THE USE OF TRADEMARKS AS METATAGS IN EUROPE: EXPANDED PROTECTIONS FROM THE EUROPEAN COURT OF JUSTICE

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I. INTRODUCTION

The U.S. and Europe are each other’s most important commercial markets.\(^1\) This is not surprising considering the substantial ties between the U.S. and EU markets. U.S.-EU merchandise trade totaled $650 billion in 2012.\(^2\) At the global level, 51% of the total U.S. service sales were in Europe.\(^3\) This strong economic connection is not limited to basic trade; American businesses have made major investments in Europe. Of the $21 trillion in American corporate foreign assets, $12 trillion are in Europe.\(^4\) U.S. investments are not limited to private businesses; from 2000-2009, 56% of all U.S. Foreign Direct Investment was in Europe.\(^5\) Given the size of the European market, it is no surprise that American businesses are eager to claim their share of the pie.

The most logical way for American businesses to break into the European market is through the Internet. With the click of a button, a consumer in London can purchase an item from a business in the United States. With a good website and marketing strategy, a company can truly conduct business on a global scale. Simply creating a website and sending it to Europe, however, is not as simple as it may seem. A website owner is expected to comply with the laws of the individual countries towards which the website is directed. These laws vary by country, and what may be a legal practice in one jurisdiction may subject a business owner to severe sanctions in another jurisdiction.

One emerging but problematic aspect in the development of websites is the use of metadata.\(^6\) Savvy website developers insert hidden data into websites to improve their visibility in internet search rankings.\(^7\) Some sites insert terms that are trademarked by their competitors to try to capture some of their competitor’s market share.\(^8\) Depending on the circumstances of each use, this could violate both American and European trademark laws. Additionally, the European

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\(^2\) Id. at 7.

\(^3\) Id. at 9.

\(^4\) Id. at 4.

\(^5\) Id. at 3.

\(^6\) See infra Parts II.B, III.B.

\(^7\) See infra Part I.

\(^8\) See infra Part I.
Court of Justice has recently expanded protections against misleading advertising to reach metatags. This opens up a whole new maze of regulations that American businesses must navigate if they want their websites to operate legally in Europe.

Part II of this article examines metatags generally, describing what they are, how they are used, and what role trademarks play in the metatag debate. Part III begins with a discussion of the lack of statutory guidelines regarding the use of metatags in the United States, and concludes with a brief discussion of some of the inconsistent treatments that metatags have received in American courts. Part IV shifts to the position of metatags in European law. This part begins with a brief discussion of both trademark and advertising law at the community level, and then looks at the specific application of this law to metatags by individual European countries. Part V details the recent European Court of Justice decision in Belgien Elektrische Sortier Technologie NV v. Bert Peelaers,10 which will, to an extent, harmonize the legal status of metatags in advertising law. Part VI begins by explaining what the Peelaers decision means to businesses that wish to use trademarks in metatags and concludes with some suggestions as to what American businesses should do to ensure that they are in compliance with European law.

II. WHAT IS A METATAG?

At its most basic level, metadata is “information about other information.” More specifically, “metadata is structured, encoded data that describes characteristics of information-bearing entities to aid in the identification, discovery, assessment, and management of the described entities.” Metatags are metadata that is embedded into a web page’s HTML code. This code is invisible to the user but can be accessed by internet search engines. The primary types of

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9 See infra Part IV.
12 Id. at 533 (quoting Committee on Cataloging: Description and Access Task Force on Metadata, Summary Report, ASS’N FOR LIBRARY COLLECTIONS & TECHNICAL SERVS, (June 1999), http://www.libraries.psu.edu/tas/jca/ecda/tf-metad.html (accessed March 16, 2006)).
14 Id.
metatags are “keyword” and “description” metatags. Keyword metatags are, theoretically, keywords related to the contents of the website. Description metatags describe the contents of the website. Web developers use metatags to try to improve their rankings within internet search engines.

One way to direct more traffic to a website is to use the trademarked terms of a competitor within a website’s metatags. As an example, suppose that Alpha Auto Company manufactures and sells a highly popular automobile called the AlphaCar. Beta Auto Company may attempt to capitalize on the goodwill of the AlphaCar by including the term “AlphaCar” in the metatags of Beta’s website. If the metatagging is done correctly, when a user searches for “AlphaCar” on the Internet, Beta’s website will appear in the search results. Potential customers may click on the Beta site instead of the Alpha site, believing that Beta sells or is in some way affiliated with the AlphaCar. Some customers may simply return to the search results and find the real AlphaCar website, while others may continue to look at, and possibly make a purchase from, Beta. The legality of this technique can be questionable when the terms used in a metatag are protected by another entity’s trademark.

