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na internetu**

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Use of Trademarks as Keywords for Searching the Internet

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Poděkování

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Introduction

When I attended the first lesson of an optional subject Introduction to US law, which is taught at our faculty by hosting foreign professors, I had very little knowledge of issues concerning trademarks in the Internet context. However, Prof. James Levy from the Shepard Broad College of Law, Nova Southeastern University, enthusiastically introduced us to this topic, which has been widely discussed by legal experts in the US and also in Western Europe and yet it was a relatively unfamiliar topic to me and my classmates.

Even though trademarks are a part of intellectual property rights, they do not protect results of creative or research activities. The primary purpose of a trademark is communication of information between a manufacturer or service provider and an end-user. Thanks to trademarks, consumers are able to immediately distinguish products of one undertaking from another. This allows consumers to repeatedly purchase products they have been previously satisfied with, saves their time and guarantees an expected level of product's quality. At the same time, manufacturers are able to communicate with customers and enjoy protection against competitors of investments made into brand marketing and improvement of quality.

The Internet has become one of the most important communication channels. Manufacturers, distributors, sellers and service providers offer their goods and services online, which not only reduces their operating costs but also enables them to reach customers remotely. Obviously, it has brought new challenges to intellectual property law, including trademark law. Trademarks have been traditionally understood as marks that were physically placed on products in order to pass them off to customers. However, the Internet created an environment for new forms of utilization of trademarks, which were not anticipated by existing legal regulation. Online keyword advertising is one of them.

The main reason why I chose this topic is because it interconnects the "old and new." Trademarks are a very traditional element of law, with history reaching back to ancient civilizations. Even though new forms of trademarks, such as sound marks, have been introduced to some laws recently, their historical development has been rather conservative. The Internet, on the other hand, as a global system of computer networks, is a landmark invention of the 20th century. Except for being a general tool for searching and sharing information, it has also become a major source of revenue.

The sources for the theoretical part are mostly foreign cases and expert articles. There are not many books concerning keyword advertising. Books and commentaries I used are more concerned with the general nature of intellectual property law or trademarks specifically. Quite frequently, I also referred to online blogs that are written by some leading experts in the field, such as Eric Goldman.

This thesis consists of six chapters. The first chapter is devoted to a general introduction to trademarks. This part describes briefly the history of trademarks, current legal definitions of trademarks, as well as the legal frameworks of trademarks law. It focuses on an elements of trademark distinctiveness and analyses functions of trademarks. Last but not least, it also describes basic classifications of trademarks and provides their examples.

The second chapter introduces the issue of keyword advertising. It focuses on a description of the operation of Internet search engines, keyword advertising programs and Google's current policy. Finally, it also provides an illustrative example of keyword advertising that affects trademark law.

The third chapter concentrates on the development of case law concerning keyword advertising in the US. The development is described in two key elements of trademark infringement in the US, i.e. "use of a trademark in commerce" in a way that is "likely to cause consumer confusion."

The fourth chapter is dedicated to the development of case law concerning keyword advertising in the EU. The analysis is primarily focused on preliminary rulings of the ECJ and subsequent rulings of national courts in the member states.

The fifth chapter provides a brief comparison of both transatlantic approaches and conclusions reached by respective courts.

The sixth and last chapter concentrates on the recent pilot ruling regarding keyword advertising in the Czech Republic and briefly introduces protection of trademark rights provided by law against unfair competition. Though it could be included in the fourth chapter, I decided to devote a separate chapter thereto in order to highlight the significance thereof. Please note that except for a brief media coverage I was unable to find further expert commentaries or articles on this judgment.

