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Keyword Advertising and Trademark Infringement

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Abstract: Online advertising through the sale of keywords has greatly influenced the marketing strategies of the businesses across the world. It has provided an inexpensive and easy to use tool in the hands of companies to reach out and explore new markets and expand their customer base. Display of ads on the search of specific keywords not only helps businesses to reach an already interested audience but has also empowered consumers. By comparing the products of different competitors, they have a much wider choice. But the keyword advertising system came with its own set of problems. The sale and purchase of trademarks as Keyword for advertising gave rise to law suits where trademark holders held search engines and advertisers liable for trademark infringement, unfair competition and dilution. This paper explains the concept of Keyword advertising, its significance and working with special focus on Google's Adwords program. It focuses on the use in commerce and likelihood of confusion requirement for trademark infringement and how the courts are struggling to apply them in internet related cases.

Keywords: Keyword advertising, trademarks, trademark infringement, Google Adwords.

INTRODUCTION

The liberalization of economies has resulted in trade circles growing closer. Multinational companies are actively seeking to spread their businesses across the globe, thus making their products available across geographical barriers.[1] In their pursuit to reach and access every possible consumer, internet has played a pivotal role. The growth of telecommunication has created a mammoth customer market where businesses not only advertise and sell but also converse with customers. [2]

Online advertising has significantly helped businesses to access wide range of consumers and widen their customer base. The use of pop up advertisements, spam emails, banner advertising and more recently keyword advertising has helped advertisers immensely to advertise their products and services. But, one of the critical steps in effective advertising is placing the ad where interested consumers may see it. Keyword advertising often termed as search engine advertising, by offering the advertisers a wide range of choice to select appropriate keyword[3] that best describes their business has provided them an effective advertising method.

Keyword advertising is a method of search engine marketing. To make their ads visible on some specific pages businesses buy “keywords” so that whenever the keyword is searched the ads appear. When businesses aim to some keywords—which can be individual words or phrases—their ads are eligible to appear next to organic search results when consumers search for those keywords. [4]

As more and more people are using internet [5] and more consumers use the Internet to make purchases[6]¹, businesses increasingly invest in keyword advertising, to attract and retain customers. The global number of online users who shopped online has surged from 833 million in 2012, to 948 million in 2013 and 971 million in 2014. Similarly, mobile e-commerce, or m-commerce, numbers are rising, from 420 million in 2012, to 480 million in 2013 to 530 million in 2014, according to Global Web Index[7]. Keyword advertising has become a lucrative business. The global digital advertisement spending in 2013 was 121.47 billion dollars and it is expected that it would reach 252.02 billion U.S. dollars by 2018.[8]

But the practice of keyword advertising has been problematic for trademark owners (because of the practice of search engines selling trademarks as keywords). Businesses claim that competitors take advantage of the goodwill of the competitor’s marks when ads appear alongside the organic search results for their trademarks[9].

This research paper gives the reader an overview of the practice of the keyword advertising with special reference to Google’s Adwords program. It explains the working of the search engine advertising and explains how the use of keywords helps the advertisers to target a selective interested audience. Google changed its ads policy in the year 2004 by which it allowed the advertisers to buy the trademark of the competitors as keywords. The practice naturally disturbed the official trademark holders and they filed a number of law suits against search engines especially Google claiming trademark infringement and dilution. The paper discusses the approach of the courts while applying the trademark laws to settle the issue but virtual world has its own specific issues and grey areas. The paper further highlights that the courts while deciding the issue of “use in commerce” and “likelihood of confusion” have given various conflicting judgments and could not come to a consensus. Because of the absence of law and no ruling from the apex court the matter regarding the liability of the search engines and advertisers is still unsettled.

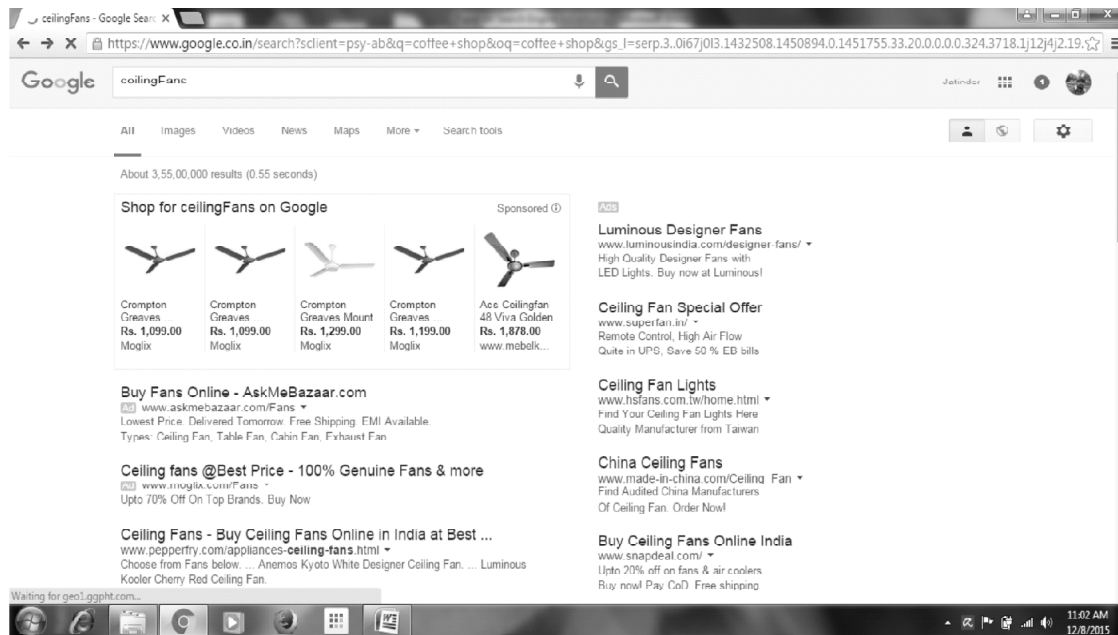
This paper is divided into four parts. Part-I deals with Keyword advertising. It explains how online advertising has become an integral part of search engines. It further explains the working of the keyword advertising and its significance. Lastly it explains the interface between keyword advertising and trademarks. Part-II explains the Google’s Adwords program and its working. Part-III explains the concept and the importance of trademarks and sketch out the ingredients of trademark infringement. It discusses in detail the problems of use in commerce and likelihood of confusion requirement in trademarked Keyword cases. Part-IV deals with conclusion with a remark that the road so far travelled have been bumpy. Because of absence of any specific law or guidelines the courts are giving conflicting judgments

