

Trademark law and the internet: use of competitor's trademark in the context of a paid referencing service

Trademark law and business law must permanently evolve and address new practices that emerge from the development of the Internet. It is indeed necessary to strike the appropriate balance between the interests of companies wishing to protect themselves against unfair business practices and to protect their trademark(s) and the necessity to guarantee free market competition.

The decision rendered by the Court of Justice of the European Union ("CJEU") on September 22, 2011 in relation to the dispute between the company INTERFLORA, a worldwide flower-delivery service provider, and the company MARKS & SPENCER, one of the main retailer in the United Kingdom, is a good example of the new challenges that must be addressed.

INTERFLORA and MARKS & SPENCER are in competition for the sale and delivery of flowers. "INTERFLORA" is a national trademark in the United Kingdom and also a Community trademark.

Google's paid referencing service "AdWords" enables economic operators, by means of the selection of one or more keywords, to obtain the placing, in the event of a correspondence between one or more of those keywords and that/those entered as request in the search engine by an Internet user, of an advertising link to its website.

Using the "AdWords" referencing service, MARKS & SPENCER selected as keyword the word "INTERFLORA" as well as variants and expressions containing that word. Consequently, when Internet users entered that word or one of those variants or expressions, an advertising link to MARKS & SPENCER's website appeared under the heading "sponsored links".

INTERFLORA, wishing to challenge the use of its trademark by MARKS & SPENCER, brought proceedings for trademark infringement before the High Court of Justice of England & Wales.

The High Court referred the matter to the CJEU to obtain a decision on the practice consisting for a company

in using the trademark of one of its competitors in the context of a paid referencing service such as Google's "AdWords"^[1].

The protection of the trademark's functions

The CJEU firstly grounded its decision on Article 5§1, a) of Council Directive No 89/104/EEC and Article 9§1, a) of Council Regulation No 40/94 that confer on the proprietor of a trademark an exclusive right and entitle the latter to prevent all third parties not having his consent from using in the course of trade any sign which is identical with the trademark in relation to goods or services which are identical with those for which the trademark is registered and any sign where, because of its identity with, or similarity to, the trademark and the identity or similarity of the goods or services covered by the trademark and the sign, there exists a likelihood of confusion on the part of the public.

The CJEU thus tried to identify the elements likely to respond to whether the proprietor of a trademark can forbid a competitor to use, without his consent, his trademark as a keyword to display ads concerning products or services identical with those for which the trademark is registered.

[1] The CJEU referred to (i) Council Directive 89/104/EEC of December 21, 1988 to approximate the laws of the Member States relating to trademarks and (ii) Council Regulation No 40/94 of December 20, 1993 on the Community trade mark, both of which were applicable at the material time. The CJEU specified that its interpretation is applicable to the new pieces of legislation, i.e. Council Directive 2008/95 and Council Regulation 207/2009.

[2] CJEU, March 23, 2010, Google France and Google, C-236/08 to C-238/08; CJUE, March 25, 2010, BergSpechte, C-278/08.

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