1. Trademarks

1.1. Introduction to Trademarks

Trademark is a form of intellectual property that was developed long time before their legal protection was established. Even though it is not possible to determine accurately when a mankind first started to use symbols or signs to mark either ownership or commercial origin, it is assumed that it happened contemporaneously with the evolution of trade and ownership. In ancient China, for instance, marks were placed on pottery as long ago as 3000 BC.¹

Even though trading conditions nowadays are far more developed and despite the long history of trademarks, their use has not changed significantly. The primary purpose of use of trademarks is to provide information. Originally, trademarks were placed on products to communicate to consumers a guarantee of quality. Later, trademarks have also been used to inform consumers of the origin of the goods.²

Trademarks serve to protect both sides of a trade, manufacturers and customers. Customers may be confident that a product, which bears a particular trademark, is a product that they look for. Owners of trademarks are given protection to their investment of time and money to development from misappropriation by third parties.³

Unlike patents or copyrights, trademarks are not exclusive nor monopolistic rights in a way that they “do not confer a right to prohibit the use of the word or words (...). A trademark only gives the right to prohibit the use of it so far as to protect the owner’s good will against the sale of another’s product as his.”⁴

1.2. Legal Definition of Trademark

Trademarks are subject to national, European as well as international legal regulation. The term “trademark” (in Czech “*ochranná známka*”) is not unified throughout different legal systems. In the US for instance, the Lanham Act distinguishes trademarks (also unregistered or common law trademarks) indicated as “TM” and registered trademarks indicated as “®.” European law provides for the protection of the “EU trade mark.” While some laws, such as the Paris Convention for Protection of

¹ NORMAN, Helen. *Intellectual Property Law*. 2nd Edition. Oxford University Press. 2014. p. 328.

² *Ibid.*, p. 333

³ BARRETH, Margreth. *Intellectual Property – Cases and Materials*. American Casebook Series. 2nd Edition. West Group. 2001. p.674

⁴ *Prestonettes Inc. v. Coty*, 264 U.S. 359 (1924).

Industrial Property or the Lanham Act, distinguish “trademarks” and “servicemarks” (or “service marks”), which are trademarks designated to identify a service, other laws, such as Regulation or Act on Trademarks make no difference thereto.⁵

The most important international conventions are the Convention Establishing the World Intellectual Property Organization⁶, the Madrid Agreement Concerning the International Registration of Marks⁷ and its Protocol⁸ and the Paris Convention for the Protection of Industrial Property⁹. European law concerning trademarks is particularly represented by the Directive and the Regulation¹⁰. Due to the Directive, substantive trademark laws of the EU member states have reached high level of harmonization¹¹. Also, differences between national trademarks and the EU trade mark are rather marginal¹². The principal piece of legislation concerning trademarks in the Czech Republic is the Act on Trademarks¹³. In the US, federal trademark law is stipulated by the Lanham Act¹⁴. Last but not least, the Joint Recommendation Concerning Provisions on the Protection of Marks, and Other Industrial Property Rights in Signs, on the Internet (hereinafter as the “Joint Recommendation”)¹⁵ plays an important unifying part in laws governing the use of trademarks on the Internet, even though it is not binding¹⁶. In the official explanatory note to the Art. 6 of the Joint Recommendation, it also explicitly requires the participating states to protect rights in trademarks in use of

⁵ HORÁČEK, Roman a kol. *Zákon o ochranných známkách. Zákon o ochraně označení původu a zeměpisných označení. Zákon o vymáhání práv z průmyslového vlastnictví. Komentář. 2. vydání.* Praha : C.H.Beck. 2008. p. 56.

⁶ The Convention Establishing the World Intellectual Property Organization, signed in Stockholm on 14 July, 1967.

⁷ The Madrid Agreement Concerning the International Registration of Marks, signed in Madrid in 1891.

⁸ The Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks, signed in Madrid in 1989.

⁹ The Paris Convention for the Protection of Industrial Property, signed in Paris on 20 March, 1883.

¹⁰ Author’s Note: The Regulation was recently amended by Regulation 2015/2424, which came into force on 23 March, 2016, and replaced the Community trade mark with European Union trade mark.

