

Asia IP

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THE TIGER STIRS

**But Does India's IP
Regime Have Teeth?**

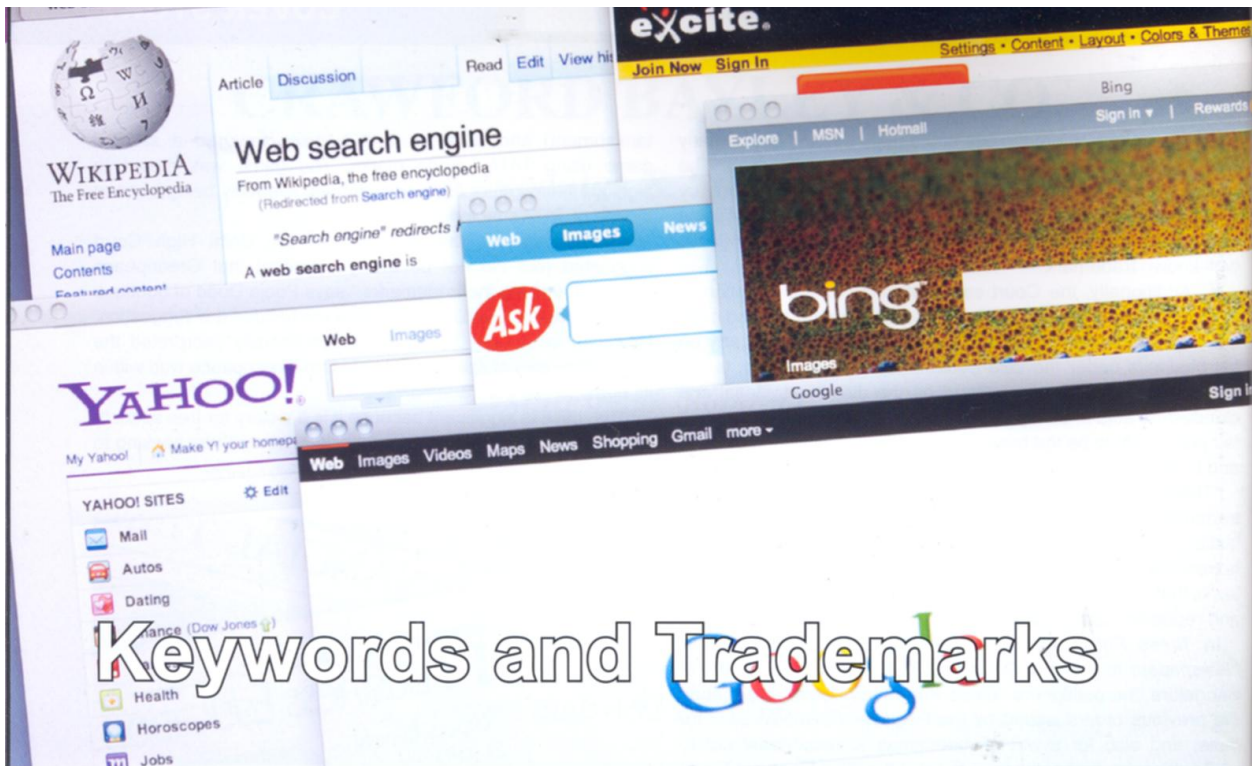


Keywords
and
Trademarks

Emerging
Patent
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Green
Revolution

In Person
with
Pravin Anand



Vishnu Rethinam takes a peek into litigation over use of trademarks as keywords in internet advertising by advertisers and search engines.

DEEP-POCKETS and GARGANTUANS are powerful magnets. Try as I might, I cannot dispel the feeling that attaching liability on search engines in keyword litigation stems out of an innate human desire – to blame it on the big guys. Like it or not, search engines with their larger than life image and deep-pockets are protagonists in almost all of these battles.

To prevent this from becoming a comic book adventure, its time to rein myself in! However, let there be no doubt about the fact that tens of billions of dollars are at stake. The billion dollar

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question though is; are search engines the Goliaths we think they are?

'Keyword advertising' refers to advertising linked to specific words or phrases. These words or phrases are offered to advertisers on the internet by providers of online advertising

services, which predominantly are search engines. For example, Google offers such services to advertisers through its AdWords program. When surfers use such words or phrases in an online search, aside from regular (organic) results that the search generates, the search engine also throws up sponsored links. By way of illustration, type ROLEX on Google's search bar to get millions of hits, including the famous Swiss watch manufacturer's own website at the top. However, on the side, a sponsored link (having, prima facie, no connection with the Swiss manufacturer) appears. This could be that of a retailer selling genuine ROLEX watches.

