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## **INTERFLORA/MARKS & SPENCER TRADE MARK BATTLE: ANOTHER BITE OF THE BOUQUET**

### **COURT OF APPEAL JUDGMENT**

In an almost unprecedented move in the IP context, the Court of Appeal has ordered a re-trial before the High Court of the long running dispute concerning internet keywords advertising and the use of "Interflora" on Google adwords. This is likely to take place in 2015.

The litigation started in 2008, after M&S had bid on the word "Interflora" in Google keyword searches, triggering a link to M&S's own florist service. It had been able to do so as a result of the changes to Google's policies in 2008, which for the first time enabled brands to bid on competitors' trade marks as search keywords.

The Court of Appeal found that the trial judge, Mr Justice Arnold, had made the following errors of law, whilst acknowledging that appellate courts should not interfere with findings of fact made by the trial judge unless compelled to do so:

### **Average consumer**

1. A trade mark has both the function of establishing origin of the goods or services and protecting the trade mark's investment function, as well as an advertising purpose. In that context, the Court of Appeal followed the decision of the European Court in the *Google France* case. The Court of Appeal held that *the key issue was whether or not the advertisement enabled a normally informed and reasonably observant internet users, or allowed them only with difficulty, to ascertain whether the goods or services referred to in the advertisement originated from the proprietor of the trade mark or an undertaking economically linked to it, or from a third party.*

It was therefore incumbent on the national court to assess whether or not the use of words such as "M&S Flowers" in an advertisement was sufficient to enable a reasonably well informed and observant internet user to tell that the flower-delivery service offered did not originate from Interflora or an undertaking economically linked to it.

Applying the key test in *Google France*, the Court of Appeal held that, in determining the "average consumer", the judge was entitled to have regard to the effect of the advertisements on a significant section of the relevant class of consumers; moreover, the trial judge was not precluded from finding trade mark infringement by a determination that the majority of consumers were not confused. In particular, the Court held that:

- (i) in the context of internet advertising, the average consumer and the average internet user are one and the same;
- (ii) the average consumer in any context is a hypothetical person;
- (iii) the average consumer test is not a statistical one. The court must exercise its own judgment to determine the average consumer's perceptions, giving due consideration to all the relevant circumstances.

### **Burden of proof**

2. The trial judge had erroneously held that the onus was on the infringing advertiser to show that the use of the allegedly infringing sign was sufficiently clear that there was no risk of confusion on the part of the average consumer about the origin of the advertised goods or services. The Court of Appeal followed the test for double identity infringement determined by the ECJ in *Google France*, set out in paragraph 1 above.

On this issue, the Court of Appeal concluded that third party advertisers using a trade mark as a keyword must be careful to ensure that their advertisements enable average internet users to ascertain whether the goods or services originate from the trade mark proprietor or an unconnected third party. If they fail to do so, they may be found to have infringed the trade mark. The judge wrongly elided the burden of proof in legal proceedings with the need in practice for third party advertisers to craft their advertisements with appropriate clarity.

### **Initial interest confusion**

3. This occurs where the consumer's initial confusion prior to purchase is dispelled after further



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consideration and the consumer proceeds to purchase the infringing goods or services. Mr Justice Arnold had introduced this concept into EU trade mark law in analysing the report of a witness relied upon by Interflora at trial. The Court of Appeal held that such approach was not helpful, at least so far as it applied to use of signs identical or similar to a trade mark as a keyword in an internet referencing service, and it had the potential to positively mislead. It should therefore not be part of the analysis of the national court in claims of this nature, and the judge was wrong to approach the matter in that context.

**Procedural irregularities/errors on evidence**

4. In support of their argument that reasonably well informed and observant internet users were not all sophisticated users of search engines, who knew precisely what Google were doing as regards paid advertising, Interflora sought to rely on evidence in academic papers, particularly studies of consumer behaviour. The Court of Appeal found that the judge had reasonably exercised his discretion in admitting academic papers in evidence. However, Interflora also relied on evidence from an employee of the online digital marketing company which managed the online paid search advertising strategies and campaigns for Interflora in the UK. As the employee was not an expert, the judge had erred in attaching weight to the witness' opinion and assessment.

**Negative Matching**

5. Interflora did not only object to M&S's bidding activity on the word "interflora" (and variants thereof) but also to its bidding activity on generic terms (for example,

"flowers") without excluding matches that include a specific sign, for example "interflora". This was referred to as 'negative matching', which allows advertisers to specify search terms in response to which their advertisements will not appear).

Mr Justice Arnold found that M&S's failure to exclude such matches in this manner constituted use of the trade mark "...albeit in a less direct way...". The Court of Appeal heard submissions from M&S that the judge had erred in his finding; in failing to exclude such matches, there has been no selection of "interflora" as a keyword by M&S, which is an essential requirement for liability and contradicts the lawfulness of bidding activity on generic terms.

The Court of Appeal rejected those submissions, on the basis that the choice and selection of a keyword cannot be considered in isolation and as a separate and distinct activity from the Google algorithms and match types used in relation to them. Furthermore, the Court held that "account must also be taken of the opportunity available to the trader to negatively match." The trial judge had taken into account all of the relevant circumstances and had properly found that the trader had used the sign in the course of trade.

**Conclusions**

The outcome of this case is crucial in setting guidelines for the extremely lucrative sector of keyword and 'pay- per-click' advertising in the UK - if M&S succeed on the re-trial, it could reinforce the relatively permissive use of bidding on competitor's trade marks in keyword advertising, or make the practice even more liberal.

***This is only a brief introduction and does not constitute or replace legal advice.***

***If you require further detailed information or assistance, please do not hesitate to contact us.***

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