links to a cached version of content that is no longer available, they would be making a communication to a new public and therefore be liable for copyright infringement.

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New search term marketing case

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Who: Lush v Amazon

When: 10 February 2014

Where: High Court of Justice, London, England, UK

Law stated as at: 2 May 2014

What happened

On 10 February 2014, the English High Court ruled that online retailer Amazon had infringed the registered trademark rights of Lush (a retailer of soaps and fizzy bath bombs) as a result of the manner in which it used the word LUSH (which Lush has registered as a trademark in relation to soaps, bath bombs and so on) first in its sponsored advertisements on Google and second on its own website when customers searched for Lush products.

Search advertising: A recap

The Google AdWords advertising system allows advertisers to arrange to have short advertisements (or sponsored links) appear in prominent positions on a search engine results page in return for a payment calculated on a cost-per-click basis. Advertisers effectively bid on keywords via an online portal. When an internet user searches for any given term on Google's search engine, Google's AdWords system runs an algorithm-driven, automated auction process and displays and ranks sponsored links based on the amount bid by the advertiser, as well as an assessment of the relevancy of the advertiser's website to the terms searched for by the internet user.

In practice, most large advertisers, including Amazon, use specialist software to interact with the Google AdWords system to identify and bid on high-performance keywords automatically with a view to maximizing cost-effectiveness and return on investment.

Since May 2008, Google has allowed advertisers to bid on keywords that correspond to trademarks owned by third parties.

Bidding is not in itself infringement

The jurisprudence of the CJEU in *Google France* and other cases has confirmed that Google is not liable for trademark infringement in relation to such activities. The situation with regard to advertisers themselves is less straightforward. The act of bidding on a keyword that corresponds to a third party's trademark is not itself trademark infringement. While such activity does indeed amount to the use of a third-party trademark in the course of trade, it will only be infringement if that use has some adverse

impact on one of the functions of the trademark (eg origin function, advertising function or investment function).

Liability must therefore be assessed by reference to the sponsored links or advertisements that are displayed when an internet user searches using a word or words that correspond to a registered trademark. An advertisement will infringe the trademark owner's rights where the advertisement does not enable the reasonably well-informed and reasonably observant internet user — or enables them only with difficulty — to ascertain whether or not the goods and services being advertised are the goods and services of the trademark owner.

Use of LUSH trademark in ad text

Google's AdWords system generally prohibits the use of third-party trademarks by advertisers in the text of sponsored links. However, it is most likely unable to block the use of trademarks that are also commonplace terms. For example, a retailer might legitimately want to use the word 'lush' to describe the goods they are offering. As such, unlike other trademarks that may be bid on as keywords, Amazon was able to use the word LUSH in its sponsored links as in the example below, which was displayed as a result of a search for 'lush':

Lush Soap at Amazon.co.uk (<http://www.amazon.co.uk/lush+soap>)
amazon.co.uk is rated *****

Low prices on Lush Soap

Free UK Delivery on Amazon Orders

Amazon does not offer Lush's products for sale via its website, as a result of a decision made by Lush not to sell goods via Amazon. Amazon does, however, offer for sale certain Lush-branded products, such as Lush Hair Extensions in the Beauty Department, which are unconnected with the claimant's business. When users click on the hyperlink in these advertisements they are directed to the Amazon website where they are presented with alternative goods, including bath bombs and similar goods made by a company called Bomb Cosmetics.

Not clear goods were not Lush

The High Court ruled that the advertisements presented on Google and which included a reference to 'Lush' in the ad text did infringe Lush's registered trademark rights. In the judge's view, they did not enable the reasonably well-informed and reasonably attentive internet user, or enabled them only with difficulty, to ascertain that the goods on offer were not Lush's goods.

The judgement does not expressly elaborate on how the functions of the LUSH trademark are adversely affected by these advertisements; however, the judge's reasoning clearly revolves around issues relating to the origin function of the mark. In the judge's words, 'My reason is that the consumer is likely to think that Amazon is a reliable supplier of a very wide range of goods and would not expect Amazon to be advertising Lush soap for purchase if it were not in fact available for purchase'.

No use of LUSH trademark in ad text

Amazon also used different ad text for some advertisements that were displayed on Google when users searched for 'lush', such as the example below that appeared as the result of a search for 'lush cosmetics bath bomb':

Bomb Bath at Amazon.co.uk (<http://www.amazon.co.uk/bomb+bath>)
amazon.co.uk is rated *****

Low prices on Bomb Bath
Free UK Delivery on Amazon Orders

Again, users clicking on the hyperlink were directed to the Amazon website and presented with non-Lush products. The High Court ruled that these advertisements, which did not feature the word LUSH in their text, did not infringe Lush's registered trademark rights. In the judge's view, UK consumers were well accustomed to seeing sponsored advertisements from competing suppliers appear in response to searches for trademarks.

Use of LUSH trademark on Amazon website

A third class of infringement was claimed based on various uses by Amazon of the LUSH mark on its own website when a customer used the website's search function to search for 'Lush'. Such uses included:

1. Use of the word 'Lush' in the predictive drop-down menu in the search box, whereby Amazon provides customers with suggested search terms including the word 'Lush' when the user types 'Lush' into the search box on the Amazon website (eg suggestions for 'Lush bath bombs', 'Lush Cosmetics' and 'Lush Products').