Choice of keywords is a collaborative effort of the advertiser and search engine. The choice knows no limits and virtually every written word would fall into the realm of choices. Multiple advertisers could choose the same word with the highest bidder amongst advertisers getting preferential sponsored link slots.

So long as the selected keywords are non-proprietary or generic in nature, there are few problems. However, select a proprietary name and trouble starts! The advertiser becomes a potential

infringer (of the right holder's proprietary rights) and almost always, an allegation of infringement (contributory!) is leveled at the search engine.

Traditional trademark legislation provides fulcrum for adjudication of such disputes. Courts, playing guardian to

legislation, have been active in this area over the last decade. The key issues are distilled as follows:

- a) Does 'use' of a keyword (being a third party trademark) in internet advertising constitute trademark infringement?
 - b) If so, should culpability rest with the advertiser only or should the axe also fall on the search engine?
- Distillation *simpliciter*? Let's find out.

Does Keyword Use Constitute Use in Commerce?

For starters, does keyword use in advertising constitute use of an infringing mark "in commerce"? Academically, you may be tempted to shake your head. Even if you nodded, you might ask, whereabouts would confusion, if any, occur? After all, a

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diversion (of internet traffic) is at best a wrong turn. However, US courts, early on, upped the ante by evolving the doctrine of 'initial interest confusion' which, contrary to the traditional concept of confusion (which happens at the time of purchase of goods or services), posits confusion prior to purchase. Initial diversion is enough, as it may lead to a permanent diversion of preference for a competitor's goods/services. In other words, although users would realize that a competitor's website was not the one they had intended to enter, they may nevertheless decide to patronize the same if they had intended to procure identical or similar goods or services.

The *Brookfield* case was a notable example in this regard. The Court held that 'initial interest confusion' was akin to a competitor putting up a (misleading) billboard sign which would direct a rival's customers to its own store and potentially attract some such customers in that the customer, out of lethargy, may begin patronizing the competitor. This, the Court held, was tantamount to misappropriating the rival's goodwill though customers were fully aware of what they were doing.

In *Playboy v. Netscape*, the story continued. Playboy sued Netscape for infringement of its PLAYBOY and PLAYMATE trademarks. Playboy's request for preliminary injunction was refused by the District Court, which the Appellate Court confirmed. However, Netscape was granted summary judgment by the District Court. Reversing the District Court's decision granting summary judgment, the Appellate Court accepted Playboy's argument of 'initial interest confusion' on the ground that offer of PLAYBOY and PLAYMATE as keywords for use in banner advertising directed users to companies marketing adult-oriented material having no connection with Playboy. The Court held that confusion (initially) was likely as the banners were unlabelled

and did not identify the source of the 'pop-up' which could give rise to confusion.

These cases brought out 'initial interest confusion' in keyword advertising leading to some 'breach of trademark rights'. However, there has been no unanimity in US Courts' approach. Cases with contrasting findings included the *Edina Realty, Merck v. Mediplan, Rescucom Corporation, GEICO, American Blind & Wallpaper Factory* and *Rosetta Stone* cases with some of these cases eventually being settled out of court. Also worth a read is the instructive decision of the US Ninth Circuit Court of Appeals in the *Network Automation* case where the Court held, in the facts of this case, that a sophisticated business software customer on the internet exercising a high degree of care was more likely to understand the mechanics of internet search engines and nature of sponsored links.

Noteworthy is the fact that in none of these cases was the search engine held responsible for trademark infringement. The *Rosetta Stone* case which is coming up in Appeal before the US Fourth Circuit Court of Appeals may throw up a much anticipated surprise!

While on this side of the pond, here's a clear instance where the doctrine of nominative fair use was upheld as a defence by an advertiser to a claim of trademark infringement. The *Tiffany v. eBay* case involved sponsored link advertisements of eBay on search engines using TIFFANY as a keyword to promote sale of genuine TIFFANY

branded items on its website. The Court ruled that eBay's use of Tiffany's trademark on sponsored links was lawful as nominative fair use as such use accurately described sale of genuine Tiffany products on its website.

Let's hop across the pond to size up the situation in the UK and Europe.

