

Neutral Citation Number: [2009] EWHC 1095 (Ch)

Case No: HC08C03440

IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION

Royal Courts of Justice
Strand, London, WC2A 2LL

Date: 22 May 2009

Before :

THE HON MR JUSTICE ARNOLD

Between :

| | |
|-----------------------------------|--------------------------|
| (1) INTERFLORA, INC. | <u>Claimants</u> |
| (2) INTERFLORA BRITISH UNIT | |
| - and - | |
| (1) MARKS AND SPENCER PLC | <u>Defendants</u> |
| (2) FLOWERS DIRECT ONLINE LIMITED | |

Simon Malynicz (instructed by **Pinsent Masons LLP**) for the **Claimants**
Emma Himsworth (instructed by **Osborne Clarke**) for the **First Defendant**

Hearing dates: 27 March, 27 April 2009
Further written submissions: 1, 12, 15 May 2009

Judgment

MR JUSTICE ARNOLD :

Introduction

1. This is another case about Google AdWords and registered trade marks. It is one of a considerable number of cases around Europe in which trade mark owners are complaining that the sale of keywords by Google to third parties infringes their rights. Such cases have been brought against both Google itself and against advertisers. Given that both European trade mark law and European law with regard to the liability of internet service providers are substantially harmonised, this is a question upon which, subject to one qualification, there ought to be a common European set of answers to the issues that arise in such cases. That common European set of answers can only be provided by the Court of Justice of the European Communities. As I shall explain below, a number of national courts around Europe have already requested preliminary rulings from that Court on a number of these issues under Article 234 EC. It is to be hoped that the Court will give a clear set of answers as soon as possible.
2. The qualification is that, as I shall explain, since May 2008 Google has had a different policy in the United Kingdom and Ireland to its policy elsewhere in Europe. That in itself is fairly remarkable given that the relevant law is, or should be, essentially the same throughout Europe. It may mean, however, that the common European set of answers must be amplified or qualified so far as the position in the United Kingdom and Ireland is concerned.

The parties

3. The First Claimant is a company incorporated in the State of Michigan, USA. It operates the largest flower delivery network in the world. The Second Claimant is a private unlimited company incorporated in England and Wales. The Second Claimant is a licensee of the First Claimant. For present purposes there is a no need to distinguish between them, and I shall refer to them collectively as “Interflora”.
4. The First Defendant is a public limited company incorporated in England and Wales. It is one of Britain’s largest retailers. It retails a wide range of goods, and supplies services, both through a large number of stores and online via its website at www.marksandspencer.com. I shall refer to it as “M & S”. Among its other activities, M & S sells and delivers flowers in competition with Interflora.
5. The Second Defendant is a private limited company incorporated in England and Wales. It too sells and delivers flowers in competition with Interflora. I shall refer to it as “Flowers Direct”. By a consent order in Tomlin form dated 26 March 2009, Interflora and Flowers Direct settled the dispute between them. Since then, Interflora’s claim has only concerned M & S.
6. It is worth emphasising that neither Google Inc nor Google UK Ltd nor any of Google Inc’s other subsidiaries or affiliates is a party to these proceedings. I shall refer to Google Inc and its subsidiaries and affiliates collectively as “Google”.

The Trade Marks

7. Interflora is the proprietor of the following registered trade marks (“the Trade Marks”):
 - i) United Kingdom Trade Mark No. 1329840 INTERFLORA registered with effect from 16 December 1987 in respect of various goods and services in classes 16, 31, 35, 38, 39, 41 and 42. These include “natural plants and flowers” in class 31, “advertising services ... provided for florists” and “information services relating to the sale of ... flowers” in class 35, “transportation of flowers” in class 39.
 - ii) Community Trade Mark No. 909838 registered with effect from 19 August 1998 in respect of various goods and services in classes 16, 31, 35, 38, 39, 41 and 42. These include “natural plants and flowers” in class 31, “advertising services ... provided for florists” in class 35, “transportation of flowers” in class 39 and “information services relating to the sale of ... flowers” in class 42.
8. There is no dispute as to the validity of either of the Trade Marks.
9. Nor is there is any dispute that the Trade Marks have acquired a substantial reputation in the United Kingdom and elsewhere in the Community in relation to flower delivery and the operation of a flower delivery network.

The facts

10. Save with regard to certain points identified below, there is little or no dispute between the parties as to the facts as opposed to the legal consequences of those facts. The facts as they appear from the statements of case and the evidence on the application before me are set out below. Although it is possible that the facts found at trial upon full evidence might differ in minor respects from the account which follows, I am satisfied that it is unlikely that there would be significant differences.

Interflora’s flower delivery network

11. As I have said, Interflora operate the largest flower delivery network in the world. Interflora have operated their network in the United Kingdom since the 1950s. The Interflora network is a network of florists, each of which trades under and by reference to its own trade mark, but which also trades under and by reference to the Trade Marks. Orders may be placed either in person or by telephone with one member of the network (typically a member close to where the person placing the order lives) for fulfilment by another member of the network (usually the member closest to the address to which the flowers are to be delivered). The order is then transmitted from the first member to the second member. It follows that members of the network both have their own individual reputations under their own trade marks and benefit from the reputation of the Trade Marks built up by Interflora and their members. At present there are 1,773 members of the network in the United Kingdom.
12. Interflora also operate an online flower delivery service which enables orders to be placed via the internet, again for fulfilment by the member closest to the address to

which the flowers are to be delivered. This is operated via a website located at www.interflora.com which resolves to country-specific websites such as www.interflora.co.uk.

M & S's flower delivery service

13. M & S operates a flower delivery service via its website which enables orders to be placed online. M & S is not a member of the Interflora network.

Google AdWords

14. Google operates a well-known internet search engine and provides a number of other services via the internet. Google's principal source of revenue is advertising. The principal way in which Google provides advertising is by means of a service Google calls AdWords. AdWords operates in the following manner.
15. When the Google search engine carries out a search, it shows the user two types of links to third party webpages in the search results. The first type, referred to as "natural" or "organic" links, are links to websites assessed to be relevant to the search query by the search engine's algorithm sorted in order of relevance. Although there are various ways in which website operators can and do seek to influence their position in the "natural" search results, in principle the ranking is an objective one based solely on relevance. By contrast, the second type of link, referred to as "sponsored links", are a form of advertising which are displayed because the website operator has paid for them to appear. Sponsored links are generally displayed in a separate section of the search results page, at the top and/or at the side.
16. A sponsored link is displayed when the user enters one or more particular words into the search engine. These words, which are referred to as keywords, are selected by the advertiser in return for the payment of a fee calculated in the manner described below. This is often referred to as "purchasing" the keywords.
17. A sponsored link consists of three elements. The first is an underlined heading which functions as a hyperlink. That is to say, when the user clicks on the link, the user's browser is directed to the advertiser's website. The hyperlink may consist of or include the keyword or it may not. The second element consists of some promotional text, which may or may not include the keyword. The third element consists of the URL of the advertiser's website. It should be noted that the URL does not function as a hyperlink (although the user could type it or cut-and-paste it into his or her browser and access the website in that way).
18. The way in which the advertiser pays for this form of advertising is that the advertiser pays a certain amount each time a user clicks on the hyperlink in its sponsored link and thus is directed to the advertiser's website. Accordingly, the advertiser does not pay for the display of sponsored links to users who do not click on the sponsored link. The amount the advertiser pays is calculated on a "cost per click" basis for each keyword purchased subject to a maximum daily limit specified by the advertiser. If the daily limit is exceeded, the sponsored link will not be displayed.
19. More than one person can purchase each keyword. Where more than one person purchases a particular keyword, there is a bidding process whereby the advertiser who

bids the highest cost per click has its sponsored link displayed in the highest position and so on. This means that popular keywords are more expensive than unpopular ones.

20. Prior to May 2008 Google operated a policy in relation to AdWords whereby a trade mark owner could notify Google that it had registered a particular word as a trade mark. If so notified, Google would block that word from being purchased by third parties as a keyword. The permission of the trade mark owner was required in order to permit any use of the notified word within the AdWords service.
21. On 5 May 2008, however, Google changed its policy for the United Kingdom and Ireland, although not for other Community member states, so as to cease blocking keywords registered as trade marks. The effect of this is that third parties are now free to bid for keywords registered as trade marks without restriction, including for use in relation to goods or services for which such trade marks are registered.
22. So far as the evidence before me goes, Google has not explained why it changed its policy in the United Kingdom and Ireland and not in other member states. A cynic might suggest that the explanation for this was a calculation on the part of Google that the courts in the United Kingdom and Ireland interpret trade mark law more restrictively (that is to say, less in favour of trade mark owners) than courts in other member states. If that were the true explanation, it would be a sad reflection on the state of European trade mark law. Whether that is the true explanation or not, it means that there is a significant difference between the way in which the AdWords service has operated in the United Kingdom and Ireland and the way it has operated elsewhere in the Community since 5 May 2008.
23. Thus the current position in the United Kingdom and Ireland is that an advertiser like M & S can purchase a keyword such as INTERFLORA that is a registered trade mark of a competitor such as Interflora with the result that, when a user enters the word INTERFLORA into the search engine, the sponsored links include an advertisement for M & S for goods and services covered by that trade mark.
24. I would add two points for clarity. First, Google has recently announced that on 4 June 2009 it will change its policy in many other countries, but this does not affect the position in Member States other than the United Kingdom and Ireland. Secondly, it is not clear from the evidence before me how Google's policy operated during the periods that the facts giving rise to the pending references to the ECJ discussed below occurred. I note that many of them appear from date from 2006 or earlier.
25. The process whereby an advertiser sets up an advertising campaign using AdWords is shown in some detail in Annex 1 to this judgment. This shows the creation of a sponsored link for a hypothetical florist called Jo Bloggs Flowers and the purchase by Jo Bloggs Flowers of the keywords INTERFLORA and INTERFLORA FLOWERS.
26. An advertiser can select keywords unaided, but in addition Google's Keywords Suggestion Tool can be used to obtain suggestions for appropriate keywords to select.
27. Although, as stated above, Google no longer permits trade mark owners to block the purchase of their trade marks as keywords by third parties in the United Kingdom and

Ireland, Google does enable trade mark owners to block the use of trade marks in the sponsored link, whether in the hyperlink or in the text. This is illustrated in Annex 2.

