietor of the trade mark or whether, on the contrary, it is economically linked to that proprietor. In those circumstances, the function of the INTERFLORA trade mark of indicating origin would be adversely affected.

34 OPINION OF ADVOCATE GENERAL JÄÄSKINEN 24 March 2011; Case C-323/09; ECLI:EU:C:2011:173, Par 35
To begin with, an average internet user typing a trademarked keyword is aware that the website of the trademark holder will be displayed in organic search results or even in sponsored links. When this happens, it is dubious to believe that a well informed and reasonably attentive web user would consider all or even just more than one of the results displayed after entering a specific keyword, consequently referring to websites of service providers are economically connected to the owner of the trademark.

This issue may be more difficult for trademark owners, whose goods are supplied through diverse distribution networks using several official distributors. To imagine such a scenario, consumers may be exposed to more confusion as it would be more difficult for them to assess and ascertain which distributor is an official dealer and which one is not. But nevertheless, the vast majority of consumers should be aware that in most cases, using a trademarked keyword to conduct a search query in any Search engine may result in the search engine displaying links to websites of the trademark holder’s competitors proposing an alternative to the products or services of the trademark holder, plus variety of links referring to websites that are not offering any products or services, but rather in comparison of the prices different services and goods of various businesses in the same industry, or reviews for specific goods or services.

There is also another possibility that some of the consumers who enter a trademarked keyword are only interested in searching for competitors of a trademark holder – as a result, therefore links referring them to competitive websites would not be confusing to this particular group of web users. Such an assumption can be considered more convincing with regards to the notion that consumers always pay less attention to advertisements due to prior negative experiences with them – i.e. obstruction of the consumer from purchasing a product directly.

Although, according to the same research, ninety to ninety-one percent of the more experienced internet users still look at the sponsored links that appear above the organic results. But despite this behavior, it is presumed that those internet users are less likely to be confused because

---

compared to the average user, they are more informed and aware of search engines and how it works.\textsuperscript{36}

Taking this consideration into consideration, the view taken by the ECJ in the \textit{INTERFLORA} case may not hold as it does not take into consideration how various segments of internet users perceive the search engines. Another arguable issue is that the ECJ did not introduce a reasonable test that can be used to ascertain whether the internet users were actually confused and to what length. Whereas the requirement to prove difficulties with assessing whether or not the goods or services referred to by the advertisement originate from the proprietor of the trademark, or have an undertaking economic link to it or, on the contrary, originate from a different third party, is not particularly clear and possibly this sets the standard of proof way too low.

Evidence of this would be seen and compared to the problematic American doctrine of initial interest confusion. Which consequently, diverts an internet user’s attention may well be tantamount to the likelihood of confusion, this would be an unrealistic assumption taking into account the awareness of an average internet users. \textit{(See American initial interest confusion)}\textsuperscript{37} Any

\textsuperscript{36} According to research conducted by co-founder Rob Stevens of Bunnyfoot. www.bunnyfoot.com. The Research suggests that many people are unaware of the difference between paid and organic search listings, with 40% of web users unaware they were adverts.

While conducting a research project for an insurance sector client, Bunnyfoot discovered that 81% of users clicked on Google Adwords listings as opposed to natural search results.

Further investigation of this surprising bias revealed that 41 out of the 100 individuals tested did not know that Adwords were paid-for adverts, believing them instead to be the most authoritative links.

\textsuperscript{37} The Initial Interest Confusion Doctrine is a little known judicially created hangnail that exists under trademark law. See generally 15 U.S.C. §§ 1114, 1125. (Relax. A little trademark diatribe won’t hurt you.) The doctrine looks at whether the defendant’s use of the plaintiff’s mark was done “in a manner calculated to capture initial consumer attention even though no actual sale is finally completed as a result of the confusion.” Dr. Seuss Entrs. v. Penguin Books (9th Cir. 1997) 109 F.3d 1394, 1405. In order to appreciate its significance, you need to understand how it differs from traditional trademark law.

Trademarks are intended to prevent mistake, deception and consumer confusion with regards to the origin of goods sold. See Time, Inc. v. Motor Publications, Inc., (4th Cir. (Md.), Dec 15, 1955) 227 F.2d 954, 108 U.S.P.Q. 4. Before any infringement can be found, the plaintiff must typically establish a fundamental question a court will ask is whether there is any likelihood of consumer confusion as to the product’s source – or origin – due to a similarity between the parties’ trademarks. E & J. Gallow Winery v. Gallo Cattle Co. (9th Cir. 1993) 967 F.2d 1280, 1290 [15 U.S.C. §§ 1114(a)(a), 1125(a)(1)]. This usually requires an application of a multi-factor test that looks at the strength of the plaintiff’s mark, the similarity of the marks
keyword that triggers an ads outside the hit list, that does not contain the senior trademark, should not necessarily infer that it originates from the competitor identified by such search term, or that there is a business link between the competitor and the advertiser.

After the approach taken by ECJ in the INTERFLORA case, in today world of brick-and-mortar, one can make the conclusion that deliberately placing two competing goods on the same shelf amounts to trademark infringement. In addition to this, it shall be noted that in response to a question regarding some brand of shoes, a shop assistant will lead customers to a shelf where shoes of other brands are also located. This as a result, the consumer would also encounter competitors’ shoes along the way despite asking for a specific brand. But then there is little to no likelihood that

at issue, the area of commerce in which the products at issue are sold, the sophistication of the potential buyers, evidence of actual confusion, and the likelihood that the defendant intends to expand into the plaintiff’s market. AMF Inc. v. Sleekcraft Boats, (9th Cir. 1979) 599 F.2d 341, 348-349. By Jonathan Pink in Intellectual Property Management

The Initial Interest Confusion Doctrine has allowed some courts to do away with this traditional analysis, creating a short-cut to infringement, like a judicial game of “Shoots and Ladders”. This is because the doctrine simply considers whether the defendant’s use of the plaintiff’s mark evoked in a potential customer “initial interest”, even if it did not result in ultimate confusion or sale.

