

TRADEMARK INFRINGEMENT THROUGH KEYWORD ADVERTISING IN INDIA: ISSUES AND CHALLENGES

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INTRODUCTION

The number of internet users all over the world has surpassed the 3 billion mark in 2014¹ and India alone contributes more than 300 million people to this number.² The Internet has undoubtedly become an inseparable part of people's lives and with it, the dependence on Google for acquiring any kind of information. Google is considered as the best search engine worldwide and this makes it a convenient platform for advertising of goods and services. It has banked upon this advantage and started its advertising business, called the Ad Words program which brings in the essential segment of its profit.

This program does not make users pay to conduct searches; rather, advertisers have to pay to have their advertisements appear in connection with particular search terms or results.³ When a computer user inputs this particular term into the search engine, the search engine will create results according to the search engine parameters.⁴ This implies that the advertisers are essentially required to buy the search terms for which their advertisement will be triggered on being searched. Other search engines like Yahoo have also adopted similar business programs of selling search terms to advertisers on the basis of the highest bidder for each term. When people enter a search term in a search bar, Google shows two types of results: the search results and sponsored links or an actual excerpt from the webpage, and the page's URL.⁵ The sponsored links offer text advertisement over and above the side of the organic search results pages.

The cause of controversy arises from the AdWords program and other similar programs for the opportunity it provides to create confusion between competing trademarks leading to its infringement. Trademark infringement occurs when a person uses a mark which is identical

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¹ World Internet Usage and Population Statistics November 15, 2015, INTERNET WORLD STATS, <http://www.internetworldstats.com/stats.htm>, last accessed 14th December 2015

²*Id*

³Kitsuron Sangsuvan, Trademark Infringement Rules in Google Keyword Advertising, 89 UNIVERSITY OF DETROIT MERCY L REV. 136- 180, 137 (2012)

⁴*Id*

⁵ Google AdWords: An Overview for Advertisers, <https://support.google.com/adwords/answer/1704410?hl=en>, last accessed on 15th December 2015

with trade mark in relation to goods or services in the course of his trade. The infringement must be with respect to a trademark which is registered and further, the infringement should be in such manner so as to render the use of the mark likely to be taken as being used as a registered trade mark.⁶ The display of a Sponsored Link on searching a particular term may result in confusion in the mind of the user as to the origin of the goods.

In India, courts have recently encountered trademark infringement action based on a competitor's purchase of keywords used in concurrence with search engines to sponsored links.⁷ These actions aim to bring out two different kinds of liabilities: firstly, the plaintiff alleges trademark infringement by the competitor for purchasing the trademarked keyword and sponsoring the advertisement. Secondly, trademark infringement can be committed by the search engine itself for selling keyword linked advertisements and trading on the value of the plaintiff's protected mark. This has mandated a detailed study of the subject and the issues which arise from it in order to ensure that technology developments do not come in the way of trademark protection.

Understanding Google's Keyword Advertisement

Google Inc. whose parent company is Alphabet Inc. is now worth more than \$367 billion⁸ and this towering market capitalisation is mostly a result of the income generated by the advertising that accompanies search results. Google began AdWords, a program of selling advertisement based on specific keywords, in 2000.⁹ In 2004, Google eliminated many restrictions on the use of trademarks as keywords. Prior to 2004, Google allowed trademarks to be used as keywords, but would remove such advertisement if trademark owners complained. After 2004, Google no longer responded to complaints regarding the use of trademarks as keywords, meaning that their use was unrestricted.¹⁰

Keyword advertising allows search engines providers and their advertisers to deliver related, modified and consumer-specific advertisement to its users which in common practice is termed as contextual advertising. Google operates on a pay for placement basis only, where

⁶§29. Indian Trademarks Act 1999

⁷Consim Info Pvt. Ltd. v. Google India Pvt. Ltd. &Ors., 2013(54)PTC578(Mad)

⁸Forbes, The World's Most Valuable Brands, <http://www.forbes.com/companies/google/> last accessed on 18th December 2015

⁹Press Release, Google, Google Launches Self-Service Advertising Program <http://googlepress.blogspot.in/2000/10/google-launches-self-service.html>, last accessed on 19th December 2015

¹⁰Greg Lastowka, *Google's Law*, 73 BROOK. L. REV. 1327, 1359–60 (2008).

search results are primarily based on paid placements and not relevance. The distinction between relevance-based search results, or natural search results, and sponsored advertisement is best explained in the present context, by reference to the Google search engine.¹¹ As we often observe, search results often lead to one or more paid advertisements appearing alongside the unpaid (organic or algorithmic) results.