1. KEYWORD ADVERTISING

1.1. Growth of Search Engine Advertising

Internet user’s generally follows two options to locate the needed information. The first option allows a web surfer to access a specific site by entering the site’s domain name[10] into his web browser’s address window. The second strategy web surfers use to locate information involves search engines. If a user does not know the exact domain name of the website he needs to access, he can enter keywords into a search engine. The search engine will then scan millions of web pages to retrieve the information that matches the searched keywords. Based on the keywords provided by the consumer, the search engine retrieves web addresses that link to the pages containing closely matching information when the user clicks on the link with a mouse[11]. Earlier search engines like Lycos, Netscape, Yahoo!, AltaVista, Ask Jeeves and others after determining the relevancy provided organic results[12]. Also, during the early days of the public’s use of the Internet, search engines served essentially

as free public utilities: they performed their services without charge and with no visible signs of support. However, the monetary needs of the private enterprise system, and the attractiveness of search engine pages to advertisers, soon brought advertising to search engine pages[13]. To earn revenue the search engines started giving advertising spaces on their web pages, particularly on pages that list search results. The advertisements will come at the top of the screen above the organic results[14]. Typically, a search engine displayed an advertiser's banner ads in random rotation on web pages containing the search results. To maximize the effectiveness of online advertising, advertisers wanted to target certain demographic groups of consumers. A useful method was to “key” banner advertisements to search terms, so that whenever users enter certain search terms into search engines, particular banner ads would appear[15]. This helps the competitor advertiser to target an already interested consumer and thereby make the most of the online advertising. For instance, Luminous Fans banner ad can be triggered when a user performs a search using the keyword “Ceiling Fans” as a query term[16].



GoTo.com pioneered paid search based on the sale of the top spot to the highest bidder. Keyword advertising has now become major revenue generating source for search engines [17] and that helps the search engines to give services without any cost.

1.2. Working of Keyword Advertising

Whenever an online search is conducted by any person two sets of results appear on the screen: “natural results” and “sponsored links”. Results which are displayed after determining the relevance to the search terms by search engines are natural results [18]. Initially, search engines relied heavily on “meta tags”[19] to produce natural results, but gradually, the significance of meta tags has been reduced by modern search algorithms. Sponsored links are displayed because certain sum of money is paid to the search engine by the advertisers to make sure that the link appears whenever the term (“keywords”) is searched [20]. Two sponsored link sections appear on the web page, one above the “natural” or organic links in a light shaded box and one to the right of the organic results.

Today, search engines such as Google, Bing or Yahoo often sell “keywords” to advertisers. Advertisers interested in reaching consumers who have an interest in a subject – for instance, shoes – can purchase the right to have their ads appear when users perform a search for that term.

If, for example, for term “running shoes” there is space available for placing three advertisements on the search page, different shoe companies that sell running shoes—for example, Nike, Adidas, Reebok, Saucony, and New Balance—would be interested to buy the space to show their ads on the search results page. But since only three spaces are available three would be able to advertise. The ads would be placed by an algorithm keeping in account the amount paid and quality and relevancy of the advertisement. An ad that has a higher bid and that is also more relevant would likely rank higher and have a better chance at appearing in one of the three available spots[21].

1.3. Keyword Advertising and Trademarks: An Interface

Keyword advertising proved very helpful to many businesses because of its effectiveness and ease of use. The advertiser reached a specific and wider audience. It has become one of the major revenue source for search engines. Some advertisers and search engines, however, have taken this opportunity a step further by offering the registered trademark as keywords for sale and purchase. This would enable the display of the advertisement of the competitors product whenever any product is searched through its trademark.

Purchasing generic keywords like “running shoes,” (as in the above example) is perfectly normal. However problem arises when one buys the official trademarks of others usually of competitors. The brand owners that appear on the top in the list of natural results, also bid for advertising space to ensure that their site appears first. However, problem arises when one advertiser bids on a keyword, which is also the trademark of another. In such cases, a consumer is exposed to a sponsored link from that brand’s competitor [22].