In trademark infringement cases, in order to establish liability, a plaintiff must establish that there is a likelihood of confusion between the junior user’s mark and the senior user’s mark. This is the case in most countries in the world. Most cases involve confusion at the point of sale. However, in the United States, some courts have considered confusion that occurs at other times. Under the so-called doctrine of “initial interest confusion,” liability for trademark infringement may be found where the infringing mark causes initial customer interest in a product or service, even if that initial confusion is corrected by the time of purchase.

U.S. courts are struggling to address the concerns raised by the “shift” of confusion forward on the purchase “timeline.” However, clarity, certainty and predictability are missing from the existing case law, and the Online Trademark Use Subcommittee recommends that INTA provide guidance to clarify the significance and impact of this shift on the purchase timeline. The study by the subcommittee revealed numerous conflicting holdings in U.S. cases which cannot be explained by a development of the doctrine over time or a difference of opinion among the U.S. federal circuits. Courts within a single circuit have reached contradictory results. The subcommittee found more than a dozen different holdings on the subject of initial interest confusion. The result of these cases has been to expand the doctrine, such that courts have been increasingly finding liability for initial interest confusion without having a consistent definition of the doctrine or a consistent set of factors that must be established before a finding of initial interest confusion.


David M. Klein & Daniel C. Glazer. Reconsidering Initial Interest Confusion on the Internet. Vol. 93 TMR Pg 1035 - 1065
an average consumer would conclude that the producers of such products he encountered are economically connected just because they are placed on shelf next to each other.\textsuperscript{38}

Hence, having no need to prove any possible confusion, the ECJ’s reasoning indicates that a slight diversion of the web user’s attention has an adverse effect on the origin indication function of the trademark. If the court continues to follow Such approach it may undoubtedly have a negative influence on the functionality of web search engines. Internet search users using any web search engine and typing a trademarked keyword may not only be searching for the website of the trademark holder, but rather for a whole variety of websites and pages related to that product or service.\textsuperscript{39}

In a scenario where the consumer decides to visit the website of a competitor of the trademark holder – It would not necessarily be caused by confusion, but rather because the consumer accepted that by virtue of using such web search engine and clicking on a result link referring to a competitor’s website. Evidently, it is also crucial that adverts and websites do not use the trademark – If they use it, then the boundaries of the legitimate use of a trademark would be crossed.

Consideration should be given that even if the sponsored link would mislead an internet user and consumer, Then let such consumer and user be informed about this whilst accessing the website (By so doing a consumer would find out that the accessed website is not what he or she was searching for).\textsuperscript{40} In such situation, the consumer and user may just click “back” (As such this is effortless and natural for every internet user) and then navigate go back to the search results. Contingent upon, the competitor may thereafter gain advantage of an additional visitor to his website generated on the basis of keyword advertising; nevertheless, it can also be regarded as taking unfair advantage, this will be discussed below. consequently, there is diminished likelihood possibility of confusion or undermining the various functionality of the web search engine, as conducting a search query will not be costly or even time consuming, also the mere occurrence of

\textsuperscript{40} Andrej Savin, Jan Trzaskowski: Research Handbook on EU Internet Law. Edward Elgar. Pg 391-395
any links to competitors’ websites will hardly invoke a confusion among internet users and consumers. Internet users and consumers conducting a search query online expect to find results to various websites, from which they may choose to click or not. Although an internet user or consumer’s confusion may arise depending on the layout of the advertisement and the content of the website. But however, no confusion shall arise if such sponsored link and competitor's page does not use a misleading layout and is placed in the position meant only for sponsored links.

Furthermore, there is high likelihood that the consumers will perceive the organic search results as more relevant than those that appeared in the sponsored listings. An eyeball tracker study conducted a survey to back this notion, where internet users and consumers were found to look at the result of the organic results firstly before looking at the advertisements. Based on this research, internet users and consumers will likely assume that the most appropriate results will appear near the top of the organic search results since the relevance of those websites qualifies them for a top spot in an unpaid ranking system.

To analyze the critical view taken by the ECJ, there continue to exist conflicting opinion as to support and against the view of the Court. Those in support of this view argue that any appearance or whatsoever of third party's web links and sites on a search engine result will definitely lead to confusion. Although to a certain level when compared to the bricks and mortar context. Less attention should not be taken away from the fact that confusion can occur even at a subliminal level. This according to some scholars are similar to the type of confusion which an internet user or consumer may encounter in the use of the search engine. Arguing further, a side by side comparison shopping should only occur in the event that the internet user and consumer wishes so during the period he or she enters the search word.

To this end, it is supported that actionable harm based on the above confusion should be permitted irrespective of whether or not the consumer is aware during the conduct of such search.

---

41 Charles McManis, David J. Friedman: Intellectual Property and Unfair Competition in a nutshell. 7th Edition.; pg. 176-177
42 Charles Gielen: On AdWords and metatags: trademark law implications in the Benelux and the rest of the Europe, Pg 374
Considering the issues surrounding the advertising function of any trademark, Adverse effect is already melted out to the right holder if any third-party use would deny the holder the opportunity to effectively use his mark to inform consumers and win them in a fair competition.\textsuperscript{44}

If a third party continuously use a registered trademark which harms and negatively affect the mark holder's use of such mark in respect to sales promotions and competition and as a commercial strategic instrument, the so-called advertising function is infringed\textsuperscript{45}. The ECJ has already echoed in its judgments' that using a keyword that is identical to already existing trademark especially in the ad word service does not harm the advertising function of such trademark. To support this critical view the ECJ stated that such a use does not deprive the trademark owner the use of the same trademark to effectively inform and persuade the user of consumers in a fair competition.