28. Returning to the present case, M & S has admitted that it has purchased the following keywords (collectively, “the Interflora Signs”) : INTERFLORA, INTAFLORA, INTEFLORA, INTERFLORA FLOWERS, INTERFLORA DELIVERY, INTERFLORA ONLINE, INTERFLORA ON LINE, INTERFLORA OPENING TIMES, INTERFLORA SALE, INTERFLORA SHOPPING, INTERFLORA STORE, INTERFLORA UK, INTER FLORA, INTERFLORAL, INTERFLORA.CO.UK, INTERFLORA.COM, INTERFLORA CO UK, INTERFLORA COM, WWW.INTERFLORA.CO.UK and WWW.INTERFLORA.COM. It can be seen that, in addition to INTERFLORA itself, M & S has purchased a number of close variants (such as INTER FLORA), a number of combinations of INTERFLORA plus a descriptive term (such as INTERFLORA DELIVERY) and Interflora’s domain names and URLs and close variants thereof.
29. There is no dispute that these keywords triggered, and continue to trigger, the display of the following sponsored link when entered by users as search terms:

“M&S Flowers Online

www.marksandspencer.com/flowers Gorgeous fresh flowers
& plants. Order by 5pm for next day delivery.”

30. At the time of the hearing on 27 March 2009, M & S’s sponsored link appeared in the second highest position in the sponsored links page on the search results page, immediately after Interflora’s own sponsored link.

Interflora’s evidence as to the effects of Google’s change in policy

31. The direct financial effect on Interflora’s advertising costs as a result of Google’s change in policy in May 2008 is quite striking. According to Interflora’s evidence on the application presently before me, Interflora’s bidding costs for their keywords during the nine days leading up to Valentine’s Day increased from 2p per click in 2008 to 23-28p per click in 2009. (It should be noted, however, that during the latter period both M & S and Flowers Direct were bidding in competition with Interflora.) Interflora estimate that in total their costs will have increased by about \$750,000 in the year from 5 May 2008.
32. Interflora also contend that there is evidence that they have lost sales as a result of the acts complained of. According to the evidence before me, in the period from 1-13 February 2008 it took an average of 3.37 click-throughs for Interflora to obtain an order, whereas in the period from 1-13 February 2009 it took an average of 3.75 click-throughs.
33. Interflora also contend that there is evidence that M & S are gaining exposure and sales at Interflora’s expense. According to the evidence before me, the fifth most frequent “paid click” (i.e. clicks through sponsored links triggered by keywords) driving traffic to M & S’s website is INTERFLORA. M & S’s own evidence is that, based on tracked sales made to customers within seven days of having clicked on a sponsored link having entered one of the Interflora Signs as a search term, by 23

March 2009 M & S had made sales in excess of £900,000, equivalent to annual sales in excess of £1.1 million; but M & S say that such customers may have made such purchases in any event and for other reasons.

Relevant provisions of Community law

34. First Council Directive 89/104/EEC of 21 December 1988 to approximate the laws of the Member States relating to trade marks (“the Trade Marks Directive”) includes the following provisions:

“Article 5

Rights conferred by a trade mark

1. The registered trade mark shall confer on the proprietor exclusive rights therein. The proprietor shall be entitled to prevent all third parties not having his consent from using in the course of trade:
 - (a) any sign which is identical with the trade mark in relation to goods or services which are identical with those for which the trade mark is registered;
 - (b) any sign where, because of its identity with, or similarity to, the trade mark and the identity or similarity of goods or services covered by the trade mark and the sign, there exists a likelihood of confusion on the part of the public, which includes the likelihood of association between the sign and the trade mark
2. Any Member State may also provide that the proprietor shall be entitled to prevent all third parties not having his consent from using in the course of trade any sign which is identical with, or similar to, the trade mark in relation to goods or services which are not similar to those for which the trade mark is registered, where the latter has a reputation in the Member State and where use of that sign without due cause takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the trade mark.
3. The following, *inter alia*, may be prohibited under paragraphs 1 and 2:
 - ...
 - (b) offering the goods, or putting them on the market or stocking them for these purposes under that sign, or offering or supplying services thereunder;
 - (c) importing or exporting the goods under the sign;
 - (d) using the sign on business papers and in advertising.

...

5. Paragraphs 1 to 4 shall not affect provisions in any Member State relating to the protection against the use of a sign other than for the purpose of distinguishing goods or services, where use of that sign without due cause take unfair advantage of, or is detrimental to, the distinctive character or the repute of the trade mark.”
35. With effect from 28 November 2008, the original Trade Marks Directive has been replaced by a codified version, European Parliament and Council Directive 2008/95/EC of 22 October 2008.
36. Parallel provisions to Articles 5(1),(2) and (3) are contained in Articles 9(1) and (2) of Council Regulation 40/94 of 20 December 1993 on the Community trade mark, which was replaced by a codified version, Council Regulation 207/2009/EC of 26 February 2009 with effect from 13 April 2009.
37. Parliament and Council Directive 2000/31/EC of 8 June 2000 on certain legal aspects of information society services, in particular electronic commerce, in the Internal Market (“the E-Commerce Directive”) includes the following provisions:

“Article 12

‘Mere conduit’

1. Where an information society service is provided that consists of the transmission in a communication network of information provided by a recipient of the service, or the provision of access to a communication network, member states shall ensure that the service provider is not liable for the information transmitted on condition that the provider:
 - (a) does not initiate the transmission;
 - (b) does not select receiver of the transmission; and
 - (c) does not select or modify the information contained in the transmission.
2. The acts of transmission and provision of access referred to in paragraph 1 include the automatic, intermediate and transient storage all the information transmitted in so far as this takes place for the sole purpose of carrying out the transmission in the communication network, and provided that the information is not stored in any period longer than is reasonably necessary for the transmission.
3. This Article shall not affect the possibility for a court or administrative authority, in accordance with Member States’ legal systems, all requiring the service provider to terminate or prevent an infringement.

Article 13

‘Caching’

1. Where an information society service is provided that consists of the transmission in a communication network of information provided by a recipient of the service, Member States shall ensure that the service provider is not liable for the automatic, intermediate and temporary storage of that information, performed for the sole purpose of making more efficient the information's onward transmission to other recipients of the service upon their request, on condition that:
 - (a) the provider does not modify the information;
 - (b) the provider complies with conditions on access to the information;
 - (c) the provider complies with rules regarding the updating of the information, specified in a manner widely recognised and used by industry;
 - (d) the provider does not interfere with the lawful use of technology, widely recognised and used by industry, to obtain data on the use of the information; and
 - (e) the provider acts expeditiously to remove or disable access to the information it has stored upon obtaining actual knowledge of the fact that the information at the initial source of the transmission has been removed from the network, or access to it has been disabled, or that a court or an administrative authority has ordered such removal or disablement.
2. This Article shall not affect the possibility for a court or administrative authority, in accordance with Member States' legal systems, of requiring the service provider to terminate or prevent an infringement.

Article 14

Hosting

1. Where an information society service is provided that consists of the storage of information provided by a recipient of the service, Member States shall ensure that the service provider is not liable for the information stored at the request of a recipient of the service, on condition that:
 - (a) the provider does not have actual knowledge of illegal activity or information and, as regards claims for damages, is not aware of facts or circumstances from which the illegal activity or information is apparent; or
 - (b) the provider, upon obtaining such knowledge or awareness, acts expeditiously to remove or to disable access to the information.

2. Paragraph 1 shall not apply when the recipient of the service is acting under the authority or the control of the provider.
3. This Article shall not affect the possibility for a court or administrative authority, in accordance with Member States' legal systems, of requiring the service provider to terminate or prevent an infringement, nor does it affect the possibility for Member States of establishing procedures governing the removal or disabling of access to information

Article 15

No general obligation to monitor

1. Member States shall not impose a general obligation on providers, when providing the services covered by Articles 12, 13 and 14, to monitor the information which they transmit or store, nor a general obligation actively to seek facts or circumstances indicating illegal activity.
 2. Member States may establish obligations for information society service providers promptly to inform the competent public authorities of alleged illegal activities undertaken or information provided by recipients of their service or obligations to communicate to the competent authorities, at their request, information enabling the identification of recipients of their service with whom they have storage agreements.”
38. Article 11 of European Parliament and Council Directive 2004/48/EC of 29 April 2004 on the enforcement of intellectual property rights (“the Enforcement Directive”) provides:

“Injunctions

Member States shall ensure that, where a judicial decision is taken finding an infringement of an intellectual property right, the judicial authorities may issue against the infringer an injunction aimed at prohibiting the continuation of the infringement. Where provided for by national law, non-compliance with an injunction shall, where appropriate, be subject to a recurring penalty payment, with a view to ensuring compliance. Member States shall also ensure that rightholders are in a position to apply for an injunction against intermediaries whose services are used by a third party to infringe an intellectual property right, without prejudice to Article 8(3) of Directive 2001/29/EC.”