Various factors affect whether a particular ad appears or not, including the details of the search query, the amount that is bid, past performance of the ad in the context of such searches (i.e., click-through rates), and whether and how the bid is limited by the bidder.¹² For example, bidders can target their advertisement by location, time, search device employed, and language.¹³ Private entities purchase the keyword in question and when the consumer clicks on the ad, the entity pays Google the amount it bid.

Under this scheme several situations may arise. The first is where an advertiser may opt for a generic search-term as the keyword which can result in adverse consequences for its competitors. For example, a manufacturer of cars may select keywords such as ‘cars’, ‘vehicles’, ‘four-wheel drives’ and the like as a keyword.¹⁴ This scenario does not give rise to any trademark related issue. In contrast, the second scenario is directly attached to the use of an existing trademark as the keyword. However, in cases where the advertiser is a third-party (not being the owner of the trademark) but chooses to use an existing trademark as the keyword to display its own advertised link linking its own website offering its own goods/services, such an act would severely affect the business of the trademark-holder.

Trademark Policy

There was a period when Google did not allow advertisers to link their advertisement to the trademarks of others, but in 2004 its advertising policy was amended in the United States and

¹¹ Amanda Scardamaglia, Keywords, Trademarks, and Search Engine Liability, in SOCIETY OF THE QUERY READER: REFLECTIONS ON WEB SEARCH 163-175, 165 (René König and Miriam Rasch eds., 2014)

¹² *Check and Understand Quality Score*, GOOGLE, <https://support.google.com/adwords/answer/2454010?hl=en>, last accessed on 19th December 2015; *Understanding Ad Position*, GOOGLE, <http://support.google.com/adwords/answer/>, last accessed on 19th December 2015

¹³ *Using Keyword Matching Options*, GOOGLE, <http://support.google.com/adwords/bin/answer.py?hl=en&answer=6100&topic=16083&ctx=topic>, last accessed on 19th December 2015

¹⁴ Althaf Marsoof, Keywords Advertising: Issues of Trademark Infringement, 4 JOURNAL OF INTERNATIONAL COMMERCIAL LAW AND TECHNOLOGY 240-251, 241 (2010)

Canada to allow advertisers to purchase their competitors' trademarks as keywords.¹⁵ This policy was subsequently applied to the United Kingdom and Ireland in 2008 and the rest of Europe in 2010.¹⁶ After the Court of Justice of the European Union held in March 2010 that Google's AdWords system does not violate European trademark law, Google changed its AdWords policy in various European countries in September 2010.¹⁷ In 2013 the policy was applied further in countries including India, China, Hong Kong, and Australia, with Google announcing that it will no longer prevent advertisers from selecting a third party's trademark as a keyword in advertisement targeting these regions. Following this change, Google allowed third parties to register keywords without the approval of the trademark owner, with only a limited complaint procedure for trademark owners.

Soon after this policy change, the recent outbreak of litigation concerning the issue had started. In its defence, Google is not allowing unchecked use of trademarks, as the company states that it still "reviews trademark complaints that relate to the content of the keyword advertisement, not the keywords purchased to trigger the advertisement."¹⁸ However, the owners of the protected marks may still argue that even by simply allowing a competitor to sponsor an ad associated with trademarked terms, the search engines are allowing competitors to take unfair advantage of interest associated with the marks.

Microsoft's Yahoo! and Bing search engines initially had a keyword policy which differed somewhat from Google's, but in 2011, the company announced it was amending its Intellectual Property Policy so as to no longer review complaints in relation to the use of trademarks as keywords in the United States and Canada, in order to align its practices with the current industry standard.

¹⁵Google Advertising Policies Help, 'AdWords Trademark Policy', <https://support.google.com/adwordspolicy/answer/6118?rd=1>.

¹⁶Matthew Saltmarsh, 'Google Will Sell Brand Names as Keywords in Europe', *The New York Times*, 4 August 2010, http://www.nytimes.com/2010/08/05/technology/05google.html?_r=0; Amanda Scardamaglia, Keywords, Trademarks, and Search Engine Liability, p. 167

¹⁷ Court of Justice of the EU, *Google France v. Louis Vuitton Malletier*, Mar. 23, 2010, Joint Cases C-236/08 to C-238/08, ECR 2010, I-02417.