To reach its conclusion, the apex court reasoned that the advertising function of any protected mark cannot be infringed for the mere fact that such mark holder paid more per single click when using the sponsored links programmed even against his competitors paying less. This is not withstanding the fact that they both choose the same keyword in their adverts.\textsuperscript{46} The court gave the basics at which it arrived to this decision that irrespective of the position of the mark holders

\textsuperscript{44} Google France SARL v Louis Vuitton Malletier SA 2010 In Joined Cases C-236/08 to C-238/08, Par. 91

Since the course of trade provides a varied offer of goods and services, the proprietor of a trade mark may have not only the objective of indicating, by means of that mark, the origin of its goods or services, but also that of using its mark for advertising purposes designed to inform and persuade consumers.

\textsuperscript{45} Par. 92

Accordingly, the proprietor of a trade mark is entitled to prohibit a third party from using, without the proprietor’s consent, a sign identical with its trade mark in relation to goods or services which are identical with those for which that trade mark is registered, in the case where that use adversely affects the proprietor’s use of its mark as a factor in sales promotion or as an instrument of commercial strategy.

\textsuperscript{46} Interflora V Marks & Spencer ECJ 2011 In Case C-323/09, Par. 56

In particular, when that proprietor registers its own trade mark as a keyword with a referencing service provider in order to have an advertisement appear under the heading ‘sponsored links’, it will sometimes – if its trade mark has also been selected as a keyword by a competitor – have to pay a higher price per click than the competitor if it wishes to ensure that its advertisement appears before that of the competitor (Google France and Google, paragraph 94).
web site and links in the sponsored ranking, their sites will also be displayed first in the organic results\(^{47}\) from entering the keyword in the search.

This view taken by the European apex court can be called to question based on the following:

Firstly, there can be a situation where the trademark holder owns no web site of his own. In such scenario their trademark expenses are being exploited by a third party from the advertising and promotional use of such mark. The exploits the mark advertising function from which the owner should have exclusive benefit\(^{48}\).

Secondly, there should be consideration on every party that is entitled to use such mark and how they should be placed in the display ranking of the organic results. This is because to have a website ranked top most in the natural results may not be a natural phenomenon after all\(^{49}\). It is necessary to note that such ranking is an aftermath of works by the web developers working in search engine optimization.\(^{50}\) A typical example is trademarks with famous reputations whose name is bond to appear in several other websites. For instance, searching for the word Adidas may appear on numerous sites and because of this, the position of the right holder is affected in the organic search results. This is because the word Adidas can appear in sports clubs and stores who might have paid higher than Adidas in the display ranking. Of course, to have a newly registered mark display among the top in any search result requires a lot of finances (considering that keywords are usually

---


\(^{48}\) Ardi Kolah: Guru in a bottle, Essential Law for Marketers. 2nd Ed. 2012,2013. Pg. 102


Websites are ranked based on their quality and how much they can help the potential customer. Search engines are in constant competition to ensure searchers use them and not a competitor. This competition leads them to make new formulas and pick new factors that will decide whether a web page will rank high or not. While the search engine doesn't really make open the requirements.

descriptive terms, this is a makeup of already existing word and therefore forms a likelihood that there is already a website where such words are mentioned and used.)

Additionally, if scoring high in an organic search result was a natural phenomenon for all trademark owners, why then should any trademark right holder use the service of the search engine such as Ad words? An attempt to answer this question brings up another issue relating to trademark advertising function. Usually, Trademark holders participate in bidding of their own trademark (Keyword) during auctions by search engines just to stop their competitors from ranking higher than theirs even in their unpaid query results. In event where the trademark holder fails to do this, He stands the chance of losing the opportunity to inform its possible consumers about its products and services. Hence the trademark right hold will be forced to spending more in other to maintain a high placement through the search engine optimization just because competitors can freely outbid him to use the keyword in their ads. Considering these facts, many trademark right holders would rather choose another keyword during search engine bidding if only competitors are not allowed to use the keywords for theirs. Having said so, it is necessary to consider if the approach taken by the Apex court which unambiguously refuses to acknowledge any impacts of circumstantial advertisement on the advertising function of the trademark, satisfies all the gradations and intricacies of e-commerce and marketing.

This issue also raises concern whether or not a trademark holder should be entitled to some indemnity when the necessity to catch up with its competitors use of his trademark exposes the trademark holder to a great financial burden or loss. In this fashion, it seems therefore that the path taken by the ECJ needs a more thorough scrutiny of the technology and automation used by various search engines in online ads campaigns.

Further speaking, the ECJ stated that a trademark has an investment function only if the right holder uses such mark to amass or protect a reputation competent of captivating consumers,

---
persuading them and also retaining such consumer's loyalty.\textsuperscript{53} This means that an investment function of a trademark is also related to its advertising function. However, it should be pointed out clearly that such a use of trademark as mentioned above in ambit of investment function may occur using other marketing techniques than adverts.

Certainly, if any protected trademark already enjoying a reputation in its market sphere, its investment function is affected if the mark is used by competitors and such use affects the reputation in a negative manner\textsuperscript{54}.