Advertisers buy keywords like “Nike running shoes,” even if they are not selling Nike shoes but are selling competitor brands. This practice is often effective because consumers searching a trademark would be interested in finding related goods or finding running shoes comparable to those made by Nike. An advertiser may capitalise on this interest and give users with various option to choose; alternatively, the advertiser may even have the intention to confuse consumers into believing that the ad is affiliated with the brand, thereby wrongfully benefiting from the mark’s goodwill [23]. It is when search engines sells and advertisers buy actual trademarks as keywords that trademark law is implicated in this advertising practice.

This may confuse the consumer or lead him to believe that the two brands are affiliated. Naturally, this poses a grave problem to trademark owner. Redress, however, is fraught with difficult questions of trademark law, such as what constitutes an infringement, and, if the activity is infringing, who should be held liable; the search engine, the advertiser, or both?[24]

1.4. Importance of Keyword Advertising

This advertising method does have obvious benefits for businesses that want to garner more recognition. For example a new or lesser-known business may try to reach consumers by purchasing the trademark of a well-known or established business in the same market in order to bring attention to the new business’s product or service. This strategy also works for the more well-known and established businesses. A company like Starbucks may purchase the trademark of an unfamiliar coffee shop, so that Starbucks’ ads appear whenever someone searches for the lesser-known trademark [25].

The thrust for keyword banner advertising comes in part from companies’ desire to make their website visible among the vast array of websites that will result from a given search. A query can return far too many search results, so attracting a user’s attention can be a challenge. Trademark keyword advertising target users based on their interests. Since the customer searching a particular brand is already an interested person in those products and services, so buying a trademark of that brand would draw the attention of the user towards the competing products when an advertisement appears [26].

There are two major reasons as to why businesses invest in online advertising. First, search engines reach a large audience, including new and existing customers. A consumer may search for a type of product for the first time after realizing that she has a need, she may engage in comparison shopping, or she may already know the specific brand that she intends to purchase. Advertisers can attract consumers at these different stages of the buying cycle. Second, advertisers can easily optimize their campaigns to maximize return-on-investment. Optimization, or improvement of ad performance, is easier with keyword advertising than with traditional media, such as print (e.g., newspapers and magazines) and television[27].

2. GOOGLE'S ADWORDS PROGRAM

2.1. Adwords Program

Internet giant Google has been the focus of much of this litigation surrounding keyword trademark bidding through its AdWords program. Google has emerged as the most preferred search engine, with an audience share of eighty percent of Internet users worldwide. With numerous users browsing its search results, it is one of the biggest venues available to Internet advertisers, and it has exploited this quality to become one of the most profitable Internet companies in U.S. history[28].

AdWords is the advertisement system created by Google. The system is based on advertisers' nomination of keywords which, when searched, trigger the display of a short, text-only ad above or down the side of the search result pages. Interestingly, the keywords which are purchased by the advertisers never appear in the text of the ads, they are used by google internally to display the relevant advertisement attached with the keyword. Nominated keywords are given a value by Google's systems, depending on their popularity amongst other advertisers. Advertisers "bid" on the price they wish to pay for the keyword, to be charged upon either the display of an advertisement or a user's click on the link in the text of the advertisement[29].

In September 1998, when google was founded by Larry and Sergey Brin, numerous other search engines were already operating, including Lycos, Netscape, Yahoo!, AltaVista, and Ask Jeeves. All these search engines provided results by determining the relevancy of the searched term with results. GoTo.com was the first search engine to introduce paid search based on the sale of the top spot to the highest bidder[30].

In October 2000, Google introduced AdWords, with this announcement on the main page, "Have a credit card and 5 minutes? Get your ad on Google today." In February 2002, Google introduced a new version of AdWords, two years after launching its first ad program and nearly a year and a half after first launching AdWords. The new version of AdWords adopted Overture's pay-per-click auction model, where advertisers bid on how much they will pay per click. In 2004, Google significantly loosened its policy on the purchase of trademarks as keywords. Prior to 2004, Google denied advertisers the ability to link their ads to the trademarks of others. However, since 2004 Google modified its ad linking policy to allow advertisers to bid on the chance to have their ads associated with any keyword, even if those keywords are trademarks owned by a competitor [34]. As of 2009, Google allowed trademarks to be purchased as keywords in more than 190 countries[35].

2.2. Working of Adwords

Google AdWords manipulates search results to artificially prioritise an advertiser's website over other possible results. The selection of keywords has to be very careful, keyword should be closely related to advertiser's ads, so that whenever a user searches for that keyword, the ads appear prominently. It helps the customers reach your site and inform them what your business has to offer. An advertiser purchases the keywords with which he wants his website and AdWords ads to be associated. There are different ad formats available; the most common and popular format is a simple text ad that consists of a hyperlink headline to the advertiser's website, two short lines of descriptive text and the URL of the advertiser's website. The ads are linked internally to the purchased keywords. Whenever the user searches anything with the keyword, the google program runs a search to display

the result, In this process the program uses the purchased keywords and the ads will appear alongside other search results. AdWords account holders can target their ads to specific sections or websites within Google's "content network" and can target computer or mobile device users. In addition, account holders can manipulate the precision with which search results match their keywords. They can also block ads from appearing in response to selected keywords [36].