¹⁸ Benjamin Aitken, Keyword-Linked Advertising, Trademark Infringement, And Google's Contributory Liability, 4 DUKE LAW AND TECHNOLOGY REVIEW 1-13, 3 (2005)

KEYWORD LINKED ADVERTISING

One of the critical steps in effective advertising is placing the ad where interested consumers may see it. Advertisers utilize many methods to get their advertisement in front of consumers. There are several instances when using another's keyword becomes necessary in the advertisement of one's own goods. As opposed to a trademark use that intentionally causes confusion as to the source of the product or service, many advertisers wish to identify themselves as competitors of the trademark holder. Trademark uses that serve only to identify the trademark owner's product or service or are used in comparative advertising qualify as fair use and are not subject to infringement claims.¹⁹ There are many instances when it becomes necessary for an advertiser to use another's trademark including advertisement for services supplementary to the trademarked product or service and advertisement comparing a trademarked product to a competitor's. For example, online shopping services necessitate using another's keyword in their website or as a keyword in order to sell products of that brand. Or websites that offer similar services may have to use others' trademark to show a comparison between the goods.

Many trademark-holders that are complaining about the keyword linking practice are requesting that the search engines disallow all use of their trademarks as keywords. The trademark holders often argue that even by simply allowing a competitor to sponsor an ad associated with trademarked terms, the search engines allow competing traders to take unfair advantage over the trademark holder in the case of registered trademark. For example, eBay has requested that all keywords that use eBay's trademark be unavailable to advertisers.²⁰ However, providing a complete bar to the use of all trademark references as keywords for ad-linking would be denying any legitimate fair use defences to accusations of infringement.

Likelihood of Confusion

Section 29 of the Trademarks Act outlines what constitutes infringing use of trademarks, and prohibits any use in the course of trade of a registered mark or a deceptively similar mark thereof that "is likely to cause confusion". Thus, the likelihood of confusion plays an important role in determining whether a competitor's use of a mark is an infringing use. One

¹⁹ *Playboy Enter., Inc. v. Terri Welles*, 279 F.3d 796, 801 (9th Cir. 2002)

²⁰ Benjamin Aitken, *supra* note 18, 3 (2005)

important dimension to whether third parties should be allowed to register trademarks as keywords is the effect such use has on consumer behaviour. On the one hand, it could be that consumers become confused by advertisement based on third-party keyword registrations, because they assume that such advertisement originate from or are sponsored by the trademark owner.²¹ On the other hand, it could be that consumers realize that an ad based on a third-party keyword registration is not linked to the trademark owner, and that they appreciate the increased information and competition resulting from such keyword use.²² Internet search engines have greatly expanded the role played by trademarks in consumers' search processes. While surfing for options, consumers deliberate on whether to use a trademarked keyword, or whether to combine it with other words to make the meaning and use of the trademark more precise about the product or service. This has made it easier for firms to keep a track of the use of their trademarks by the consumers.

THE INDIAN SCENARIO

In India, there is no legislation which explicitly restricts the use of trademarks as search engine keywords. Trademark owners have accordingly turned to existing doctrines in trademark law for a potential remedy. Section 29 of the Trademarks Act 1999 deals with infringement of registered trademark and Section 29(7) includes infringement under advertising.

In the case of *Consim Info Pvt. Ltd. v. Google India*,²³ the issue of trademark infringement through keyword advertising was discussed by the courts at length for the first time in India. In general, the number of cases arising out of infringement through keyword advertising is minimal in India, mostly because of the lack of awareness of intellectual property rights among owners. In this case, the appellant was the registered trademark owner for terms like Bharatmatrimony, Tamilmatrimony, Telugumatrimony, etc. and had prayed for a permanent injunction restraining the defendants from using these trademarks or their variants as AdWords, Keyword Suggestion Tool or as a keyword for internet search. The appellant being a leading company involved in online matrimonial services using internet as a platform had adopted several trademarks as mentioned above in the course of its trade and owned several

²¹ Stefan Bechtold and Catherine Tucker, Trademarks, Triggers and Online Search, 11 JOURNAL OF EMPIRICAL LEGAL STUDIES 718- 750, 719 (2014)

²²*Id*

²³*supra* note 7

domain names at par with their trademarks. The appellants contended that the consumer who searches for the appellant's online service for getting information would, in all probability will use the appellant's trademarks as key words in the respondents search engine.

The respondents argued that their use of the appellant's trademark in the impugned Ad program did not constitute the use 'in the course of trade', and the use of such trademark is alignment with honest business practice. The Key Word Suggestion Tools automatically produces a list of web-links by considering the number of hits counted by the term/trademark. Therefore, there is no human intervention in the process of selection of the term/trademark as Key Word by the search engine. However, the respondents contended that they never used the appellant's trademark in the sense of a trademark over the goods or services as contemplated under the Act. Therefore, such use would not amount to infringement or passing off.

