



Press and Information

Court of Justice of the European Union

PRESS RELEASE No 97/11

Luxembourg, 22 September 2011

Judgment in Case C-323/09

Interflora Inc., Interflora British Unit v Marks & Spencer plc, Flowers Direct
Online Ltd

The Court clarifies the scope of trade mark protection in the European Union

In this case the national court will have to determine, inter alia, whether Marks & Spencer – by its use, within Google’s referencing service, of keywords corresponding to the trade mark of its competitor Interflora – undermined any of the “functions” of that trade mark and whether it was “free-riding”

The American company Interflora Inc. operates a worldwide flower-delivery network. Interflora British Unit is a licensee of Interflora Inc. The Interflora network is made up of florists with whom customers may place orders in person, by telephone or via the internet, those orders then being fulfilled by the network member closest to the place where the flowers are to be delivered.

INTERFLORA is a national trade mark in the United Kingdom and also a Community trade mark. Those marks have a substantial reputation both in the United Kingdom and in other Member States of the European Union.

Marks and Spencer, “M & S”, an English company, is one of the main retailers in the United Kingdom. One of its services is the sale and delivery of flowers, a commercial activity that is in competition with that of Interflora.

M & S, using Google’s “AdWords” referencing service, selected as keywords the word ‘Interflora’ and variants on that word (‘Interflora Flowers’, ‘Interflora Delivery’, ‘Interflora.com’, ‘Interflora co uk’ etc). Consequently, when internet users entered the word ‘Interflora’ or one of those variants as a search term in the Google search engine, an M & S advertisement appeared.

The High Court of Justice (England & Wales), Chancery Division, before which Interflora brought proceedings for trade mark infringement against M & S, has referred questions to the Court of Justice on a number of issues concerning the use by a competitor, within an internet referencing service, of keywords identical to a trade mark, where consent has not been given by the trade mark proprietor¹.

The Court observes, first of all, that in the case of use by a third party of a sign identical to the trade mark in relation to goods or services identical to those for which the trade mark is registered, the proprietor of the trade mark is entitled to prevent that use only if it is liable to have an adverse effect on one of the “functions” of the mark. A trade mark’s essential function is to guarantee to consumers the origin of the goods or services covered by it (function of indicating origin), the other functions including the “advertising” and “investment” functions. The Court points out in that regard that the trade mark’s function of indicating origin is not the only function of the mark that is worthy of protection against injury by third parties: a trade mark is often – in addition to an indication of the origin of the goods or services – an instrument of commercial strategy used, inter alia, for advertising purposes or to acquire a reputation in order to develop consumer loyalty.

¹ First Council Directive 89/104/EEC of 21 December 1988 to approximate the laws of the Member States relating to trade marks (OJ 1989 L 40, p. 1), repealed by Directive 2008/95/EC of the European Parliament and of the Council of 22 October 2008 to approximate the laws of the Member States relating to trade marks (OJ 2008 L 299, p. 25). Council Regulation (EC) No 40/94 of 20 December 1993 on the Community trade mark (OJ 1994 L 11, p. 1), repealed by Council Regulation (EC) No 207/2009 of 26 February 2009 on the Community trade mark (OJ 2009 L 78, p. 1).

Referring to its judgment in *Google*², the Court observes that the trade mark's **function of indicating origin** is adversely affected where the advertisement displayed on the basis of the keyword corresponding to the trade mark does not enable reasonably well-informed and reasonably observant internet users, or enables them only with difficulty, to ascertain whether the goods or services referred to by the advertisement originate from the proprietor of the trade mark or an undertaking economically connected to it or, on the contrary, originate from a third party. However, use of a sign identical to another person's trade mark in a referencing service such as 'AdWords' does not adversely affect the advertising function of the trade mark.

The Court also considers, for the first time, the protection of the trade mark's **investment function**. Thus, **the use by a competitor of a sign identical to the trade mark in relation to identical goods or services has an adverse effect on that function where that use substantially interferes with the proprietor's use of its trade mark to acquire or preserve a reputation capable of attracting consumers and retaining their loyalty**. In a situation in which the trade mark already enjoys a reputation, the investment function is adversely affected where such use affects that reputation and thereby jeopardises its maintenance.

However, it cannot be accepted that the proprietor of a trade mark may prevent such use by a competitor if the only consequence of that use is to oblige the proprietor of the trade mark to adapt its efforts to acquire or preserve a reputation capable of attracting consumers and retaining their loyalty. Similarly, the trade mark proprietor cannot rely on the fact that such use may prompt some consumers to switch from goods or services bearing that trade mark.

In this case, it is for the national court to determine whether the use, by M & S, of the sign identical to the INTERFLORA trade mark jeopardises the maintenance by Interflora of a reputation capable of attracting consumers and retaining their loyalty.

Questioned also about enhanced protection for trade marks with a reputation, and in particular about the scope of "dilution" (detriment to the distinctive character of a trade mark with a reputation) and "free-riding" (taking unfair advantage of the distinctive character or repute of the trade mark), the Court states, inter alia, that the selection, without "due cause", in a referencing service, of signs identical with or similar to another person's trade mark that has a reputation may be construed as free-riding. That is particularly likely to be the conclusion in cases in which internet advertisers offer for sale, by means of the selection of keywords corresponding to trade marks with a reputation, goods which are imitations of the goods of the proprietor of those marks.

By contrast, **where the advertisement displayed on the internet on the basis of a keyword corresponding to a trade mark with a reputation puts forward an alternative to the goods or services of the proprietor of the trade mark with a reputation** – without offering a mere imitation of the goods or services of the proprietor of that trade mark, without causing dilution of the trade mark or detriment to its repute (tarnishment) and without, moreover, adversely affecting the functions of the trade mark – **such use falls, as a rule, within the ambit of fair competition in the sector for the goods or services concerned**.

NOTE: A reference for a preliminary ruling allows the courts and tribunals of the Member States, in disputes which have been brought before them, to refer questions to the Court of Justice about the interpretation of European Union law or the validity of a European Union act. The Court of Justice does not decide the dispute itself. It is for the national court or tribunal to dispose of the case in accordance with the Court's decision, which is similarly binding on other national courts or tribunals before which a similar issue is raised.

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The [full text](#) of the judgment is published on the CURIA website on the day of delivery.

Press contact: Christopher Fretwell ☎ (+352) 4303 3355

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² Joined Cases [C-236/08 to C-238/08](#) *Google France and Google Inc. and Others v Louis Vuitton Malletier and Others*, see PR No [32/10](#)).