Setting up an AdWords account is as simple as registering online with the proper billing information. A minimal amount which is non refundable has to be paid to create an adwords account, but creating ads and selecting keywords are free. Once the ads start appearing on the search page, an account holder is billed by Google in one of two ways: cost-per-click, where the charge is triggered every time someone clicks on the ad, and cost-per-thousand-impressions, where the charge is triggered every time someone views the ad. The account holder then decides on a maximum billing rate, which is one of two factors Google uses to determine the ad's "ranking." The place of the display of the ad on the search page is determined by the Ads ranking. In reality, keywords are auctioned so an account holder wishing to purchase the keyword is competing with various other advertisers. Whoever bids higher for the keyword his ads are more likely to appear on the top — an account holder's financial power thus plays a significant role in determining the degree of exposure his ad will receive[37]. However, except the financial power of the advertiser google also takes into consideration some other factors so that only relevant ads are displayed on the search of a particular keyword. Google takes into account the expected click through rate, Landing page experience and ad relevance. Combining all these factors with the bid they rank the relevancy of the ads as high and low. Selection of the appropriate keywords that best describes a business is very important.

On AdWords, advertisers can target keywords in three different ways: (1) "broad-match," (2) "phrase-match," and (3) "exact-match." With broadmatch, an advertisement may show on the search results pages for queries of the keyword, its synonyms, and other related terms. With phrase-match, an advertisement may show on search results pages for user queries containing the phrase in the exact word order, plus words before or after the phrase. Finally, with exact-match, an ad may show on the search results page only when a user searches for the exact phrase, with the same words in the same order, and no other words before or after.

3. TRADEMARK LAW

3.1. Concept and Significance of Trademarks

A trademark is any identity which is created on the basis of name, symbol, device, color combination or any combination which is used by the producer and seller of the product to categorize his product among the consumers[38]. The trend among businesses to give a separate distinct identity to its products is on rise, so that the consumers can identify the products[39]. The trend of putting marks on the products has been used since long to fix accountability[40]. However, the recognition of marks as intellectual property and their codification in state statutes came much later[41].

The two important functions of a Trademark are, first, indicating the source and origin of the product, and second, economically more important, giving a product distinct identity of its own.

Trademark owners have contended that the search engines and advertisers by openly selling and purchasing the registered trademarks of companies are using their marks commercially and taking undue benefits from the goodwill of the businesses. The practice of trademark keywords is creating confusion in the minds of consumers as to the source of the goods when competitor's ads appear on the search of the trademark of a company. Upset with the practice of trademark keywords, trademark owners filed a number of lawsuits in the United States, Europe and in other countries claiming trademark infringement, unfair competition, and trademark dilution. However major litigation is in the US.

3.2. Trademark Infringement

In the US, the Lanham Act[42] provides a system of federal registration for trademark rights and for the administration of the system by the Patent and Trademark Office (the “PTO”). Actions for infringement of trademarks can be brought under section 32[43] of the Lanham Act, which provides protection for federally registered marks. Section 32(1) provides for a civil cause of action for trademark infringement.

Section 43(a)[44] of the Lanham Act-protects against confusion or the likelihood of confusion as to source, sponsorship, or association between the goods and services of competitors in the marketplace. Section 43(a)(1)(A) provides essentially the same protection for unregistered marks, and is commonly referred to as unfair competition. This section has been given broad interpretation by the courts and is considered to “confer protection against a myriad of deceptive

The cases brought for trademark infringement are subject to the Lanham Act. In order to have a valid case for trademark infringement, a plaintiff must establish

- 1) That it has a valid trademark
- 2) that the defendant used the trademark;
- 3) in commerce or in connection with the sale or advertising of goods and services;
- 4) without the plaintiff’s consent.

In addition, the plaintiff must show that the defendant’s use of the trademark is likely to cause confusion as to the relationship between the defendant and the plaintiff or the good or services being sold[45].

The controversy over trademark infringement via keyword advertising case law has mostly centered on two elements: “use in commerce” and “Likelihood of confusion”.

Determining “use in commerce” requirement when a traditional good is being “used” presents few conceptual difficulties, since the existence of a physical good can be detected without much ambiguity or difficulty. To determine the requirement of “use in commerce” for trademark infringement in virtual space has its own peculiar issues because of the nature of the medium. When Google’s servers process a search query containing a trademark as keyword and subsequently generating specific AdWords ads, this is certainly a use of the trademark but the federal courts have struggled with whether or not this use is a “use in commerce”[46].

The various circuit courts across the US are facing difficulty to decide whether the use of trademarked keywords in the internal processing by search engines to produce the results should be considered “use in commerce” for the purpose of trademark infringement as the trademarks remain invisible from the user[47]. Another area of debate is what role the “use” of a keyword to trigger the display of ads plays in the purchasing process. A trademarked keyword even when purchased by a competitor, does not “appear” directly on the good or service or in associated marketing materials such as on the online ad. As a result few courts have characterized the purchase of a trademark as keyword as an independent transaction from that of the purchase of the good or service, and thus have found that keyword advertising is not a “use in commerce” with respect to the trademark. But other courts are of the view that the trademark is being used in advertising so it is a “use” and its brings keyword advertising within the requirement of “use in commerce”[48]. But even the courts that find that keyword advertising satisfies “use in commerce” have been unable to agree as to exactly what “use” it makes of trademarks and why such use(s) is actionable[49].

