



Interflora v Marks & Spencer – the impact on IP, competitiveness and advertising

In the latest lawsuit about keyword advertising, Advocate General Jääskinen has issued his opinion in the case involving Interflora and Marks & Spencer. **Shireen Peermohamed** of Harbottle & Lewis LLP explores its impact

The Interflora flower delivery network sued the retailer Marks & Spencer in the High Court¹ for trademark infringement, relying on various trademark registrations for INTERFLORA covering flower delivery and other services.

Marks & Spencer had bid on a number of Google Adwords for INTERFLORA and variants. When internet users typed these words into the Google search engine, a sponsored link to an advert for Marks & Spencer's flower delivery service appeared. Marks & Spencer's adverts did not feature the INTERFLORA name. It was claimed that Marks & Spencer's online flower delivery sales had increased by about £1,000,000 and Interflora's Adword bid costs had increased by US \$750,000 as a result.

Following a reference by Mr Justice Arnold to the Court of Justice of the European Union ("CJEU")², the Advocate General considered Marks & Spencer's potential liability under Articles 5(1)(a) and 5(2) of the Trade Marks Directive³.

Article (5)(1)(a) provides that the proprietor of a registered trademark may prevent third parties from using in the course of trade any sign identical to the registered trademark in respect of goods or services identical to those for which the trademark is registered.

Article (5)(2) provides that the proprietor of a registered trademark which has a reputation may prevent third parties from using in the course of trade any sign identical or similar to the registered trademark, where the use of the sign takes unfair advantage of, or is detrimental to, the distinctive character or repute of the trademark.

Opinion

The Advocate General took the view that advertisers like Marks & Spencer, who bid on trademarked keywords, are using the trademark, irrespective of whether the resulting advert uses the trademark. In fact,

using the trademark in an advert might help to distinguish the advertiser from the trademark proprietor in some cases.

However, he was of the opinion that there was no infringement under Article 5(1) (a) unless the advert displayed did not enable an average internet user to ascertain whether the goods or services advertised came from the trademark proprietor, or a commercially connected business.

Where a user could ascertain that the goods came from an unconnected third party, the advertiser was simply offering a commercial alternative and this was permissible as it had no effect on the trademark's origin function.

The Advocate General did, however, think that Interflora might be a special case, because users might think that Marks & Spencer were part of the Interflora network: Interflora having a secondary meaning to that effect.

As an aside, the Advocate General noted that if brand owners had the possibility to block the use of their trademarks as keywords but did not, this may amount to consent to use of their trademark.

Consistent with earlier case law, he took the view that there had to be a link between the trademark and the sign for infringement under Article 5(2) to arise. He acknowledged that establishing a link is not always easy in the case of keywords, because some words may have descriptive meanings as well as being a trademark. Only in the case of a unique or highly distinctive trademark, of which he felt Interflora was one, could a link be assumed. For other names, it may be necessary to look at the advert displayed in order to infer a link.

Whether there was infringement under Article 5(2) was a question of assessing the effect of the advert.

Here, there was no watering down of the INTERFLORA trademark, nor any damage to its power of attraction by the advert.

Although Marks & Spencer had clearly wanted to take advantage of Interflora's

trademark (otherwise, why choose it as an Adword?) – its selection as a keyword was for the legitimate purpose of presenting a commercial alternative to Interflora. As such, it was not unfair. The fact that Interflora's advertising costs had increased did not affect the functions of their trademark and did not render any unfair advantage either.

Analysis

The opinion sends the clear message to businesses that fair competition and consumer choice over the internet is to be encouraged. Offering a competing alternative through Adword adverts is permissible, so long as it does not mislead. As a result, the opinion is likely to be welcomed by businesses that use this form of advertising.

However, the opinion makes clear that keyword advertisers whose adverts nonetheless tarnish the reputation of trademarks or dilute their repute could still face liability.

Brand owners whose trademarks are bid upon are unlikely to be greatly heartened by the opinion, unless they can argue that there has been tarnishment or dilution, or that the circumstances of their business are such that a commercial connection between them and the keyword advertiser is likely to be assumed. Businesses that operate an authorised or selective distribution network could benefit most, particularly if they make consumers aware of how they operate.

The opinion has caused considerable interest in legal circles because it appears to confirm a new test for determining liability under Article 5(1)(a) in e-commerce – whether the average internet user is misled. The gap between Article 5(1)(a) and 5(1)(b) (which requires a likelihood of confusion for liability) does thus appear to be narrowing⁴.

Quite how the new test will be applied in practice remains to be seen. Is it a "global

To do list

- Brand owners should check internet reference service providers' terms. If they enable blocking of trademarks as keywords, failure to block may be deemed to be consent to keyword use;
- Advertisers should consider the likely effect of keyword adverts on consumers. The nature of the keyword and the brand owner's business model will be relevant to the assessment. If a brand has acquired a particular meaning, such that an assumption as to a connection could be made, special care is needed;
- Misleading or cryptic adverts should be avoided in any case, as should adverts which could be said to weaken or tarnish trademarks used as keywords;
- If a competitor's trademark is actually used in an advert, additional care may be required. In appropriate cases, though, it may be justified (legitimate comparative advertising) and/or serve to distinguish (where there is a disclaimer of association).

assessment" test like the one which applies under Article 5(1)(b), or is a test of initial interest confusion? Is the average internet user different from other consumers and deemed to understand that sponsored adverts are in fact adverts⁵?

Whatever the answers to these questions, there are a number of practical

steps which brand owners and advertisers should take where keyword advertising is concerned, such as checking internet reference service providers' terms, considering the effect keyword adverts may have on consumers and avoiding misleading adverts. That way you stand every chance of business blooming.

Footnotes

1. Case C-323/09 *Interflora Inc and Interflora British Unit v Marks & Spencer Plc and Flowers Direct Online Limited*.
2. Some of the questions referred were eliminated following the CEJU's ruling in the *Louis Vuitton v Google France* case – Joined cases 236/08 to C-238/08 *Google France and Google* [2010] – concerning the liability of internet reference service providers like Google. Their position is unchanged by the opinion.
3. Council Directive 89/104EEC of 21 December 1988.
4. This was recognised by Mr Justice Arnold in *Datacard Corporation v Eagle Technologies Ltd*. [2011 EWHC] 244 (Pat). His take appears to be that confusion is presumed under Article 5(1)(a), and that it is so as to avoid liability that the onus

rests on the advertiser to show that internet users are not confused.

5. In the US keyword advertising case of *Network Automation, Inc v Advanced Systems Concepts Inc*, 10-55840 Ninth Circuit Court of Appeals, the court took the view that Internet consumers are increasingly more internet aware.

Author



Shireen is a partner in the intellectual property practice of Harbottle & Lewis. She specialises in the resolution of disputes in relation to brands, content and designs as well as their protection and exploitation. Shireen acts for clients in the publishing, retailing, advertising, fashion, luxury goods and FMCG fields amongst others. She has a degree from Oxford University, and qualified as a solicitor in 1989. She is also a CEDR accredited mediator.

Patents
Trademarks
Copyrights
Licensing
Litigation

BufeteSoní

Paseo de los Tamarindos 400-B Piso 21
Bosques de las Lomas
05120 México, D.F.

(5255) 2167-3252 t
(5255) 1084-2734 f
(202) 330-5970 USA f

soni@soni.mx
www.soni.mx