Interflora's claims

39. Interflora claim that the Trade Marks have been infringed both by acts committed by M & S for which M & S is primarily liable and by acts committed by Google for which M & S is jointly liable.
40. The acts committed by M & S which Interflora complain of are as follows:
 - i) selecting the Interflora Signs as keywords;
 - ii) nominating the Interflora Signs as keywords;
 - iii) associating those keywords with M & S's URLs;
 - iv) setting the cost per click in relation to those keywords;
 - v) scheduling the timing of the display of M & S's sponsored link; and
 - vi) using the Interflora Signs in business correspondence relating to the invoicing and payment of fees and/or the management of an AdWords account.
41. M & S has admitted carrying out acts (i)-(ii) and (iv). In relation to (iii), M & S denies that the act has been performed at all, but if performed says that it was performed by Google on behalf of M & S. As to (v), M & S contends that the act was carried out by Google as an intermediary engaged by M & S rather than by itself. It seems to me, however, that the instructions for scheduling the timing of the display of the sponsored link must be given by M & S rather than by Google. In relation to (vi), M & S disputes that the act has been performed at all. For present purposes, I shall assume that it has been. On that assumption, M & S admits that it has been carried out by both M & S (in communications to Google) and Google (in communications to M & S).
42. The acts committed by Google which Interflora complain of are as follows:
 - i) presenting the Interflora Signs within search bars located at the top and bottom of search results pages that contains M & S's sponsored link;
 - ii) presenting the Interflora Signs within the summary of the search results (for example, "Results **1-10** of about **1,170,000** for **interflora** (**0.21** seconds)" when the search results page contains M & S's sponsored link;
 - iii) presenting the sign INTERFLORA by way of an alternative suggestion when the user has entered a similar Interflora Sign (for example, "Did you mean interflora?" when the search term entered by the user was "inteflora");
 - iv) presenting a search results page containing M & S's sponsored link in response to the entering by the user of one of the Interflora Signs;
 - v) adopting the user's use of the Interflora Signs when presenting the user with search results pages containing M & S's sponsored link.

43. M & S admits that Google has carried out these acts. Interflora contends that M & S procured these acts, alternatively that the acts were committed by Google pursuant to common design with M & S, and hence M & S are liable for them as joint tortfeasors.
44. It is common ground that the acts complained of were committed without Interflora's consent.
45. Interflora claim that these acts amount to use in the course of trade of signs which are identical to the Trade Marks in relation to goods (namely, natural plants and flowers) and services (namely, advertising services provided for florists and information services relating to the sale of flowers) which are identical to those for which the Trade Marks are registered falling within section 10(1) of the Trade Marks Act 1994, which implements Article 5(1)(a) of the Trade Marks Directive in the case of the UK Trade Mark and falling within Article 9(1)(a) of the Regulation in the case of the Community Trade Mark.
46. In the alternative, Interflora claim that these acts amount to use in the course of trade of signs which are identical or similar to the Trade Marks which without due cause takes unfair advantage, or is detrimental to, the distinctive character or repute of the Trade Marks falling within section 10(3) of the 1994 Act, which implements Article 5(2) of the Trade Marks Directive, and within Article 9(1)(c) of the Regulation.
47. So far as the claim under Articles 5(1)(a) of the Trade Marks Directive and Article 9(1)(a) of the Regulation is concerned, although it is not necessary for Interflora to establish a likelihood of confusion in order to succeed, Interflora do nevertheless contend that the acts complained of are liable to cause confusion on the part of the public. Interflora say that the presentation of M & S's sponsored link in response to a search by a user using a keyword consisting of INTERFLORA (or any of the other Interflora Signs) is liable to lead at least some members of the public to believe that M & S is a member of Interflora's network contrary to the fact. Interflora say that there is nothing in M & S's sponsored link or in the surrounding circumstances to disabuse members of this belief.
48. So far as the claim under Articles 5(2) of the Trade Marks Directive and Article 9(1)(c) of the Regulation is concerned, Interflora advance two contentions. First, Interflora say that, even if there is no likelihood of confusion, the acts complained are detrimental to the distinctive character of the Trade Marks because they dilute the distinctiveness of the Trade Marks and, in particular, because they will gradually lead to members of the public using INTERFLORA as a generic term for any flower delivery business.
49. Secondly, Interflora say that the acts complained of take unfair advantage of the repute of the Trade Marks because they amount to free-riding on the reputation of the Trade Marks in order to gain a direct economic benefit for M & S and doing so at a direct cost to Interflora.
50. It should be noted that there is no claim by Interflora under Article 5(1)(b) of the Trade Marks Directive or Article 9(1)(b) of the Regulation. Nor is there any claim for passing off.

M & S's defences

51. M & S denies that any of the acts complained of which it committed amount to (i) use (ii) of a sign identical or similar to the Trade Marks (iii) in the course of trade (iv) in relation to goods or services identical to those in respect of which the Trade Marks are registered (v) so as to fall within the scope of Article 5(1),(2) of the Trade Marks Directive or Article 9(1) of the Regulation.
52. So far as the acts which Interflora say have been committed by Google and which M & S is jointly liable in respect of, M & S denies that Google is primarily liable. Again, M & S denies that any of those acts amount to (i) use (ii) of a sign identical or similar to the Trade Marks (iii) in the course of trade (iv) in relation to goods or services identical to those in respect of which the Trade Marks are registered (v) so as to fall within the scope of Article 5(1),(2) of the Directive or Article 9(1) of the Regulation. In addition, M & S contends that Google is protected from liability by one or more of Article 12-15 of the E-Commerce Directive or by Article 11 of the Enforcement Directive. Finally, M & S denies joint liability for any infringements committed by Google.
53. In relation to Interflora's claim under Article 5(2) of the Trade Marks Directive and Article 9(1)(c) of the Regulation, it should be noted that M & S denies that there is a likelihood of confusion on the part of the public or that the acts complained of will dilute the distinctiveness of the Trade Marks or lead to genericisation of the Trade Marks or that there is any free-riding on the repute of the Trade Marks. These denials raise factual issues which will have to be investigated at any trial of this case.

Interflora's reply

54. In their reply to M & S's statement of case, Interflora dispute that Google is protected by any of Articles 12-15 of the E-Commerce Directive or by Article 11 of the Enforcement Directive.

The existing references

55. As mentioned above, a number of national courts around Europe have already requested preliminary rulings from the European Court of Justice on a number of the issues arising out of Google Adwords.
56. Case C-236/08 *Google France v Louis Vuitton Malletier* is a reference from the Cour de Cassation in France lodged on 3 June 2008. The hearing took place before the Grand Chamber of the ECJ on 17 March 2009 together with the next two references. The Advocate General's Opinion in all three references is expected to be delivered on 4 June 2009.
57. As I understand it, this case concerns a claim by Louis Vuitton Malletier ("LVM") against Google France and Google Inc, but not against any third party advertisers. The complaint centred on the fact that, at the material time, Google's AdWords service allowed words such as "imitation", "replica", "take", "copies" and "knock-offs" to be associated with LVM's trade marks LOUIS VUITTON, VUITTON and LV in sponsored links for third party websites which offered counterfeit LOUIS VUITTON products for sale. Thus one of the sponsored links complained of was headed "Luis

Vuitton Replica”. A feature of the case is that Google’s keyword suggestion tool suggested keywords such as “lv inspired handbags” (in response to “lv”), “fake louis vuitton handbags”, “replica louis vuitton handbags” and louis vuitton replica bags (in response to “vuitton” or “louis vuitton”). Since the date of the first instance decision was 4 February 2005, it appears that this case dates back to at least 2004.

58. The questions referred are as follows:

- “(1) Must Article 5(1)(a) and (b) of First Council Directive 89/104/EEC of 21 December 1988 to approximate the laws of the Member States relating to trade marks and Article 9(1)(a) and (b) of Council Regulation (EC) No 40/94 of 20 December 1993 on the Community trade mark be interpreted as meaning that a provider of a paid referencing service who makes available to advertisers keywords reproducing or imitating registered trade marks and arranges by the referencing agreement to create and favourably display, on the basis of those keywords, advertising links to sites offering infringing goods is using those trade marks in a manner which their proprietor is entitled to prevent?
- (2) In the event that the trade marks have a reputation, may the proprietor oppose such use under Article 5(2) of the directive and Article 9(1)(c) of the regulation?
- (3) In the event that such use does not constitute a use which may be prevented by the trade mark proprietor under the directive or the regulation, may the provider of the paid referencing service be regarded as providing an information society service consisting of the storage of information provided by the recipient of the service, within the meaning of Article 14 of Directive 2000/31 of 8 June 2000, so that that provider cannot incur liability until it has been notified by the trade mark proprietor of the unlawful use of the sign by the advertiser?”

59. Case C-237/08 *Google France v Viaticum, Luteciel* is another reference from the Cour de Cassation lodged on 3 June 2008.

60. As I understand it, this case concerns a claim by two connected travel agencies, Viaticum and Luteciel, against Google France, but not against any third party advertisers. It appears that this claim relates to the use of the trade marks BOURSE DES VOLS (which may be translated as “flight market”), BOURSE DES VOYAGES (which may be translated as “travel market”) and BDV as keywords. The case dates back to December 2002.

61. The questions referred are:

- “(1) Must Article 5(1)(a) and (b) of First Council Directive 89/104/EEC of 21 December 1988 to approximate the laws of the Member States relating to trade marks be interpreted as meaning that a provider of a paid referencing service who makes available to advertisers keywords reproducing or imitating registered trade marks and arranges by the

referencing agreement to create and favourably display, on the basis of those keywords, advertising links to sites offering goods identical or similar to those covered by the trade mark registration is using those trade marks in a manner which their proprietor is entitled to prevent?

- (2) In the event that such use does not constitute a use which may be prevented by the trade mark proprietor under the directive or [Council Regulation (EC) No 40/94 of 20 December 1993 on the Community trade mark], may the provider of the paid referencing service be regarded as providing an information society service consisting of the storage of information provided by the recipient of the service, within the meaning of Article 14 of Directive 2000/31 of 8 June 2000, so that that provider cannot incur liability before it has been informed by the trade mark proprietor of the unlawful use of the sign by the advertiser?"