In *Reed Executive plc v Reed Business Information Limited*, the plaintiff used a registered mark REED for employment agency services and operated a website containing the word REED. The defendant, a publishing house, began online versions of its magazines containing job advertisements and launched a website called www.totaljobs.com. The defendant purchased banner advertisements containing the word REED (which led users to the 'totaljobs' website while searching for REED) which the plaintiff objected to. The trial court held in favour of the plaintiff but the Appellate Court allowed the defendant's appeal and held that there was no likelihood of confusion by mere use of REED in banner advertisements. The Appellate Court (discussing Article 5(1)(b) of the Trade Marks Directive 89/104) held that:

"The web-using member of the public knows that all sorts of banners appear when he or she does a search and they are or may be triggered by something in the search. He or she also knows that searches produce fuzzy results – results with much rubbish thrown in. The idea that a search under the name REED would make anyone think there was a trade connection between a totaljobs banner making no reference to the word 'Reed' and Reed Employment is fanciful. No likelihood of confusion was established."

Round one to the advertiser!

In *Victor Wilson v. Yahoo* (known as the Mr Spicy case), the plaintiff's grievance against the search engine was that it offered

the plaintiff's trademark Mr Spicy as keywords to unrelated parties to whom internet traffic would divert upon a search being conducted with the keyword. The Court, while dismissing the plaintiff's claim, held that the search results did not demonstrate use of said keyword in any manner which affected the plaintiff's interests as proprietor of the trademark. The Court explained that results leading internet traffic to the third parties did not demonstrate nor purported to demonstrate any connection between the third parties and the plaintiff. In connection with 'use' by Yahoo of the plaintiff's trademark, the Court held that:

"It seems to me that it is a million miles away from Yahoo using Mr. Wilson's mark in relation to goods or services which are identical to those protected by the mark or which are similar to those protected by the mark...But that does not appear to me to be even arguably an infringement of anything in Article 9."

Round two to the search engine!

The Court of Justice of the European Union (formerly the ECJ), in its ruling dated March 23, 2010, in the joined cases of *Google France v. Louis Vuitton Malletier*, *Google France v. Vaiticum Luteciel* and *Google France v. CNRRH* exonerated Google.

The Court was asked if the service provider which stores as a keyword, a sign corresponding to a reputable trademark and organizes display of advertisements based on that keyword, uses the sign in such a way which the proprietor is entitled to prohibit under the Community Trade Mark law. The Court was also asked whether the service provider can be held liable as a 'host' for storage of information supplied by the advertiser if it has not been informed of the unlawful conduct of the advertiser.

The Court held that though storage of keywords for the benefit of clients constituted commercial activity with the objective of economic gain, the AdWords service does not constitute "use" by Google of the relevant trademarks within the provisions of trademark law and Google was, therefore, not liable for trademark infringement. The Court also ruled that Google will not be liable as a "host" of the information stored as part of its AdWords service if its role in the matter is merely technical, automatic or passive. In other words, the mere selection of a keyword by an advertiser and storage thereof by Google would not render Google culpable unless it was shown that the unlawful conduct of the advertiser (selection of third party mark as keyword) was brought to Google's attention and it did not expeditiously act upon such complaint.

While the search engine definitely got a points decision in its favour, I wouldn't call it a KO. It is possible that search engines, based on varying advertising policies in countries, end up in the dock somewhere. Time, as it always does, will tell!

Back home, this issue was the subject of a detailed and comprehensive discussion by Justice Ramasubramanian of the Madras High Court in *Consim Info Pvt Ltd v. Google India Pvt Ltd and Others*.

Matrimonial Bliss?

The plaintiff runs a popular online matrimonial service and owns registrations for trademarks being two word combinations containing MATRIMONY preceded by the name of an Indian state/race/language etc. Examples of the plaintiff's registrations

include PUNJABI MATRIMONY and ASSAMESE MATRIMONY (Punjab and Assam being states in the north and east of the country). As background, the concept of arranged marriages involves searching for a bride or groom within one's community. India is a heterogeneous society with many communities each having their distinct way of life including art, literature, cuisine etc. While there are many similarities, there are equally differences which render each community unique and distinct from the other. Thus, online matrimonial portals now offer specific websites (or separate pages within a website) tailored to specific communities.

In this context, the plaintiff sued three of its competitors and Google for trademark infringement emanating out of the competitors' use of AdWords which are identical or deceptively similar to the plaintiff's registered trademarks. Along with the suit, applications were filed for interim relief. It may be mentioned that the defendants were offering such services through their portals www.shaadi.com ('shaadi' means marriage in English), www.jeevansathi.com ('jeevan sathi' means 'life partner' in English) and www.simplymarry.com.