The “likelihood of confusion,” is likewise the subject of great variation in judicial interpretation. “Likelihood of confusion” does not require actual confusion, it allows for some flexibility in construction. The Second Circuit American court in Sleekcraft case[50] has employed an eight-factor test to establish consumer confusion.. However, such factors have usually been applied when the trademark has been used as a physical identifier and

to weigh whether a consumer is likely to mistake a good or service for a trademarked good or service. Confusion is determined with respect to the time or point of sale. But with keyword advertising, the use of the trademark occurs in an intangible medium: the Internet. Furthermore, trademarked terms are used for a good or service when they are entered into Google Search by the user and processed by Google's search engine. The search results—ads linked to the trademarked term as a keyword and relevant non-sponsored links—are displayed together on the same results pages prior to the consumer's decision to make a purchase[51].

To deal with such situations, courts in the Ninth Circuit have revived and reinvented the “initial interest confusion” doctrine, which moves the confusion analysis to before the point of sale[52]. Initial interest confusion arose as a court-created subcategory of likelihood of confusion. Under the initial interest confusion theory, consumers get deviated from the initial site they searched for because of the display of sponsored links above the organic results[53]. Initial interest confusion occurs before the sale is made. The consumer while making purchase is aware about the source of product and discovers before the sale, but instead of correcting his mistake he proceeds to purchase the product he initially mistook for the original. Courts agree that when an advertiser intentionally diverts consumer attention from his competitor by using the competitor's trademark, or something that may be confused for the competitor's trademark, the advertiser benefits unjustly from the competitor's goodwill and can be accused of trademark infringement[54].

As applied to AdWords, the doctrine reasons that a consumer may enter a trademarked keyword with the intent of seeking the corresponding trademarked good or service, but he is sidetracked from clicking on the correct link to the trademark holder's website because the search results page includes links to websites selling similar goods or services. Instead the consumer is diverted from the trademark holder's site to one of these competing sites. Under the “initial interest confusion” doctrine, such diversion—while not an act of traditional infringement—amounts to the alleged infringer taking unfair advantage of the consumer goodwill built up by the trademark holder.

In case of initial interest confusion also the circuits courts have adopted conflicting approaches. While some courts have altogether refused to apply the doctrine[55] and others have applied the same. However, the court in *Netscape communications*[56], *GEICO, Inc*[57], *American blind & Wallpapers*[58] has held that Google's use of its trademark caused initial-interest confusion. The court was careful to emphasise, that its ruling applies only to the specific facts of this case, which included the unique business model, surveys and similarity of goods and services etc. Conflicting judgments among the circuits, has further complicated the issue.

3.3. Google's Approach to Trademarks

As per Google trademark policy, Google will investigate and may restrict the use of a trademark within ad text. Ads using restricted trademarks in their ad text may not be allowed to run. This policy applies worldwide. However there are exceptions to it:

Ad campaigns targeting Australia, New Zealand, the United States, Canada, the United Kingdom, or Ireland may use a trademark in ad text if the ad is in compliance with Google's policy on resellers and informational sites. Advertisers can use a trademarked term within ad text if they are authorised by the trademark owner. An ad can use a trademarked term in its text if the advertisers use the term descriptively and the ad is not in reference to the goods or services corresponding to the trademarked term[59].

Regarding Trademark terms used in keywords, Google will not investigate or restrict the use of trademark terms in keywords, even if a trademark complaint is received.

In its trademark policy update, it has altered its policy. Since 23rd April 2013, keywords that were restricted as a result of a trademark investigation, has no longer been restricted in China, Hong Kong, Macau, Taiwan, Australia, New Zealand, South Korea, and Brazil. It stated:

Google's goal is to provide our users with the most relevant information, whether from search results or advertisements, and we believe users benefit from having more choice. Our policy aims to balance the interests of users, advertisers, and trademark owners, so we will continue to investigate trademark complaints concerning use of trademarks in ad text. In addition, this change means that the AdWords policy on trademarks as keywords is now harmonised throughout the world. A consistent policy and user experience worldwide benefits users, advertisers, and trademark owners alike.[60]

4. CONCLUSION

Keyword advertising has become an effective marketing tool whereby companies reach out and explore new markets. But the sale and purchase of trademarks to trigger ads has raised serious intellectual property concerns. The application of traditional trademark laws by courts to deal with issues of cyber space has their own shortcomings. Since straight analogies can't be drawn from physical world while dealing with cyber issues. The manner and nature of activities varies widely when working on internet.

The US cases concerning trademarks used as keywords in search terms vary widely in their application and do not provide a consistent statement of principle on which advertisers or trade mark owners may rely. Since the use of trademarks to trigger ads is hidden and invisible to the consumer. The ads do not use the trademarks of competitors in the text of the ads. Even google doesn't allow the use of trademarks in ads text except under certain exceptions.[61] To prove use and consumers confusion is all the more difficult in such cases.[62]

The courts have to keep numerous other factors in account. It is not always necessary that the advertiser is purchasing the trademark of competitor to gain unfairly from its use. The purchaser may be fully aware while making purchase that he is buying competitors product, the practice can be used to attract consumers to buy the competitor's product. The aim may also be to simply promote comparative advertising and give choices to consumers. Furthermore, search engines such as Google are only able to provide their services for free because they sell advertising space.[63]

The courts while deciding upon the "use in commerce" requirement has finally settled (after conflicting judgment) that use of trademarks the sale of trademarks for advertising is a "use in commerce". The "Joint Recommendation Concerning Provisions on the Protection of Marks, and Other Industrial Property Rights in Signs, on the Internet (hereinafter "Joint Recommendation") adopted by WIPO[64] also assist on the requirement of use in commerce. It says the use of a sign on the internet is treated as the use in a member State, only if the use has a commercial effect in that particular member State [65]. The Joint Recommendation also details the factors for determining whether the sign has a commercial effect [66].

