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Practice Group:
Intellectual Property

Keyword Advertising Law Blossoming in the UK: *Interflora v Marks & Spencer* [2013] EWHC 1291

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Interflora Wins AdWords Battle

In another win for trade mark owners in the battle against the unauthorised use of their marks in keyword advertising, the UK High Court of Justice recently held that Marks & Spencer (M&S) infringed Interflora's trade marks by purchasing AdWords for the INTERFLORA mark (and variations of the mark) to trigger sponsored links on Google for the M&S website.

Importantly, M&S did not use the INTERFLORA trade mark in the text of its advertisements. The law in Australia continues to develop in relation to online conduct and whether it can constitute a trade mark infringement, misleading and deceptive conduct or passing off. As Australian courts are yet to directly consider the factual scenario presented in *Interflora v Marks & Spencer*, this case provides some useful guidance on the issues that Australian trade mark owners, as well as advertisers using competitors' marks as keywords, should consider in their online advertising practices and when this will result in trade mark infringement.

Facts of the Case

On 6 May 2008, M&S started bidding on INTERFLORA as a keyword as part of its AdWords campaign. Interflora took immediate action against M&S by sending letters of demand and later commencing proceedings. While it briefly ceased its conduct, in December 2008, M&S recommenced bidding on INTERFLORA and a number of close variants (eg "Interflora online" and www.interflora.co.uk).

The AdWords registered by M&S triggered sponsored links in the following format:

"M&S Flowers Online
Beautiful Fresh Flowers & Plants.
Order by 5pm for Next Day Delivery.

www.marksandspencer.com/flowers"

The INTERFLORA mark never appeared in the text of the sponsored links.

Issues

Interflora alleged that by using INTERFLORA in AdWords to trigger sponsored links for the M&S website, M&S had infringed the registered INTERFLORA trade marks.

There was no dispute that M&S had used an identical mark, in the course of trade in the UK, in relation to the same goods and services for which the INTERFLORA mark was registered without Interflora's consent.

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Interflora's claim instead hinged on whether M&S' use of the INTERFLORA mark in keyword advertising affected, or was liable to affect, one of the functions of the trade mark, in this case, the origin function.

Judgment

The Court accepted that keyword advertising is not inherently or inevitably objectionable from a trade mark perspective. However, in this case, M&S was found to have infringed the INTERFLORA trade marks as its sponsored links did not enable a significant number of "reasonably well-informed and reasonably observant internet users" to ascertain whether M&S' flower delivery service was part of the Interflora network, thereby adversely affecting the origin function of the marks.

The Court concluded that:

1. the reasonably well-informed and reasonably observant internet user was generally not aware in May 2008 (or now) that M&S' flower delivery service was not part of the Interflora network
2. there was nothing in any of M&S' advertisements to inform the reader that M&S' delivery service was not part of the Interflora network
3. finally, the nature of the Interflora network, which allows members to trade under their own names, made it all the more plausible that there should be a connection between M&S' flower delivery service and the Interflora network.

Initial confusion at the time of viewing the advertisement was also a relevant factor and the Court held that "The average reasonably well-informed and reasonably observant internet user is not particularly technically literate, does not know precisely how AdWords operates and is not aware of the issues".

The position in Australia

The law in Australia continues to develop in response to savvy marketing strategies used in the online world to enhance and distinguish one trader from its competitor.

The effect of keyword advertising has recently been considered in trade mark infringement as well as misleading and deceptive conduct and passing off cases.

In *Mantra v Taily*, Taily was permanently restrained from using Mantra's registered trade marks in the advertising, promotion or supply of accommodation, including as part of a domain name, metatag, *search engine keyword* or business name. [Click here](#) for more information.

In *ACCC v Trading Post*, Trading Post was found to have had engaged in misleading and deceptive conduct by using the trading names of unrelated businesses as AdWords and in the text of its sponsored links. [Click here](#) for more information.

More recently, the High Court of Australia in *Google Inc v ACCC* held that Google itself does not engage in any form of misleading or deceptive conduct by publishing sponsored links on its website. The High Court found that as Google did not create the sponsored links it published, the ordinary and reasonable user understood that the representations conveyed by the sponsored links were those of advertisers and not adopted or endorsed by Google. This decision makes it clear that any action to be taken against the unauthorised use of traders' names and marks as AdWords, lies against the registrant of the AdWord, and not Google.

Consequences

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As yet, there are no Australian authorities directly considering the issue of whether the use of a competitor's registered trade mark as an AdWord, where the mark does not appear in the text of the advertisement, constitutes a trade mark infringement, misleading and deceptive conduct or passing off.

The decision in *Interflora v Marks & Spencer* serves as a warning to traders bidding on competitors' registered trade marks in keyword advertising programs, and as a timely reminder to trade mark owners, to be alert to these practices in protecting their intellectual property rights.

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