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Google AdWords Liability for Trademark Infringement

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ABSTRACT

Many Business entities ranging from online service providers & retailers to entities confined to physical market place resort to Google AdWords as their key marketing channel for advertising their business model. As is known AdWords allow brand owners to market their products and services using a combination of keywords to display their ads whenever the selected terms are searched and the aspect of 'trademark infringement' arises when an entity bids on such AdWords on which another entity has trade mark rights, statutory or common and which consequently leads to diversion of internet traffic from the webpage of the owner of the trade mark. While the CJEU has given preference to business entities whose trademarks are not registered by stating that the term 'use' requires active conduct and direct or indirect control over the act of use thereby making a party not liable on the sole basis of them benefiting financially from the reproduction of their advertisement. The Indian Courts have taken a stand for the protection of 'trademark owner' on the Google search engine by prohibiting the unauthorized users to bid for the trademarks of other entities as that would amount to statutory and common law rights of the trademark owner.

Keywords: Google AdWords, Trademark Infringement, CJEU

I. INTRODUCTION

The E-Commerce business is mushrooming by leaps and bounds and Google AdWords has become one of the main marketing channels for many business entities.

The variation could be ranging from online service providers & retailers conducting their business transactions limited to cyber space, to business entities confined to physical market place. But despite the variations in business models, almost all businesses resort to online advertising for marketing their goods and services. One of the factors for growth of online advertising is the search engines and their associated ad network, the biggest being Google AdWords, which acts as platforms for different entities to market their goods and services.

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Google AdWords has revolutionized the way consumers perceive Internet advertising as well as search engines.

II. INTERSECTION OF ADWORDS AND TRADEMARK LAW

Google AdWords ‘enables any economic operator, by means of the reservation of one or more keywords, to obtain the placing, in the event of a correspondence between one or more of those words and that/those entered as a request in the search engine by an internet user, of an advertising link to its website’.² Basically AdWords allow brand owners to market their products and services using a combination of keywords to display their ads whenever the selected terms are searched. These ads get placed in dozens of websites who are monetizing their consumer traffic or by appearing at the top of the search results.

An entity or a brand owner place bids on search terms or phrases or keywords which is made available for bidding by the search engine through a ‘keyword suggestion tool’. The aspect of trademark infringement arises when an entity bids on such AdWords on which another entity has trade mark rights, statutory or common and which consequently leads to diversion of internet traffic from the webpages of the owner of the trade mark. Hence the question arises whether the entities are devaluing the brand, product or services and distracting the customers from finding one online? Does the use of Google AdWords amount to the advertising, promoting, marketing, or offering for sale of goods covered by a registered trademark?

III. CJEU’S RULING

In July 2020, the Court of Justice of European Union (CJEU) took the matter of *fmk advokaten GbR v MBK Rechtsanwälte GbR*³ wherein, two German law firms were in the center of dispute as the name of one of them (“MBK Rechtsanwälte”) was registered as a trademark, while the other one (“mk advokaten”) had previously conducted legal activities under the name ‘mbk rechtsanwalte’, but following an infringement suit brought by MBK Rechtsanwälte, it abandoned the use of the impugned sign. Later, it was noticed that while entering the particular keyword “mbk rechtsanwalte” in the search engine, the results appeared on which ads of the ‘mk advokaten’ firm appeared which amounted to violation of the ban by a Regional Court, according to MBK Rechtsanwälte. While mk advokaten argued that their claims were unfounded as it had withdrawn the registration for all signs containing the group of letters “mbk”. According to mk advokaten, it was not under any other obligation, as it had never

² Google France vs Google (C-236/08 to C-238/08), <http://curia.europa.eu/juris/document/document.jsf?docid=83961&doclang=en>

³ mk advokaten GbR v MBK Rechtsanwälte GbR, <http://curia.europa.eu/juris/document/document.jsf?text=&docid=228045&pageIndex=0&doclang=EN&mode=req&dir=&occ=first&part=1&cid=7751444>

requested inclusion on other websites.

The question thus, put forth before the CJEU in the case was, *Does a third party referred to in an entry published on a website that contains a sign identical to a trade mark 'use' that trade mark, within the meaning of Article 5(1) of Directive 2008/95/E, if the entry was not placed there by the third party itself, but was taken by the website's operator from another entry that the third party had placed in infringement of the trade mark?*

In order to come to conclusion, the Court observed:

- a) The term 'use' in Article 5 (1) of Directive 2008/95 involves active conduct and direct or indirect control of the act constituting the use. However, that would not be the case if the act was carried out by an independent operator without consent of the advertiser.
- b) It was also noted that the provisions of article 5(1) should not be interpreted as meaning that a person may, irrespective of its conduct, be considered to be a user of a sign that is identical with or similar to another person's trade mark on the sole ground that such use is capable of providing a financial benefit to the former.
- c) Further, it was noted that the proprietor would not be justified under the exclusive rights in article 5(1), in bringing an action against the defendant on the ground that the advertisement was published online on websites other than the directory. Where website operators reproduced an advertisement on their own initiative and in their own name, the economic operator whose goods or services were thus, promoted could not be regarded as their customer.