In such a situation nonetheless, Article 10 (2) (c) of the trademark directive also known as TMD which deals with issues of dilution applies. In its interpretation, the ECJ noted that if a competitor is using a registered mark with regards to trademark function and compliment to indication of origin function; and if the only consequence of such use id to force the trademark right owner to increasingly adapt its efforts to earn and preserve a reputation that is capable of attracting and keeping consumers, then there is no adverse effect on the investment function.\textsuperscript{55}

Therefore the investment function of any trademark cannot be affected if the use of such trademark by the competitors results in consumers choosing alternative goods instead of the trademark holder's own product. There is a conflict with the above theory and the trademark's advertising function, making it difficult to figure out the confines of both functions. The ECJ is of the view that neither a need

\begin{itemize}
\item \textsuperscript{53} ECJ; Interflora Inc. v. Marks&Spencer ;2011. Case C-323/09 Par 60
\item \textsuperscript{54} ECJ; Interflora Inc. v. Marks&Spencer ;2011. Case C-323/09 Par 63
\item \textsuperscript{55} ECJ; Interflora Inc. v. Marks&Spencer ;2011. Case C-323/09 Par 64
\end{itemize}
to aggrandize advertising, nor a possible loss of customers warrants restraining of competitors from the use of a registered trademark in adverts such as Ad word services.

Again, the usage of protected marks and keywords also raises countless issues as regards to its impact on the reputation of already established Marks (Famous Trademark). In Art. 10 (2) (c)\(^56\) of the Trademark Directive, the concept of Anti-Dilution was introduced to the EU Trademark Laws. Trademark dilution can occur if any unauthorized person uses any mark or words that is exact, alike and indistinguishable to an already existing registered mark\(^57\). This generates psychological and subjective affiliation from consumers and possible customers between the two marks thereby corroding the convincing power of the original mark\(^58\). The above-mentioned article provides for the prevention of such use of any senior mark without due cause which may harm or take arbitrary advantage of such mark. Also, if such use is detrimental to the uniqueness or reputation of the protected Trademark.

Going further on the issue of detriment to the uniqueness or distinctive character and notoriety of any Mark, the General court in the *Intel v. CPM* case defined the concept in two ways\(^59\). (1) As a

\(^56\) 2. Without prejudice to the rights of proprietors acquired before the filing date or the priority date of the registered trade mark, the proprietor of that registered trade mark shall be entitled to prevent all third parties not having his consent from using in the course of trade, in relation to goods or services, any sign where

(c) the sign is identical with, or similar to, the trade mark irrespective of whether it is used in relation to goods or services which are identical with, similar to, or not similar to, those for which the trade mark is registered, where the latter has a reputation in the Member State and where use of that sign without due cause takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the trade mark.

\(^57\) Trademark dilution is a concept that gives the owner of any famous trademark standing to forbid others from using that mark in a way that would lessen its uniqueness. In most cases, trademark dilution involves an unauthorized use of another's trademark on products that do not compete with, and have little connection with, those of the trademark owner. For example, a famous trademark used by one company to refer to hair care products might be diluted if another company began using a similar mark to refer to breakfast cereals or spark plugs.

*Ty Inc. v. Perryman*, 306 F.3d 509 (7th Cir. 2002).


\(^59\) ECJ, *Intel Corporation Inc. v CPM United Kingdom Ltd. Case C-252/07*
Blurring, meaning its detriment to the unique character of a protected trademark because it defines the privileged connection between the goods or service with the owner of the protected trademark. The AG in Interflora case further defined it as to entail thus "Blurring refers thus to the use of a sign identical with or similar to a trade mark with a reputation in a fashion that is likely to weaken its distinctiveness by decreasing its capacity to distinguish goods and services. At the end of the process of blurring (or dilution in the strict sense) the trade mark is no longer capable of creating an association in the minds of consumers of the existence of an economic link between a specific commercial source\textsuperscript{60} of certain goods or services and the trade mark. Therefore, what is at stake is the very capacity of a sign to serve as a trade mark, or in other words the identification or distinguishing function of the trade mark"\textsuperscript{61}. (2) As a Tarnishment meaning that it exasperates the corporation of Trademark with any product or service which will have an adverse significance or connotation and or conflicting with appearance of the mark. In ECJ's Google France ruling, the court established that taking inequitable advantage of the unique character of the protected trademark, also called the concept of free riding includes cases where in particular, "by the sense of alteration of the image of any mark or the attributes which it gives to the product or service identified by the indistinguishable or the akin sign, there is crystal exploitation on the instrumentality of the trademark with the reputation"\textsuperscript{62}. The pretext for entitling the Right holders of trademark to exclude third parties is centered on the idea that Trademark holders has spent a lot of budgets and efforts on the establishment of the mark's reputation and any third party would be

\textsuperscript{60} Opinion of Advocate General Jaaskinen March 2011.Case C-323/09; ECLI:EU:C:2011:173 Para 63 Nevertheless, such an interpretation would contradict the letter though perhaps not the ratio decideni of Davidoff. There the Court declared Article 5(2) of Directive 89/104 applicable not only in the case of similar goods but also in the case of identical goods, even if the reasoning put forward by the Court would seem to be relevant only with respect of the first mentioned situation.


\textsuperscript{62} ECJ: L'Oréal SA v Bellure NV (C-487/07). Par.41

As regards the concept of ‘taking unfair advantage of the distinctive character or the repute of the trade mark’, also referred to as ‘parasitism’ or ‘free-riding’, that concept relates not to the detriment caused to the mark but to the advantage taken by the third party as a result of the use of the identical or similar sign. It covers, in particular, cases where, by reason of a transfer of the image of the mark or of the characteristics which it projects to the goods identified by the identical or similar sign, there is clear exploitation on the coat-tails of the mark with a reputation.
meddling on taking unfair advantage of such uniqueness of the character and the reputation of the Trademark.\textsuperscript{63} Additionally, the court as assumed that:

\textit{As regards the concept of ‘taking unfair advantage of the distinctive character or the repute of the trade mark’, also referred to as ‘parasitism’ or ‘free-riding’, that concept relates not to the detriment caused to the mark but to the advantage taken by the third party as a result of the use of the identical or similar sign. It covers, in particular, cases where, by reason of a transfer of the image of the mark or of the characteristics which it projects to the goods identified by the identical or similar sign, there is clear exploitation on the coat-tails of the mark with a reputation.}

