

INTERNET COMMITTEE KEYWORD JURISPRUDENCE CHART AND SEARCH ENGINE POLICIES

Introduction

The INTA Internet Committee Keyword Working Group (“the working group”) has briefed and prepared a chart of jurisprudence from around the world dealing with disputes over purchase and sale of trade-marks as keywords to generate sponsored links on Internet search results. The jurisprudence has evolved in the U.S. and Europe, while in many countries there is still little guidance on the issue of infringement of trade-mark rights through the practice.

The jurisprudence chart includes cases identified by the working group over the past several years and the intent is for the document to be updated going forward. The working group cannot warrant that all cases decided in all jurisdictions have been identified. However, it is believed that the chart provides the most comprehensive list of keyword cases compiled anywhere to date.

With the evolution of jurisprudence in respect of keywords, search engine practices and policies have also evolved. Major North American search engine companies have stated policies regarding the sale of trade-marks as keywords and provide complaint procedures, which are modified from time to time. The working group, in conjunction with GOOGLE, YAHOO!, Microsoft and AOL, has produced a document setting out links to the keyword policies and procedures of those companies. The intent is to try and update the document when the search engine policies or procedures change, and to add links to other major search engines around the world in the future.

What follows is a brief synopsis of the current state of the keyword jurisprudence internationally. Since there have been more decisions in the U.S. than elsewhere the U.S. jurisprudence is discussed first. That is followed by a brief synopsis of international jurisprudence. Finally, there is a brief discussion of the current policies and procedures of the search engines referred to above.

Summary of U.S. Keyword Cases

U.S. jurisprudence surrounding keywords has steadily developed over the past ten years. U.S. courts have decided more than fifty trademark infringement cases involving keywords. Although the courts initially struggled with the application of the Lanham Act to keywords, the core elements now appear to be settled among circuit courts.

Plaintiffs in U.S. keyword cases have the same burden of proof as in all trademark infringement cases. Plaintiffs need to show (1) a protectable ownership interest in the a mark, (2) the defendant is using the plaintiff’s mark in commerce, and (3) the use is likely to result in consumer confusion. Areas of

uncertainty initially included whether the purchase and sale of keywords constitute a use of a trademark owner's mark in commerce, and whether likelihood of confusion analysis should include an assessment of initial interest confusion.

Until 2009, there was a split among the circuits as to whether the mere sale or purchase of keywords constituted "use in commerce." Under the majority view, such activities are considered use of a mark in commerce. See *Network Automation v. Advanced Systems Concepts*, No. 10-55840 (9th Cir. 3/8/11); *Hearts on Fire Co., LLC v. Blue Nile, Inc.* 2009 WL 794482 (D. Mass 3/27/09); *Edina Realty, Inc. v. Themlsonline.com*, 80 USPQ2d 1039 (D. Minn. 2006). The district courts in the Second Circuit took a contrary view, finding that keyword use was not "use in commerce" since the trademarks were not affixed to goods or their packaging or in advertising. See *FragranceNet.com Inc. v. FragranceX.com*, 493 F. Supp. 2d 545 (EDNY 2007); *S&L Vitamins v. Australian Gold*, 521 F. Supp. 2d 188 (EDNY 2007). However, in 2009, the Second Circuit eliminated the controversy, falling in line with the majority view. See *Rescuecom Corp. v. Google, Inc.*, 562 F.3d 123 (2d Cir. 2009).

Interestingly, most decisions offer little discussion on the issue of "use in commerce." As observed by the 9th Circuit in *Network Automation*, "[the Court] assumed, without expressly deciding, that the use of a trademark as a search engine keyword that triggers the display of a competitor's advertisement is a 'use in commerce' under the Lanham Act."

The issue of consumer confusion is largely a factual exercise, and the outcome of keyword cases often rides on the quality of evidence offered by the parties. A plaintiff making mere conclusory statements regarding consumer confusion without substantiating the same with factual data will likely not prevail. See *Montana Camo, Inc. v. Cabela's Inc.*, 2011 WL 744771 (D. Mont. 2/23/2011); and *Jurin v. Google*, F.Supp.2d 1117 (EDCA 2010) (stating that plaintiff needed to provide more than formulaic recitations of the elements). Further, evidence of actual confusion usually tips the scales in favor of the plaintiff. See *Mary Kay Inc. v. Weber*, 601 F.Supp.2d 839 (NDTX 2009) and *Binder v. Disability Group Inc.*, 97 USPQ2d 1629 (C.D. Cal. 2011) but see *Rosetta Stone Ltd. v. Google*, 730 F.Supp.2d 531 (EDVA 2010) (holding that 5 instances of confusion out of 100,000 impressions over 6 years was diminimus).