62. Case C-238/08 *Google France v CNRRH* is the third reference from the Cour de Cassation lodged on 3 June 2008.

63. As I understand it, this case concerns a claim by CNRRH against Google France and against third party advertisers. CNRRH operates a website located at www.eurochallenges.com, which is an introductions website for international relationships. CNRRH's chairman Mr Thonet owns the trade mark EUROCHALLENGES which is licensed to CNRRH. It appears that two competitors of CNRRH, Mr Raboin and Tiger Sarl, purchased EUROCHALLENGES as a keyword triggering sponsored links for their websites www.innaconsulting.fr and www.unicisparis.com. Since the first instance decision is dated 14 December 2004, the case dates back to before then.

64. The questions referred are:

- “(1) Does the reservation by an economic operator, by means of an agreement on paid Internet referencing, of a keyword triggering, in the case of a request using that word, the display of a link proposing connection to a site operated by that operator in order to offer for sale goods or services, and which reproduces or imitates a trade mark registered by a third party in order to designate identical or similar goods, without the authorisation of the proprietor of that trade mark, constitute in itself an infringement of the exclusive right guaranteed to the latter by Article 5 of First Council Directive 89/104/EEC of 21 December 1988?
- (2) Must Article 5(1)(a) and (b) of First Council Directive 89/104/EEC of 21 December 1988 to approximate the laws of the Member States relating to trade marks be interpreted as meaning that a provider of a paid referencing service who makes available to advertisers keywords reproducing or imitating registered trade marks and arranges by the referencing agreement to create and favourably display, on the basis of those keywords, advertising links to sites offering goods identical or similar to those covered by the trade mark registration is using those trade marks in a manner which their proprietor is entitled to prevent?

- (3) In the event that such use does not constitute a use which may be prevented by the trade mark proprietor under the directive or [Council Regulation (EC) No 40/94 of 20 December 1993 on the Community trade mark], may the provider of the paid referencing service be regarded as providing an information society service consisting of the storage of information provided by the recipient of the service, within the meaning of Article 14 of Directive 2000/31 of 8 June 2000, so that that provider cannot incur liability before it has been informed by the trade mark proprietor of the unlawful use of the sign by the advertiser?”
65. Case C-278/08 *Die BergSpechte Outdoor Reisen und Alpinschule Edi Koblmüller GmbH v Günter Guni and trekking.at Reisen GmbH* is a reference from the Oberster Gerichtshof in Austria lodged on 26 June 2008. The hearing of this reference took place on 7 May 2009.
66. As I understand it, this case concerns a claim by BergSpechte, which organises outdoor trekking, trips and travel, against a competitor in respect of the latter’s selection of the former’s trade marks BERGSPECHTE (which means “mountain woodpeckers”) and EDI KOBLMULLER as keywords. Since the decision of the first instance court is dated 19 October 2007, the case dates from before then.
67. The questions referred are:
- “(1) Must Article 5(1) of the First Council Directive 89/104/EEC of 21 December 1988 to approximate the laws of the Member States relating to trade marks ('Directive 89/104') be interpreted as meaning that a trade mark is used in a manner reserved for the proprietor of the trade mark if the trade mark or a sign similar to it (such as the word component of a word and figurative trade mark) is reserved as a keyword with a search engine operator and advertising for identical or similar goods or services therefore appears on the screen when the trade mark or the sign similar to it is entered as a search term?
- (2) If the answer to Question 1 is yes:
- (a) Is the trade mark proprietor's exclusive right infringed by the utilisation of a search term identical with the trade mark for an advertisement for identical goods or services, regardless of whether the accessed advertisement appears in the list of hits or in a separate advertising block and whether it is marked as a 'sponsored link'?
- (b) In respect of the utilisation of a sign identical with the trade mark for similar goods or services, or the utilisation of a sign similar to the trade mark for identical or similar goods or services, is the fact that the advertisement is marked as a 'sponsored link' and/or appears not in the list of hits but in a separate advertising block sufficient to exclude any likelihood of confusion?”

68. Case C-558/08 *Portakabin Ltd v Primakabin BV* is a reference from the Hoge Raad der Nederlanden lodged on 17 December 2008.
69. As I understand it, this case concerns a claim by Portakabin against Primakabin in respect of the latter's selection of the former's Benelux trade mark PORTAKABIN as a keyword, together with variants such as PORTACABIN and PORTOKABIN. It appears that the case raises issues as to the position where the advertisement relates to genuine goods because Primakabin was selling second-hand products made by Portakabin. Since the first instance decision is dated 14 December 2006, the case dates back to before that.
70. The questions referred are:
- “(1)(a) Where a trader in certain goods or services ('the advertiser') avails himself of the possibility of submitting to the provider of an internet search engine an adword [when advertising via the internet, it is possible to pay to use 'adwords' on search engines such as Google. When such an adword is keyed into the search engine, a reference to the advertiser's website appears either in the list of webpages found, or as an advertisement on the right-hand side of the page showing the results of the search, under the heading 'Sponsored links'] which is identical to a trade mark registered by another person ('the proprietor') in respect of similar goods or services, and the adword submitted - without this being visible to the search engine user - results in the internet user who enters that word finding a reference to the advertiser's website in the search engine provider's list of search results, is the advertiser 'using' the registered trade mark within the meaning of Article 5(1)(a) of Directive 89/104/EEC?
- (1)(b) Does it make a difference in that regard whether the reference is displayed in the ordinary list of webpages found; or in an advertising section identified as such?
- (1)(c) Does it make a difference in that regard whether, even within the reference notification on the search engine provider's webpage, the advertiser is actually offering goods or services that are identical to the goods or services covered by the registered trade mark; or whether the advertiser is in fact offering goods or services which are identical to the goods or services covered by the registered trade mark on a webpage of his own, which internet users (as referred to in Question 1(a)) can access via a hyperlink in the reference on the search engine provider's webpage?
- (2) If and in so far as the answer to Question 1 is in the affirmative, can Article 6 of Directive 89/104, in particular Article 6(1)(b) and (c), result in the proprietor being precluded from prohibiting the use described in Question 1 and, if so, under what circumstances?
- (3) In so far as the answer to Question 1 is in the affirmative, is Article 7 of Directive 89/104 applicable where an offer by the advertiser, as indicated in Question 1, relates to goods which have been marketed in

the European Community under the proprietor's trade mark referred to in Question 1 or with his permission?

- (4) Do the answers to the foregoing questions apply also in the case of adwords, as referred to in Question 1, submitted by the advertiser, in which the trade mark is deliberately reproduced with minor spelling mistakes, making searches by the internet-using public more effective, assuming that the trade mark is reproduced correctly on the advertiser's website?
- (5) If and in so far as the answers to the foregoing questions mean that the trade mark is not being used within the meaning of Article 5(1) of Directive 89/104, are the Member States entitled, in relation to the use of adwords such as those at issue in this case, simply to grant protection - under Article 5(5) of that directive, in accordance with provisions in force in those States relating to the protection against the use of a sign other than for the purposes of distinguishing goods or services - against use of that sign which, in the opinion of the courts of those Member States, without due cause takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the trade mark, or do Community-law parameters associated with the answers to the foregoing questions apply to national courts?"

71. Case C-91/09 *Eis.de GmbH v BBY Vertreibsgesellschaft mbH* is a reference by the Bundesgerichtshof in Germany made by order dated 22 January 2009 and lodged on 6 March 2009.

72. In this case the claimant retails sex toys via the website www.bananabay.de. It is the proprietor of the German trade mark BANANABAY registered for a large range of goods and service in various classes. The defendant is a competitor of the claimant whose website is located at www.eis.de/erotikshop. The defendant purchased BANANABAY as a keyword. The keyword triggered a sponsored link which did not include BANANABAY or any sign similar to it.

73. The question referred is:

“Is there use for the purposes of Article 5(1)(a) of Directive 89/104/EEC where a third party provides as a keyword to a search engine operator a sign which is identical with a trade mark, without the consent of the proprietor of that trade mark, so that, on inputting the sign identical with the trade mark as a search term into the search engine, an electronic promotional link to the third party's website advertising identical goods or services appears in an advertising block set apart from the list of search results, that link is marked as a sponsored link and the advertisement itself does not comprise the sign nor contain any reference to the trade mark proprietor or to the products it is offering for sale?”