\textit{It follows that an advantage taken by a third party of the distinctive character or the repute of the mark may be unfair, even if the use of the identical or similar sign is not detrimental either to the distinctive character or to the repute of the mark or, more generally, to its proprietor}.\textsuperscript{64}

Therefore, if established of any advantage taken by any third party of a protected mark with strong reputation is unfair by default, even if such a use has no adversity and damage to the well known mark.\textsuperscript{65} Although this view by the court was criticized by legal scholars and academics who contemplated that such low criteria for free-riding and unfair advantage will create a loophole which will make it impossible to determine evident of detriments.\textsuperscript{66} Plus critics are of the opinion that the demonstration of the occurrence of free riding is not enough, but rather to further illustrate that legal arbitration encourages efficiency by considering transaction costs, warp information etc.\textsuperscript{67} Contrarily, the protection of bare level of attention as against free riding may generate to

\textsuperscript{63} WOLFGANG SAKULIN:Trademark protection and freedom of expression ; An inquiry into the conflict between trademark rights and freedom of expression under European, German, and Dutch law, 2010. available at: http://dare.uva.nl/document/2/75293, p. 79.

\textsuperscript{64} ECJ: L’Oréal SA v Bellure NV (C-487/07). Par.41, 43


stage where "someone who invested resources and time to develop and maintain an attractive
garden might be entitled to compensation and benefits arising from neighboring property owners
because they also benefit from owning a house on a well-maintained street”

Consequently, the defendant became no longer entitled to put up for sale their products as options
to the products supplied by using the trademark proprietor via genuinely describing them as similar
to the well-known trademark, regardless of the reality, that no detriment to the uniqueness or
reputation of the well-known trade mark happened. it's miles of essence to focus on, that
merchandise offered by the defendant within the case had been defined as similar and not the
identical - the well-known trademark was used only as a referencing label. The effect of this being
that, the consumers and Market could not be informed approximately the capabilities of the
defendant's products as it should be informed.

This questionable trademark pivotal-approach reflected in the Interflora ECJ decision. The Apex
court reasoned that the investment which an owner of Trademark has placed into the mark to draw
consumers may be Threatened if a massive range of customers during usage of the key-word in
searches will see the competitor's advertisement and decide to buy its items or services instead the
ones originating from a supposed Mark owner. Such premise expresses the arguments raised in
L'Oreal, but widens the idea of swimming at the coat-tails of a registered mark by gaining from
its strength of enchantment to occasions, when the selection of a phrase or keyword that is
comparable or same to a mark with reputation refers best to key-wording in internet engines like
Google. thus, use of distinguished trademarks in a descriptive manner so as to suggest that
defendant's products are similar to those denoted by using the famous trademark is prohibited even
if the advertisement caused by using the keyword does no longer include the word, mark or
design.

68 Ibid
69 ECJ: Interflora V Marks & Spencer C-323/09
70 Elisa Moro: Protection of reputed trademarks and keywords - looking for Ariadine's thread among
flowers, perfumes and bags; UCL Journal of Law and Jurisprudence, Volume 2.;2013; Pg. 64-86.
inside the situations of the *Interflora* case, the advertiser without doubt takes gain from the employment of the *interflora* trademark as keyword. the selection of the term *interflora* and its numerous choices by Marks & Spencer is geared toward attracting potential shoppers to competing offerings. The issue deciding the advertiser’s preference of keywords is recognition of the trademark on the marketplace and the popularity of the mark *Interflora* and to allow the customers to partner it with a particular sort of service while keeping in mind that a large number of customers partner those services solely with the operation of *Interflora* INC. it’s far for that reason really worth thinking about whether or not the advantage taken with the aid of the advertiser as a result of the mentioned campaign need to be routinely certified as unfair gain.

Because of this, approaches of expertise of the word *Interflora* via potential customers should be analyzed. the first refers back to the society of individuals associating the phrase of the trademark as owned by specific business corporation. these people input the word *Interflora* into a web browser in an effort to locate the internet site of the proprietor of the *Interflora* trademark and to pick its carrier. even if segment of individuals of possible consumer accidentally enter the Marks & Spencer website, It is still unlikely that they could decide to make their purchase from this services, because they are determined to use the web site by *Interflora* and are not inquisitive about any other options or alternative.\(^{71}\) these sorts of buyers are not part of Marks & Spencer’s likely clients, and their sole purpose of using the web search engine is to attain *Interflora*’s website.

The second Segment includes customers who select as a key-word a term they affiliate the most with flower sales businesses, however aren't strictly determined to using a particular web or service which the keyword as a company provides. they will in all likelihood be interested by competing offers however they use the trademarked key-word to locate this kind of service for comparison on the internet.\(^{72}\)

Such a method, Letting competitor to indicate an alternative to the offerings presented by using the most dominant Businesses and Companies within the market, appears to be perfect from the

\(^{71}\) Ibid

\(^{72}\) Blythe Alice: Attempting to define unfair advantage: an evaluation of the current law in light of the recent European decisions, European Intellectual Property Review. pg. 759.
protection of competition point of view. Considering the \textit{Interflora} case, the aim of the use of the trademark with the aid of the defendant as was argued was to make customers remember the specific technique of \textit{Interflora}'s operation as florist network in UK. To that effect, The advertisers are not using the prominence of the trademark, however as an alternative using the manner wherein which its offerings are arranged. therefore, the usage of \textit{Interflora} in this example may be dealt with merely as a use of a trademark so that you can describe a positive elegance of services and offer them to the general public.

If the word \textit{Interflora} is related to the tactic of operation of florist network and therefore the trademark holder is thus prominent on the market that the common user doesn't grasp the other businessperson providing competitive services, then it ought to be assumed that variety of internet users, by typing the word \textit{Interflora} into the online search engine provider's site, only do so in search of suppliers of services of this sort.