The appellants in this case further claimed that whenever a Web server through the search engine 'Google' using as Key Words, any of their trademarks or the constituent parts thereof such as Bharat, Assam, Tamil, Matrimony etc., the links to the websites of the competitor advertisers also appear on the right hand side of the page, as Sponsored Links. Each sponsored link has i) an Ad title ii) an Ad text and iii) the URL (Uniform Resource Locator) of the advertiser's website.²⁴ The appellant claimed that an infringement happens, when the trademark of the appellant is used in the Ad title or Ad text by a competitor, deceptively similar to it and if such an advertisement appears on the Sponsored Links. Since the choice of the keyword is made by the advertiser through the Keyword Suggestion Tool provided by the search engine, the appellant contended that the search engine is guilty of aiding and abetting such infringement. They charged Google with indirect or contributory infringement and claimed that the AdWords used by advertisers in the Sponsored Links, as Ad title or Ad text, are selected by assistance from the Keyword Suggestion Tool provided by the search engine itself. In case an advertiser uses the Key Word Tool to find the appropriate AdWords, which would easily lead to his website, the

²⁴Consim Info Pvt. Ltd. v. Google India Pvt. Ltd. &Ors., 2013(54)PTC578(Mad)

search engine suggests several key words that could be adopted by the advertiser so that the link to his website would appear at as many locations as possible.²⁵

The court accepted the argument of the respondent and dismissed the case on the ground that the registered marks were descriptive of the service being provided. Thus, liability of both the advertiser as well as the search engine was nullified and Google managed to escape liability. The court in this case only looked into the issue of likelihood of confusion and did not stress upon the test to determine contributory infringement of intermediaries in keyword advertisement cases.

POSITION IN THE EUROPEAN UNION

Trademark infringement under Community law can be referred to two different legislative bases. The first basis is established under Trademark Directive II, Article 5(1), stipulating that: The Trademark holder shall be authorized to prevent all third parties not having his consent from using in the course of trade. (a) any sign which is identical with the trademark in relation to services or goods which are identical with those for which the trademark is registered.²⁶ The second basis of trademark infringement is found under Trademark Directive II, Article 5(2), constituting that: Any Member State may also provide that the trademark holder shall be authorized to prevent all third parties from not having his consent from using in the course of trade any sign which is identical with, or similar to, the trademark with respect to services or goods which are not similar to the those for which the trademark 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 reputation of trademark.²⁷ Also implicated in the keyword cases in the European Union is E-Commerce Directive.²⁸ While not a trademark provision in itself, the E-Commerce Directive sets out a liability exemption for certain hosting activities of information service providers.

In the European Union, numerous national courts had to decide (1) whether an advertiser can be held liable for trademark infringement if it uses a trademarked keyword, and (2) whether

²⁵ Choose keywords for Display Network Campaigns, available at <https://support.google.com/adwords/answer/2453986?hl=en>, last accessed on 21st December 2015

²⁶ Trademark Directive II Article 5 (1)(b)

²⁷ Trademark Directive II Article 5(2)

²⁸ E-Commerce Directive 2000/31

search engine operators can be held liable as well, either through primary or secondary liability doctrines. Courts in France and Belgium, and some courts in Germany, had ruled that the AdWords system violates trademark law or unfair competition law, on the grounds that the advertisers and/or Google are using trademarks to confuse consumers, and are free riding on the goodwill of trademark owners. Courts in the United Kingdom and other courts in Germany had ruled the opposite, while decisions in Austria and the Netherlands had come out somewhere between these opposing viewpoints.²⁹

Thus, the ECJ announced two opinions, answering several questions referred to it by French and Austrian courts on the appropriate interpretation of the provisions in relation to keyword advertising. The first of these opinions, answered questions referred to the ECJ by the French Court of Cassation, the highest court in France. The French court stayed the proceedings in each of three cases to refer questions to the ECJ for a preliminary ruling. The questions arising out of these cases dealt with the application of Article 5 of the Directive, Article 9 of the Regulation, and Article 14 of the E-Commerce Directive to the question of keyword advertising.