The application

74. By an application notice filed on 9 February 2009 the Defendants applied for an order pursuant to section 49(3) of the Supreme Court Act 1981 and CPR r. 3.1(2)(f) that the present proceedings be stayed pending the ruling of the ECJ upon the six existing references with the proviso that any party should be at liberty to apply for the stay to be lifted on 21 days' notice after the judgment of the ECJ in any one of those references.
75. The response of Interflora to the application was primarily to say that no such stay should be ordered, but in the alternative to say that any such stay should be conditional upon the Defendants undertaking to cease bidding on the Interflora Signs as keywords during the period of the stay.
76. When the application first came before me on 27 March 2009, I expressed the view that the parties' statements of case did not define the issues with as much clarity as was desirable. Accordingly, I adjourned the application and gave directions for the filing of additional statements of case. I also invited the parties (by then, only Interflora and M & S) to consider an alternative possibility, namely that I should refer questions to the ECJ for a preliminary ruling at this stage of the proceedings.
77. When the hearing of the application was resumed on 27 April 2009, Interflora's primary position was that questions should be referred to the ECJ at this stage, but that the consequential stay should be conditional upon M & S undertaking to cease bidding on the Interflora Signs as keywords during the stay. In the alternative, Interflora contended that a stay should be refused. M & S's primary position was that a stay should be granted as sought by its application. In the alternative, M & S contended that questions should be referred to the ECJ. Either way, M & S submitted that the stay should not be conditional upon it giving the undertaking sought by Interflora.
78. During the course of the hearing I informed the parties that I had decided to refer questions to the ECJ, that I would not require M & S to give the undertaking sought by Interflora and that I would give my reasons for so deciding in writing later. These are my reasons for so deciding.
79. It is convenient to start with the submissions of counsel for M & S in support of its application. These can be summarised as follows. First, with regard to acts committed by Google, she submitted that M & S cannot be jointly liable with Google unless Google is primarily liable for trade mark infringement in respect of those acts.
80. Secondly, she submitted that M & S's defences to the claim raise a series of threshold questions of law without which there could be no finding of liability for trade mark infringement whether on the part of M & S or on the part of Google. Those threshold questions are whether the acts complained of amount to (i) "use" (ii) "of a sign" (iii) "in the course of trade" (iv) "in relation to" M & S's goods or services (v) so as to fall within the Article 5(1)(a) or (2) of the Trade Marks Directive and Article 9(1)(a) or (c) of the Regulation. In case of a claim under Article 5(1)(a), I understand point (v) to be whether the sixth condition discussed in my judgment in *L'Oréal SA v eBay International AG* [2009] EWHC 1094 (Ch) at [283]-[306] is satisfied.

81. Thirdly, she submitted that these threshold questions of law were issues upon which a ruling of the ECJ would be necessary in order to enable this court to determine the present claim since the law was far from being *acte clair*, as evidenced by the fact that a number of national courts had already found it necessary to refer questions to the ECJ.
82. Fourthly, she submitted that these threshold questions of law were already before the ECJ in the pending references, and accordingly the appropriate course was to stay the proceedings until such time as the law was sufficiently clarified by the judgments on references. In this connection, she pointed out that it would not necessarily be the case that the parties would have to wait until the last reference was disposed of before the law was sufficiently clear. On the contrary, it might be the case that the first judgment from the ECJ provided sufficiently clarity. If so, the parties would be able to apply for the stay to be lifted.
83. Fifthly, she submitted that it was for the ECJ to interpret the Community legislation involved and it was for this court to apply the law to the facts of the case, as explained by the Court of Appeal in *Arsenal Football Club plc v Reed* [2003] EWCA Civ 696, [2003] RPC 39. Accordingly, she submitted, it was immaterial that the facts of the present case differed from the facts of the existing cases which had been referred to the ECJ.
84. Turning to the submissions of counsel for Interflora, he did not dispute counsel for M & S's first or fifth propositions. As for the second and third propositions, he agreed that the issues in the present case raised some important and difficult questions of European law which it would be necessary for the ECJ to resolve.
85. At this point, I should make it clear that I did not understand counsel for Interflora to agree, nor do I accept, that all of the issues raised by M & S involve difficult questions of European law. In particular, I do not see any particular difficulty in the issues as to whether, if the acts complained of do constitute "use", such use is of a "sign" or whether it is "in course of trade". On the other hand, I consider that the issues as to whether there is "use" and if so whether it is "in relation to" identical goods and services are matters of considerable difficulty given the present state of the ECJ's jurisprudence. I shall return to this aspect of the matter below.
86. Where counsel for Interflora parted company with counsel for M & S was in relation to her fourth proposition. He submitted that it was unlikely, or at least the court could not be confident, that the ruling of the ECJ on the existing references would provide the court with all the guidance it would require in order to determine the present case. In support of this submission he made four main points.
87. First, he pointed out that none of the existing references appear to include a claim under Article 5(2) of the Trade Marks Directive/Article 9(1)(c) of the Regulation against an advertiser as opposed to Google.
88. Secondly, he pointed out that it appears that Interflora's claims in the present case appear to extend further than in the existing references in terms of the types of act complained of by Interflora. For example, Interflora complain of the presentation of the keywords in the search bars and in the summary of the search results, neither of which appear to be in issue in the existing references.

89. Thirdly, he pointed out that the factual situation in the present case was different to the factual situations in the existing references in respects which might be relevant to the legal analysis and not merely to the application of the law to the facts. In this regard he relied in particular on two matters. The first is Interflora's allegation that, because of the nature of the Interflora network, the acts complained of will lead to a likelihood of confusion on the part of the public. Even in the case of a claim under Article 5(1)(a) of the Trade Marks Directive and Article 9(1)(a) of the Directive, this might make a difference because of the jurisprudence of the ECJ suggesting that use only falls within those provisions if it is liable to affect the functions of the trade mark, and in particular its essential function as a guarantee of origin: see in particular Case C-48/05 *Adam Opel AG v Autec AG* [2007] ECR I-1017 at [18]-[21] and Case C-17/06 *Céline SARL v Céline SA* [2007] ECR I-7041 at [16]. The second is Interflora's allegation that the acts complained of will lead to genericisation of the Trade Marks.
90. Fourthly, he pointed out that none of the existing references involves the policy adopted by Google in the United Kingdom and Ireland since May 2008, which may also be relevant to the legal analysis.
91. Before expressing my conclusion on these submissions, I should record that counsel for M & S rightly reminded me of the guidance given in the ECJ's Information Note on references from national courts for a preliminary ruling [2005] OJ C143 p. 1. This states *inter alia*:
- “18. A national court or tribunal may refer a question to the court of justice for a preliminary ruling as soon as it finds that a ruling on the point or points of interpretation or validity is necessary to enable it to give judgement; it is the national court which is in the best position to decide at what stage of the proceedings such a question should be referred.
19. It is, however, desirable that a decision to seek a preliminary ruling should be taken when the proceedings have reached a stage at which the national court is able to define the factual and legal context of the question, so that the court has available to it all the information necessary to check, where appropriate, the community law applies to the main proceedings. It may also be in the interests of justice to refer a question for a preliminary ruling only after both sides have been heard.”
92. For his part counsel for Interflora rightly reminded me that in *O2 Holdings Ltd v Hutchison 3G Ltd* [2005] EWHC 344 (Ch), [2005] ETMR 62 Sir Andrew Morritt V-C declined to refer questions to the ECJ for a preliminary ruling before trial, holding in essence that such a reference would be premature. Questions were, however, ultimately referred to the ECJ by the Court of Appeal after trial: see [2006] EWCA Civ 1656, [2007] ETMR 19. The ruling of the ECJ in Case C-533/06 [2008] ECR I-4231 on one of the questions referred (which was in essence the first of those proposed by O2 on the pre-trial application) proved decisive. With the benefit of hindsight, it is debatable which would have been the better course. On the one hand, the refusal of a pre-trial reference put the parties to the expense and delay of a trial

and then an appeal to the Court of Appeal. On the other hand, the result was a more limited and, arguably, a more focussed set of questions.

93. In the particular circumstances of this case, I concluded that the better course was to refer questions to the Court of Justice now, for the following reasons. It is common ground between the parties that guidance from the ECJ will at some point be necessary to enable this court to resolve the dispute. That being so, if I could be reasonably confident that all the necessary guidance from the ECJ would be forthcoming in its judgments on one or more of the existing references, then it might well make sense for me to do as M & S urge and stay the proceedings until sufficient guidance is available: compare *Johns v Solent SD Ltd* [2008] EWCA Civ 790 and *Boehringer Ingelheim KG v Swingward Ltd* [2008] EWCA Civ 83, [2008] ETMR 36. For the reasons given by counsel for Interflora, however, I consider that there is at least a real possibility that the rulings by the ECJ on the existing references will not clearly resolve all the issues of law which arise in the present case. A further factor which supports this conclusion is the risk that one or more of the existing references may be withdrawn as a result of settlements. I also note that the Bundesgerichtshof considered it appropriate to make a further reference notwithstanding the references which had already been made.
94. If, as Interflora predict, the ECJ resolves certain issues in its judgments on one or more of the existing references, but not others, this court will be able to withdraw some of its questions while maintaining such questions as still need answering. If it turns out, contrary to Interflora's prediction, that the ECJ gives sufficient guidance to enable this dispute to be resolved, this court will have power to withdraw its reference (and for that purpose I will give the parties liberty to apply) altogether. In the latter event, but not in the former, the reference would turn out to have been a waste of time.
95. If the case were to proceed to trial later this year, on the information presently available it is likely that the trial judge would conclude that guidance from the ECJ was required and would make a reference at that stage. The prognosis for such a reference would probably be the same as I have outlined in the preceding paragraph.
96. Thus the choice comes down to making a reference now or leaving it to the trial judge to make a reference. The advantages of making a reference now are that it will reduce the delay in resolving this dispute and that it may obviate the need for trial altogether or at least reduce the scope of the trial. The main disadvantage of making a reference now is that the facts have not been fully determined. I am satisfied, however, that the factual situation is sufficiently clearly defined to enable the questions of law which arise to be posed and answered.
97. Counsel for M & S rightly pointed out that making a reference now would incur the risk that the parties would incur costs which would be wasted if one or more of the rulings on the existing references resolved the legal issues in the meantime. In considering that point I have borne in mind that these parties appear well able to afford litigation of this nature, and there is no evidence (apart from a general statement on behalf of M & S that it is "keen that, as far as possible, costs are mitigated") that costs are a particular issue for either side. Furthermore, for the reasons I have given, costs will not necessarily be wasted; and both of the other courses canvassed also entail a risk of wasted costs.