In view of the above reasoning, attention of the ECJ should be drawn to the dearth of abstract designates for keywords at intervals for the paid search engines. This Keywords in and of itself haven't any substance in reference structure employed in advertising discourse as a result of the algorithms of internet search engines address the prediction in spite of what they means in any language and also not considering the context were it was used.

Consequently, the actual word reserved by the marketer (advertiser) obtain dominate solely within the mind of the online user.\footnote{Blythe Alice: Attempting to define unfair advantage: an evaluation of the current law in light of the recent European decisions, European Intellectual Property Review. pg. 760} One shouldn't exclude a locus where the online user enters the word \textit{Interflora} into an online program, e.g. to accept a job offer. In such a locus, the word \textit{Interflora} doesn't mean trademark or description of the tactic of conducting enterprise, however to a delegated Job hirer. This issues becomes even additionally problematic if one considers that some of this Protected Marks are merely natural words, or that there situations where merger of words has become a protected trademark as a results of their certification or broad usage in specific
industries. There, this protected marks have associate individual (idiosyncratic) nature, which suggests they will at the same time transmit multiple meanings. More so, The Trademarks certification can be done in numerous jurisdictions and for various categories of products or services, which might cause additional dilemma. To epitomize: it's simple to imagine that within the universe no salesperson would have a quandary ascertaining whether or not a client is asking for coconut chocolate candy or towel papers if they inquiry for a product referred to as Bounty. Even though for both the same verbal trademark is reserved. In reality, shoppers simply don't associate trademarks in abstract manner often, even when they do context sometimes makes the commodity class obvious. But this context is what the online search program lacks and so hampering and regulating the chance to order keywords at intervals within services like Google AdWords might undermine the practicality of the online program. It ought to even be stressed that interrelatedness between the employment of a trademark and its contextual use might adversely impact on the flexibility of a trademark with a name to stay distinctive.

The ECJ Interflora judgment clearly refers to a relation between the necessity for descriptive use, that permits a Competing advertiser to apprise shoppers that they provide substitute (Variety) to the big brand names, and the necessity to defend putative trade marks from “the risk of being agonized by their own success and changing into generic”. The ECJ reasoned that the employment of a putative mark in keyword advertising by a 3rd party is prejudicial to the distinctive character of this trademark if that usage might contribute to turning that trademark into a generic term. the usage of a word or mark similar to a popular trademark is permitted if the promotional material message displayed on the idea of keywords akin to that trademark suggests that they represent substitute to the products or services provided by the right Trademark owner. Furthermore, the promotional material cannot provide a mere imitation of the products or services of the original

---

74 Durant Alan; Bently; Lionel and Davis; Jennifer and Ginsburg; Jane C. :How can I tell the trade mark on a piece of gingerbread from all the other marks on it? Naming and meaning in verbal trademark signs. In: Trade Marks and Brands: an interdisciplinary critique. (2008) , eds. Cambridge Intellectual Property and Information Law (10). Cambridge University Press. pg 123
75 Wolfang Sakulin: Trademark protection and freedom of expression ; An inquiry into the conflict between trademark rights and freedom of expression under European, German, and Dutch law, Pg.79
76 Blythe Alice: Attempting to define unfair advantage: an evauation of the current law in light of the recent European decisions, European Intellectual Property Review. pg. 761
Trademark's own and should not defame or dilute or adversely have an effect on the trademark functions.

This a part of the Court’s reasoning represents the due cause defense underneath that the employment of logos with a name as keywords could also be acceptable. the employment of a trademark so as to explain a particular category of services and provide them to the general public shall be classified as a descriptive use. it's believed that there's a distinction between descriptive use and a trademark changing into generic, though in some extreme circumstances descriptive use might cause any trademark word or phrase to become a generic word\(^\text{78}\). Notwithstanding, the owner of a trademark should be accorded the ability to effectively defend its protected mark from changing into generic by virtue of assorted selling techniques. else, the correct balance between free and fair competition and trademark protection could also be threatened. This can be proven by the actual fact that in most cases, homeowners of putative Marks would be chosen as reference labels for the sort of products or services thanks to advertising, and this as a result gain them wide reputation\(^\text{79}\). The shoppers merely identify the brands that they're mostly used to, and at some time they'll even associate the entire category of products or services associated with that goods to the goods completely. As a consequence, a well-known trademark might change into a generic term irrespective of the strategies employed by its competitors. Assuming we consider the various risk that could lead to a trademark changing into generic thanks to competitor’s actions it should be emphatic that this well-known trademark should have already been a reference label for a particular category of products or services at the time of launching the keyword ad campaign. Otherwise, bidding for the proprietary keywords by the competing firms would be meaningless. Additionally, the necessity to show a message, that suggests that the products or services publicized represent another to the products or services of the trademark holder, looks excessive, because it is unreasonable to expect that a client could also be confused relating to the origin of the products publicized by links triggered by the keyword. If there is no confusion on the customer’s side, then no taking of unfair advantage shall occur likewise. it's fascinating however such info that suggests that the products or services publicized represent another to the products or services of the


trademark holder ought to appear as, particularly noting that the advertisements situated underneath links area are usually short. It shall be additionally questioned why the holder of the inferior mark cannot use the superior mark to tell shoppers regarding their merchandise, if it's utterly legal to sell such merchandise. Such associate approach renders merchandising legal replicas of well-known merchandise nearly not possible.

