

Google wins first round in landmark European AdWords case

The advocate general of Europe's highest court, Luís Miguel Poiares Pessoa Maduro, has given his backing to Google's AdWords system, which allows advertisers to purchase third-party trademarks as keywords to trigger sponsored links in search results (Joined Cases C-236/08, C-237/08 and C-238/08). The final decision from the European Court of Justice (ECJ) is expected early next year and, while the opinion is not binding on the ECJ, the court tends to follow the advocate general's opinion in the majority of cases.

The cases at issue were referred to the ECJ for a preliminary ruling by the French *Cour de Cassation* in May 2008 (*Google France v Louis Vuitton*, *Google v CNHRR* and *Google v Viaticum Luteciel*). In each action, the rights holders sued Google for trademark infringement on the

grounds that the search engine's practice of selling certain terms as triggers for sponsored advertisements amounted to infringement of their marks.

The French court's questions to the ECJ included whether use of a mark by a provider of paid internet referencing (eg, Google's AdWords system) constitutes trademark infringement under Article 5 of the First Trademarks Directive (89/104/EEC) and whether rights holders are entitled to prevent the sale of trademarks as keywords. It also sought guidance on the defences available to internet service providers under Article 14 of the E-commerce Directive (2000/31/EC).

In his opinion, Poiares Pessoa Maduro stated that Google has not committed a trademark infringement by allowing advertisers to select keywords corresponding to

trademarks on the grounds that such selection is not use in the form of a sale of a product or service to the general public. Therefore, it cannot be considered as being a use made in relation to goods or services identical, or similar, to those covered by the trademark under Article 5 of the First Trademarks Directive. Similarly, advertisers themselves do not commit a trademark infringement by selecting keywords corresponding to trademarks.

Poiares Pessoa Maduro also reasoned that the sponsored links themselves do not cause trademark infringement as they do not establish a risk of confusion on the part of consumers as to the origin of goods or services. According to the advocate general, internet users are aware that other sites, not just the rights holder's site, will appear in search results.

However, many brand

owners argue that the scope of protection should be extended in line with the US doctrine of contributory infringement. They also allege that Google is liable because its AdWords system encourages infringement by third parties as it facilitates the online trade of counterfeit goods.

"The opinion is a setback for rights owners in terms of the development of trademark law," commented Richard Milchior, a partner at Granrut Avocats. "However, they can take some heart in that the ECJ may have a different view."

However, the opinion is not all bad for brand owners – the advocate general held that Google could still be held liable for content featured in the AdWords system provided that rights holders could show that Google's ads had damaged their marks.

The advocate general stressed that it is important not to allow the legitimate purpose of preventing infringement to result in all trademark uses being prohibited in the context of cyberspace.