

# Court rules on use of competitor's trademark as AdWord



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Intellectual Property, Belgium

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## Introduction

AdWords is a paid referencing service offered by Google which – through the reservation of one or more keywords – enables any economic operator to obtain an advertising link to its site in the event of a correspondence between one or more of the reserved words and those entered into the search engine by an internet user. The link is accompanied by a short commercial message; the link and the message constitute the ad. A number of advertisers can reserve the same keyword and the order in which their advertising links are then displayed is determined by:

- the maximum price per click;
- the number of previous clicks on those links; and
- the quality of the ad as assessed by Google.

The advertiser can at any time improve its ranking by fixing a higher maximum price per click or trying to improve the quality of its ad.(1)

According to the European Court of Justice (ECJ), the holder of a trademark may prohibit an advertiser from advertising goods or services identical to those for which the trademark is registered – on the basis of a keyword being identical to or confusingly similar to a trademark used without the consent of the rights holder – where the ad does not enable an average internet user (or enables him or her only with difficulty) to ascertain whether the goods or services referred to therein originate from the holder of the trademark, an undertaking economically connected to it or a third party.(2)

On November 16 2015 the Mons Court of Appeal issued a judgment that applied ECJ case law in a dispute between Verabel, the holder of the Benelux complex trademark (see Figure 1 below), and one of its competitors, Verandas Confort, which used the word VERABEL as an AdWord.(3)



## Figure 1

The judgment is interesting because the court examined the dispute from the perspective of Article 2(2o)(1)(b) of the Benelux Convention on Intellectual Property (BCIP) which transposes Article 5(1)(b) of the Trademark Directive, while AdWords disputes are usually examined from the perspective of Article 2(2o)(1)(a) of the BCIP and Article 5(1)(a) of the Trademark Directive.

### Facts

Verabel and Verandas Confort are companies that specialise in the manufacture and sale of verandas. From early 2013 Verandas Confort reserved and used the AdWord VERABEL on Google's paid referencing service. As a result, whenever an internet user typed the word 'Verabel' into Google's search engine a short ad from Verandas Confort appeared on screen. The ad appeared in first position in search results and Verabel's ad, which occupied more space and was more detailed, was in second place.

Verabel petitioned the Mons Commercial Court to issue an injunction barring Verandas Confort from using the AdWord VERABEL, as the plaintiff believed that it infringed its trademark and constituted unfair trade practice, given that such use amounted to an act of free riding and was an unlawful comparative ad. On November 14 2014 the Mons Commercial Court rejected Verabel's request. Verabel filed an appeal against this decision before the Mons Court of Appeal.

### Decision

After citing ECJ case law regarding the use of a competitor's trademark as an AdWord, the Mons Court of Appeal ruled that in light of the specific circumstances of the case, Veranda Confort's ad did not allow – or only allowed with difficulty – an informed and reasonably attentive internet user to determine whether the goods and services featured in the ad originated from an undertaking economically connected to Verabel or from a third party.

The court found that the products concerned in the ad, namely verandas, were destined for consumers that would make only a single purchase and would therefore pay very little attention to the ads for such types of products prior to their decision to make such an acquisition. Accordingly, the relevant members of the public would have only a limited knowledge of the undertakings operating on that market and the absence or existence of an economic link between these undertakings.

Further, the court pointed out that the content of Veranda Confort's ad did not dispel this uncertainty, as it remained plausible that a normally informed and attentive user might think that it emanated from an undertaking economically linked to Verabel, rather than a competitor.

On these grounds, the court found that the use of the AdWord VERABEL should be considered as accrediting the existence of a commercial link between the goods concerned. In light of this likelihood of confusion and the resulting infringement of the trademark's function of origin, the court ordered the Veranda Confort to cease using the AdWord VERABEL.

Having ruled that the use of the AdWord amounted to an infringement of the plaintiff's trademark on the grounds of Article 2(2o)(1)(b) of the BCIP, the court considered it unnecessary to assess whether such use also amounted to unfair trade practice.

### Comment

The court ruled that Veranda Confort's ad infringed Verabel's trademark under Article 2(2o)(1)(b) of the BCIP, even though the ad did not contain the word VERABEL. According to the court, an informed and attentive user expects after having typed the word 'Verabel' to see ads relating to the trademark or undertaking Verabel. However, in the present case, the first ad that appeared was Veranda Confort's.

According to the court, the use of a trademark in an ad is irrelevant for the assessment of the existence of an infringement. However, the position in which the contested ad appears on the user's screen is essential, as it has a significant impact on the user's potential perception of an economic link between the undertakings concerned. This is the correct application of the general guidelines provided by ECJ case law.

Further, the trademark in the present case was a complex trademark. The court therefore decided that ECJ case law must apply not only for word marks, but also when the AdWord refers to a word which is used in a complex trademark. This appears to be in line with ECJ case law, as in the *BergSpechte* decision relating to AdWords, the trademark relied on was an Austrian complex mark (see Figure 2 below).<sup>(4)</sup> The ECJ has never explicitly circumscribed its case law to word marks.<sup>(5)</sup>



Figure 2

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## Endnotes

- (1) ECJ, March 23 2010, joined cases C-236/08 to C-238/08, *Google France SARL*, paras 23 to 26, available at [www.curia.eu](http://www.curia.eu).
- (2) See ECJ, March 23 2010, joined cases C-236/08 to C-238/08, *Google France SARL*, para 99; March 25 2010, C-278/08, *BergSpechte*, para 41; September 22 2011, C-323/09, *Interflora*, para 66; available at [www.curia.eu](http://www.curia.eu).
- (3) Mons Court of Appeal, November 16 2015, *Verabel v Verandas Confort*, case 2014/RG/1021, unpublished.
- (4) See ECJ, March 25 2010, C-278/08, *BergSpechte*, para 8, available at [www.curia.eu](http://www.curia.eu).
- (5) See ECJ, March 23 2010, joined cases C-236/08 to C-238/08, *Google France SARL*; March 25 2010, C-278/08, *BergSpechte*; March 26 2010, C-91/09, *eid.de*; July 8 2010, C-558/08, *Portakabin*; July 12 2011, C-324/09, *L'Oréal*; September 22 2011, C-323/09, *Interflora*; available at [www.curia.eu](http://www.curia.eu).

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