

**Use of ‘trademarks with a reputation’ as Adwords by competitors:
Permissible ‘comparative advertising’ or impermissible ‘coat-tail riding’ / ‘dilution’?**

On Thursday March 24, 2011 The Trademark Law Institute (TLI) is going to discuss this question in Amsterdam together with Prof. Dr. Ansgar Ohly, LL.M. (University of Bayreuth). (see attachment)

This question has not been answered by the EU Court in its 2010 Adword decisions.

Maybe the Advocate-General is going to shed some light on it in his or her opinion in the **Interflora case** (C-323/09), which is due on the morning of that same day, Thursday March 24, 2011.

Recently, the The Hague district Court¹ decided in summary proceedings in a (second) case concerning the trademark/Adword ‘Tempur’ (a well-known trademark for mattresses) that the use of a trademark as Adword is necessary for effective comparative advertising on the Internet.

[“Naar voorlopig oordeel is het gebruik van een merk als Adword noodzakelijk voor een doeltreffende vergelijkende reclame op internet. Vergelijkende reclame kan namelijk alleen doeltreffend zijn als de reclame het publiek bereikt dat primair geïnteresseerd is in de producten van een concurrent. Juist dat kan worden bewerkstelligd door een merk van een concurrent als Adword te gebruiken”.]

This decision has been criticised. [see Boek9.nl > ‘Tempur’]

The questions we would like to discuss (among others) are:

1. Is the The Hague district Court right in stating that the use of a trademark as Adword is necessary for effective comparative advertising on the Internet?
2. Does any direct or indirect reference to a competing product or service [or instance combined with a claim that one is cheap or cheaper] amount to permissible ‘comparative advertising’, for which the use of an Adword identical to a trademark (with a reputation) owned by a competitor is necessary and therefore permissible?
3. Is Google right (or maybe acting unlawfully) in explicitly permitting in its ‘AdWords policy on trademarks in ads’ [any and all ?] “ads for competing products or services” “to display against a trademarked keyword, *provided that the ad is not confusing* [...]”. (see attachment)
4. Is the (unlimited) use of a ‘trademark with a reputation’ as an Adwords by competitors likely to lead to a situation in which “the trade mark has become the common name in the trade for a product or service in respect of which it is registered;” (see article 51.b CTMR).

Please come to Amsterdam on Thursday March 24, 2011 and / or share your thoughts and suggestions for additional questions with us in advance by e-mail.

¹ The Hague District Court 4 February 2011, KG ZA 10-1438, B9 9383 (Tempur / Medicomfort), par. 4.6.



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INVITATION

The Trademark Law Institute (TLI)
in co-operation with Prof. mr. Tobias Cohen Jehoram from the



cordially invites you to attend the guest lecture

KEYWORD ADVERTISING

that will be provided by Prof. Dr. Ansgar Ohly, LL.M. (University of Bayreuth) on

Thursday, March 24, 2011,

in the Main Building of the VU University Amsterdam, De Boelelaan 1105,

Room 2D-16 (Stoa).*

The lecture will be followed by a discussion introduced by
Prof. mr. Antoon Quaadvlieg (University of Nijmegen) and
Prof. mr. Dirk Visser (University of Leiden), chaired by
Prof. dr. Martin Senftleben (VU University Amsterdam).

Programme

15:30 hrs. Welcome with coffee and tea
16:00 hrs. Guest lecture (Prof. Ansgar Ohly)
17:00 hrs. Discussion
18:00 hrs. End of programme

* Please follow the signposts 'Guest Lecture Ansgar Ohly: Keyword Advertising' in the VU Main Building.

Relevant legislation

Article 9.1.c CTMR:

The proprietor [of Community trade mark] shall be entitled to prevent all third parties not having his consent from using in the course of trade: [...]

(c) any sign which is identical with or similar to the Community trade mark in relation to goods or services which are not similar to those for which the Community trade mark is registered, where the latter has a reputation in the Community and where use of that sign without due cause takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the Community trade mark.

Article 51 CTMR (Grounds for revocation).

1. The rights of the proprietor of the Community trade mark shall be declared to be revoked on application to the Office or on the basis of a counterclaim in infringement proceedings: [...]