98. Accordingly, I consider that the better course in this case is to make a reference now.
99. I should add that an additional factor which I have taken into account in reaching this conclusion is that I have decided to refer questions to the ECJ for a preliminary ruling in *L'Oréal SA v eBay*.
100. I turn to Interflora's contention that M & S should be required to undertake to cease bidding on the Interflora Signs as keywords in Google Adwords during the period when the proceedings are stayed. In substance, this amounts to an application for an interim injunction. In my judgment an interim injunction is not justified for the following reasons.
101. First, although Interflora first complained to M & S about the latter's bidding for INTEFLORA as keyword on Google AdWords by letter dated 7 May 2008, Interflora did not commence proceedings until 3 December 2008. When Interflora did commence proceedings, they did not apply for an interim injunction nor did they apply for a speedy trial. Interflora only suggested that M & S should be restrained from bidding on the Interflora Signs when the Defendants applied for a stay. Having being content for the status quo to continue pending trial down to that point, it seems to me that it is now too late for Interflora to turn around and say that M & S should be prevented from bidding pending the receipt of guidance from the ECJ.
102. Secondly, Interflora did not suggest that M & S should be restrained pending trial if the case simply proceeded to trial in the ordinary way. That would mean that M & S would be able to continue bidding until the trial judge gave judgment at around the end of this year, that is to say, at least 18 months after M & S commenced the acts complained of. Moreover, if the trial judge decided to refer questions to the ECJ, it seems to me to be very unlikely that he would grant an interim injunction in the meantime.
103. Counsel for M & S also argued that an interim injunction was inappropriate for other reasons, but I do not consider it necessary to go into those.

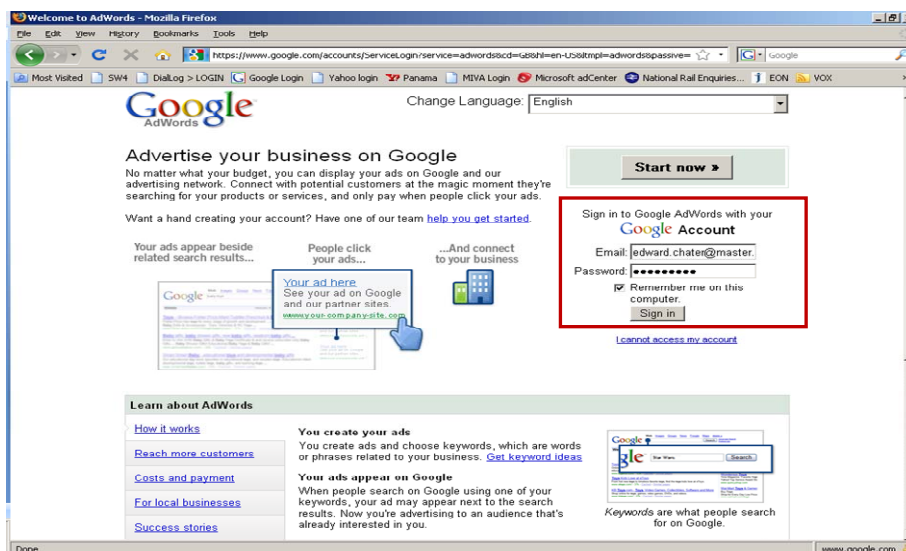
The questions

104. Prior to the hearing on 27 April 2009, Interflora proposed a set of draft questions. At the hearing, however, counsel for Interflora stated that he wished to revise this draft. Accordingly I gave directions for the parties to file their respective proposed questions. I indicated that I intended to refer a comprehensive set of questions, in order to try and avoid the problem that arose in the *Boehringer v Swingward* litigation, when the Court of Appeal felt compelled to make a second reference to the ECJ because it turned out that the Court's answers to the questions referred by Laddie J left certain issues unresolved: see [2004] EWCA Civ 129, [2004] ETMR 65.
105. This is particularly so given that M & S's current stance is to take every available point which might possibly provide it with a defence to Interflora's claims, and not merely to concentrate on those points which might be thought most likely to have merit. In this regard, it is instructive to note that: (a) as pointed out above, M & S contends that, even if there has been use of signs in relation to its goods and services, such use has not been "in the course of trade"; (b) in its original Defence M & S did not rely on the E-Commerce Directive or the Enforcement Directive, which it invoked

for the first time in its statement of case dated 17 April 2009; and (c) M & S relies not only on Article 14 of the E-Commerce Directive (which is relied on by eBay Europe in the *L'Oréal* case), but also Articles 12 and 13.

106. Since the hearing, Interflora have submitted a revised set of questions. M & S has criticised Interflora's questions and submitted a rather different set. For their part Interflora have criticised M & S's questions. I have concluded that I should give the parties the opportunity to address me orally before finalising the questions. This is for two reasons. First, I consider that it will assist me to elucidate the parties' positions. Secondly, I think it is right that the parties should have the opportunity to consider my judgment in *L'Oréal v eBay*, which is being handed down at the same time as this judgment, before finally committing themselves.

Annex 1



Log into the AdWords System

Google AdWords: Campaign Summary - Mozilla Firefox

Account Snapshot | Campaign Summary | Tools | Conversion Tracking | Website Optimizer

You have one or more alerts. View alerts

Get Your Work Done Faster
Try out the great features in the new AdWords interface, and save time managing your campaigns. Click the link in the top corner of your account to start exploring today. You can continue to switch between the two interfaces for at least 30 days.
[Learn More](#) | [Dismiss this message](#)

Campaign Summary
Last 7 days (Apr 15, 2009 to Apr 21, 2009)

▼ Online Campaigns **New Online Campaign** Statistics: Only show Google search

| Pause | Resume | Delete | Campaign Name | Status | Current Budget | Clicks | Imp. | CTR | Avg. CPC | Cost | Play Rate |
|--------------------------|--------------------------|--------------------------|-------------------------|--|------------------|--------|---------|--------|----------|------------|-----------|
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | Flowers_HighVis | Active Aug 8, 2008 - Nov 30, 2010 Google: On | £50,000.00 / day | 10,812 | 246,272 | 4.39% | £0.95 | £10,288.61 | 0.00% |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | Brand_SingleExact | Active Aug 25, 2008 - Nov 30, 2010 Google: On | £50,000.00 / day | 16,579 | 33,081 | 50.12% | £0.11 | £1,748.90 | 0.00% |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | Flowers_General | Active Aug 8, 2008 - Nov 30, 2010 AdSense Parent Google: On | £50,000.00 / day | 2,801 | 146,269 | 1.91% | £0.60 | £1,687.83 | 0.00% |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | Brand_Variations | Active Aug 8, 2008 - Nov 30, 2010 Google: On | £50,000.00 / day | 5,442 | 21,479 | 25.34% | £0.30 | £1,641.80 | 0.00% |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | Brand_SinglePhraseBroad | Active Jul 2, 2008 - Nov 30, 2010 Google: On | £50,000.00 / day | 1,269 | 21,130 | 6.01% | £1.20 | £1,517.65 | 0.00% |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | Flowers_Value | Active Apr 1, 2009 - Nov 30, 2010 Google: On | £50,000.00 / day | 219 | 6,867 | 3.73% | £1.08 | £237.11 | 0.00% |

You can either launch a keyword in an existing campaign or add a new campaign to house it. Click on 'New Online Campaign' and select 'Start with keywords.'

Google AdWords: Create Ad - Mozilla Firefox

Interflora (Client ID: 742-035-4099)
The SearchWorks Limited > Retail > Retail/London/MCC > Interflora

Start a New Campaign with Keywords
Target customers > Create ad > Choose keywords > Set pricing > Review and save

Create an ad

Example:
Jo Bloggs Flowers
Buy Jo Bloggs Flowers online.
Get cheap Jo Bloggs Flowers today!
www.JoBloggs.co.uk