The second requirement of Likelihood of confusion is still unsettled. So the courts have devised initial interest confusion doctrine to deal with such issues. Even in the case of initial interest confusion, different circuit courts have given conflicting judgments. Courts have not come to a consensus on how to assess Initial interest confusion. Still, several important questions have currently received little attention. How should initial interest confusion be defined? How should initial interest confusion be conceptualised? How much confusion is enough to justify a remedy? Who needs to be confused, when, and for how long? How should courts determine when initial interest confusion is sufficient to support a finding of trademark infringement?[67]

The Second Circuit has held that mere diversion will amount to initial interest confusion, but the Ninth Circuit recently[68] held that initial interest confusion is still fundamentally concerned with consumer confusion and diversion without even a minimal amount of confusion should not lead to a finding of infringement.

The courts are adopting three options while disposing off the cases on the issue of keyword advertising which are as follows:

- 1) To refuse to expand traditional trademark law and deny trademark holders, trademark remedy against search engines like Google,

- 2) To expand trademark to a level that would expose search engines to direct trademark infringement, or
- 3) To advocate that legislatures make a specific amendment to the Trademark Acts concerning search engines.[69]

After considering the issues and cases relating to keyword advertising, it appears that the road so far travelled have been bumpy. Because of absence of any specific law or guidelines the courts are also giving conflicting judgments. With every conflicting judgment the law has rather become more confusing.

NOTES

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- [17] In 2014, Google's ad revenue amounted to almost 59.06 billion US dollars. That year, advertising accounted for 89.5 percent of the online company's total revenues. Refer Advertising revenue of Google from 2001 to 2014 (in billion U.S. dollars) Available at <http://www.statista.com/statistics/266249/advertising-revenue-of-google/>
- [18] F. Gregory Lastowka, *Search Engines, HTML, and Trademarks: What's the Meta for?* Virginia Law Review, Vol. 86, No. 4 (May, 2000), pp. 835-884 available at <http://www.jstor.org/stable/1073847> (Most search engines attempt to rank sites by relevance, but the formula for determining relevance varies by search engine.)

- [19] Metatags are hidden words that are used within the hypertext mark-up language(HTML) computer code that is used to program and compose a webpage. Although hidden from the average users, search engines can detect and use meta tags to determine how well a web site matches to the search. The method of tying a particular website to a search request varies depending on the search engine being employed but often analyzes a combination of a site's meta tags and visible text to make the determination. Also refer Meta tag, Available at http://www.webopedia.com/TERM/M/meta_tag.html (Last visited on June. 24, 2015).
- [20] WIPO: Standing Committee on the Law of Trademarks, Industrial Designs and Geographical Indications Report August 31,2010.
- [21] Hung , Note 4.
- [22] WIPO Report, Note 20.
- [23] Hung, Note 4.
- [24] WIPO Report, Supra note 20.
- [25] Fallon R. Scholl, Abandoning Consumer Confusion in Keyword Advertising Trademark Infringement Cases: Proposal for a Modified Dilution Analysis [Vol. 17:1] INTELL. PROP. L. BULL.
- [26] Shea, Note 15.
- [27] Hung, *Supra* note 4.
- [28] Ashley Tan, *Google AdWords: Trademark Infringer or Trade Liberalizer?*,16 MICH. TELECOMM. TECH. L. REV. 473 (2010), Available at <http://www.mtlr.org/volsixteen/tan.pdf>. (Last visited June 15, 2016).
- [29] Google AdWords and the trade mark dilemma Brett Cowell, Chairman of Partners Matthew Hawke, Associate July 2013
- [30] Kemnitzer, *Supra* note 12.
- [31] May 27th, 2008 Google AdWords: A Brief History Of Online Advertising Innovation by Scott Karp available at <http://publishing2.com/2008/05/27/google-adwords-a-brief-history-of-online-advertising-innovation/> (last visited August 20, 2015) (Advertising first appeared on Google.com in January 2000 — text ads were sold by a sales rep on a CPM basis. (Yes, that's right, there was no pay-per-click, no self-serve, no bidding.)
- [32]. Kemnitzer, *Supra* note 12.
- [33] David A. Hyman & David J. Franklyn ,*Trademarks as Search-Engine Keywords: Who, What, When?* 92 TEXAS LAW REVIEW 2120.
- [34] Benjamin Aitken, *Keyword-Linked Advertising, Trademark Infringement, And Google's Contributory Liability* No. 21 DUKE LAW & TECHNOLOGY REVIEW 2005.
- [35] On June 4, 2009 (two months after the Second Circuit's decision in *Rescuecom*) Google announced that it would expand the keyword policy to 190 other countries.
- [36] Tan, *Supra* note 28.
- [37] Tan, *Supra* note 28.
- [38] MICHAEL A. EPSTEIN, EPSTEIN ON INTELLECTUAL PROPERTY (Aspen Publishers Fifth edition, 2008 supp.)
- [39] PROF. ASHWANI K. BANSAL, LAW OF TRADE MARKS IN INDIA: WITH INTRODUCTION TO INTELLECTUAL PROPERTY 33 (Thomson Reuters, 3rd ed.2014).
- [40] Dr. S. Ono, Overview of Japanese Trademark Law, Chapter 2. The History and Development of Trademark Law Section 1: The History of Trademark Law available at <http://www.iip.or.jp/translation/ono/ch2.pdf> , Last seen on 28/06/ 2016.
- [41] In India, The Trade Marks Act, 1999 deals with trademarks, repealing the earlier The Trade and Merchandise Marks Act, 1958. The Lanham (Trademark) Act (Pub.L. 79–489, 60 Stat. 427, enacted July 5, 1946, codified at 15 U.S.C. § 1051 et seq. (15 U.S.C. ch. 22)) is the primary federal trademark statute of law in the United States.
- [42] Named for Representative Fritz G. Lanham of Texas, the Act was passed on July 5, 1946, and signed into law by President Harry Truman, taking effect “one year from its enactment”, on July 6, 1947.

