JUDGMENT OF THE COURT (First Chamber)

25 March 2010 *

In Case C-278/08,

REFERENCE for a preliminary ruling under Article 234 EC from the Oberster Gerichtshof (Austria), made by decision of 20 May 2008, received at the Court on 26 June 2008, in the proceedings

Die BergSpechte Outdoor Reisen und Alpinschule Edi Koblmüller GmbH

v

Günter Guni,

trekking.at Reisen GmbH,

* Language of the case: German.

THE COURT (First Chamber),

composed of A. Tizzano, President of the Chamber, acting for the President of the First Chamber, E. Levits, A. Borg Barthet, M. Ilešič (Rapporteur) and J.-J. Kasel, Judges,

Advocate General: M. Poiares Maduro,
Registrar: K. Malacek, Administrator,

having regard to the written procedure and further to the hearing on 7 May 2009,

after considering the observations submitted on behalf of:

— Die BergSpechte Outdoor Reisen und Alpinschule Edi Koblmüller GmbH, by W. Wetzl, Rechtsanwalt,

— Mr Guni and trekking.at Reisen GmbH, by M. Wukoschitz, Rechtsanwalt,

— the French Government, by G. de Bergues and B. Cabouat, acting as Agents,

— the Italian Government, by I. Bruni, acting as Agent, and by F. Arena, avvocato dello Stato,

— the Portuguese Government, by L. Inez Fernandes and R. Solnado Cruz, acting as Agents,

— the Commission of the European Communities, by H. Krämer, acting as Agent,

having decided, after hearing the Advocate General, to proceed to judgment without an Opinion,

gives the following

Judgment

1 This reference for a preliminary ruling concerns the interpretation of Article 5(1) of 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).

2 The reference has been made in proceedings between the company Die BergSpechte Outdoor Reisen und Alpinschule Edi Koblmüller GmbH ('BergSpechte') and the company trekking.at Reisen GmbH ('trekking.at Reisen'), together with the manager of the latter, Mr Guni, concerning the display on the internet of advertising links on the basis of keywords which are identical with or similar to a trade mark.

Legal context

3 Article 5(1) of Directive 89/104, entitled 'Rights conferred by a trade mark' provides:

'(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 the 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.'

4 Directive 89/104 was 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 (codified version) (OJ 2008 L 299, p. 25), which came into

force on 28 November 2008. Having regard to the date at which the facts occurred, however, the dispute in the main proceedings remain governed by Directive 89/104.

The dispute in the main proceedings and the questions referred for a preliminary ruling

The 'AdWords' referencing service

5 When an internet user performs a search in the Google search engine on the basis of one or more words, the search engine will display the sites which appear best to correspond to those keywords, in decreasing order of relevance. These are referred to as the 'natural' results of the search.

6 In addition, Google offers a paid referencing service called 'AdWords'. That service enables any economic operator, by means of the reservation of one or more keywords, to obtain the placing, in the event of a correspondence between one or more of those words and that/those entered as a request in the search engine by an internet user, of an advertising link to its site. That advertising link appears under the heading 'sponsored links', which is displayed either on the right-hand side of the screen, to the right of the natural results, or on the upper part of the screen, above the natural results.

7 That advertising link is accompanied by a short commercial message. Together, that link and that message constitute the advertisement ('ad') displayed under the abovementioned heading.

The use of keywords in the dispute in the main proceedings

8 BergSpechte is the proprietor of the following Austrian figurative and word mark:



9 That mark was registered for Class 25 relating, in particular, to clothing, Class 39, covering in particular travel arrangement and Class 41 (Teaching; training; entertainment; sporting activities) of the Nice Agreement concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks of 15 June 1957, as revised and amended.

10 trekking.at Reisen organises, like BergSpechte, so-called 'outdoor' tours (trekking, adventure tours, mountain expeditions).