III. The Use of Trademarks in Metatags: The U.S. Position

A. The Lack of Clear Statutory Guidance

In the United States, there are no laws that specifically address the use of trademarks in metatags. Trademark owners have been forced to turn to antiquated laws that have not been updated to reflect the realities of the current digital age. Trademarks are currently protected under the Lanham Act, which prohibits the use of another’s trademark that “is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person . . .” Whether or not a use creates a likelihood of confusion can vary between different courts.

One common approach to determining if there is a likelihood of

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15 Brookfield Commc’ns, Inc. v. W. Coast Entm’t Corp., 174 F.3d 1036, 1045 (9th Cir. 1999).
16 Id.
17 Id.
18 Id.
20 See id. at 766.
confusion is the test developed by the Ninth Circuit in AMF Inc. v. Sleekcraft Boats. This test requires the court to consider:

   (1) [S]trength of the mark; (2) proximity of the goods; (3) similarity of the marks; (4) evidence of actual confusion; (5) marketing channels used; (6) type of goods and the degree of care likely to be exercised by the purchaser; (7) defendant’s intent in selecting the mark; and (8) likelihood of expansion of the product lines.

These factors have been gradually refined and scaled back, particularly in the context of internet cases. In internet cases, the key factors to emerge from the original Sleekcraft test are the similarity of the marks, the relatedness of the goods or services, and the use of the same marketing channels. The test is meant to be flexible, and in the context of internet cases, other factors outside of the Sleekcraft test may be relevant. For a trademark holder to challenge the use of its mark in a metatag, the owner must somehow fit its claim into one of these formulations of the likelihood of confusion test.

B. Inconsistent Treatment by the Courts

Because there is no federal law that specifically addresses the use of metatags, American courts have been inconsistent in their treatment of trademarks in metatags. This is not surprising considering that the courts are forced to apply dated statutes to new technologies that were not in existence at the time of enactment, leading to resolution on an ad hoc basis. The success or failure of a trademark owner’s challenge to the use of its trademark in a metatag largely depends upon which courthouse the owner is able to sue in. Although the case law is not entirely predictable, a sophisticated website developer can often use a trademark in a metatag in the United States without incurring liability.

The seminal case recognizing a trademark violation for the use of a trademark in a metatag is Brookfield Communications, Inc. v. West

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22 AMF Inc. v. Sleekcraft Boats, 599 F.2d 341 (9th Cir. 1979).
23 Id. at 348-49.
24 Taft, supra note 19, at 759.
25 Id.
26 Id.
Coast Entertainment Corp. from the Ninth Circuit. Brookfield Communications is a company that collects and sells information about the entertainment industry. Brookfield created a searchable database of entertainment related information that was marked under the mark “MovieBuff” in 1993. Brookfield obtained a California trademark registration for “MovieBuff” in 1994 and a federal registration in 1998. In 1998, Brookfield found out that West Coast, a large video rental chain, intended to launch a website at “moviebuff.com.” This company had used the term “Movie Buff” in various forms since 1988. This website was to include a searchable database similar to the one operated by Brookfield. Brookfield filed suit under the Lanham Act, seeking an injunction to prevent West Coast from using Brookfield’s “MovieBuff” mark in the domain name or in any metatags or other hidden codes.

Among other arguments, West Coast claimed seniority on the mark, arguing that its use of “MovieBuff” would not cause a likelihood of confusion, and thus would not violate the Lanham Act. Because the mark was used in metatags and other source codes, when a user searched for “MovieBuff,” both websites appeared in the search results. The Ninth Circuit agreed that this did not cause a likelihood of confusion because West Coast’s website is clearly labeled with its name and it is unlikely that a user would mistake this website for one owned by Brookfield. The court did, however, find a trademark violation because the use of Brookfield’s metag would cause “initial interest confusion” because users searching for Brookfield’s database will be taken to a similar database owned by West Coast. Some users will use West Coast instead, even though they know that it is a different database. By diverting Brookfield’s customers, West Coast improperly benefited from goodwill generated by Brookfield’s

28 Brookfield Commc’ns, Inc. v. W. Coast Entm’t Corp., 174 F.3d 1036, 1065 (9th Cir. 1999).
29 Id. at 1041.
30 Id.
31 Id. at 1042.
32 Id.
33 Id.
34 Id.
35 Id. at 1043.
36 Id.
37 Id. at 1062.
38 Id.
39 Id.
40 Id.
41 Id.
mark. Diverting a customer’s initial interest is a form of confusion that the Lanham Act seeks to prevent. The court noted that “[u]sing another’s trademark in one’s metatags is much like posting a sign with another’s trademark in front of one’s store.” The Brookfield court remanded the case, instructing the district court to enter a preliminary injunction in favor of Brookfield.