¹¹ COOK, Trevor. *EU Intellectual Property Law.* Oxford University Press. 2010. p. 227-228.

¹² HÁK, Jan. *Známkové právo v mezinárodních souvislostech.* Vydavatelství a nakladatelství Aleš Čeněk. 2012, p. 74-77.

¹³ Act No. 441/2003 Coll., on Trademarks.

¹⁴ Act codified at 15 U.S.C. § 1051 et seq.

¹⁵ The Joint Recommendation Concerning Provisions on the Protection of Marks, and Other Industrial Property Rights in Signs, on the Internet, adopted by WIPO and the Assembly of the Paris Union for the Protection of Industrial Property in September 2001.

¹⁶ The Joint Recommendation among others sets forth rules for determination whether the trademark has been “used” in a particular state, meaning that the “use” has taken place in that state. It applies the aspect of a commercial effect. It provides demonstrative list of factors which the authorities shall take into account in determining whether use of a sign on the Internet has a commercial effect in a state (such as the scope of services that a user of a sign renders in a state, language of that services etc.).

trademarks in banner advertisements or sale or purchase as keywords for Internet search engines¹⁷.

According to Art. 1 of the Act on Trademarks, trademark “*may consist of any sign capable of being represented graphically, particularly words, including personal names, colours, designs, letters, numerals, the shape of goods or their packaging, provided that such sign is capable of distinguishing goods or services of one undertaking from those of another undertaking.*”¹⁸

1.3. Distinctiveness of Trademarks

Substantive requirements of trademarks fall into two categories. First, trademarks must be distinctive in order to be able to distinguish the relevant goods and services. A mark can either acquire distinctiveness or it may be inherently distinctive. Second, it must not fall into any of the categorical statutory exclusions¹⁹.

There are three categories of distinctiveness. Marks may be either inherently distinctive, or may be capable of acquiring distinctiveness (descriptive marks) or may be generic terms.²⁰

Inherently distinctive marks are either arbitrary, fanciful or suggestive. A mark is inherently distinctive if “*its intrinsic nature serves to identify a particular source.*”²¹ It qualifies for protection regardless of proving acquired distinctiveness among consumers. Both arbitrary and descriptive marks do not imply nor describe any characteristics of the goods or services. Arbitrary mark is an existing symbol that has been chosen as a mark and has no logical relation to the goods or services. Examples of arbitrary marks are “APPLE” for electronics or “CAMEL” for cigarettes. Unlike arbitrary marks, fanciful marks are devised, invented for the only purpose of serving as trademarks. Examples of fanciful marks are “KODAK” or “Exxon”. Suggestive marks suggest the characteristics or quality of the goods and services, but do not describe it.

¹⁷ Explanatory note No. 6.03 of the Joint Recommendation.

¹⁸ Author’s Note: Definition of the EU trade mark provided for by the Regulation is identical, except for explicit mention of “colour.” For the definition of a trademark under the Lanham Act, see Sec. 1127 of the Lanham Act.

¹⁹ Author’s Note: Statutory categorical exclusions include *inter alia* immoral marks or government symbols. Exclusions are listed in Art. 4 of the Act on Trademarks; Art. 3 and 4 of the Directive; Art. 7 of the Regulation and Sec. 1052 of the Lanham Act.

²⁰ MCJOHN, Spethen M. *Intellectual Property. Examples & Explanations*. Fifth Edition. Wolters Kluwer. 2015. p. 262.

²¹ *Two Peson v. Taco Cabana*, 505 U.S. 763 (1992).