The Act has been amended several times since its enactment. Its impact was significantly enhanced by the Trademark Counterfeiting Act of 1984, which made the intentional use of a counterfeit trademark or the unauthorized use of a counterfeit trademark an offense under Title 18 of the United States Code, and enhanced enforcement remedies through the use of ex parte seizures and the award of treble profits or damages (whichever is greater). In 1999, the Anticybersquatting Consumer Protection Act inserted 15 U.S.C. § 1125(d), and amended 15 U.S.C. § 1114(2)(D).

[43] § 32 (15 U.S.C. § 1114) Lanham Act.

[44] § 43 (15 U.S.C. § 1125) Lanham Act.

[45] Neil Smith, *Trademarks, Infringement and unfair competition online*, in INTERNET LAW AND PRACTICE BY INTERNATIONAL CONTRIBUTORS VOL 2 (Thomson Reuters South Asian Edition 2013).

[46] Tan, *Supra* note 28

[47] In 1-800 Contacts, Inc. v. WhenU.com and Vision Direct, Inc. 414 F.3d 400 (2d Cir., June 27, 2005) the court held:

“A company’s internal utilization of a trademark in a way that does not communicate it to the public is analogous to an individual’s private thoughts about a trademark. Such conduct simply does not violate the Lanham Act, which is concerned with the use of trademarks in connection with the sale of goods or services in a manner likely to lead to consumer confusion as to the source of such goods or services”.

Refer Merck & Co., Inc., et al. v. Mediplan Health Consulting, Inc. 425 F.Supp.2d 402 (S.D.N.Y., March 30, 2006); Fragrancenet.com, Inc. v. Fragrancex.com, Inc. 493 F. Supp. 2d 545 (E.D.N.Y. 2007); Site Pro-1, Inc. v. Better Metal, LLC 506 F. Supp. 2d 123 (E.D.N.Y. 2007)

[48] Network Automation, Inc. v. Advanced Sys. Concepts, Inc., 2011 WL 815806 (9th Cir. Mar. 8, 2011); Rescuecom Corp. v. Google, Inc. 456 F. Supp. 2d 393 (N.D.N.Y. 2006), rev’d, ___ F.3d ___, 2009 WL 875447 (2nd Cir. Apr. 3, 2009); Government Employees Insurance Co. (GEICO) v. Google, Inc. 330 F. Supp. 2d 700 (E.D. Va. 2004) (Google’s motion to dismiss); 77 U.S.P.Q.2d 1841 (E.D. Va. Aug. 8, 2005); 800-JR Cigar, Inc. v. Goto.com, Inc. 437 F. Supp. 2d 273 (D.N.J., July 13, 2006); Edina Realty, Inc. v. TheMLSonline.com 2006 WL 737064, Civil No. 04-4371 (D. Minn. 2006); Google Inc. v. American Blind & Wallpaper Factory, Inc. 74 U.S.P.Q. 2d 1385 (N.D. Cal. 2007) (Google’s motion to dismiss); U.S. Dist. LEXIS 32450 (N.D. Cal. Apr. 18, 2007) (Cross-motion for summary judgment).

[49] Tan, *Supra* note 28

[50] AMF Inc. v. Sleekcraft Boats, 599 F.2d 341, 348-49 (9th Cir. 1979)

Also refer Polaroid v. Polaroid Elec., 287 F.2d 492, 498 (2d Cir. 1996); N. Y. State Soc’y of Certified Pub. Accountants v. Eric Louis Assocs., 79 F. Supp. 2d 331, 340 (S.D.N.Y. 1999) it added another factor “the sophistication of the purchasers” in cases specifically involving trademark issues in cyberspace.

[51] Tan, Note 28

[52] Brookfield Communications Inc. v. West Coast Entertainment Corp. 174 F.3d 1036 (9th Cir. April 22, 1999)

[53] Kemnitzer, Note 12

[54] Dunaevsky, Note 11

[55] Savin Corporation v. The Savin Group, 391 F.3d 439, 2004 U.S. App. Lexis 25479 (2d Cir., December 10, 2004)

[56] Note 52

[57] Government Employees Insurance Co. (GEICO) v. Google, Inc. 330 F. Supp. 2d 700 (E.D. Va. 2004) (Google’s motion to dismiss); 77 U.S.P.Q.2d 1841 (E.D. Va. Aug. 8, 2005); 800-JR Cigar, Inc. v. Goto.com, Inc. 437 F. Supp. 2d 273 (D.N.J., July 13, 2006)

[58] Google Inc. v. American Blind & Wallpaper Factory, Inc. 74 U.S.P.Q. 2d 1385 (N.D. Cal. 2007) (Google’s motion to dismiss); U.S. Dist. LEXIS 32450 (N.D. Cal. Apr. 18, 2007) (Cross-motion for summary judgment).