Not all courts agree with this billboard analogy, finding it difficult to qualify this issue of initial interest confusion as a viable theory of infringement. Even if this theory is accepted, there are still other ways around an infringement suit. One way out of liability is nominative fair use. In *Playboy Enterprises, Inc. v. Welles*, Terry Welles used the marks “Playboy” and “Playmate” as metatags in her website. Welles was designated by Playboy magazine as its 1981 Playmate of the Year. Her website included biographical information, pictures, and information about purchasing her services as a spokesperson as well as purchasing photographs. Playboy filed suit, alleging copyright infringement.

The Ninth Circuit sided with Welles, holding that the use of Playboy’s trademarks was a permissible, nominative use. For a use to be nominative, the product or service must not be easily identifiable without the trademark, the use of the mark must be limited to what is reasonably necessary to identify the product or service, and the user must not do anything with the mark that suggests endorsement or sponsorship by the trademark holder. This test is used instead of the likelihood of confusion test because nearly all nominative uses of a trademark would be confusing. In this case, the court found that there was no reasonable way for Welles to identify herself without using the terms “Playboy” and “Playmate.” Since there is no

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42 Id.
43 Id. at 1063.
44 Id. at 1064.
45 Id. at 1066-67.
46 See, e.g., Bihari v. Gross, 119 F. Supp. 2d 309, 320 n.15 (S.D.N.Y. 2000) (arguing that the "highway billboard metaphor is not the best analogy to a metatag on the Internet" because the harm caused by a misleading metatag is easy to correct, whereas the harm caused by a misleading billboard is not easy to correct).
47 *Id.*
48 Id. at 799.
49 Id.
50 Id. at 803.
51 Id. at 801.
52 Id.
53 Id.
54 Id. at 804.
reasonable substitute,\textsuperscript{55} prohibiting the use of these marks as metatags would “have the unwanted effect of hindering the free flow of information on the Internet,” which is “certainly not a goal of trademark law.”\textsuperscript{56} These metatags also easily met the second and third requirements of the test.\textsuperscript{57} The court did, however, state that its conclusion may be different if the metatags were used extensively enough to cause Welle’s website to regularly appear above Playboy’s in internet search results.\textsuperscript{58} Nominative use was successfully used by Welles to get around liability under the initial interest confusion test articulated by the same circuit in \textit{Brookfield}.

\section*{IV. The Use of Trademarks in Metatags: The European Position}

As is the case in the United States, Europe does not have a comprehensive legal regime to address the use of trademarks in metatags. The holders of trademark rights have had to attempt to claim protection through the existing laws. This section examines some of the laws used to regulate metatag use as well as some of the court decisions rendered by individual European countries that have had to grapple with the issue.

\subsection*{A. European Law at the Community Level}

\subsubsection*{1. Prohibitions Against Misleading Advertising}

The European Council initially addressed misleading advertising in 1984.\textsuperscript{59} Because the initial legislation was extensively amended over the years, the misleading advertising regulations were overhauled in 2006 to ensure clarity.\textsuperscript{60} Regulation at the community level was enacted because advertising in Europe “reaches beyond the frontiers of individual Member States” and “has a direct effect on the smooth functioning of the internal market.”\textsuperscript{61} Misleading advertising was

\textsuperscript{55} The district court suggested that Welles identify herself as “the nude model selected by Mr. Hefner’s organization.” \textit{Id}.
\textsuperscript{56} \textit{Id}.
\textsuperscript{57} \textit{Id}.
\textsuperscript{58} \textit{Id}.
\textsuperscript{61} \textit{Id} at pmbl. 2.
targeted because it can distort competition within the internal market. Standardization in advertising laws was established because “the differences between the laws of the Member States” was hindering multinational advertising campaigns, which in turn was impacting “the free circulation of goods” and services.

Under Directive 2006/114, advertising is misleading if it:

- in any way, including its presentation, deceives or is likely to deceive the persons to whom it is addressed or whom it reaches and which, by reason of its deceptive nature, is likely to affect their economic behavior or which, for those reasons, injures or is likely to injure a competitor.

Member States are directed to have “adequate and effective means” to combat misleading advertising. This requires legal provisions against misleading advertising as well as avenues for aggrieved parties to pursue complaints through a judicial or administrative system. The specific means by which this is accomplished is left to the discretion of each member state.

This directive also addresses the use of comparative advertising, which is defined as “any advertising which explicitly or by implication identifies a competitor or goods or services offered by a competitor.” This directive allows comparative advertising when it is not misleading and compares goods or services that are intended for the same purpose or that meet the same needs. However, this directive is highly protective of trademark rights. It does not allow comparative advertising that denigrates, takes unfair advantage of, creates confusion with, or imitates a protected trademark. This directive creates a floor; Member States are allowed to implement more extensive regulations.