Category of suggestive marks falls between arbitrary/fanciful marks and descriptive marks. Examples of suggestive marks are “Playboy”, “Citibank” or “Jaguar”.²²

Marks that are descriptive qualify for a trademark protection only if they acquire secondary meaning. Thus a primary meaning of a mark would be to identify a particular source and the descriptive sense would be secondary. A mark acquires secondary meaning if “*in the minds of the public, the primary significance of the mark is to identify the source of the product rather than the product itself.*”²³ Examples of descriptive marks are “Holiday Inn”, “Best Buy”, “Coca Cola” or surnames, such as “McDonalds”.²⁴

Generic terms do not distinguish one seller from another and do not qualify for a trademark protection. Examples of generic terms are “restaurant”, “candy” or “soda”.²⁵

1.4. Functions of Trademarks

Trademarks serve several functions to both, trademark owners and customers. Some functions have been traditionally attached to trademarks as their fundamental attributes – for instance origin function. However, some functions were also established by case law and jurisprudence, such as the investment function.

In Europe the ECJ interpreted, that among others, adverse effect on the functions of a trademark is one of the requirements for trademark infringement²⁶. Use of the trademark by a third party must affect or be liable to affect the functions of the trademark²⁷. Thus courts in the EU need to analyze in each particular case whether the adverse effect has occurred.

1.4.1. Origin Function

Origin function is the primary function of trademarks. Through the origin function, trademarks indicate to customers the commercial origin of the goods or services. It informs customers of the identity of the undertaking which created the product in the first place and which is responsible for its quality.²⁸

²² MCJOHN, S. M., *op. cit.*, p. 263-264.

²³ *Inwood Laboratories v. Ives Laboratories*, 456 U.S. 844 (1982).

²⁴ MCJOHN, S. M., *op. cit.*, p. 264-265.

²⁵ *Ibid.*, p. 269.

²⁶ *Google France*, para. 49.

²⁷ *Ibid.*, para. 75.

²⁸ NORMAN, H., *op. cit.*, p. 337-338.

The major importance of the function of origin was also acknowledged by the ECJ. The ECJ ruled that “*the essential function of a trademark was to guarantee the identity or origin of the marked goods or services to the consumer or end user.*”²⁹ The ECJ approached trademark infringement from the trademark owner’s perspective. Origin function protects trademark owners against third parties that would wish to take unfair advantage of the trademark. In Europe, adverse effect on the origin function was closely associated with the confusion that the use of a trademark by a third party is likely to cause.

1.4.2. Product Differentiation Function

Trademarks distinguish goods and services of one undertaking from those of others. Product differentiation function is closely related to the function of origin as it may be considered as a specific part thereof. However, the ECJ has concluded otherwise. According to the ECJ, this function specifically enables customers to choose one product from another knowing that the products originate from a particular undertaking, which is responsible for its quality³⁰.

1.4.3. Guarantee Function

As explained in the introduction to trademarks, the guarantee function is the original function of trademarks. It provides degree of certainty that the goods or services have the same quality as those purchased before. The main purpose is to guarantee the consistency and safety of a product as well as certain level of standard. This function of trademarks involves strong aspect of a consumer protection.³¹

1.4.4. Advertising Function

Advertising function primarily protects an owner of a trademark from free-riding on the trademark’s selling power based on its reputation. This function is more emphasized with regards to famous and successful brands. For instance, a competitor may take unfair advantage of the trademark to gain a quick access to the market.

1.4.5. Investment Function

Investment function of trademarks was firstly introduced by the ECJ. Its purpose is to gain and preserve good reputation that is capable of attracting consumers and

²⁹ *Arsenal Football Club v. Matthew Reed*, C-206/01 (2002), para. 48.

³⁰ *Philips Electronics NV v. Remington Consumer Products*, C-299/99 (2002), para. 47-50.

³¹ NORMAN, H., *op. cit.*, p. 339-340.

maintaining their loyalty. The investment function may not be utilized only through advertising, but also through other marketing channels.³²

As explained in the following chapters, in cases concerning keyword advertising, an adverse effect on the advertising and investment function of trademarks has been obviously widely discussed.³³


1.5. Classification of Trademarks

Trademarks may be classified based on several criteria³⁴. The most common classification of trademarks in legal theory is based on a form of trademarks. With this regard, we distinguish word marks, figurative marks, combined marks and three-dimensional marks³⁵. Broader classification also include color per se mark, sound mark or olfactory mark³⁶.