The first dispute that reached the European Court of Justice was *Google France v. Louis Vuitton Malletier*.³⁰ The Court held that a producer of fake Louis Vuitton products may violate trademark law if his keyword-backed ad creates the impression that his products are actually produced, or at least authorized, by Louis Vuitton. Concerning Google's liability, the court held that Google was not using the Louis Vuitton trademark in its AdWords system in a manner covered by European trademark law. Google was merely operating a service that might enable advertisers to engage in trademark violations. Turning to secondary trademark infringement, the Court noted that Google could be shielded from liability by provisions of the E-Commerce Directive 2000.³¹ However, it must be noted that this would depend on whether the Google AdWords system is a merely automatic and passive system, or whether Google plays an active role in selecting and ordering advertisement. The ECJ decided that search engine operators do not infringe trademarks by selling keywords that correspond to third party trademarks. This is because although search engines are carrying out commercial

²⁹*supra* note 21, 723 (2014)

³⁰*Google France SARL v Louis Vuitton Malletier SA* [2010] C-236/08, C-237/08 and C-238/08.

³¹ Section 4, Liability of Intermediary Service Providers, ELECTRONIC COMMERCE DIRECTIVE, DIRECTIVE 2000/31/EC OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

activity in the course of trade, these activities do not constitute use, as required for the purposes of trademark infringement. The ECJ held that:

The fact of creating the technical conditions necessary for the use of a sign and being paid for that service does not mean that the party offering the service itself uses the sign. To the extent to which it has permitted its client to make such a use of the sign, its role must, as necessary, be examined from the angle of rules of law other than Article 5.³²

In the second French case, Viaticum, a proprietor of French marks, along with Luteciel, the company that maintained Viaticum's website, also brought suit against Google for selling their marks as keywords.³³ As in the previous action, Google was found liable for trademark infringement by both the trial and appellate courts, and Google again appealed to the French Court of Cassation.³⁴ Similarly, in the third case, an individual trademark proprietor and his licensee brought suit against Google and two advertisers who had purchased the proprietor's marks as keywords from Google.³⁵ After being found liable of trademark infringement, Google and the two advertisers successfully appealed to the French Court of Cassation. In each of these cases, the Court of Cassation stayed the proceedings and referred questions to the ECJ for a preliminary ruling on the interpretation of the Directive and Regulation.

Following the decision of the ECJ, Google changed its trademark policy in the AdWords Program in September 2010 with regard to who was allowed to purchase a trademarked keyword to trigger advertisement across all continental European countries. After the policy change, Google still offered a procedure for trademark owners to complain about the use of their trademark by third parties. It is noteworthy however, that in the cases that were referred to the ECJ by the French Courts, the French Courts had initially found liability of advertisers and Google in the national courts. However, on referring questions to the ECJ, the liability was removed on the basis of the E-Commerce Directive 2000.³⁶

The liability limitations in the Directive apply to certain clearly delimited activities carried out by internet intermediaries i.e. to the technical process of access and transmission

³²Google France SARL v Louis Vuitton Malletier SA [2010] C-236/08, C-237/08 and C-238/08 at 57

³³ Google France & Google, paras 35-36

³⁴ *Id.*, para 36

³⁵*Id.*, paras 38-40

³⁶ Article 12 – 14 of the E-Commerce Directive

provision, as well as storage of information provided by a recipient of the service in a communication network. The liability limitations provided for by the directive are established in a horizontal manner i.e. they cover civil, administrative and criminal liability for all types of illegal activities initiated by third parties online, including copyright and trademark piracy, defamation, misleading advertising, etc.³⁷ Article 15 prevents Member States from imposing on internet intermediaries, with respect to activities covered by Articles 12 to 14, a general obligation to monitor the information they transmit or store or a general obligation to actively seek out facts and circumstances indicating illegal activities.³⁸ However, it does not prevent public authorities in the Member States from imposing a monitoring obligation in a specific, clearly defined individual case. Moreover, Articles 14 and 15 do not affect the possibility for Member States of requiring hosting service providers to apply duty of care which can reasonably be expected from them and which is specified by national law, in order to detect and prevent certain types of illegal activities.³⁹

From these provisions of the E-Commerce Directive it may be argued that the court overlooked the fact that Article 15 did talk about imposing a monitoring obligation in individual cases on intermediaries. The ECJ while shielding Google from liability should have imposed a certain duty of care on Google to monitor the use of its AdWords Program in allowing the selection of trademarks as keywords. This would have allowed trademark owners the desired protection from keyword advertising while also giving them adequate leverage to file an action against Google in the future. After all, the AdWords Program would fall in to the category of a specific and clearly defined individual case on the ground that the Program involves a Pay-Per-Click system whereby Google generates revenue every time a user clicks on the Sponsored Link triggered by the keyword. This gives Google enough incentive to induce infringement by competing advertisers through auctioning trademarks as keywords.