There continues to be some controversy over the application of the "initial interest confusion" (IIC) doctrine in assessing likelihood of confusion in keyword cases. Although this judicially created doctrine predates the Internet, the concept of IIC garnered attention in the case of *Brookfield Commc'ns Inc. v. West Coast Entm't Corp.*, 174 F.3d 1036 (9th Cir. April 22, 1999) (holding the use of metatags would result in IIC). The IIC doctrine considers whether the use of another's trademark would "capture initial consumer attention even though no

actual sale is finally completed as a result of the confusion." *Dr. Seuss Enters. v. Penguin Books*, 109 F.3d 1394 (9th Cir. 1997).

Several circuits have applied the IIC doctrine to keywords as well as metatags cases. *Promatek Industries v Equitrac Corp*, 300 F3d 808 (7th cir 2002) (stating that consumers who are diverted to defendants page are likely to learn about defendant's products before beginning a new search for the plaintiff); *Bayer Corp. v. Custom School Frames, LLC*, 259 F. Supp. 2d 503 (N.D. La. 2003) (finding the defendant's use of the plaintiff's mark in metatags and as a keyword is an appropriation of plaintiff's goodwill and creates IIC); *Australian Gold, Inc. v. Hatfield*, 436 F.3d 1228 (10th Cir. 2006); *Bayer Healthcare, LLC v. Nagrom, Inc.*, 2004 U.S. Dist. LEXIS 19454 (D. Kan. Sept. 7, 2004)(finding defendants use of plaintiff's mark in metatags created IIC and the use of keywords also leads to confusion).

Some courts have applied the so-called "Internet Trinity" that considers fewer factors when assessing IIC than used in conventional likelihood of confusion analysis. See *Brookfield Commc'ns, Inc. v. West Coast Entm't Corp.*, 174 F.3d 1036, 1058 (9th Cir. 1999) ("Internet Trinity" focusing on : (1) the similarity of the marks, (2) the relatedness of the goods or services, and (3) the parties' simultaneous use of the Web as a marketing channel) However, a recent Ninth Circuit case has thrown this practice into flux. See *Network Automation v. Advanced Systems Concepts*, No. 10-55840 (9th Cir. March 8, 2011) (implicitly undercutting *Brookfield* by stating that in an IIC assessment, the plaintiff must establish a likelihood of confusion not mere diversion).

And the flux is likely to continue. As more cases are filed and appealed, keyword jurisprudence will continue to evolve. Accordingly, the area will continue be an area of interest and discussion for U.S. trademark practitioners.

Summary of International Keyword Cases

As noted above, there are many jurisdictions where, as far as the committee is aware, there have been no keyword decisions to date. However, there are countries where there have been one or two decisions and the jurisprudence has evolved in Europe where there have been multiple decisions both in national courts and in the European Court of Justice.

Firstly, dealing with cases outside of Europe, there have been reported decisions in at least Argentina, Canada, China, India and Israel. The cases have come to different conclusions and significant questions are yet to be answered. For instance, while there have been two reported cases in Canada dealing with keyword advertising, neither case has considered infringement of registered trade-marks. See *Chocolat Lamontagne Inc. v. Humeur Groupe Conseil Inc.*, 2010 QCCS 3301 – Passing off action where sponsored link indicated defendant was "alternative to" plaintiff dismissed; and *Private Career Training Institutions*

Agency v. Vancouver Career College (Burnaby) Inc., 2010 BCSC 765, aff'd, 2011 BCCA 69 where an injunction application based on breach of private training institution bylaws was dismissed based on a finding that the advertisements were not "false, deceptive or misleading".

In Argentina, the one decision was a preliminary injunction application. An injunction issued on the basis that use of a competitor's trade-mark as a keyword constituted unauthorized use of the trade-mark under unfair competition rules. However, a final decision on the merits is still pending. See *Organizacion Veraz v. Open Discovery* (May 28, 2009 – Federal Court of Appeals).

In India, an interim injunction issued against Google and competitors of the plaintiff against using or enabling others to use plaintiff's registered trade-marks as keywords, in keyword suggestion tools or as metatags. See *Consim Info. Pvt. Ltd. v. Google India Pvt. Ltd. et al* (September 17, 2009, High Court of Madras), but the working group is not aware of how the matter was finally concluded.