CJEU thus, concluded that it is settled principle of law that a party ordering online advertising containing a sign which is identical or similar to another party's trade mark would constitute 'use' under Article 5(1) of the Directive. However, such use cannot be found where the advertisement has been reproduced by websites "on their own initiative and in their own name" (i.e. without consent of the advertiser or any direct/indirect dealings with them). A party therefore, cannot be held liable under Article 5(1) of the Directive on the sole basis that they are benefiting financially from the reproduction of their advertisement.

IV. INDIAN PERSPECTIVE

The Madras High Court dealt with the trade mark infringement on the Google AdWords in *Consim Info Pvt. Ltd. vs Google India Pvt. Ltd. & Ors*⁴. Consim, an entity involved in providing online matrimony services had adopted various trademarks, including, Bharat Matrimony,

⁴2013 (54) PTC 578 (Mad)

Telegu Matrimony, Assamese Matrimony to name a few, filed a suit for injunction against Google and others to restrain it from offering its trademarks as AdWords by making the same available for bidding by third parties on its AdWord programs and to restrain the others respondents from bidding for the same trademark. It was Consim's allegation that the acts of the Google and other respondents amounted to primary infringement as they were trying to ride on the goodwill and reputation of the trademarks built over the years by them. It was further argued that Google and other respondents were guilty for the act of unfair competition amounting to secondary infringement as the offering of the same AdWords enabled third party entities which did not limit to respondents to infringe the trademarks of appellant and pass off their services as that of the appellant on the Google Search engine.

The Single Judge of the Madras High Court had observed that Consim is entitled for injunction and later the division bench also affirmed the same. But an undertaking was given by Google India that it would not act in a manner so as to infringe the trademark of any entity, pursuant to its Trademarks Policy hence, the Court didn't disturb that arrangement between the parties.

If we compare the Madras Court's ruling and the CJEU's ruling then it can be seen that the term 'use' in course of trade as has been elaborated in CJEU's ruling was not discussed in Consim's judgment and rather emphasis was given on that generic words cannot be monopolized by any single entity and hence, Consim was refrained from claiming rights and monopoly over generic words like 'Matrimony', 'Bharat', 'Tamil', etc. Interestingly, it was also noted that these words when used independently did not constitute a trademark infringement, however, when used conjunctively, with or without space, would amount to infringement.

In March 2020, the issue of trademark infringement through Google AdWords was again taken up by Madras High Court in *Matrimony.com Limited vs Kalyan Jewellers India Limited and Ors.*⁵, wherein the Hon'ble Court refused to grant injunction to Matrimony.com against Kalyan Jewellers and others for infringement of its trademarks through the Google AdWords programme.

The Court followed similar provisions as had been applied in Consim's judgment and observed that that the marks of the Matrimony.com were generic and descriptive in nature. With respect to infringement, the Court observed that Kalyan Jewellers had merely used the 'AdWords' in order to get into the platform from which the customers could choose from the websites to use. The Court also noted that an action for passing off could not be made out as the

⁵2020 (82) PTC 1 (Mad)

Matrimony.com's marks were generic in nature, and giving it monopoly over the marks would lead to lesser choices for the customer.

Additionally, the Court stated that the Matrimony.com could not indicate that its marks had attained secondary meaning in the nature of the trade, and noted that the customers take decisions in respect of websites consciously. Yet again, the term 'use' in terms of Online Advertising was not discussed by the Court.

V. CONCLUSION

One cannot deny the fact that search engine advertising has drastically transformed the landscape of online advertising, creating a global marketplace with the potential to advance trade liberalization. Therefore, while analyzing the issue of whether Google AdWords practice of selling trademarked terms as keywords would constitute 'trademark use' under trademark law should balance the interest in protecting businesses from unfair competition with interest in ensuring a free flow of information. This is the very purpose of trademark law and should be protected.

It is clear that Indian Court has taken a stand for the protection of trademark owner on the Google search engine by prohibiting the unauthorized users to bid for the trademarks of other entities as that would amount to statutory and common law rights of the trademark owner. On the contrary, CJEU by way of its latest ruling has paved a sigh of relief for businesses whose trademarks are not registered by stating that the term 'use' requires active conduct and direct or indirect control over the act of use. In future, a narrow interpretation can be adopted by Indian Courts so that there remains a balance between competing entities and at the same time to remain in parlance with the interpretations of 'trademark use' requirement as has been given in other jurisdictions.

An expansive interpretation of 'trademark use' might tilt the balance in favor of the trademark owners and lead to a stifling competition in the marketplace restricting free trade and competition.