11 On 17 August 2007 and 25 September 2007, when an internet user entered the words 'Edi Koblmüller' as a search term in the Google search engine, a trekking.at Reisen

advertisement appeared as a 'sponsored link' under the heading 'Trekking- und Naturreisen' ('trekking and nature tours').

12 On 29 August 2007 and 25 September 2007, when an internet user entered the word 'Bergspechte' as a search term in that search engine, a trekking.at Reisen advertisement appeared as a 'sponsored link' under the heading 'Äthiopien mit dem Bike' ('Ethiopia by bike').

13 By an interim injunction of the Landesgericht Wels (Regional Court, Wels) of 19 October 2007, protective measures were imposed on trekking.at Reisen prohibiting it from directing users to its own home page by a link on the pages containing lists of hits obtained using internet search engines by entering the search terms 'Edi Koblmüller' and/or 'Bergspechte'.

14 On 7 December 2007, the Oberlandesgericht Linz (Higher Regional Court, Linz) varied in part that interim injunction. BergSpechte, trekking.at Reisen and Mr Guni brought an appeal on points of law against that decision before the Oberster Gerichtshof (Supreme Court).

15 In those circumstances, the Oberster Gerichtshof decided to stay proceedings and to refer the following questions to the Court for a preliminary ruling:

'1. Must Article 5(1) of [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?'

Consideration of Question 1

16 The dispute in the main proceedings concerns the use, as keywords in an internet referencing service, of signs which are identical with or similar to a trade mark, without the consent of the proprietor thereof.

17 By its first question, the referring court asks, in essence, whether Article 5(1) of Directive 89/104 must be interpreted as meaning that the proprietor of a trade mark is entitled to prohibit a third party from displaying, or arranging for the display of, on the basis of a keyword identical with, or similar to, that trade mark which that third party has, without the consent of that proprietor, selected or stored in connection with an internet referencing service, an ad for goods or services identical with, or similar to, those for which that mark is registered.

18 As stated by the Court in Joined Cases C-236/08 to C-238/08 *Google France and Google* [2010] ECR I-2417, paragraphs 51 and 52, the sign selected by the advertiser as keyword in the context of an internet referencing service is the means used to trigger that ad display and is therefore use 'in the course of trade' within the meaning of Article 5(1) of Directive 89/104.

19 That is, furthermore, use in relation to the advertiser's goods or services, even where the sign selected as keyword does not appear in the advertisement itself (*Google France and Google*, paragraphs 65 to 73).

20 Nevertheless, the proprietor of the trade mark cannot oppose such use of a sign which is identical with or similar to its trade mark unless all the conditions set out to that effect in Article 5 of Directive 89/104 and in the Court's case-law relating to that article are fulfilled.

21 In the situation envisaged in Article 5(1)(a) of Directive 89/104, in which a third party uses a sign identical with a trade mark in relation to goods or services which are

identical with those for which that mark is registered, the proprietor of the mark is entitled to prohibit that use if it is liable to have an adverse effect on one of the functions of the mark (*Google France and Google*, paragraph 79).

22 In the other situation envisaged in Article 5(1)(b) of that directive, where the third party uses a sign which is identical with the trade mark in relation to goods or services which are identical with or similar to those for which the trade mark is registered, the proprietor of the trade mark can oppose the use of that sign only where there is a likelihood of confusion (*Google France and Google*, paragraph 78 and the case-law cited).

23 In the main proceedings, the signs 'Edi Koblmüller' and 'Bergspechte' have been used in relation to services which are identical with those for which the BergSpechte trade mark is registered, namely travel arrangement services.

24 Therefore, in order to know whether the rule set out in Article 5(1)(a) of Directive 89/104 or that set out in Article 5(1)(b) thereof must be applied, it is necessary to ascertain whether the signs 'Edi Koblmüller' and 'Bergspechte' are identical with or similar to the BergSpechte trade mark.