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62 Id. at pmbl. 3.  
63 Id. at pmbl. 5.  
64 Id. at art. 2(b).  
65 Id. at art. 5(1).  
66 Id. at art. 5.  
67 Id.  
68 Id. at art. 2(c).  
69 Id. at art. 4(a)(b).  
70 See id. at art. 1, art. 8(1).  
71 Id. at art.4(d), 4(f), 4(g), 4(h).  
72 Id. at art. 8(1).
2. Trademark Protection Laws

Trademark law in Europe is, at times, complex, because a registrant may have to navigate both national trademark systems as well as community level requirements. The Council first addressed the harmonization of national trademark laws in 1989 because there were enough disparities between national laws to “impede the free movement of goods and freedom to provide services” and to “distort competition within the common market.”73 This directive created a basic framework for national trademark systems, setting basic standards such as what may be trademarked, grounds for refusal of a trademark, and the basic rights conferred by a trademark.74 Each member country was required to implement these basic requirements by the end of 1991.75 While this directive harmonized many more fundamental aspects of national trademark laws, it did not eliminate national trademarks. The substantive law interpretations of it still vary across individual countries, much like the law in the United States can often vary between states or federal circuits.

In an attempt to further integrate the market and simplify regulation, a community level trademark system was developed in 1993.76 This allows a registrant to register a trademark at the community level, which gives it protection in all Member States.77 Instead of filing individual applications in every country, one application is filed with the newly created Office for Harmonization in the Internal Market.78 Registration for the community trademark opened in 2006.79 A community trademark application can be opposed if the mark requested is identical to an earlier trademark, or if it would create a likelihood of confusion with an earlier trademark.80 This means that a community level application is precluded if the mark is already recognized by the national laws of any member country and its owner objects to the community application.81

Theoretically, national trademarks could become unnecessary as registrants shift from individual national marks to the community

74 See id. at art. 1-15.
75 Id. at art. 16(1).
77 Id.
78 Id.
79 Id.
80 Id. at art. 8.
81 Id.
Despite the obvious benefits of community wide protection, the national registries are still holding strong. Of the approximately 540,000 annual trademark applications in Europe, only 10% are filed at the community level. Smaller businesses and geographically isolated businesses tend to prefer their local systems over the community system. This means that anyone registering a trademark in Europe, or anyone that may be infringing upon a European trademark, must continue to be aware of both national and community level regulations.

Significant change is on the horizon for both national and community trademark law. In June 2013, changes to both the community system and the national systems were proposed because the current system is outdated, harmonization has been limited, and there are inconsistencies between the Directive on national trademarks and the Directive on the community mark. The reforms will make the registration systems more accessible and will lower the cost and complexity of the application process while increasing the legal predictability of the system. The system-wide office practices will be converged with the goal of developing common databases to facilitate cooperation between the national offices and the community office. The new reforms will also incorporate a substantial amount of case law from the European Court of Justice directly into the legal provisions governing both systems. The changes are expected to be adopted in the spring of 2014 with a two year timeframe for implementation. This adds an additional layer of complexity for those that are planning to expand into Europe, as the rules are set to change at both the national and community level.

B. The Application to Metadata: Individual Member States Reach Different Conclusions

1. The United Kingdom

Like the United States, the United Kingdom does not have any comprehensive legislation addressing the use of metatags. The leading

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83 Id.
84 Id.
85 Id.
86 Id.
87 Id.
88 Id.
UK case to challenge the use of a trademark in a metatag was made under the UK Trademarks Act of 1994, which implemented the Community level Trade Marks Directive 89/104.89 In this case, the Court of Appeal reversed a trial court decision granting relief to the trademark owner.90

The plaintiff, Alec Reed, started an employment agency in 1960, which matched potential employees to businesses that were hiring.91 The company registered the trademark “Reed” in 1986 when trademark protection initially became available.92 The company continued to expand, and by 1996 was operating a website under the URL “www.reed.co.uk.”93 The defendant was Reed Business Information Ltd., a publishing company that published around fifty magazines and journals.94 These publications included extensive job advertising sections.95 In 1999, Reed Business Information created a dedicated employment advertising website under the URL “www.totaljobs.com.”96 The totaljobs website included various forms of “Reed Business Information” as hidden metatags.97

The trial court found that this use of the trademark “Reed” constituted infringement because the defendant’s use “passed off their business and services as and for those of the Claimants herein by the use in connection therewith of the word ‘Reed.’”98 By using the trademark “Reed,” the “ultimate purpose . . . is to use the sign to suggest a connection which does not exist.”99 On appeal, the appellate court reversed, noting that “[o]bviously anyone looking for Reed Employment would find them rather than totaljobs” and that “[n]o-one is likely to be misled – there is no misrepresentation.”100 The court found that “causing a site to appear in a search result, without more, does not suggest any connection with anyone else.”101 The ability to challenge the use of trademarks in metatags in general was questioned, because “[u]ses read only by computers may not count – they never