The judge held that these uses did infringe Lush's trademark rights, particularly in circumstances in which there was no overt indication that the claimant's products were not available for purchase on the site. Such uses were commercial communications that customers would understand to mean that Lush bath bombs and similar Lush products were available for purchase on the Amazon site.

Adverse effects on three trademark functions

The original function of the LUSH trademark was adversely affected as the average user would not be able to ascertain without difficulty that the goods offered for sale did not in fact originate from Lush.

The advertising function of the LUSH trademark was adversely affected because Lush relied on the reputation of its mark to attract customers to purchase Lush products and the attractive quality of the mark was damaged by the use of the LUSH mark by Amazon to offer for sale alternative goods.

The Court held that the investment function of the LUSH trademark was also adversely affected. Lush has built up a reputation in the LUSH trademark as being a brand that is associated with ethical trading. Lush submitted that it had decided not to sell its goods via Amazon because it perceived that an association with Amazon might damage that reputation.

Repetition of the word Lush

2. Repetition of the word 'Lush' below the search box in the 'Related Searches' line: by which Amazon presents hyperlinks to search results for similar terms that the Amazon software deems may be of interest to the user (eg suggestions for 'Lush bath bombs', 'Lush Cosmetics' and 'Lush Gift Sets').

The judge held that this was a use of the trademark in the course of trade and in relation to identical or similar goods to those for which the claimant's trademark was registered. The use also affected the origin,

advertising and investment functions of the trademark for the reasons summarized above and therefore infringed Lush's trademark rights.

No brand infringement

3. Use of the word 'Lush' in the list of brands available in the Beauty Department: this use did not infringe the LUSH trademark, primarily as it related to the offer for sale of Lush Hair Extension products that did not infringe the LUSH trademark.

EU-wide, general injunction

In a subsequent ruling handed down on 2 May 2014, the High Court confirmed that the injunction granted against Amazon should prohibit them from infringing Lush's Community trade mark anywhere in the EU (i.e. a general injunction in the standard form). Amazon had unsuccessfully argued that as the trial was conducted, and infringement found, only in relation to specific activities on UK websites, that the injunction should be more specific, and prohibit them only from undertaking those activities that had found to be infringements on the facts before the court. The issue of the appropriate scope of injunctions in trade mark cases is one which will be considered by the Court of Appeal this year in the appeal of the High Court's various decisions in last year's Adwords-related *Interflora v Marks and Spencer* case.

Why this matters

As a result of the ways in which search advertising and related technologies work, and the tools at the disposal of professionals in the field, the purpose of human intervention in the selection and use of keywords is generally to ensure that systems are operating cost-effectively and are generating the maximum return on investment.

As with aspects of the judgements of Mr Justice Arnold in the *Interflora* case, this ruling underlines the fact that marketing professionals who run search advertising campaigns (and now also staff who are responsible for own-website search functions) need to be alert to the dangers of infringing third-party trademark rights in certain circumstances.

With regard to sponsored links on Google, nothing in this ruling changes the general rule laid down by the CJEU in *Google France* and other cases. Bidding on third-party trademarks will still only be an infringement if the resulting advertisement does not enable the reasonably well-informed and reasonably attentive internet user (or enables them only with difficulty) to ascertain whether or not the goods and services advertised are those of the trademark owner or another business unconnected with the trademark owner.

Key practical points for online advertisers

Online advertisers should ensure that, when bidding on trademarks that are also commonplace words, they do not also use the trademark in the text of the resulting advertisement in a way that may lead consumers to believe that, if they click that link, they will be directed to a site where they can buy that trademark owner's goods or services. Advertisers who only use ad text that has been written by their search marketing professionals will be able to manage this risk relatively easily, subject, of course, to the relevant staff being aware of potentially problematic trademarks in the first place. Advertisers who rely on software to generate ad text will need to put measures in place to monitor and manage infringement risks.

Similarly, this case underlines the importance of human monitoring of and, where necessary, intervention in the ways in which the internal search functions of retailers' websites deal with words that are also third-party trademarks. In its ruling on 2 May, the High Court refused Amazon permission to appeal the main ruling with respect to the operation of the search function and displays on the Amazon website. If Amazon wishes to take the case further, it will have to apply to the Court of Appeal for permission to appeal.

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Nuisance calls latest

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What happened

Telecommunications regulator OFCOM published its quarterly update on consumer complaints on 27 February. This time last year, OFCOM's report revealed a dramatic spike in complaints, in particular with reference to silent and abandoned calls and the lack of use by marketers of the UK's 'do not call' list maintained by the Telephone Preference Service (TPS).

Silent and abandoned calls

It seems clear that the area of silent calls continues to be an issue. These are mostly the result of telemarketers using 'predictive dialler' technology, which automatically dials numbers and then matches up a call centre agent with the recipient when the phone is picked up. The aim is to maximize the amount of time call centre agents spend speaking to consumers. However, problems arise if there is no call centre agent available to take the call. This results in the consumer hearing silence, which can cause recipients distress and lead to complaints to OFCOM, which under Section 130 of the Communications Act 2003 has the power to impose fines of up to £2 million.

OFCOM's report from this time last year showed that between December 2012 and January 2013 complaints jumped from 1,788 to 2,398. This year's report shows in a graph on page six that, following a peak of 3,900 complaints in April 2013, the overall trend for complaints in this area has been one of bumpy decrease. By December 2013, this figure had more than halved, with only 1,704 complaints recorded. However, January saw this figure rise again to 2,507, higher than in January 2013.