POSITION IN THE UNITED STATES

The Lanham Act is the federal trademark statute in the United States wherein Sections 32, 43, and 45 are the provisions relevant to the keyword issue. Section 32 imposes liability for “use

³⁷ Study on the Liability of the Internet Intermediaries, 2007, http://ec.europa.eu/internal_market/e-commerce/docs/study/liability/final_report_en.pdf, last accessed on 28th December 2015

³⁸*Id*

³⁹*Id*

in commerce” of another’s registered mark without the registrant’s consent if that use “is likely to cause confusion, or to cause mistake, or to deceive,” and Section 43(a) gives similar protection to unregistered marks. Like the ECJ, US courts have not applied trademark provisions to keyword cases in a uniform fashion, and until recently, courts in the United States were split roughly into two camps regarding the trademark use doctrine as applied to internet advertising.⁴⁰ On April 3, 2009, the Second Circuit held in *Rescuecom v. Google*⁴¹ that the practice of selling trademarks as search engine advertising keywords can qualify as a “use in commerce” under the Lanham Act. This allowed the court to further delve into the issue of “likelihood of confusion” that may arise from such use of the registered trademark in the course of trade.

Before the *Rescue.com* case, the Second Circuit had found that use of trademarks as keywords “is not use of the mark in a trademark sense” as contemplated by the Lanham Act. District courts in the Second Circuit were influenced on this issue by *1-800 Contacts, Inc. v. WHENU.COM, Inc.* where the defendant was sued for distributing software that provided contextually relevant advertising to computer users by generating pop-up advertisement depending on the website or search terms the computer user entered into his internet browser.⁴² The district court found that the plaintiff had not shown that its mark had been used in commerce as defined in Section 45 of the Lanham Act because the use of the mark by the defendant was “internal.”⁴³ In *Merck & Co. v. Mediplan Health Consulting*, three of the defendants had purchased the keyword ZOCOR, a registered mark of the plaintiff, from search engines Yahoo! and Google.⁴⁴ The district court, noting the decision of *1-800 Contacts*, held that “this internal use of the mark ‘Zocor’ as a key word to trigger the display of sponsored links is not use of the mark in any trademark sense.”⁴⁵ The Second Circuit vacated the judgment and remanded to the district court, concluding that the practice of recommending and selling trademarks as keywords does indeed qualify as a “use in commerce” and that “Google’s recommendation and sale of *Rescuecom*’s mark to its advertising customers are not internal uses.”⁴⁶ The decision does oblige Second Circuit courts

⁴⁰ Tyson Smith, *Googling a Trademark: A Comparative Look at Keyword Use in Internet Advertising*, 46 *TEXAS INTERNATIONAL LAW JOURNAL*, 232-256, 250 (2010)

⁴¹ *Rescuecom v. Google*, 562 F.3d 123 (2nd Cir. 2009)

⁴² *1-800 Contacts, Inc. v. WhenU.com*, 414 F.3d 400, 404–05 (2d Cir. 2005)

⁴³ *Id.*

⁴⁴ *Merck & Co. v. Mediplan Health Consulting*, 425 F. Supp. 2d 402, 415 (S.D.N.Y. 2006) at 407, 415

⁴⁵ *Id.*, at 415

⁴⁶ *supra* note 41, at 127, 129

in future keyword cases to determine whether a likelihood of confusion exists rather than simply disposing of the case at the threshold question of trademark use. Beyond the Second Circuit, courts have generally been in agreement that use of a trademark as a keyword qualifies as use in commerce, and the focus has been more on whether the use is likely to cause confusion.⁴⁷

In *Playboy Enterprises, Inc. v. Netscape Communications Corp.*, the Ninth Circuit considered the practice of “keying” by search engines, in which an advertiser wishing to have its ad displayed in response to an internet search must choose among various lists of terms related to its ad as provided by the search engine.⁴⁸ In deciding the case, the court focused almost exclusively on the likelihood of confusion without addressing whether the use by the search engines was a trademark use. In *800-JR Cigar, Inc. v. GoTo.com*, a “pay-for-priority” search engine “solicited bids from advertisers for key words or phrases to be used as search terms, giving priority results on searches for those terms to the highest-paying advertiser.”⁴⁹ The search engine also had a tool that suggested terms for advertisers to bid on. The Third Circuit concluded as a matter of law that the “use in commerce” requirement was met because the search engine “injected itself into the marketplace” by placing paid advertisements above any natural listings and by marketing terms to advertisers through its Search Term Suggestion Tool. The court discussed the likelihood of confusion factors and considered initial interest confusion, ultimately finding material issues of fact and dismissing the motion for summary judgment.