(b) if, in consequence of acts or inactivity of the proprietor, the trade mark has become the common name in the trade for a product or service in respect of which it is registered;

Misleading and comparative advertising directive

Article 2.c Misleading and comparative advertising directive

‘comparative advertising’ means any advertising which explicitly or by implication identifies a competitor or goods or services offered by a competitor;

Article 4 Misleading and comparative advertising directive

Comparative advertising shall, as far as the comparison is concerned, be permitted when the following conditions are met:

[...]

(c) it objectively compares one or more material, relevant, verifiable and representative features of those goods and services, which may include price;

[...]

(f) it does not take unfair advantage of the reputation of a trade mark, trade name or other distinguishing marks of a competitor or of the designation of origin of competing products;

(g) it does not present goods or services as imitations or replicas of goods or services bearing a protected trade mark or trade name;

(h) it does not create confusion among traders, between the advertiser and a competitor or between the advertiser’s trade marks, trade names, other distinguishing marks, goods or services and those of a competitor.

Unfair Commercial Practices Directive

Recital 14

[...] “It is not the intention of this Directive to reduce consumer choice by prohibiting the promotion of products which look similar to other products unless this similarity confuses consumers as to the commercial origin of the product and is therefore misleading”. [...]

Case Law

In ECJ 18 Jun 2009, case C-487/07 (L’Oréal / Bellure), the Court ruled (in § 49) that:

- where a third party attempts,
- through the use of a sign similar to a mark with a reputation,
- **to ride on the coat-tails of that mark** in order to benefit from its power of attraction, its reputation and its prestige, and to exploit,
- without paying any financial compensation and
- without being required to make efforts of his own in that regard,
- the marketing effort expended by the proprietor of that mark in order to create and maintain the image of that mark,
- the advantage resulting from such use must be considered to be an advantage that has been unfairly taken of the distinctive character or the repute of that mark.

In ECJ 23 February 2006, case C-59/05 (Siemens/VIPA), the Court ruled (in § 49) that:

- 22 With regard to the benefit to the advertiser and the consumer procured by the adoption of a distinguishing mark in identical form to be taken into consideration, the Court has already held **that comparative advertising is designed to enable consumers to make the best possible use of the internal market, given that advertising is a very important means of creating genuine outlets for all goods and services throughout the Community** (see Case C-44/01 *Pippig Augenoptik* [2003] ECR I-3095, paragraph 64).
- 23 Further, it is clear from the second recital in the preamble to Directive 97/55 that the purpose of comparative advertising is also to stimulate competition between suppliers of goods and services to the consumer’s advantage.
- 24 **It follows that the benefit of comparative advertising to consumers must necessarily be taken into account in determining whether an advertiser is taking unfair advantage of the reputation of a trade mark, trade name or other distinguishing marks of a competitor.**
- 25 On the other hand, the benefit an advertiser derives from comparative advertising, which, by reason of its very nature, is self-evident in all cases, cannot alone be determinative of whether the conduct of such an advertiser is lawful.

AdWords policy on trademarks in ads - scope of investigation

<http://adwords.google.com/support/aw/bin/answer.py?hl=en&answer=144298>

In certain regions, we allow some ads to show with a trademark in ad text if the ad is from a reseller or from an informational site. Learn more about our trademark policy for resellers and informational sites [link].

For regions that are not included under our trademark policy for resellers and informational sites: if our investigation finds that the advertiser is using the trademark in ad text, we will require the advertiser to remove the trademark and prevent them from using it in ad text in the future.

1. Regions where we investigate ad text only

Please note the regions where we will investigate ad text only. We will not disable keywords in response to a trademark complaint in these regions. Furthermore, our investigation will only affect ads served on or by Google.

Google is dedicated to providing relevant advertising to our users, advertisers, and publishers alike. Accordingly, our trademark policy aims to provide users with choices relevant to their keywords. At the same time, we investigate trademark violations in ad text, both as a courtesy to the trademark owner and to ensure that ads are clear to users.

Regions in which we investigate ad text only [link]

EU and EFTA Regions: In EU and EFTA regions, we do not prevent the selection of trademarks as keywords. However, in response to a complaint, we will do a limited investigation as to whether a keyword (in combination with particular ad text) is confusing as to the origin of the advertised goods and services. An example could be an ad that falsely implies affiliation with the trademark owner. If we find that it is confusing, we will remove the specific ad that is the subject of the complaint.