Google raised defences based on its policies where responsibility for selection of AdWords was fixed on the



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advertiser who was discouraged from violating IP rights of third parties and that Google investigated complaints by trademark owners (irrespective of the owner being an advertiser). Google further stated that as the plaintiff's trademarks contained generic or descriptive terms which were integral to the business of matrimonial services, it was not selling the plaintiff's registered trademarks or parts thereof as keywords.

The other defendants also raised defences based on the generic or descriptive nature of the plaintiff's trademarks and asserted that they were not guilty of infringement. It was further asserted by one defendant that the plaintiff itself had purchased AdWords which infringed that defendant's trademark rights. Other notable defences were that the plaintiff's attempt to seek monopoly over keywords was anti-competitive, that consumers on the internet were sophisticated people who would not get confused and that use of keywords did not amount to 'use' of a trademark as defined under the Trade Marks Act 1999.

Prior to rendering its decision, the Court gave a thorough background to such disputes from a global perspective which included some of the cases mentioned previously in this article. In its interim ruling, the Court said:

1. Parts of the marks in question (name of an Indian state/

race/language + MATRIMONY) were undeniably generic or descriptive. However, it must be borne in mind that the plaintiff is registered proprietor of the marks in question and its grievance is directed at the defendants' adoption of keywords comprising its marks in entirety. Hence, though under normal circumstances the plaintiff's objections may be well-founded, in this case, considering the line of business of all parties (except Google), prohibiting the defendants from using the words in question would reduce the choice of words available to them to describe the services in question and put them at a disadvantage. Specifically, there are no synonyms to substitute names of Indian states/races/languages and commonly understood synonyms for MATRIMONY would be very few. Further, there was nothing in the defendants' use to suggest a connection or association with the plaintiff. Thus, all things considered, use of the plaintiff's marks by the defendants as keywords with reference to their services was 'inevitable' and 'unavoidable'.

2. Though use by the defendants of the plaintiff's marks as keywords in advertising constitutes 'use' as defined under relevant provisions of Indian trademark law, such use did not amount to 'infringing' use nor could be termed contrary to honest practices in industrial or commercial matters nor did this amount to taking unfair advantage in such matters. The Court noted that

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“a web portal rendering online matrimonial services for different sections of the public will have no alternative except to describe the nature of services rendered by them, in their advertisements, with reference to (i) the caste/community/race/ethnic group and (ii) the type of services rendered.” The Court further held that the defendants' use was neither detrimental to nor against the reputation of the plaintiff's mark.

3. On the role and responsibility of search engines, the Court, after considering Google's extensive submissions, recognized Google's policies which, *inter alia*, showed concern for rights holders' claims of potential infringement by advertisers and detailed mechanisms for redressal of complaints including investigation of complaints of right holders who were not its customers. The Court stated that if Google, as it claimed, effectively enforces its policies, there would be sufficient safeguards for right-holders. The Court held in paragraph 200 of the reported judgment,

“It is also not possible for a search engine to be aware of all the trademarks registered in all the jurisdictions, in respect of all the goods and services. Therefore, the offer of words by a search engine, in their keyword suggestion tool, may not per se amount to an infringing use of a registered trademark, though it may amount to a use in the course of their own trade. It is



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“true that the number of visitors that a site has on a daily basis, may induce the search engine to include the whole or part of the name or title of the site, in the keyword suggestion tool, to enable competitors of the site to choose those words as AdWords. But it may or may not happen with the knowledge that such names constitute registered trademarks. There cannot be a presumption that the inclusion of those names in the keyword suggestion tool, happened with the knowledge of the search engine... (that these names were registered trademarks). In cases of the nature on

hand, the benefit of doubt would go to the search engine, since the choice of the words Tamil, Matrimony etc., in the keyword suggestion tool, need not necessarily have happened deliberately.”

The previous paragraph aptly sums up what is without doubt a pragmatic view. While advertisers and search engines stand on a different footing with the former not on as firm a ground as the latter, the derivation *simpliciter* for me is that it is not sufficient to either be a giant or have deep-pockets. One simply cannot scratch the surface to attribute liability in such cases. Given current developments, the law will, in

the very near future, spread structured tentacles over keyword advertising. Until then, ideas will blossom into new businesses, methods will develop, companies (and lawyers) will litigate, revenues will increase and the world will (hopefully) keep turning. **AIP**

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