When use in commerce was established in the *Rescuecom* case, the courts reasoned that internal uses of a mark could still deceive consumers which marked a shift away from its previous analytical framework of strictly separating use from likelihood of confusion. In the *Playboy* case, the courts went further in combining the use and likelihood of confusion analysis. The court essentially ignored the use question by merely stating that the “defendants used the marks in commerce” without clarifying on why this qualified as an actionable use. In evaluating the likelihood of confusion, courts have looked at the traditional likelihood of confusion factors. Some courts have considered the doctrine of initial interest confusion, while others have declined to apply it to keyword use.

⁴⁷ Jonathan J. Darrow & Gerald R. Ferrera, 17 *TEXAS INTELLECTUAL PROPERTY* L.J. 223, 261 (2009)

⁴⁸ *Playboy Enters., Inc. v. Netscape Commc'ns Corp.*, 354 F.3d. 1023–24

⁴⁹ *800-JR Cigar, Inc. v. GoTo.com, Inc.*, 437 F. Supp. 2d 273, 277 (D.N.J. 2006).

CONTRIBUTORY INFRINGEMENT

The Lanham Act does not have any provision which deals explicitly with contributory infringement. To remedy this situation, the Supreme Court developed a test for liability as a contributor to infringement in Inwood Laboratories, Inc. v. Ives Laboratories, Inc., stating that “liability for trademark infringement can extend beyond those who actually mislabel goods with the mark of another.”⁵⁰ In this case, the manufacturer of a generic drug produced its product with the same colouring and general appearance as the brand name drug sold by the plaintiff. The evidence at trial indicated that even though the generic’s manufacturer did not label its product with the plaintiff’s trademark, some pharmacists had intentionally mislabelled the generic drug as the brand name version and were selling it as such. The plaintiff contested that the design of the generic drug contributed to the infringing action taken by the pharmacists. The defendant manufacturer was not held liable for the actions of such pharmacists, but the test for what actions would constitute contributory infringement was established.⁵¹ The court held that:

“If a manufacturer or distributor intentionally induces another to infringe a trademark, or if it continues to supply its product to one whom it knows or has reason to know is engaging in trademark infringement, the manufacturer or distributor is contributorily responsible for any harm done as a result of the deceit.”⁵²

The court further held the following points relevant in determining contributory liability:

1. Whether the platform provider is aware of the said infringement
2. Whether the platform provider has the ability to monitor and control the use of your product or service
3. Whether the platform provider is in a position to receive some benefit from the infringement

However, applying this standard to establish contributory infringement of search engines has not brought about any liability till date. This test requires that the plaintiff must first prove that Google has intentionally induced the infringement. But Google claims that it does not dictate what keywords are associated with an ad, the advertiser chooses its own keywords; the advertiser is responsible for the text of the ad which is the source of the possible infringement; and lastly, Google has stated its willingness to remove trademark terms from

⁵⁰Inwood Laboratories, Inc. v. Ives Laboratories, Inc., 456 U.S. 844 (1982).

⁵¹ Benjamin Aitken, Keyword-Linked Advertising, Trademark Infringement, And Google’s Contributory Liability, 4 DUKE LAW AND TECHNOLOGY REVIEW 1-13, 8 (2005)

⁵²*supra* note 50, at 854

bidding upon reasonable requests from trademark owners. This goes a long way in escaping liability as Google terms of service clearly state that they are not liable for trademark infringement and are willing to take down any infringing material that is brought to their notice. Secondly, the plaintiff must show that Google, despite knowing about the alleged infringement, continued to sell the trademark of the plaintiff as keywords to its competitors. Thus, the knowledge of infringing activities is necessarily required to prove contributory infringement. But Google has argued that its role in the keyword-linking advertising practice is a “pure machine-linking function,” which could not be termed as a trademark use. In the case of *Tiffany v. eBay*,⁵³ the Second Circuit considered whether eBay caused contributory infringement by allowing customers to sell counterfeit Tiffany products on the site. It was found that eBay was not liable for contributory trademark infringement because it possessed only “general” knowledge that counterfeit Tiffany products were being sold on its website, and because eBay immediately removed listings of Tiffany products from its website right after it was notified of specific items believed to be counterfeit. Based on this case, it is reasonable to conclude that general knowledge is not sufficient to establish liability.⁵⁴ Rather, specific knowledge that the buyer is engaging in trademark infringement is needed for secondary liability.⁵⁵ Thus, Google has so far managed to escape liability in cases of contributory infringement even when the Inwood test was applied. But this has determined that there is no affirmative duty to take precautions against infringing activities, once knowledge of that activity is attained, a duty to remedy the situation exists.