Headline: Max: 25 characters

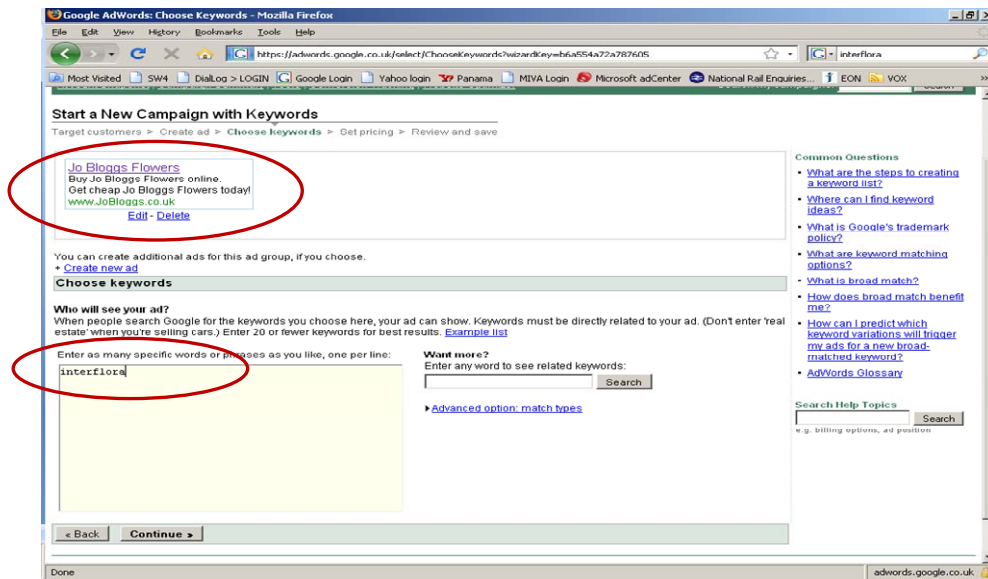
Description line 1: Max: 35 characters

Description line 2: Max: 35 characters

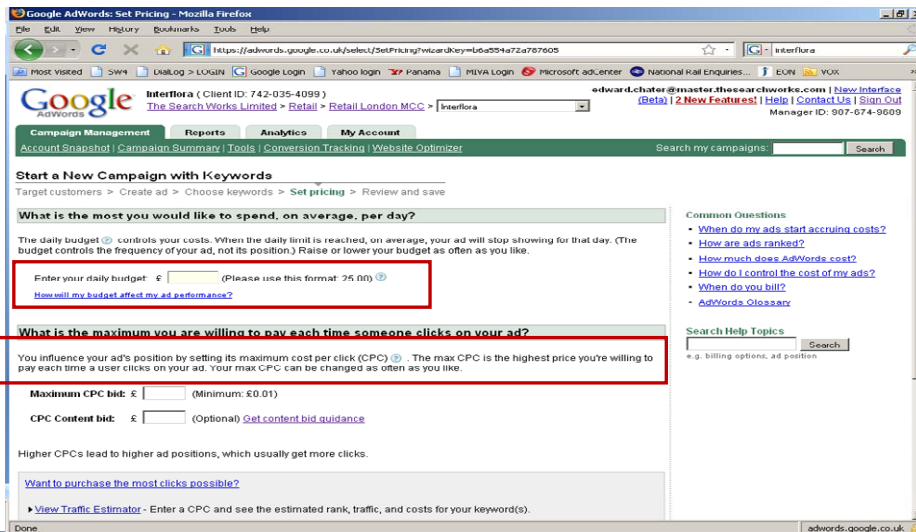
Display URL: Max: 35 characters

Destination URL: Max: 1024 characters

Input your creative into the system and associate the URL which you would like users to land on. Click continue to move to the next screen. Please note this is done before selecting keywords when launching a new campaign.

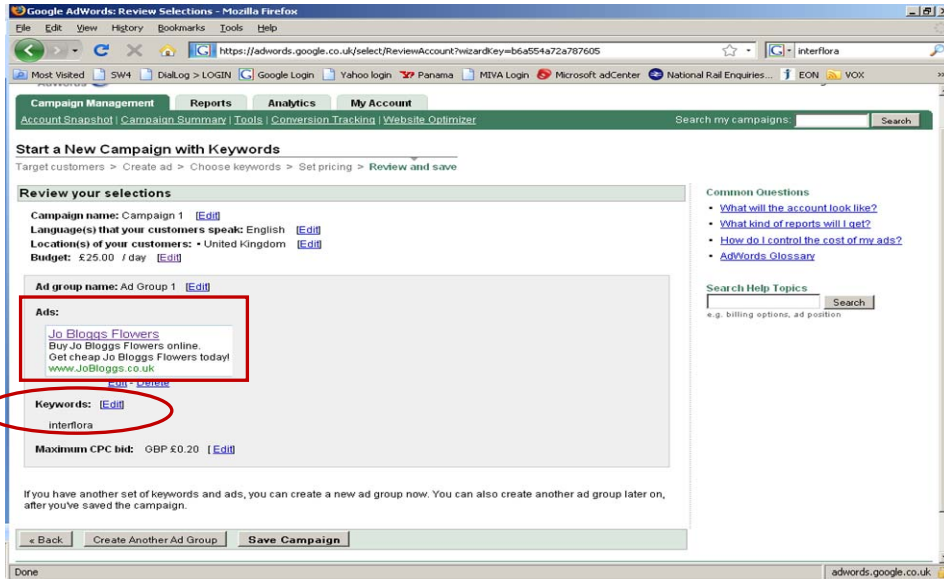


Enter the keywords that you would like to appear on and press continue

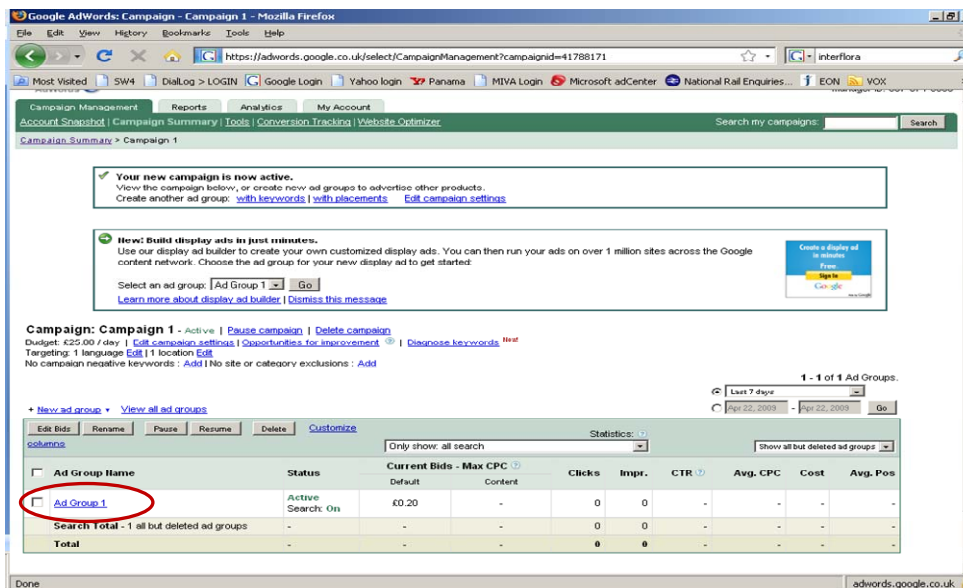


Next stage is to set pricing. The first section of the page is about setting a daily budget you are willing to spend and this is at campaign level. Therefore if you have multiple ad groups bear in mind that the budget limit will be for all these Ad Groups totalled. You cannot set budget caps by keyword or ad group.

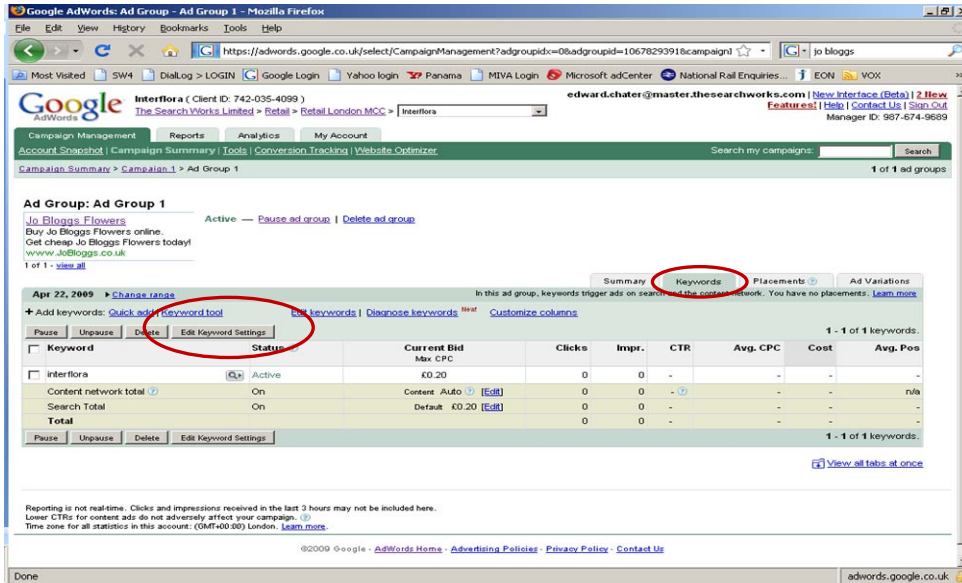
The next section is setting your Max CPC you are willing to pay per click. You only need to enter the first Max CPC box to appear on Google.co.uk. Entering a bid in the second box will opt you into Google's content network also known as AdSense.



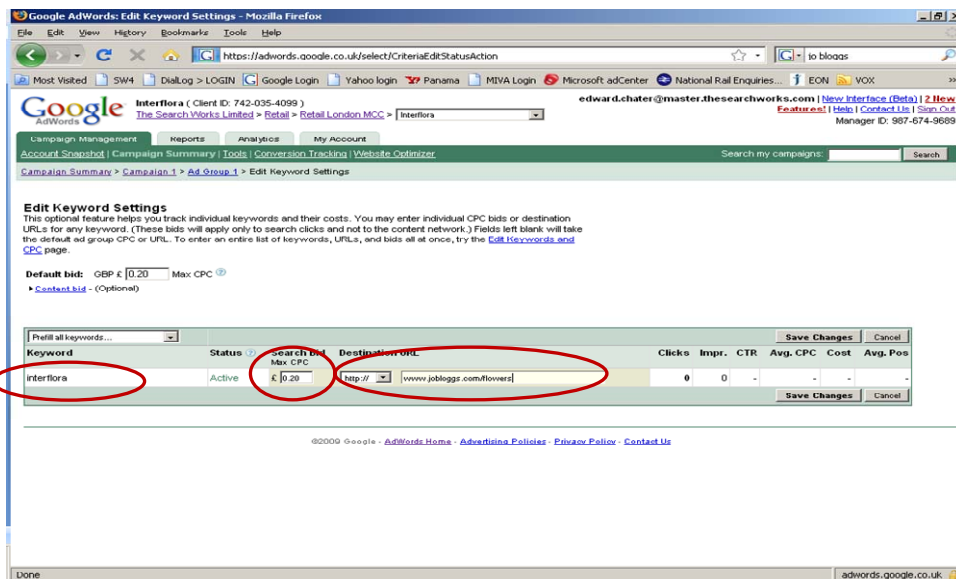
The next screen is where you can review your creative and keywords before submitting to Google. Pressing "Save Campaign" will put the keyword live in the account.