89 Reed Executive Plc v. Reed Business Information Ltd., [2004] EWCA (Civ) 159, [14] (Eng.).
90 Id. at [150].
91 Id. at [4].
92 Id. at [5].
93 Id. at [7].
94 Id. at [2]-[3].
95 Id. at [3].
96 Id. at [8].
97 Id. at [147].
98 Id. at [16].
99 Id. at [148].
100 Id. at [147].
101 Id. at [148].
convey a message to anyone.” 102 Although hiding a competitor’s trademark in a metatag may be unfair to some, the court noted that others find this to be “good competition provided that no-one is misled.” 103 This decision appears to take a fairly pragmatic approach to the use of trademarks in metatags, upholding their use unless there is some kind of obvious unfairness to the trademark holder.

2. Germany

In Germany, the use of trademarks in metatags was previously controversial because lower courts and academics disagreed on whether or not the use of a trademark in a metatag constituted use under applicable law. 104 In 2006, the German Federal Supreme Court settled the issue, holding that a metatag constitutes use of a designation in the course of trade, which is a trademark use. 105 The plaintiff in this case operated a website under the company name “Impuls Medienmarketing GmbH,” that provided free consulting services, including comparisons between thirty-five private health insurance plans. 106 The defendants were former freelance employees and partners of the plaintiff 107 who operated a similar website offering the same services as Impuls. 108 The defendants used the term “Impuls” as a metatag, resulting in the defendant’s website appearing in search results when a user searched for the term “Impuls.” 109 The plaintiffs filed suit, alleging trademark infringement, and sought an injunction to end the use. 110 The Supreme Court held that it is not relevant that the metatag is not visible because it still influences search results and directs users to the metatagged website. 111 A likelihood of confusion can exist because a user may be misled by the metatag to believe that the tagged site belongs to or is associated with the owner of the protected trademark. 112 The Court also held that the use of a metatag can be

102 Id. at [149].
103 Id.
104 See Jonas Rechtsanwaltsgesellschaft, Germany, WORLD TRADEMARK REVIEW Apr./May, 2009, at 69.
105 See Bundesgerichtshof [BGH] [Federal Court of Justice] May 18, 2006, I ZR 183/03, 2006 (Ger.).
106 Id. at (1).
107 Id. at (2).
108 Id.
109 Id.
110 Id.
111 Id. at (5).
112 Id.
actionable under the Act against Unfair Competition as an act of unfair obstruction.\textsuperscript{113}

This German decision is much more protective of trademark holders than the Reed decision from England. The mere fact that the metatag has caused the defendant’s website to appear in the search results for the trademarked term is enough for a likelihood of confusion in Germany, whereas it was not sufficient in England.

3. Other Decisions from Europe

As demonstrated by the case law in England and Germany, different countries come to different conclusions about the use of trademarks in metatags. This makes it difficult to predict whether or not the use of a trademark in a metatag is acceptable across Europe. Additionally, in many countries this is a new area of law that has not been finally settled. This section provides a brief description of some of the metatag case decisions in other European countries.

Denmark provides some protection for trademark holders when it comes to metatags. In Coffilter Int’l ved Jørgen Byrial Petersen v. Melitta SystemService Aromateknik, the Denmark court determined that the use of a trademark in a metatag alone, when the mark is not part of a comparative statement, “constitutes infringement.”\textsuperscript{114} The court further held that if the trademark is used within a comparative statement, it is acceptable.\textsuperscript{115} Finally, the court held that even if the trademark is used in a metatag for a permitted purpose such as for comparative purposes, it still must be used “in accordance with honest practices.”\textsuperscript{116}

Spain recently issued its first opinion regarding metatags in Maherlo Ibérica S.L. v. Calzados Fernando García S.L.\textsuperscript{117} This dispute was between two companies that sell elevated shoes.\textsuperscript{118} One company used the trademarked term “MasAltos” (higher) in the metatags and Google Adwords of its website.\textsuperscript{119} The court found a

\textsuperscript{113}Id.
\textsuperscript{115}Id.
\textsuperscript{116}Id.
\textsuperscript{117}Hogan Lovells, Ana Castedo & Eugenio Vasquéz, First Decision by Spanish Court on the Use of Trademarks as Keywords in Google’s Adwords and Metatags, LEXOLOGY (July 20, 2012), http://www.lexology.com/library/detail.aspx?g=a1e61a7-2a70-4098-9647-aa7de535f316.
\textsuperscript{118}Id.
\textsuperscript{119}Id.
trademark violation because this use diminished the distinctiveness of the trademark holder’s mark.\textsuperscript{120} This occurs because the Internet user is not able to determine whether the marketed products belonged to the trademark holder, or to a third party.\textsuperscript{121}

In Denmark, Belgium, and Austria, plaintiffs have been able to successfully bring infringement claims for the use of a trademark in a metatag.\textsuperscript{122} In France, there is not a uniform rule, and the issue seems to be decided on a case-by-case basis.\textsuperscript{123} In some cases, such as \textit{S.A.R.L. CNRRH v. S.A.R.L. 2L Multimedia}, the courts have dismissed infringement claims based on metatags.\textsuperscript{124} In other cases, such as \textit{Webangelis v. Laurent I}, the courts have found infringement when a competitor’s trademark was used in a hidden metatag.\textsuperscript{125} Like American law, French law is not yet entirely settled.

