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LOGOS AND NO-GOS



LUSH GET IN A LATHER OVER AMAZON; ADWORDS AND SEARCH ENGINES

The High Court has held (*Cosmetic Warriors Limited & Anor v Amazon.co.uk Limited & Anor* [2014] EWHC 181 (Ch)) that Amazon infringed Lush's CTM by its purchase of the Google AdWord "Lush", and by the appearance of the sign "Lush" in Amazon's own drop down search box and on returned Amazon search results, on all occasions where it was not made clear that Amazon did not, in fact, sell any of the claimants' products. The judgment is a warning to online marketplace operators to ensure that consumers are clearly alerted to the fact that products for which they have searched may not be those that have been returned by the search result, and that in some cases the operator does not even sell the products of the brand searched.

The claimants are the registered proprietor and exclusive licensee of a CTM for the sign "Lush" in respect of cosmetics and toiletries (class 3) and are the self-proclaimed "bath bomb" inventor. Lush has always refrained from selling its products on Amazon.co.uk for ethical reasons.

Lush brought infringement proceedings under Articles 5(1)(a) of the Trade Mark Directive (double identity) in respect of:

- (a) The automatic bidding by Amazon (using software that analyses consumer behaviour on its own site and the likely value which is generated from any purchase) on the Google AdWord "Lush" so as to trigger two types of sponsored links:
 - a. one for products equivalent to the claimants' products (e.g. "Lush soap") where the word "Lush" does appear (the "Lush soap advertisement"); and
 - b. one for products where the Lush sign is not shown, but instead equivalent or similar products to those sold by the claimant (e.g. bath bomb) are advertised (the "bath bomb advertisement"),

Both types of advertisements direct the consumer to Amazon.co.uk, where none of the claimants' products are sold and this is not made overtly clear to consumers (either in the advertisement or on Amazon's website).

- (b) The operation of Amazon's website (a result of Amazon's behaviour-based search tool that identifies an association between a particular search word and specific products) such that, where a consumer begins to search the word "Lush", a drop down menu appears to offer the consumer the opportunity to be directed to a new page offering products similar to the claimants'. If the consumer continues to type "Lush" into the search bar, a results page appears listing similar or equivalent products where the word "Lush" appears in the consumer search bar at the top of the page, and again throughout the page where none of the claimants products are for sale and there is no overt message that the claimants' Lush products are not sold on the Amazon.co.uk website.

Lush complained that Amazon's use of the word "Lush" damaged the CTM's origin function, advertisement function (as the CTM has built up a strong reputation) and investment function (as the mark has a reputation for ethical and environmentally friendly trading and Lush had made a decision not to sell goods via Amazon UK due to differences in trading standards).

THE LUSH SOAP ADVERTISEMENT

There was no question, in the Judge's mind, that Amazon's use of the Lush sign in the Lush soap advertisement did infringe the claimants' CTM, since the average consumer seeing the ad would expect to find the claimants' soap on the Amazon site and competitively priced. The Judge put particular emphasis on the fact that a 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."

THE "BATH BOMB" ADVERTISEMENT

In respect of the second advertisement complained about, which made no mention of Lush, the Judge found that there had been no infringement. The average consumer could not reasonably fail to appreciate that the Amazon ad was just another advertisement from a supplier offering similar products to those requested by the internet search. The Judge distinguished his decision from *Interflora v M&S*, where M&S' advertisement did not use the sign "Interflora" but where "Interflora" represented a network of flower shops, which would confuse an average consumer as to the origin of the advertised products.

SEARCH RESULTS ON THE AMAZON.CO.UK WEBSITE

The Judge distinguished the facts from those of *Google France* and *L'Oreal v eBay* as Amazon was both the website operator and advertiser (and not just providing a forum for third party sales). The Judge therefore found "use" by Amazon of the "Lush" sign where the sign: appeared as a predicted search result in a drop down menu; or was repeated throughout a search results page.

The origin, advertising and investment functions of the CTM were all affected. The average consumer would not, in the Judge's opinion, be able "*to ascertain without difficulty*" (the *Google France* test) that the Amazon goods to which he was directed did not originate from Lush (i.e. damage to the CTM's origin function). Further, the CTM's advertising functions were affected since:

- i. the claimants use the CTM to indicate to consumers that goods bearing the mark are their goods;
- ii. the claimants rely on the reputation of the mark to attract custom; and
- iii. Amazon's use damages the quality of attracting custom since no effort was made by Amazon to inform the consumer that the goods being offered by it are not Lush's products.

Lastly, the CTM's investment function was affected - the Judge partly relied on Amazon's own witness who acknowledged that consumers may regard Amazon's attitude to, for example, UK taxation as "*repugnant*".

The judgment is a clear warning to online retailers to inform consumers (both in Google sponsored advertisements and on its own marketplace website) of the origin of products.

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