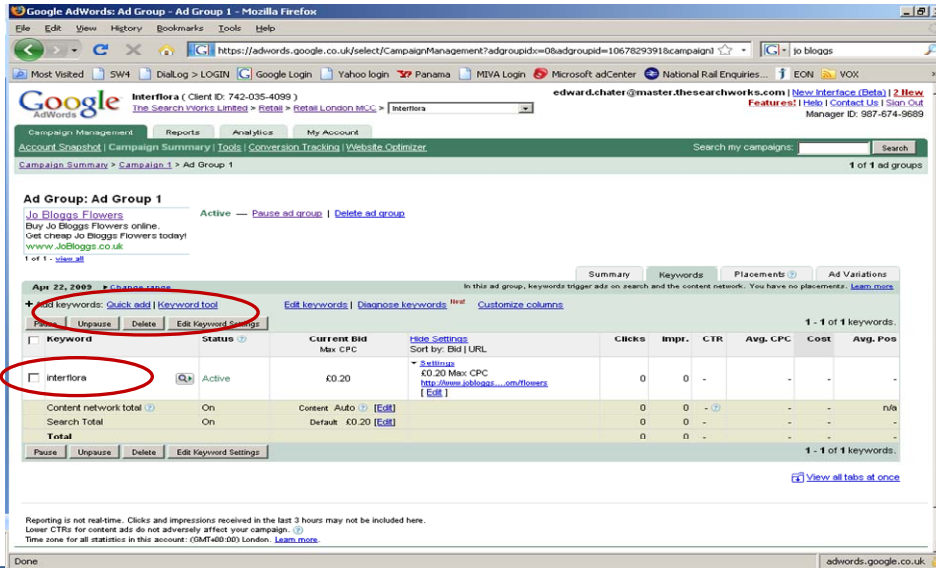
Once pressing save you are taken into the campaign management screen for the new campaign you have just submitted. Clicking on "Ad Group 1" allows you to view the keywords that are associated with that Ad Group



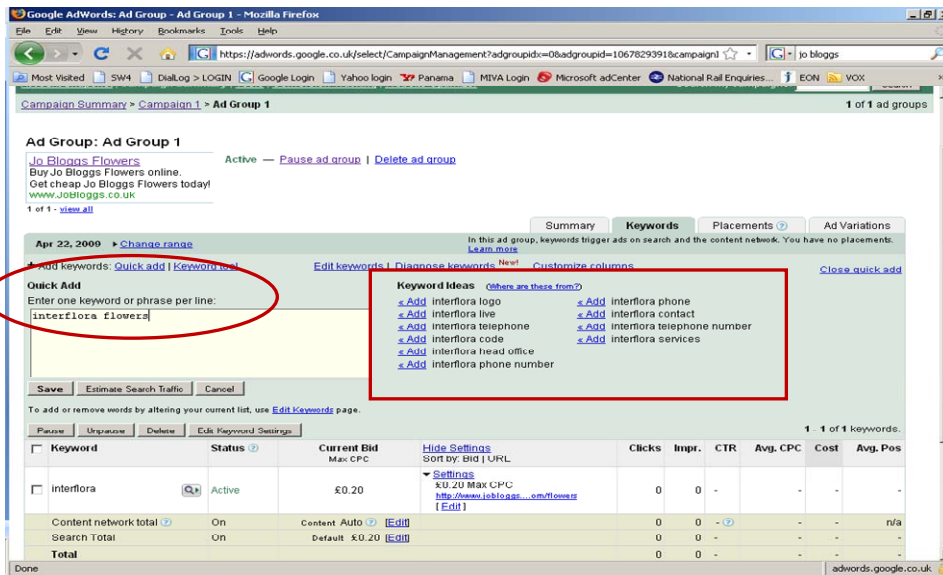
By clicking on the “Keywords” tab, you can pull statistics on performance for all keywords in the Ad Group, including average position. To optimise the keyword you can press ‘edit keyword settings’ to optimise the keyword.



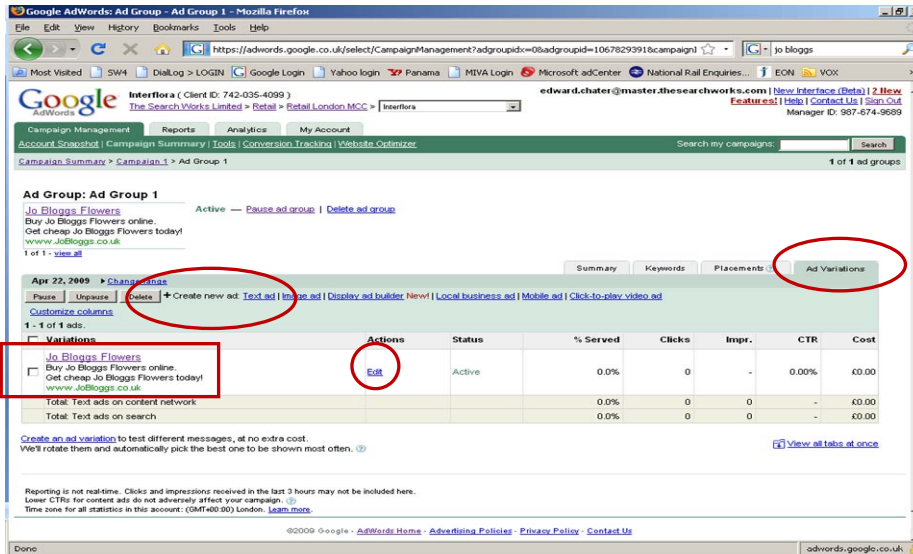
In this screen you can optimise the keyword’s bid and change the landing URL. When you are happy simply press save changes



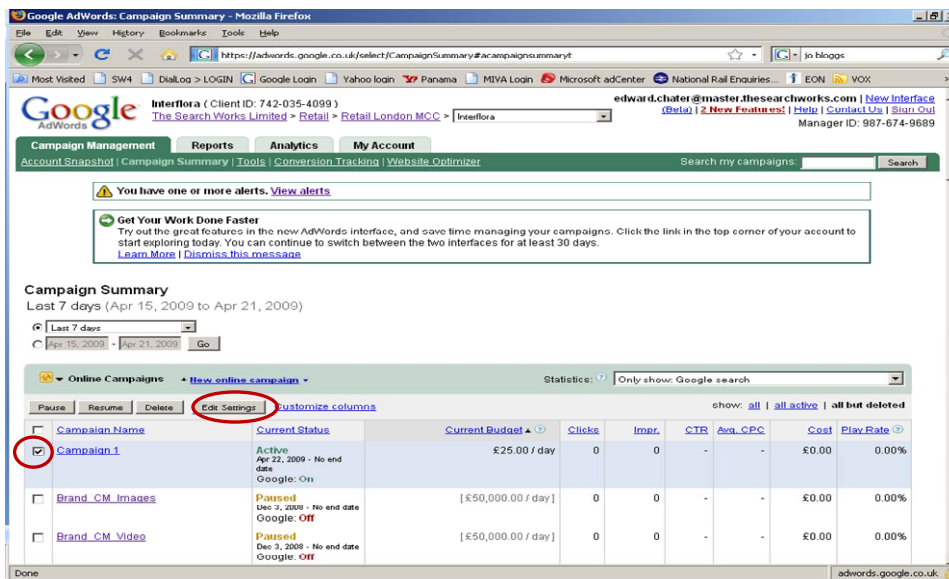
After pressing save you will return to the keyword performance screen. If you wanted to add more keywords you can do so by clicking either on the keyword tool and going through the keyword suggestion tool, or by quick add. Please note this is the process you would follow if you wanted to add a keyword into an existing campaign.



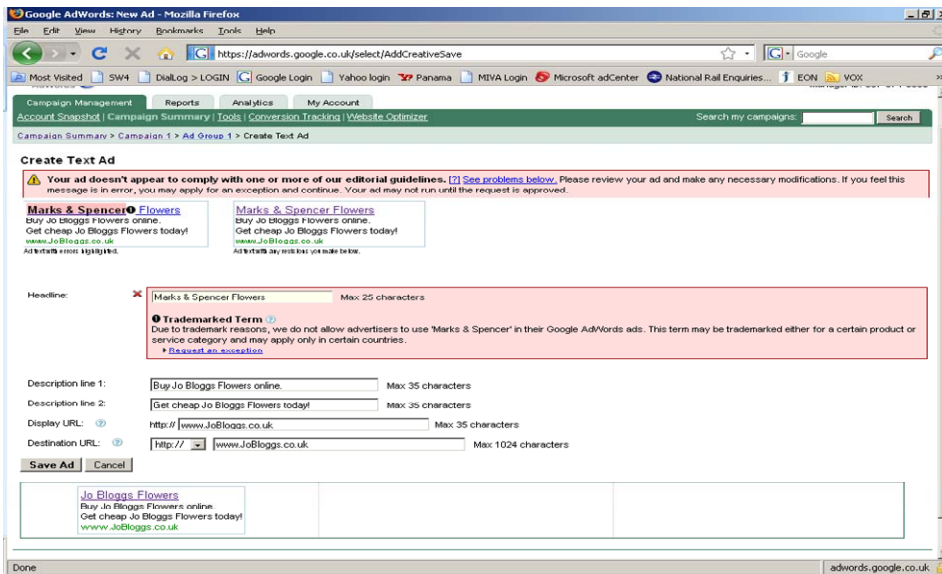
When pressing quick add the menu expands and you can enter more keywords. Google automatically suggests the biggest volume terms associated with keywords already in your ad group. Clicking save allows you to then edit the keywords by clicking on Edit Keyword Settings as per previous screen shots.



If you wanted to optimise your creative you click on the Ad Variation Tab. Here you can review performance and by clicking 'edit' make changes to the copy. You can also add new ad text in this screen.



To change the scheduling of keywords you need to navigate back to the page you see when you first log into the account by clicking "campaign summary". Click the radio box next to the campaign that contains the keywords you want to change the scheduling on and click edit settings.



When adding creative if you try and add a creative with a trademarked term in the copy the ad will be flagged as breaking Editorial Guidelines.