\textbf{V. Guidance from Above: Belgian Electronic Sorting Technology NV v. Bert Peelaers}

Thus far, challenges by trademark holders to the use of their marks in metatags have proceeded under the trademark laws of the respective countries.\textsuperscript{126} Since there is no set law governing metatags, some plaintiffs have gotten creative and pressed for protection under advertising laws.\textsuperscript{127} In \textit{Belgian Electronic Sorting Technology NV v. Bert Peelaers}, the European Court of Justice expanded the definition of “advertising” in Directives 84/450/EEC and 2006/114/EC to include the use of metatags.\textsuperscript{128}

\textsuperscript{120} \textit{Id.}
\textsuperscript{121} \textit{Id.}
\textsuperscript{122} Online Advertising and Use of Others’ Marks, INT’L TRADEMARK ASS’N, http://www.inta.org/TrademarkBasics/FactSheets/Pages/OnlineAdvertisingandUseofOthersMarksFactSheet.aspx (last visited Nov. 18, 2013).
\textsuperscript{123} \textit{Id.}
\textsuperscript{124} \textit{Id.}
\textsuperscript{125} \textit{Id.}
\textsuperscript{126} See supra Part III.B.
\textsuperscript{128} \textit{Id.} ¶ 39. This case also addressed two separate issues: the registration of a trademark as a domain name and the use of that trademarked domain. The court held that the mere registration of a domain is not use within the meaning of the directives. \textit{Id.} ¶ 43. The court did, however, hold that using a domain name that consists of a trademarked term is use and therefore falls within the protections of the directives. \textit{Id.}
A. Procedural History

This case involved a trademark dispute between BEST and Visys, two companies that produced, manufactured, and distributed sorting machines.\(^ {129}\) BEST was established in 1996 and produced sorting machines named “Helius,” “Genius,” “LS9000,” and “Argus.”\(^ {130}\) Visys was established in 2004 when Bert Peelaers, a BEST employee, left BEST to set up his own company that directly competed with BEST.\(^ {131}\) In 2007, Peelaers registered the domain www.bestlasersorter.com on behalf of Visys, which hosted the identical content as his other domain names (www.visys.be and www.visysglobal.be).\(^ {132}\) Visys used the metatags Helius sorter, LS9000, Genius sorter, BEST+Helius, BEST+Genius, and BEST nv on this website.\(^ {133}\) In 2008, BEST applied for the Benelux figurative trademark BEST.\(^ {134}\)

After applying for the trademark, BEST filed suit, alleging that the registration and use of the domain name www.bestlasersorter.com and the use of the metatags both infringed on BEST’s trademark rights and violated the laws on misleading and comparative advertising.\(^ {135}\) Visys responded with a counterclaim seeking to annul the Benelux mark BEST.\(^ {136}\) At the trial court level, the Antwerp Commercial Court in Belgium dismissed all of BEST’s claims, except the claim alleging Peelaer’s use of metatags violated laws regulating comparative and misleading advertising.\(^ {137}\) On appeal before the Antwerp Court of Appeal, however, every one of BEST’s claims were dismissed.\(^ {138}\) BEST then lodged an appeal with the Court of Cassation, which dismissed the trademark infringement claims.\(^ {139}\)

Before deciding the claims under the comparative and misleading advertising laws, the Court of Cassation stayed the case and asked the European Court of Justice for a preliminary ruling to interpret the term “advertising,” as used in Directives 84/450 and 2006/114.\(^ {140}\) The question referred was: “[i]s the term ‘advertising’ in Article 2 of
[Directive 84/450] and in Article 2 of [Directive 2006/114] to be interpreted as encompassing, on the one hand, the registration and use of a domain name and, on the other, the use of metatags in a website’s metadata?" The Belgian and Italian governments intervened to argue that the use of metatags was encompassed by advertising under these directives. The Polish government and the European Council argued that metatags did not fall within the definition of advertising.

