

Germany

Issues once hotly debated, such as metatagging, have now been settled in Germany. However, new practices, in particular keyword advertising and the liability of online auction platforms, still give rise to conflicting court decisions

Metatags

One of the practices that has led to many disputes before the German courts is metatagging. Metatags are keywords embedded in the head section of a HTML or XHTML document. They are not visible to website users, but they help search engines and browsers to index and identify relevant websites. The legal issues arise when website owners take advantage of competitors' trademarks or names by using such signs in the source code of their own websites. Doing so means that an internet user's search request for the relevant keyword will lead, among other search results, to the website of the metatag user.

In the early 2000s legal circles argued over whether the use of another party's trademark as a metatag could constitute trademark infringement under German trademark law or could contravene the law on unfair competition. The German Supreme Court put an end to this debate with its decision of May 18 2006 (Case I ZR 183/03 – *Impuls*). The court took the view that the use of a metatag which contains a distinctive designation:

- must be deemed a legally relevant use of that designation in the course of trade; and
- is to be qualified as 'trademark use'.

Therefore, such case can give rise to a likelihood of confusion with regards to a protected trademark or name.

The Supreme Court held that it is irrelevant whether the designation itself is visible because the use of the trademark as a metatag influences the results of the search engine and thereby directs the internet user to the website of the keyword user. Accordingly, the use of another party's trademark as a metatag may mislead internet users to think that the tagged website belongs to, or is associated with, the proprietor of the protected trademark or name.

The court further held that the practice of metatagging can be considered an act of unfair obstruction under the Act against Unfair Competition.

Keyword stuffing

In its decision of February 8 2007 (Case I ZR 77/07 – *AIDOL*), the Supreme Court extended its ruling on metatagging to another practice known as keyword stuffing. This consists of using another party's trademark in another invisible form on a webpage – that is, using the mark in the same colour as the webpage's background (typically white on white).

Keyword advertising

While the legal issues surrounding metatagging and keyword stuffing are mainly settled, the practice of selling keyword advertising is still the subject of lively debate in Germany. Keyword advertising consists of the sale of keywords by search engine operators, in particular Google, to companies that want to see their ads triggered by the use of the keyword. When a search is conducted for the relevant keyword, the result page lists the website of the keyword buyer among the search results themselves, in a prominent position either above or to the right of the search results. This practice becomes a legal issue comparable to the use of another person's trademarks in metatags when an advertiser purchases a keyword which is identical or confusingly similar to a competitor's trademark or name.

Here again the question is whether this practice constitutes use as a trademark or whether it may be qualified as an act of unfair competition. The German Supreme Court has yet to rule on the issue and the German courts of appeal have taken different positions.

Some courts (Braunschweig Court of Appeal, Case 2 W 23/06, December 5 2006; Dresden Court of Appeal, Case 14 U 498/03, August 30 2005; Stuttgart Court of Appeal, Case 2 U 23/07, July 26 2007) have found the use of a competitor's trademark as a search keyword to be comparable to use as a metatag and therefore use as a trademark. Their rationale was that the advertiser takes

advantage of the distinctiveness of the trademark to lead the user to its goods or services and, therefore, uses the search keyword as a trademark in a way that may cause confusion among internet users.

Other courts (Düsseldorf Court of Appeal, Case I-20 U 79706, January 23 2007; Cologne Court of Appeal, Case 6 U 48/07, August 31 2007; Frankfurt Court of Appeal, Case 6 W 17/08, February 26 2008; Berlin Court of Appeal, Case 5 U 163/07, September 9 2008) have held that keyword advertising is not trademark use and therefore does not constitute trademark infringement (or at least does not lead to a likelihood of confusion), as long as the advertisement is clearly separated from the other search results. In these courts' opinion, internet users distinguish regular search results from sponsored links. Internet users, the courts argue, would not expect any relationship to exist between the advertised products and the owner of the mark used as the keyword. Besides, they would see advertisements on a search engine website as rather arbitrary, which further removes the risk of them making a link between the ad and the keyword. These courts also deny that the use of another person's trademark as an advertising keyword is an act of unfair competition. They do not find that the purchase of a keyword constitutes an interference with the internet user's attempt to reach the owner of the trademark. This is because, the courts reason, at the time the keyword search is conducted, the user has not yet made an effort to reach a specific undertaking; rather, the user is still trying to get an overview of the relevant websites.