Besides, in lightweight of educational writing, the development of turning a trademark into a generic term is the final weakening of a trademark and makes the proprietors of the foremost famed logos "sufferers" of their own success. but, one ought to bear in mind that the legitimacy to use somebody else's trademark in an exceedingly descriptive manner is critical to preserve competition and to tell shoppers regarding alternatives to merchandise or services offered by leading brands. whereas it's necessary to inform shoppers to employ use descriptive terms for merchandise or services offered by leading brands when they are making searches on search engines so as to reach wide range of product line of their competitors, there are some goods that has become nearly synonymous with bound categories of products or services (examples are – a Walkman for private stereo, Jeep for SUV, ping pong for Tennis products, Jacuzzi for Bathtubs, Tarmac for asphalt paved surface, or perhaps Google itself as a generic term for net search engine). it might be terribly tough to vary consumer’s habits and force them to look for neutral descriptive terms. it's exhausting to assume in this case that during a consumer’s search, it would be power-assisted by the flexibility to recollect the merchandise class related to a generic term. Moreover, if a client is puzzling over buying bound merchandise or services, it's going to be useful if he or she will keep in mind many relevant brands so he or she will opt for among them\textsuperscript{80}. In some extreme cases (like the abovementioned example of the Jeep trademark) it might even be unlikely that a buyer may well be aware that such a term may be a trademark and not a generic term. it might even be surrealistic to expect a median buyer to grasp the descriptive term for a product, that holds the Jeep trademark. what is more, though Trademarks are excluded from registration if they're descriptive or barren of a particular distinct character, word signs registered as logos don't seem out of a vacuum as they're ordinarily designed out of the prevailing words. net might cause engrossing tongue by logos, a result which might be extremely undesirable.

Just as a side note, it shall be thought-about that in some rare circumstances the method of reworking a trademark into a descriptive term, while maintaining its full meaning, might bring positive effects for the trademark holder. This can be encapsulated by the actual fact that buyers might absolutely associate a selected trademark with prime quality merchandise. We mustn't forget that such associate outcome is one in all the explanations why the trademark holders invest in advertising. A decent example of this method is illustrated by the actual fact that Mercedes trademark conveys a very high level of quality relating to the car business and so is usually used - at least in European union - to explain prime quality merchandise or services. This happens because shoppers associate the Mercedes trademark with prime quality generally as a result of Mercedes’ complete history and selling techniques. However, it should be stressed that the trademark holder needs such transformation as long as the connotation is positive and if the trademark maintains its character as a badge of origin. Therefore, this method could also be solely positive if it's underneath the total management of the trademark man of affairs.
CHAPTER 5

VI. Conclusions and Proposed Remedies

Firstly, it ought to be noted that the ECJ conflictingly applies the hypothesis of an element of a trademark. The present approach to the operation of origin indication ought to be reviewed because it doesn't think about the character of the utilization of registered marks in on-line search engines akin to Google AdWords and therefore the level of client awareness once it involves internet browsing and confusion. The question of if web users can simply differentiate as to whether or not the advertiser is related or part of the trademark’s proprietor system is important in surveying whether there is unreasonable favorable position or weakening. Hence, the approach towards the utilization of trademarks in the computerized environment ought to rather be more centered around the conduct of the web clients. Therefore, the trademark holders’ rivals should be given more adaptability while organizing their e-advertising procedures. Be that as it may, the ECJ overlooks the antagonistic effect of Keyword promotions on the publicizing and venture elements of the trademark.

Besides, the extent of assurance of the trademark with a notoriety enacted in the EU lawful framework seems, by all accounts, to be excessively expansive. A total restriction on utilization of the trademarks on the Internet because of expected issues with refuting the assumption of taking unjustifiable preferred standpoint of the particular character of the senior marks by its rivals and misty guidelines on evaluating customers’ disarray may in a few conditions prompt to a wonder of engrossing the utilization of common dialect in the Internet by the proprietors of the most grounded trademarks. It should be underlined that there are outstanding and trademarked catchphrases which are not really substitutable spellbinding terms or comprising of characteristic words; in this way, presentation of any confinements, which forbid utilization of those words as keywords, would be for the most part unfavorable for the Consumers.
Thirdly, the view taken by the ECJ that taking any benefit of utilization of the rival’s trademark dependably means unfair advantage, repudiates the usefulness of web indexes, diminishes the advantages that the Internet conveys to shoppers, and thwarts the advancement of the free market. Allowing business owners outright control over the utilization of their registered trademarks may, in result, endanger the basic capacity of the Internet, which basically is for free transfer of data and information. Furthermore, it might bring about diminishing the capability of web crawlers to process business data. The due cause guard may just be thought about if the web clients have no challenges with presumption from the competitor's promotion that it is not part of the senior trademark proprietor's system. Therefore, utilizing trademark law in its present shape with no points of confinement, may counterproductively annihilate the Internet's utility for everybody.81

As it shows up from the judgments of the ECJ, striking the correct harmony between the buyer's rights to data and trademark proprietor's entitlement to keep up its interest in the trademark on the premise of the law in drive is troublesome. The previous examination legitimizes presenting a component inward paid inquiry programs, which would permit buyers of other Business's trademarks as keywords to utilize those imprints if this utilization would make a flood of income for trademark holders. Such a proposition would set up an authorizing model for the utilization of a competitor’s registered mark as a keyword in a paid inquiry.82 This idea starts from the likenesses between the position of copyright proprietors of advanced open execution rights for sound recordings and holders of trademarks which are utilized for key-wording.83 Presenting a licensing model for the utilization of trademarks requires thinking about the wording of Art. 21 of the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS). As per this arrangement, states are restricted from presenting obligatory licenses for the utilization of trademarks. Thusly, the authorizing model requires the making of credit remittance structures for the utilization of a competitor’s trademark as key-words in paid inquiry administrations subordinate upon the assent of the trademark holder. The presentation of the licenses would

82Pimentel Katie: 2009. Trademark Use as Keywords: A Comparative Look at Trademark Use as Keywords in Paid Search and Digital Public Performance Rights for Sound Recordings, 9J. MARSHALL REV. INTELL. PROP. L. (2009).pg. 553. http://repository.jmls.edu/cgi/viewcontent.cgi?article=1211&context=ripl
83Ibid, pg. 563.
perhaps require setting up bodies, which would oversee the licenses between trademark proprietors and licensees. The other angle that should be altogether considered is whether the trademark holder might be allowed to pick the rate structure forced on the trademark utilize. The credit eminences framework may mirror the path in which the internet search suppliers gather incomes from catchphrase promoting. Therefore, the sovereignties model could be organized in the accompanying ways:

I. Percentage of cost per click of the trademarked catchphrase;
II. flat charge per click, or;
III. flat expense per thousand impressions;
IV. cover permit.