In Israel, in a 2006 decision, the Tel Aviv District Court found that there was no trade-mark infringement through use of trade-marks as keywords by competitors where the trade-marks were not used in the ads themselves, but in a subsequent decision, a motion to strike by Google Israel was denied. See *Matim Li Large Sizes Fashion Chain Ltd. v. Crazy Line Ltd. and Google Israel Ltd.* (July 31, 2006, Tel Aviv District Court; *Dr. Dov Klein v. Proportion PMC Ltd. and Google Israel* (December 13, 2007, Tel Aviv Magistrate's Court).

There have been several decisions in China that have generally found competitors using registered or well-known trade-marks or trade names as keywords to be liable for unfair competition. Further, search engines have been found liable in several cases. It appears that search engines may have a positive obligation to review legality of keyword purchases, and to take corrective action after receiving notice from a plaintiff, although there are some decisions that go the other way. See for example *HTS/Beijing S&T Co. v. Protech (Beijing) Co. and Baidu* (March 2011, Beijing Chaoyang District People's Court); *Beijing Shisanba Cosmetic Surgery Hospital v. Beijing Evercare Mcd. Institution and Baidu* (April 2010, Beijing No. 2 Intermediate People's Court); *Baidu v. Shanghai Dazhong House Moving Logistics Co.* (June 2008, Shanghai Second Intermediate Peoples Court); *Google v. Guangdong Gangyi Electrical Appliance Co.* (March, 2010, Guangzhou Intermediate People's Court for second instance).

Turning to Europe, as a preliminary point, while the European Court of Justice has handed down several decisions clarifying interpretation of the trade-mark and e-commerce directives of the European Union, national courts have considered liability under those directives as well as other bases for liability. For instance, in France there have been several decisions finding Google liable for misleading advertising and for failing to control infringing activity on its website. See for example *Voyageur du monde, Terres d'aventures v. Google France*

(January 7, 2009, Paris District Court); *Cobrason v. Google France* (October 23, 2008 – Paris Commercial Court); *Gifam v. Google France* (February 1, 2008, Paris Court of Appeal). The bottom line is that, in considering keyword advertising issues in Europe, it is necessary to consider domestic decisions in addition to the guidance given by the European Court of Justice.

Turning to the decisions of the European Court of Justice, the court recently issued a judgment in the case of *Interflora Inc. v. Marks & Spencer plc*, (September 22, 2011, European Court of Justice Case C-323/09). While the case specifically considered four questions referred by the U.K. High Court, the European court of Justice took the opportunity to provide what amounted to a synopsis of interpretation issues applicable to Keyword cases. The Court noted:

- (i) selecting a trade-mark as a keyword is use by the advertiser “in the course of trade” and in relation to the advertiser’s goods or services, even where the trade-mark does not appear in the advertisement itself;
- (ii) the trade-mark owner is entitled to prevent use of the trade-mark as a keyword only if such use will have an adverse effect on one of the functions of the mark even where the trade-mark and wares or services are identical;
- (iii) there is adverse effect on the functions of the trade-mark if there is an adverse effect on the essential function of guaranteeing to consumers the origin of the goods or other functions such as guaranteeing quality, communication, investment or advertising functions;
- (iv) the function of indicating origin is adversely affected if the advertisement does not easily enable a well informed and reasonably observant internet user to ascertain whether the goods or services do not originate from the trade-mark owner or an undertaking economically connected thereto;
- (v) with respect to the advertising function of trade-marks, use of a trade-mark as a keyword does not have an adverse effect since the general use is inherent in competition as a mere offering of alternatives to the goods or services of the trade-mark owner;
- (vi) with respect to the investment function, advertising the same wares or services through keyword advertising adversely affects the trade-marks function if it substantially interferes with the trade-mark owner’s use of its mark to acquire or preserve a reputation capable of attracting consumers and retaining their loyalty; and
- (vii) keyword advertising based on a competitor’s trade-mark may be prevented where the competitor thereby takes unfair advantage of the distinctive character (free riding) or where the advertising causes dilution or tarnishment of the trade-mark, but may not prevent such advertisements that merely offer an alternative.

The court also made comments regarding factors that the referring court may take into account, for instance in the case being considered, the fact that the commercial network of the plaintiff is composed of a large number of retailers varying greatly in size and profile.