B. The European Court of Justice Opinion

The European Court of Justice began its analysis by determining what “advertising” means under Directives 84/450 and 2006/114. Both Directives define advertising as “a representation in any form made in connection with a trade, business, craft, or profession in order to promote the supply of goods or services.” Prior case law has construed this definition liberally, holding that it is not limited to traditional forms of advertising. The purpose of both Directives was to provide protection from the unfair consequences of misleading advertising and to set the guidelines for when comparative advertising is allowed. These Directives sought to balance everyone’s interests by allowing comparative advertising that objectively highlights the benefits of comparable products while prohibiting advertising that adversely affects competition and consumer choice.

The Court concluded that the Directives were intended by the European Union legislature to establish a complete framework for all forms of advertising. Therefore, any “steps taken by a trader to promote the sale of his products or services that are capable of influencing the economic behavior of consumers and, therefore, of affecting the competitors of that trader” are subject to these directives. With this broad conception of advertising in mind, the Court turned to the specific use of metatags.

The Court recognized that metatags are used by search engines when they reference websites and constitute one of the factors that allow a site to be ranked according to relevance when an Internet user

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141 Id.
142 Id. ¶ 33.
143 Id.
144 Id. ¶ 34.
145 Id.
146 Id. ¶ 35.
147 Id. ¶ 36.
148 Id. ¶ 37.
149 Id. ¶ 38.
150 Id. ¶ 39.
enters a search term. 151 When the name of a competitor is used in a metatag and an Internet user searches for the goods of that competitor, the result displayed will be changed to include the user of the metatag in the search results. 152 In some cases, the metatag user’s website will be displayed directly next to the competitor’s website. 153 Indeed, when a user searches for “Best Laser Sorter” in www.google.be, the BEST website is the first result followed directly by the Visys website. 154

In most cases, the Court found that when an Internet user searches for a company’s name or product, the user is looking for information about that specific company or product. 155 If a competitor’s website is displayed among the first search results, the user may perceive the competitor’s website as offering the searched for goods or services. 156 Because the use of a trade name in the programming of a website suggests that the searched term is related to the site, this use was held to be a representation under Directives 84/450 and 2006/114. 157

The Court went on to conclude that it does not matter that a metatag is invisible to the Internet user. 158 Under the very broad definition of advertising discussed above, advertising encompasses “any form of representation,” including “indirect forms of representation” that are “capable of influencing the economic behavior of consumers and, therefore, of affecting the competitor whose name or goods are referred to by the metatags.” 159 The Court determined that there was “no doubt” that this use of metatags was a “promotion strategy” that “aims to encourage the Internet user to visit the site of the metatag user to take an interest in its goods or services.” 160 Therefore, the use of metatags in this situation is encompassed by the term “advertising” under Directives 84/450 and 2006/114. 161

151 Id. ¶ 53.
152 Id. ¶ 54.
153 Id.
154 Id. ¶ 55.
155 Id. ¶ 56.
156 Id.
157 Id. ¶ 57.
158 Id. ¶ 58.
159 Id.
160 Id. ¶ 59.
161 Id. ¶ 60.
VI. IMPLICATIONS FOR CONDUCTING INTERNET BUSINESS IN EUROPE

A. The Effect of the Peelaers Decision

This case was referred to the European Court of Justice by the Belgian Hof van Cassatie (Court of Cassation) for a preliminary ruling on the correct interpretation of “advertising” under the false advertising directives.\(^\text{162}\) A preliminary ruling has the force of res judicata.\(^\text{163}\) This means that the holding is binding on both the Belgian court that referred the case, as well as the national courts of all of the Member States.\(^\text{164}\) After this case, the use of a metatag will, therefore, be considered to be advertising in all Member States. This decision opens the door to suits under the misleading advertising laws of all Member States. The plaintiffs won at the community level in this case, but they only won the ability to open up the door. The European Court of Justice did not decide whether or not Peelaer’s use of the trademarks was in fact misleading.\(^\text{165}\) The case was referred back to the Belgian court system for a determination in the first instance whether or not the metatags were misleading.\(^\text{166}\) The plaintiffs now have a viable cause of action but may still lose the case on the merits.

The true impact of this decision will vary by country, as this decision may be more or less liberal than each country’s current laws. If a Member State has previously declined to extend advertising to include metatags, or if the issue has never arisen, then this case creates a pretty significant change in the law. While the Belgian and Italian governments intervened to argue that metatags were advertising, the European Council and Poland disagreed.\(^\text{167}\) If a country is more liberal in its advertising laws like Belgium and Italy, then this decision may not be a major change. In either situation, it does bring with it some degree of certainty: metatags are now considered to be a form of advertising, and under Directives 84/450 and 2006/114, their use cannot be misleading.\(^\text{168}\)

\(^{162}\) Id. \(\text{¶}\) 26.
\(^{164}\) Id.
\(^{165}\) Peelaers, Case C-657/11 \(\text{¶}\) 61.
\(^{166}\) Id.
\(^{167}\) Id. \(\text{¶}\) 33.
\(^{168}\) Id. \(\text{¶}\) 61.
B. What Should American Businesses Do to Stay within the Law When Creating Their Internet Presence in Europe?

