



## U.K. High Court Finds Trademark Infringement in Keyword Advertising

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A recent decision of the U.K. High Court dealt with the trademark implications of using third party trademarks in keyword advertising, where a business makes an arrangement with a search engine so that a sponsored advertisement appears on the screen of a consumer who has searched for a particular keyword on that search engine. A prominent example of keyword advertising is Google's AdWords program.

The High Court in *Cosmetic Warriors Ltd. and Lush Ltd. v. Amazon.co.uk Ltd. and Amazon EU Sarl* [2014] EWHC 181 (Ch) found that Amazon infringed the plaintiff Lush's trademark by 1) bidding on the Google keyword "lush" so that consumers who Googled the term would be shown ads with the word Lush for Amazon's website; and 2) operating its internal search engine so that a consumer searching for the term "lush" on Amazon's site would be led to results for Lush that listed similar, competing third party products. Amazon did not sell Lush products on its website.

In finding infringement, the Court found that Amazon used the LUSH mark in the course of trade by bidding on the "lush" keyword and by coordinating the search results on its own website to include the LUSH mark. The Court, having considered Amazon's reputation as a reliable supplier of a wide range of goods, ruled that an average consumer seeing a sponsored ad for "Lush Soap at Amazon.co.uk" would not be able to, without difficulty, ascertain that the goods referred to by the ad were not the goods of or connected with Lush. Similarly, the Court held that a consumer on Amazon's site, when exposed to search results for "Lush" listing similar products, may be led to think that the products originated from Lush.

A third category of Amazon's sponsored ads that were associated with the "lush" keyword but did not specifically display the LUSH mark in the text (e.g., an ad for "Bomb Bath at Amazon.co.uk" when a user searched for "lush cosmetics bath bomb" on Google) were found not to infringe. The Court ruled that an average consumer, being familiar with sponsored links for competing products, would not assume that Amazon was offering for sale Lush products in the absence of any reference to the LUSH mark on the ad itself.

From a Canadian perspective, it is notable that the U.K. High Court found that Amazon used the LUSH mark "in the course of trade" by bidding on the "lush" keyword. This issue of "use" has not yet been addressed by the Canadian courts. Furthermore, the U.K. Court found that confusion arose from the use of the sponsored ads associated with the "lush" keyword. The few Canadian decisions on keyword advertising have found that sponsored ads, even when associated with a competitor's name or mark through search engine keywords, did not cause confusion.

In *Private Career Training Institutions Agency v. Vancouver Career College (Burnaby) Inc.*, 2010 BCSC 765, aff'd 2011 BCCA 69, the B.C. Superior Court found that bidding on a competitor's trademark through keyword advertising is not false, deceptive or misleading contrary to a bylaw in the *Private Career Training Institutions Act*. However, the Court of Appeal, in upholding the decision, emphasized that this was not a dispute over IP and that the result should not be considered in that context. In *Chocolat Lamontagne Inc. c. Humeur Groupe conseil Inc.* 2010 QCCS 3301, the Quebec Superior Court dismissed the plaintiff's claim for passing off and unfair competition on the basis of no confusion. The defendant's sponsored ads, although associated with the plaintiff's trademark as a keyword, were found to not be confusing as the text of the ads indicated that they were providing an alternative to the plaintiff's product.

In *Trans-High Corporation v. Hightimes Smokeshop*, 2013 FC 1190, the Federal Court, in an application alleging passing off, granted an injunction against the respondent from using the applicant's mark HIGH TIMES. The injunction also



enjoined use of the mark as part of meta-tag and other internet search engine optimization tools or devices, which could include keyword advertising. It remains to be seen whether the issue of keyword advertising will appear more often in passing off actions in the future.

Currently, Google and Bing's keyword advertising policies in Canada place no restrictions on using third party trademarks as keywords. However, both policies restrict unauthorized use of third party trademarks in the text of the sponsored ads.

Despite the lack of abundant case law on keyword advertising in Canada, it would be advisable for businesses to take note of the U.K. High Court's decision and to ensure that any sponsored ads displayed do not have the potential to confuse or mislead consumers.

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