25 In that regard, it must be noted that the sign 'Edi Koblmüller', which reproduces only a small part of the BergSpechte trade mark, cannot be considered to be identical with that trade mark. A sign is identical with a trade mark only where it reproduces, without any modification or addition, all the elements constituting the trade mark or where, viewed as a whole, it contains differences so insignificant that they may go

unnoticed by an average consumer (Case C-291/00 *LTJ Diffusion* [2003] ECR I-2799, paragraph 54).

26 It is, however, for the national court to assess whether the sign 'Edi Koblmüller' is similar to the BergSpechte trade mark.

27 With regard to the sign 'Bergspechte', it is not disputed that it does not reproduce all the elements constituting the trade mark either. It could, however, be regarded as containing differences so insignificant that they may go unnoticed by an average consumer within the meaning of the case-law cited in paragraph 25 of the present judgment. It is for the national court to assess, in the light of all of the information available to it, whether that sign must be so classified.

28 Should that court hold that the sign 'Bergspechte' is not identical with the trade mark BergSpechte, it would appear appropriate, subject to verification by the national court, to hold that that sign is similar to the trade mark.

Adverse effect on one of the functions of the trade mark or likelihood thereof (Article 5(1)(a) of Directive 89/104)

29 The exclusive right under Article 5(1)(a) of Directive 89/104 was conferred in order to enable the trade mark proprietor to protect his specific interests as proprietor, that is, to ensure that the trade mark can fulfil its function. The exercise of that right must

therefore be reserved to cases in which a third party's use of the sign affects or is liable to affect the functions of the trade mark (see, inter alia, Case C-206/01 *Arsenal Football Club* [2002] ECR I-10273, paragraph 51; Case C-487/07 *L'Oréal and Others* [2009] ECR I-5185, paragraph 58; and *Google France and Google*, paragraph 75).

30 It follows from that case-law that the proprietor of the trade mark cannot oppose the use of a sign identical with the mark if that use is not liable to cause detriment to any of the functions of that mark (*L'Oréal and Others*, paragraph 60, and *Google France and Google*, paragraph 76).

31 Those functions include not only the essential function of the trade mark, which is to guarantee to consumers the origin of the goods or services ('the function of indicating origin'), but also its other functions, in particular that of guaranteeing the quality of the goods or services in question and those of communication, investment or advertising (*L'Oréal and Others*, paragraph 58, and *Google France and Google*, paragraph 77).

32 As regards the use, as keywords, in an internet referencing service, of signs which are identical with trade marks, the Court has held in *Google France and Google*, paragraph 81, that the relevant functions to be examined are the function of indicating origin and the function of advertising.

33 In respect of the function of advertising, the Court held in that judgment that use of a sign identical with another person's trade mark, in a referencing service such as 'AdWords', is not liable to have an adverse effect on that function of the trade mark (*Google France and Google*, paragraph 98).

34 That conclusion also applies to the present case, as the dispute in the main proceedings concerns the selection of keywords and the display of advertisements in that same 'AdWords' referencing service.

35 In respect of the function of indicating origin, the Court held that the question whether that function is adversely affected when internet users are shown, on the basis of a keyword identical with a mark, a third party's ad depends in particular on the manner in which that ad is presented. The function of indicating the origin of the mark is adversely affected if the ad does not enable normally informed and reasonably attentive internet users, or enables them only with difficulty, to ascertain whether the goods or services referred to by the ad originate from the proprietor of the trade mark or an undertaking economically connected to it or, on the contrary, originate from a third party (*Google France and Google*, paragraphs 83 and 84).

36 On that point the Court also stated that, in the case where a third party's ad suggests that there is an economic link between that third party and the proprietor of the trade mark, the conclusion must be that there is an adverse effect on the function of indicating origin. Similarly, in the case where the ad, while not suggesting the existence of an economic link, is vague to such an extent on the origin of the goods or services at issue that normally informed and reasonably attentive internet users are unable to determine, on the basis of the advertising link and the commercial message attached thereto, whether the advertiser is a third party vis-à-vis the proprietor of the trade mark or, on the contrary, economically linked to that proprietor, the conclusion must also be that there is an adverse effect on that function of the trade mark (*Google France and Google*, paragraphs 89 and 90).