Europe now has a very broad definition of advertising. Any business that is considering operating in Europe must understand that metatags, while visually hidden, are still considered to be advertising. The use of a metatag now subjects the site owner to liability under the advertising laws of the European Union, as well as the advertising laws of each individual country.

Before using a competitor’s mark in a metatag, a business should thoroughly research both the trademark and advertising laws of any country in which the website will be operating. If unsure of the legal consequences, a company may be well advised to avoid the questionable use. Violations subject the business to litigation in multiple national court systems, as well as the Community justice system. This is incredibly time consuming, expensive, and complicated. Any competitive advantage gained may not be worth the resulting costs and hassle of an international, multi-national legal battle.

Additionally, the legality of a specific metatag use still may not be consistent across Europe. Although all metatag uses now must not be misleading, it is likely that different countries will have different ideas of what misleading means. Thus far, England appears to be very liberal. Under Reed, the court found the questioned metatag use to be “good competition” and stated that it was obvious that the two websites were owned by different companies. If the BEST case were tried before a British court, it is likely that BEST’s claim would fail because it would be apparent that Visys was a separate company from BEST and that it was not actually selling BEST products. In Germany, a likelihood of confusion was enough for the Federal Supreme Court to find a violation. BEST would likely prevail in German courts because a user could be confused if the Visys website appeared when searching for BEST. If a business intends to isolate itself within one geographic area, it may be possible to predict, with

\begin{enumerate}
\item See supra Part V.A.
\item See id.
\item For example, the BEST case has gone through three levels of the Belgian court system, an interlocutory appeal to the European Court of Justice, and now must work its way back through the Belgian court system again. The case has been active for five years and is still ongoing.
\item See supra Part III.B.1.
\item Reed Executive Plc v. Reed Business Information Ltd., [2004] EWCA (Civ) 159, [149] (Eng.).
\item See supra Part III.B.2.
\end{enumerate}
reasonable certainty, which way one or two national court systems will treat the issue. If, however, a business intends to have a broad European presence, it is unlikely that it can fashion a website with trademarked metadata that does not offend the trademark and advertising laws of at least one country.

If a business is insistent upon using metadata, some uses are more likely to be acceptable than others. Using a competitor’s mark solely to redirect Internet traffic from the competitor’s site is likely misleading. This inherently makes sense; unfairly capitalizing on a company’s goodwill to bait and switch a potential customer should be avoided. Even the Reed court recognized that it would be a violation of the law if the customer was actually misled.\textsuperscript{175} Additionally, purely comparative uses are likely acceptable everywhere. The real issue is the gray area in between where the metadata user is not really comparing products, but has not gone as far as to outright mislead customers.

Before taking a risk by using metatags, a business should ask itself what it would truly gain in the process. Some search engines claim that they no longer consider metatags when compiling their search results. Google stated that the main Google search page “disregards keyword metatags completely” because “the keyword metatag was so often abused.”\textsuperscript{176} Despite the questionable utility of using metatags, web developers have used and will likely continue to use them. As demonstrated by the American and European cases discussed here, companies use and fight about the use of metatags regularly.\textsuperscript{177} Additionally, the ineffectiveness of a metatag does not make it legal. Any company seeking to use a competitor’s trademark should think twice before taking an enormous legal risk for a likely small, or nonexistent, reward.

\textbf{VII. Conclusion}

Any time technology advances, it brings with it new and innovative opportunities. In this day and age, the Internet has become incredibly important to anyone operating a commercial business. Markets that were previously unreachable are now easily accessible with the touch of a button. Businesses are eager to capitalize on their share of the Internet market, utilizing new and developing means to

\textsuperscript{175} Reed [2004] EWCA (Civ) 159, at [149].
\textsuperscript{177} See, \textit{e.g.}, \textit{supra} Parts II.B, III.B.
get ahead. While it is tempting to jump right into newly emerging technologies, businesses should take a step back to fully examine the legal ramifications of using new technology. This is particularly important when venturing into foreign legal jurisdictions.

The use of metatags is one such new technology that should be used with caution, particularly when it comes to the use of another’s trademark. There are no specific, on point laws that govern the use of metatags, and the case law on the issue is unsettled in the United States. It is also unsettled in Europe, both between different countries and, at times, within a single country. Although the European Court of Justice has now mandated that metatag use must conform to the laws on false and misleading advertising, there is still a lot of room for different interpretations of what is or is not misleading. The safest option for any business with an Internet presence in Europe is to avoid using someone else’s trademark in a metatag unless it is used for purely comparative reasons. The risk of being hauled into a foreign court is very real and is likely not worth the resulting costs.