[59] AdWords Trademark Policy available at <https://support.google.com/adwords/express/answer/6118?hl=en> (Last visited on July 10, 2015)

[60] Refer part-III, Section -C

- [61] Adwords Trademark policy.
- [62] *Rescuecom Corp. v. Google Inc.*, 562 F.3d 123 (2nd Cir. 2009). In this case, Google asserted nominative fair use and argued that AdWords simply uses competitors' marks for comparative advertising purposes. Its practices constitute fair business practices and lead to increased choice for consumers. Comparative advertising has long been seen to benefit consumers and create a healthier marketplace.
- [63] Kemnitzer, Note 12
- [64] The Standing Committee on the Law of Trademarks, Industrial Designs and Geographical Indications (SCT) was instrumental in preparing the WIPO "Joint Recommendation Concerning Provisions on the Protection of Marks, and Other Industrial Property Rights in Signs, on the Internet (hereinafter "Joint Recommendation"), which was adopted during the thirty-six series of meetings of the Assemblies of the Member States of WIPO (September 24 to October 3, 2001). The Joint Recommendation is the third of a series of instruments in the area of trademark law adopted by the Assemblies of the Paris Union and the WIPO General Assembly.
- [65] Article 2 Use of a Sign on the Internet in a Member State Use of a sign on the Internet shall constitute use in a Member State for the purposes of these provisions, only if the use has a commercial effect in that Member State as described in Article 3.
- [66] Article 3 Factors for Determining Commercial Effect in a Member State
- (1) [Factors] In determining whether use of a sign on the Internet has a commercial effect in a Member State, the competent authority shall take into account all relevant circumstances. Circumstances that may be relevant include, but are not limited to:
- (a) circumstances indicating that the user of the sign is doing, or has undertaken significant plans to do, business in the Member State in relation to goods or services which are identical or similar to those for which the sign is used on the Internet.
 - (b) the level and character of commercial activity of the user in relation to the Member State, including:
 - (i) whether the user is actually serving customers located in the Member State or has entered into other commercially motivated relationships with persons located in the Member State;
 - (ii) whether the user has stated, in conjunction with the use of the sign on the Internet, that he does not intend to deliver the goods or services offered to customers located in the Member State and whether he adheres to his stated intent;
 - (iii) whether the user offers post-sales activities in the Member State, such as warranty or service;
 - (iv) whether the user undertakes further commercial activities in the Member State which are related to the use of the sign on the Internet but which are not carried out over the Internet.
 - (c) the connection of an offer of goods or services on the Internet with the Member State, including:
 - (i) whether the goods or services offered can be lawfully delivered in the Member State;
 - (ii) whether the prices are indicated in the official currency of the Member State.
 - (d) the connection of the manner of use of the sign on the Internet with the Member State, including:
 - (i) whether the sign is used in conjunction with means of interactive contact which are accessible to Internet users in the Member State;
 - (ii) whether the user has indicated, in conjunction with the use of the sign, an address, telephone number or other means of contact in the Member State;
 - (iii) whether the sign is used in connection with a domain name which is registered under the ISO Standard country code 3166 Top Level Domain referring to the Member State;
 - (iv) whether the text used in conjunction with the use of the sign is in a language predominantly used in the Member State;
 - (v) whether the sign is used in conjunction with an Internet location which has actually been visited by Internet users located in the Member State.

- (e) the relation of the use of the sign on the Internet with a right in that sign in the Member State, including:
 - (i) whether the use is supported by that right;
 - (ii) whether, where the right belongs to another, the use would take unfair advantage of, or unjustifiably impair, the distinctive character or the reputation of the sign that is the subject of that right.
- (2) [Relevance of Factors] The above factors, which are guidelines to assist the competent authority to determine whether the use of a sign has produced a commercial effect in a Member State, are not pre-conditions for reaching that determination. Rather, the determination in each case will depend upon the particular circumstances of that case. In some cases all of the factors may be relevant. In other cases some of the factors may be relevant. In still other cases none of the factors may be relevant, and the decision may be based on additional factors that are not listed in paragraph (1), above. Such additional factors may be relevant, alone, or in combination with one or more of the factors listed in paragraph (1), above.

[67] Chad J. Doellinger, *Trademarks, Metatags, And Initial Interest Confusion: A Look to the past to Reconceptualize The Future*, 41 IDEA — THE JOURNAL OF LAW AND TECHNOLOGY 173 (2001)

[68] *Network Automation, Inc. v. Advanced Sys. Concepts, Inc.*, 2011 WL 815806 (9th Cir. Mar. 8, 2011)

[69] Isaiah A. Fishman, Comment, *Why Are Competitor's Advertising Links Displayed When I Google my Product? An Analysis of Internet Search Engine Liability for Trademark Infringement*, 5 J. MARSHALL REV. INTELL. PROP. L. 431 (2006).