

Online keywords and trade mark infringement - developments in Australia and Europe

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The New Zealand position on use of another's trade marks as online keywords remains uncertain. Whilst local judicial guidance on the issue is limited, it remains a hot issue in the market. Overseas decisions are keenly watched as they may foreshadow and influence the development of the law in New Zealand, and we discuss recent Australian and European decisions here.

A decision by the European Court of Justice ("ECJ") on 23 March 2010 in three joint cases against Google (Louis Vuitton Malletier SA v Google France SARL (Case C-236/08), Viaticum SA v Google France SARL (Case C-237/08) and CNRRH v Google France SARL (Case C-238/08) found that the sale of brand names as keywords by Google Inc did not constitute trade mark infringement. This case is one of many which deal with allegations of trade mark infringement by sale of trade marks as keywords to third parties.

'AdWords' is the paid-search service provided by Google which allows third parties to purchase keywords from Google which, when entered into a search

engine, generates sponsored links to those third parties' websites. Many companies purchase their competitors' brands as keywords in order to boost their own advertising. This also creates an avenue for dealers in counterfeit products to profit by selling counterfeit goods on the internet.

In 2004, Louis Vuitton (LV) started action in France against Google on the grounds that Google's sale of LV's trade marks as keywords, infringed LV's intellectual property rights. While Google was found in the first instance to have infringed trade mark rights (and to have promoted misleading advertising and unfair competition), the ECJ has now held that Google was free to sell trade marks as keywords provided that the sale was 'technical, passive and with lack of knowledge'. If it takes a more 'active' role, it will be potentially liable for trade mark infringement.

The ECJ also held that advertisers who purchase trade marks as keywords would not infringe those trade marks provided consumers were not misled by the advertisements into believing that there was some connection between the advertiser and the trade mark owner. For example, if the trade mark itself appears in the search result and the advertiser does not own that trade mark, it may well be liable for trade mark infringement. The court also indicated that whether or not confusion arose was likely to be a matter for consideration by the Court on a case by case basis. Where a brand owner alleges confusion has

occurred, action must be brought against the advertiser, and not Google (unless Google has played some 'active' role).

The ruling means that brand owners will need to take a more active role in policing their brands. Brand owners can lodge complaints with Google where they find misuse of keywords. Google says that it does investigate complaints brought and may take steps to remove ads that promote counterfeit goods. If Google fails to act on these complaints, it might be held liable.

In Australia, the slightly later decision (*Mantra Group Pty Ltd v Tailly Pty Ltd*, Federal Court of Australia, 26 March 2010), which does not refer to the ECJ's decision, resulted in a permanent injunction against Tailly, preventing it from using Mantra Group's trade marks in advertising or as Google keywords. Tailly was subletting apartments in an apartment complex called 'Circle on Cavill', owned by Mantra Group. Tailly used trade marks owned by Mantra Group, as well as variations of those trade marks in the websites, in meta tags and in keyword advertising. The judge rejected Tailly's argument that 'Circle on Cavill' was used in good faith to indicate geographical origin and ordered that Tailly was permanently restrained from using Mantra's trade marks or marks that are substantially identical with or deceptively similar to them as keywords, finding such advertising infringement.

While these decisions are not determinative of the New Zealand position, they do provide useful guidance on likely directions of legal development.