It will be interesting to see how keyword jurisprudence evolves in courts around the world. While issues have been settled in some countries, the analysis includes factual considerations and it is expected that there will be developments clarifying issues on particular facts going forward. In many other countries, basic issues are yet to be settled and it will be interesting to see whether a different approach will be adopted.

Search Engine Policies and Procedures

The following is a brief synopsis of GOOGLE, YAHOO!, Microsoft and AOL's respective policies relating to keyword advertising, as of the date of publication.¹

Google

Google's Adwords terms and conditions prohibit intellectual property infringement by advertisers. (See <https://adwords.google.com/select/tsandcsfinder>, par. 4.) Google will investigate complaints of intellectual property infringement in ads served on or by Google, though it strongly encourages trademark owners to resolve matters with advertisers directly. (See <http://adwords.google.com/support/aw/bin/answer.py?hl=en&answer=6118>.)

Depending on the region, Google's policy is to investigate use of a trademark in (1) ad text only, (2) ad text alone or in combination with keywords if that combination is misleading or causes confusion, or (3) ad text, keywords or both. For a breakdown of the policy by region, see <http://adwords.google.com/support/aw/bin/answer.py?hl=en&answer=144298>. In the U.S., Canada, the UK and Ireland, Google policy permits resellers and informational sites to use third party trademarks in ad text, so long as the term is being used nominatively, descriptively or generically as defined more specifically in the policy. (See <http://adwords.google.com/support/aw/bin/answer.py?hl=en&answer=145626>; See <http://adwords.google.com/support/aw/bin/answer.py?hl=en&answer=144298> also regarding EU and EFTA policy.)

Once a trademark complaint has been processed, future attempts by advertisers to use that mark in ad text or, where applicable, in keywords, may be rejected by Google. Authorized advertisers must contact the trademark owner and ask the trademark owner to authorize the ad by submitting a "trademark authorization request" online. The approval may not be conditional but can be withdrawn by the rights owner at any time. (See <http://adwords.google.com/support/aw/bin/answer.py?hl=en&answer=6118>)

¹ The summaries below are for informational purposes only, please review the actual policies before advising your clients or taking any action. All policies are subject to change.

In addition to AdSense and AdWords, Google's policies provide guidance for several other areas where a rights owner may have issues, such as competitive claims, counterfeit goods, ads on parked domains, and search results. Links to relevant policies are available in the links document. [include link]

Microsoft and Yahoo!

Microsoft prohibits trademark infringement by advertisers who purchase sponsored search results in Bing and other search partner sites (such as Yahoo!). If an advertiser is using a trademark improperly in connection with an ad served in Bing or Yahoo! search results, Microsoft directs rights owners to first contact the advertiser directly. If the matter is not resolved to the rights owner's satisfaction, it may then submit a complaint to Microsoft. While Microsoft's U.S. policy refers only to use of trademarks in the text of ads, its policies for the UK, France and Singapore govern both use in keywords and use in ad text. (Compare <http://advertising.microsoft.com/small-business/support-center/search-advertising/intellectual-property-guidelines> (US policy) with <http://advertising.microsoft.com/uk/small-business/support-center/search-advertising/intellectual-property-guidelines> (UK policy), <http://advertising.microsoft.com/france/pme/publicite-liens-sponsorises/regles-propriete-intellectuelle> (France policy), <http://advertising.microsoft.com/singapore/search-advertising/intellectual-property-guidelines> (Singapore policy). The exact policies vary by jurisdiction, but all allow for certain descriptive, generic or nominative uses of trademarked terms. (See *id.*)

A different policy applies to trademark infringement in connection with Yahoo!'s Domain Match program. If a domain within the program is infringing a trademark, a complaint can be submitted and the ads on the page will be removed. (See <http://advertisingcentral.yahoo.com/searchmarketing/legal/dmtrademarks>.)

AOL Advertising and Advertising.com

AOL's policies generally prohibit infringement of intellectual property rights by users and advertisers, but do not address keywords specifically. (See, e.g., <http://advertising.aol.com/advertising-policies>, <http://adspecs.aol.com/terms-conditions/current-terms-conditions/aol-search-marketplace-terms-service> at par. 7, <http://legal.aol.com/terms-of-service/full-terms/>.)

Conclusion

It is expected jurisprudence, legislation and search engine policies and procedures will continue to evolve in countries around the world domestically, regionally and internationally. The working group hopes that providing resources to INTA members tracking these developments will assist in traversing the changing landscape.