It maybe argued however, that contributory infringement of search engine could have been established with the help of the Inwood test. Firstly, while establishing awareness of the service provider, what must be looked into is not whether Google has actual knowledge of the said infringement; rather merely that it should have knowledge of the infringement carried out on its search engine. Secondly, while establishing Google’s ability to control and monitor the use of its AdWords Program, regard must be had to the fact that by the use of the economic model known as “Pay-for-Placement”, the Server (Google) has the last and absolute control over what exactly is displayed on the search page when the users type in the relevant terms and also has the power to choose how and where which links will be placed. And lastly, Google stands to gain monetary profits every time a user clicks on the Sponsored

⁵³ *Tiffany (NJ) Inc. v. eBay Inc.* 600 F.3d 93, 106 (2d Cir. 2010).

⁵⁴ *supra* note 3, at 178

⁵⁵ *Id*

Link. As per the AdWords Program, the advertiser is required to pay Google a certain sum of money every time a user clicks on the advertisement placed by the advertiser by buying the search terms as keywords. Thus, it provides enough incentive for Google to induce an infringement by a third party. It is clear that all the requirements set out for contributory infringement are thus fulfilled.

CONCLUSION

Because of the internet's impact on the economic situation of nations, the issue of using trademarks as keywords in internet advertising has emerged as an important topic in India. While the number of such cases that have come up before Indian Courts is minimal at present, perhaps due to lack of awareness, it is certain that more of such cases are sure to come up in the future. The judgement in Consim Info Pvt. Ltd. v Google India has marked the beginning of keyword advertisement cases leading to infringement as well as set a precedent for the future cases. However, the Indian Judiciary and Indian Legislature has a long way to go in the development of cases and regulations in order to protect trademark owners from internet based infringement.

The shortcomings in this regards maybe enumerated as follows:

1. The Trademark Act, 1999 does not define what constitutes "use in the course of trade". This ambiguity leads to lack of uniformity in deciding whether the use of registered trademarks as keywords would amount to "use" as required by Section 29 of the Act to establish infringement. Moreover, the Madras High Court in the Consim case did not dwell upon the issue of use and directly delved into the issue of likelihood of confusion. This has left scope for further disputes on whether it would amount to use if the trademark, despite being bought as a keyword does not appear in the Ad Title or the Ad Text and is merely used to trigger the competitors' website.
2. An important lesson to be taken from the European Union is the E-Commerce Directive which was used by the ECJ to shield Google from contributory infringement. In India, though the issue of intermediary infringement has been taken up in the IT Act, there are several loopholes which have contributed to more ambiguity in determining secondary liability of search engines. The IT Act, thought heavily borrowed from the E-Commerce Directive has failed to differentiate between the different classes of intermediaries.

3. The Madras High Court, in determining likelihood of confusion dismissed the action merely on the ground that the trademarks in question were descriptive of the service that was being provided both by the appellants and respondent. Though Indian Trademark Law has established the grounds of likelihood of confusion, there is a need for such grounds to be tested in the context of internet uses of trademarks in advertisements. Here, the courts should have developed certain tests to determine likelihood of confusion in relation to the internet and which is highly advanced technology.
4. In developing the test for likelihood of confusion in consumers based on advertisements on the internet, a clear standard must be followed as to the class of purchasers. In other words, the level of sophistication of a consumer using the internet must be determined by way of empirical study as the test of a consumer having ordinary intelligence would not be applicable here.
5. A brief overview of all the cases in various jurisdictions has thrown light on the fact that Google has never been held liable in any jurisdiction. Even though certain courts in France and Austria had initially held Google liable for contributory infringement, on being referred to the ECJ Google has managed to escape liability every time. Also, even when the Inwood test in the US is applied to establish contributory infringement, the underlying problem remains that a plaintiff must establish underlying direct trademark infringement in order to meet liability for contributory infringement.

The manner in which marketers manipulate trademarks constantly changes, which is why, even more than how keyword advertisement are adjudicated today, it matters that the current keyword cases be decided on doctrinally durable and correct grounds that will not impair the ability of trademark owners to take action against more mischievous marketing mechanisms tomorrow.