Finally, some courts (eg, Cologne Court of Appeal, Case 6 U 76/07, October 12 2007) have taken a third approach and feel the use of a search keyword is use as a trademark (and thus possible trademark infringement) where the ad itself includes the keyword in its headline.

A particular situation can arise where an advertiser that has bought a keyword does not alter the standard match application. Under Google's standard 'broad match' application, the advertiser's ad will be displayed on the results page not only when

an internet user makes a search for the keyword bought by the advertiser, but also when the keyword bought by the advertiser represents only one element of the search term. For instance, if fictitious advertiser ABC Bank bought the keyword 'bank' under the broad match application, a Google search for fictitious competitor's name XYZ Bank would trigger the ad for ABC Bank's website www.abc-bank.biz because 'ABC Bank' contains the keyword 'bank'. Accordingly, in a trademark infringement case against XYZ Bank, ABC Bank could not argue that it purchased the keyword 'bank' rather than 'XYZ Bank', because ABC Bank would have been aware at the time of purchase of its keyword that a search for both 'bank' and 'XYZ Bank' would trigger its ad.

Three keyword advertising cases are pending before the Supreme Court. A decision that will hopefully bring an end to the uncertainties that parties face before the German courts is expected by January 22 2009.

Liability of internet auction platforms

Another issue, which the Supreme Court has already considered four times, is the liability of internet auction platforms such as eBay (Case I ZR 304/01 – *Internetversteigerung I*, March 11 2004; Case I ZR 35/04 – *Internetversteigerung II*, April 19 2007; Case I ZR 73/05 – *Internetversteigerung III*, April 30 2008; Case I ZR 227/05 – *Namensklau im Internet*, April 10 2008). The liability of online auction providers becomes relevant whenever it is difficult to get hold of the person offering faked, counterfeit or otherwise infringing goods for sale on an auction site. The question then arises of whether the operator of the platform is obliged:

- to turn down the specific auction; and
- more importantly, to prevent future similar auctions from occurring by taking precautionary measures.

The Supreme Court has so far held that:

- acting "in the course of trade" is suggested if the person offering the goods concerned does so repeatedly with similar, in particular new, goods or if the goods have been purchased by that person itself shortly before the auction;
- merely operating an auction platform does not constitute liability in itself. Neither does such operation constitute participation in the trademark infringement of the person offering the goods. However, the platform operator



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can be liable as an 'interferer' for operating the platform and thus providing the conditions for the trademark infringement to occur. The platform operator thus becomes liable once it is made aware of the trademark infringement by a notification from the trademark owner;

- to avoid repeated trademark infringements as soon as possible, cases of notified trademark infringement oblige the platform operator to investigate, to the extent possible, future offers relating to the same goods for possible trademark infringement without further notification of the trademark owner;
- to do whatever is possible, the platform operator has to make use of filter software and, if necessary, conduct manual follow-up checks of the filtered offers; such precautionary investigations may also have to cover offers which use other designations than the previously infringed trademark – for instance, if the designations are the names of specific models sold under that trademark; and
- the platform operator is subject to a secondary burden of proof in that it has to explain – even though it is the defendant – the measures it has taken to protect the trademark owner, and why it cannot be expected to take further action if these were not sufficient to provide adequate protection.

Identity theft in internet auctions

The operator of an internet auction platform is liable in a comparable way to that explained above when it is notified by a person that third parties are selling goods via the auction platform under the name of that person (Supreme Court, Case I ZR 227/05 – *Namensklau im Internet*, April 10 2008). [WTR](#)