37 It is in the light of those factors that the national court should assess whether, in the event that the rule set out in Article 5(1)(a) of Directive 89/104 is applicable, on the facts of the dispute in the main proceedings there is an adverse effect on the function of indicating origin or a likelihood thereof.

Likelihood of confusion (Article 5(1)(b) of Directive 89/104)

38 The risk that the public might believe that the goods or services in question come from the same undertaking or, as the case may be, from economically-linked undertakings, constitutes a likelihood of confusion (see, inter alia, Case C-342/97 *Lloyd Schuhfabrik Meyer* [1999] ECR I-3819, paragraph 17; Case C-120/04 *Medion* [2005] ECR I-8551, paragraph 26; and Case C-102/07 *adidas and adidas Benelux* [2008] ECR I-2439, paragraph 28).

39 It follows that, should the rule set out in Article 5(1)(b) of Directive 89/104 be applicable to the dispute in the main proceedings, it will be for the national court to hold whether there is a likelihood of confusion when internet users are shown, on the basis of a keyword similar to a mark, a third party's ad which does not enable normally informed and reasonably attentive internet users, or enable them only with difficulty, to ascertain whether the goods or services referred to by the ad originate from the proprietor of the trade mark or an undertaking economically connected to it or, on the contrary, originate from a third party.

40 The points made in paragraph 36 of this judgment are applicable by analogy.

41 In the light of the foregoing, the answer to Question 1 is that Article 5(1) of Directive 89/104 must be interpreted as meaning that the proprietor of a trade mark is entitled to prohibit an advertiser from advertising, on the basis of a keyword identical with or similar to that trade mark which that advertiser has, without the consent of the proprietor, selected in connection with an internet referencing service, goods or services identical with those for which that mark is registered, in the case where that ad does not enable an average internet user, or enables that user only with difficulty, to ascertain whether the goods or services referred to therein originate from the proprietor of the trade mark or an undertaking economically connected to it or, on the contrary, originate from a third party.

Question 2

42 By its second question, the referring court asks, in essence, whether the protection provided by a trade mark to its proprietor can be different in scope depending on whether the advertisement of a third party displayed on the basis of a keyword which is identical with or similar to that trade mark appears as a 'sponsored link' or elsewhere.

43 It is common ground that the dispute in the main proceedings concerns only the use of signs which are identical with or similar to a trade mark in an internet referencing service leading to the display of advertisements as search engine 'sponsored links' managed by the provider of that service. In those circumstances, examination of the protection conferred by a trade mark on its proprietor in the event of the display of advertisements of third parties which are not 'sponsored links' would not be useful in resolving the dispute in the main proceedings.

44 It follows that it is not necessary to answer the second question.

Costs

45 Since these proceedings are, for the parties to the main proceedings, a step in the action pending before the national court, the decision on costs is a matter for that court. Costs incurred in submitting observations to the Court, other than the costs of those parties, are not recoverable.

On those grounds, the Court (First Chamber) hereby rules:

Article 5(1) of First Council Directive 89/104/EEC of 21 December 1988 to approximate the laws of the Member States relating to trade marks must be interpreted as meaning that the proprietor of a trade mark is entitled to prohibit an advertiser from advertising, on the basis of a keyword identical with or similar to that trade mark which that advertiser has, without the consent of that proprietor, selected in connection with an internet referencing service, goods or services identical with those for which that mark is registered, in the case where that advertising does not enable an average internet user, or enables that user only with difficulty, to ascertain whether the goods or services referred to therein

originate from the proprietor of the trade mark or by an undertaking which is economically connected to it or, on the contrary, originate from a third party.

[Signatures]