On account of the Percentage of cost per click of the trademarked catchphrase structure, the trademark proprietor would just be paid every time a hit by internet users on the supported connection is activated by the trademarked catchphrase. This model would mirror the cost of a trademarked catchphrase in the trademark proprietor's charge. Subsequently, if the cost of a trademarked keyword went up or down, the same would happen to the trademark proprietor's charge.

In the flat charge per click framework, the publicist would be charged a level rate each time a web client taps on the commercial. Such a credit eminence structure does not think about the cost of the keyword; in this way it gives the trademark holder a steady stream of royalty.

The flat expense per impressions structure would charge the sponsor a specific charge each time the promotion is produced subsequently of writing a trademarked catchphrase into the web.

---

84Ibid, pg. 577
85Ibid, pg. 554
program. This structure qualifies the trademark holder for compensation on the off chance that the purchaser looks for a particular catchphrase and the trademark holder's supported connection appears regardless of the way that the shopper may redirect his or her consideration to an alternate page. As an outcome, the trademark holder would be repaid each time writing its trademark as a key-word triggers the exhibition of the adverts. This would permit remuneration for the extra costs brought about to the trademark holder because of the infringement of the publicizing capacity of the trademark by the sponsor.

The remainder of the conceivable royalty structure - the cover permit, would present a yearly permit (for an insignificant charge) for the utilization of a trademark in the key-word promotions and campaigns. Such a model would be appropriate for minor brands, which might be ignorant of the way that their trademark is utilized as a catchphrase.

Obviously, there are numerous conceivable approaches to tailor the royalty framework keeping in mind the end goal to suit various types of trademark holders. Subsequently, it is sensible to leave this decision to the publicists and trademark owners.

The other issue concerns considering whether the utilization of trademarks in key-word publicizing might not be dealt with as comparative adverts. As per Article 2(c) of the DMCA, comparative advertising is "any publicizing which expressly or by suggestion recognizes a competing brand.

---

86Ibid, pg. 556
87Comparative advertising or advertising war is an advertisement in which a particular product, or service, specifically mentions a competitor by name for the express purpose of showing why the competitor is inferior to the product naming it.
A marketing strategy in which a company shows how its product or service is superior to that of its competitors by comparing the benefits and costs within the advertisement itself. A comparative advertising campaign may involve printing a side-by-side comparison of the features of a company's products next to those of its competitor.
Comparative advertising is not used solely for the promotion of a product or service. It has become a common technique used in political advertisements, with one candidate listing how he or she would not have made the same specific decisions as the incumbent if elected. This type of advertising is popular
or merchandise or administrations offered by a competitor”. In light of the late judgment in the Belgian Electronic Sorting Technology case (BEST)\(^{88}\) it has been recommended that the utilization of a trademark in a domain register and that of metatags in a site's metadata is inclusive in the expression "advertising", utilized as a part of the Directive 2006/114/EC of the European Parliament and of the Council of 12 December 2006 concerning Misleading Advertising and Comparative Advertising.\(^{89}\) According to past case laws of the ECJ, to accommodate the insurance of registered Trademarks and the utilization of comparative advertisement, the proprietor of any protected trademark is not qualified exclude the utilization, by an outsider, of a sign indistinguishable with, or like, its marks, in any advertisement if it fulfills every one of the conditions, under which comparative advertisement is allowed\(^{90}\). The judgment in the BEST case does not answer the subject of whether the utilization of metatags for the offer of substitutable items constitutes a type of comparative in advertisement. If eventually the ECJ decides to settle this issue permanently, then it is very expected that utilization of the trademarked key-words in accordance with the necessities of the comparative advertising directive would expel the utilization of the trademarks in catchphrase advertising from the ambit of the trademark protection and leave the entire issue to the law on Comparative Advertisement.

Therefore, the proposed authorizing model would give remuneration to the trademark holders for the misfortune acquired through the encroachment of the advertising and venture elements of the trademark found by the ECJ under the twofold ID rules, while the utilization of the principles identified with the Comparative Advertisement may fortify the position of the trademark holder as respects probability of disarray, taking out of line favorable position, and making drawback the particular character or the notoriety of the trademark. This would be all the more invited as the grounds whereupon comparative Adverts is allowed are the same as the standards presented in trademark law with one special case –The issue of reference will have no place in the comparative

\(^{88}\)ECJ; In Case C-657/11, Belgian Electronic Sorting Technology NV v.BertPeelaers, Visys NV,

\(^{89}\)Directive 2006/114/EC


advertisement Directive to manage the cost of insurance to other functions of trademark. Consequently, the permitting model could adjust for the encroachment of the Advertising capacity of the trademark with a flood of incomes, while the law on Comparative Advertisement would oversee the issues of probability of disarray and taking unfair advantage of the notoriety of a trademark shielding the trademark holders from a danger of abuse of their trademarks utilized under the permit understandings. Be that as it may, in these conditions, the idea of taking unfavorable advantage of the unique character or reputation of well-known marks still needs to be taken into consideration.