



Interflora re-visited: re-trial ordered by Court of Appeal in long-running keyword advertising dispute

In the latest chapter in the long-running keyword advertising dispute between Interflora and Marks & Spencer (M&S) ([\[2014\] EWCA Civ 1403](#)), the Court of Appeal has allowed M&S's appeal against the Judgment of Arnold J in May 2013. The Court of Appeal also took the unusual step of ordering a re-trial in the High Court of the claims for infringement based on identical mark and sign infringement (under Article 5(1)(a) of the Trade Marks Directive (TMD)/ Article 9(1)(a) of the Community Trade Marks Regulation (CTMR)).

The dispute relates to use by M&S of Interflora's trade marks as keywords in Google's Adwords service, to trigger sponsored adverts for M&S's own flower delivery services in Google search results. The background to the dispute and conclusions reached by Arnold J in May 2013 were discussed in a previous article by this firm, which can be accessed [here](#).

The Court of Appeal addressed a number of issues in its judgment including the average consumer; the onus of proof; relevance of fair competition; initial interest confusion; the impact of procedural irregularities and the scope of injunctive relief. Lord Justice Kitchin delivered the Court of Appeal's judgment. This article focuses on the Court of Appeal's conclusions in relation to the onus of proof, fair competition and the doctrine of initial interest confusion.

Onus of proof

The Court of Appeal rejected Arnold's J's conclusion that where the keyword is identical to the trade mark, the onus lies on the advertiser to show that the use of the sign in context is sufficiently clear that there is no real risk of confusion on the part of the average consumer as to the origin of the advertised goods and services. In reaching his conclusion, Arnold J effectively reversed the burden of proof, as the normal approach in infringement cases is that the burden of proving an allegation of infringement lies on the party making the allegation, i.e. the trade mark proprietor. The Court of Appeal reiterated that this remains the position as a matter of EU and English law and Arnold J was wrong to conclude that the onus lies on the third party advertiser. The Court of Appeal explained that if the Court of Justice of the European Union (CJEU) had intended for there to be a reversed burden of proof, it would have expressly said so, and it had not. The Court of Appeal also stated that Arnold J's approach to the burden of proof

had likely influenced his assessment of all of the evidence and consequently affected all of his findings.

Fair competition

The Court of Appeal reiterated CJEU dicta that it is not the purpose of trade mark law to protect the proprietor of a trade mark against fair competition, and that CJEU case law has made it clear that the aim of using internet advertising using keywords corresponding to trade marks is, in general, to offer internet users alternatives to the goods or services of those trade mark proprietors, "*and so is not inherently objectionable*".

The Court of Appeal provided guidance on what this means for third party advertisers who use a trade mark as a keyword. Central to the Court's thinking was the importance of transparency in the display of advertisements on the internet, i.e. there is a "*need in practice for third party advertisers to craft their advertisements with appropriate clarity*." This means, the Court explained, that a third party advertiser using a trade mark that is not their own as a keyword must take care to ensure his advertisements enable the average internet user to ascertain whether the goods or services originate from the trade mark proprietor or an unconnected party (i.e. the third party) and if he fails to do so, he may be found to have infringed the trade mark. However, as explained above, the job of *proving* that the third party advertiser is infringing the trade mark lies with the trade mark proprietor.

Initial interest confusion

The doctrine of initial interest confusion stems from US law. It can encompass a number of things, but in a previous judgment (*Och-Ziff v OCH Capital [2010] EWHC 2599 (Ch)*), Arnold J expressed the view that initial interest confusion could occur when a consumer viewed an advertisement, regardless of whether it resulted in a sale, and that this could cause damage to a trade mark's reputation or erode its distinctiveness, even if the confusion was dispelled prior to purchase. He held that initial interest confusion could be relied upon for the purposes of establishing a likelihood of confusion under Article 5(1)(b) TMD/Article 9(1)(b) CTMR. The question in the present case was whether it could also apply to identical mark/sign infringement under Article 5(1)(a) TMD/Article 9(1)(a) CTMR.

The Court of Appeal spoke out strongly against it: *“In our judgment it is not helpful to seek to import the doctrine of initial interest confusion into EU trade mark law”*. The Court of Appeal expressed the view that the existing tests for infringement had been formulated by the Court with great care and reflected the importance of trade marks in developing a system of undistorted competition, whilst recognising that their purpose is not to protect their proprietors against fair competition and *“the tests enunciated by the Court therefore incorporate appropriate checks and balances.”* The Court of Appeal said that in contrast, the doctrine of initial interest confusion did not incorporate these *“checks and balances”* and that it was therefore *“an unnecessary and potentially misleading gloss on the tests the Court has articulated and we think it should play no part of the analysis of our national courts in claims of the kind before us.”*

Re-trial

The Court of Appeal held that the Judge’s conclusions were based upon earlier findings in which he had fallen into error (a

key example being the reversal of the burden of proof) and felt that they had no choice but to order a re-trial. The Court of Appeal did not feel able to rule on infringement because they had not had the benefit of hearing the oral evidence of the witnesses first hand, nor had they been shown all of the key documents.

Conclusion

Although the facts of this case are very specific, the Court of Appeal judgment contains helpful guidance on the scope of various aspects of the current EU/English law tests for trade mark infringement, which will be applicable to other cases outside the context of keyword advertising. In particular, the Court of Appeal has sent out a clear message that they do not approve of the initial interest confusion doctrine and this is unlikely to be confined solely to identical marks cases in the context of keyword advertising. It will be interesting to see whether the courts adopt a similar line of thinking in relation to post-sale confusion. The High Court’s re-trial on the case will be awaited with interest.

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