Under our EU and EFTA policy, we will permit the following types of ads to display against a trademarked keyword, *provided that the ad is not confusing as described above.* (The following are examples and not an exhaustive list.)

ads using a trademarked term when that term is being used in a descriptive or generic way, such as not in reference to the term as a trademark

ads for competing products or services

ads for resale of the trademarked goods or services

ads for the sale of components, replacement parts, or compatible products corresponding to a trademark

ads for informational sites about a product or service corresponding to the trademark

See EU and EFTA regions [link]

2. Regions where we investigate ad text and keywords

In certain regions, we may investigate the use of trademarks in ad text, in keywords, or in both ad text and keywords.

Regions in which we investigate both ad text and keywords [\[link\]](#)

When we receive a complaint from a trademark owner, our review is limited to ensuring that the advertisements at issue are not using a term corresponding to the trademarked term in the ad text or as a keyword. If they are, we will require the advertiser to remove the trademarked term from the ad text or keyword list and will prevent the advertiser from using the trademarked term in the future. Any such investigation will only affect ads served on or by Google.

We do not take any action in situations where an advertisement is being triggered by non-trademarked terms, even though the search query contains a trademarked term. This occurrence stems from the fact that Google allows advertisers to use a broad matching system to target their ads. For example, if an advertiser has selected the keyword "shoes," that advertiser's ad can appear when a user enters the word "shoes" as a search query, regardless of other search terms that may be used. So, the ad could show if the user enters any of the following search queries: "tennis shoes," "red shoes," or "Nike shoes." This system eliminates the need for the advertiser to specify the many different search query combinations that are relevant to their ad.

Concept-petitum tegen Google Adwords Trademark Policy voor de EU

1. te verklaren voor recht dat het gebruik als Adword van een bekend merk, voor een advertentie voor een website waarop producten worden aangeboden die soortgelijk zijn aan en concurreren met de producten waarvoor dat bekende merk is geregistreerd,
 - [terwijl op die website]
 - [- geen producten worden aangeboden die door of met toestemming van de merkhouder in het verkeer zijn gebracht en]
 - [ook overigens geen ‘geldige reden’ bestaat voor het gebruik van het merk Adword]
 - [- geen producten worden aangeboden waarvoor het noemen van het merk nodig is om enig kenmerk van de waar of de bestemming van de waar aan te geven en]
 - [- waarop geen rechtens toelaatbare vergelijkend reclame plaatsvindt]
 - [behoudens de toepasselijkheid van één van de beperkingen van artikel 2.23 BVIE]inbreuk oplevert op artikel 2.20 lid 1 sub c [en/of d] BVIE, althans onrechtmatig is, omdat dit gebruik is aan te merken
 - als ongerechtvaardigd voordeel trekken uit het onderscheidend vermogen en de reputatie van het merk en
 - als afbreuk doen aan het onderscheidend vermogen van het merk enverwording tot soort aanduiding in de zin van artikel 2.28 lid 1 sub d BVIE in de hand werkt.
2. te verklaren voor recht dat het enkele feit dat op een website producten worden aangeboden die soortgelijk zijn aan en concurreren met de producten waarvoor een bekend merk is geregistreerd, geen ‘geldige reden’ in de zin van artikel 2.20 lid 1 sub c [en/of d] BVIE oplevert voor het gebruik als Adword van dat bekend merk, voor een advertentie voor die website.
3. te verklaren voor recht dat de huidige AdWords trademark policy van Google voor de EU onrechtmatig is jegens de houders van bekende merken omdat en voor zover deze policy deze bepaling bevat:

“Under our EU and EFTA policy, we will permit the following types of ads to display against a trademarked keyword, *provided that the ad is not confusing as described above.* (The following are examples and not an exhaustive list.)

 - ads using a trademarked term when that term is being used in a descriptive or generic way, such as not in reference to the term as a trademark
 - ads for competing products or services
 - ads for resale of the trademarked goods or services
 - ads for the sale of components, replacement parts, or compatible products corresponding to a trademark
 - ads for informational sites about a product or service corresponding to the trademark”.
3. Google te gebieden om haar AdWords trademark policy en soortgelijke openbare [beleids]regels voor de EU, althans voor de Benelux, althans voor Nederland dienovereenkomstig aan te passen [door de bepaling genoemd onder 3 aan te passen en melding te maken van hetgeen onder 1 en 2 voor recht is verklaard].