Word mark is a mark that is formed of a word, name, combination of letters, words, numbers or any other symbols that can be typed³⁷. The selected mark should be regardless of its design distinctive and should not have descriptive character in relation to protected goods or services³⁸. An example of the word mark is the EU trademark “MARLBORO”, trademark No. 000076869³⁹.

Figurative marks are formed of graphics, images or pictures⁴⁰. An example of the



figurative mark is the EU trademark registered by Reebok “”, trademark No. 000000456⁴¹.

³² *L'Oréal v. Bellure*, para 58; *Interflora*, para. 60.

³³ *Google France*, para 91 *et seq.*; *Interflora*, para. 54 *et seq.*

³⁴ Author's Note: Other classification may be based on a trademark holder (individual x collective), registration in a trademark register (registered trademark x common trademark), territorial applicability (national x international x EU trade mark) etc.

³⁵ LAZÍKOVÁ, Jarmila. *Základy práva duševného vlastníctva*. Iura Edition. 2012. p. 133-134.

³⁶ EUIPO. Available at: <https://euipo.europa.eu/ohimportal/en/trade-mark-definition>.

³⁷ HORÁČEK, Roman, BISKUPOVÁ, Eva, DE KORVER, Zuzana. *Práva na označení a jejich vymáhání (Zákon o ochranných známkách, Zákon o ochraně označení původu a zeměpisných označení, Zákon o vymáhání práv z průmyslového vlastnictví)*. Komentář. 3. doplněné vydání. Praha: C. H. Beck. 2015. p. 4.

³⁸ HORÁČEK, R. a kol., *op. cit.*, p. 59.

³⁹ Author's Note: Registered by Philip Morris Global Brands Inc.

⁴⁰ HORÁČEK, Roman, ČADA, Karel, HAJN, Petr. *Práva k průmyslovému vlastnictví*. 2. vydání. Praha : C.H.Beck. 2011. p. 353.

⁴¹ Author's Note: Registered by Reebok International Limited.


Combined mark (or figurative mark with letters) combines word mark and figurative mark. Hence, it is formed of pictures, graphics or images with words, letters, numbers or any other typed symbols. It may also be a specific graphic design of words. Combined mark may also contain an element incapable of registration as a mark itself, i.e. either non-distinctive or descriptive, however in combination with other elements of the mark, it may gain required distinctiveness⁴². An example of the combined mark is



the EU trademark “”, trademark No. 000277889⁴³.

Three-dimensional mark is a three-dimensional shape, such as packaging (e.g. triangular-shape of Toblerone packaging) or the actual product (e.g. Bounty candy bar)⁴⁴. An example of the three-dimensional mark is the EU trademark



“”, trademark No. 001231737⁴⁵.

Colour per se mark is a mark formed of colour that distinguishes goods and services of one undertaking from those of others. In an application for registration, the colour must be concretized, for instance by providing shade number according to standardized color charts⁴⁶. An example of the colour per se mark is the Czech mark



registered by O2 Holdings Ltd. “”, trademark No. 332152.

⁴² HORÁČEK, Roman, ČADA, K., HAJN, P., *op. cit.*, p. 357.

⁴³ Author's Note: Registered by NIKE Innovate C.V.

⁴⁴ HORÁČEK, R., BISKUPOVÁ, E., DE KORVER, Z., *op. cit.*, p. 5.

⁴⁵ Author's Note: Registered by NESTLE WATERS.

⁴⁶ HORÁČEK, R., BISKUPOVÁ, E., DE KORVER, Z., *op. cit.*, p. 5.

Sound mark (e.g. Family Frost ringtone) may not be registered in the Czech Republic. However, EUIPO allows for registration of sound marks. Nevertheless, sound marks must be represented graphically, using, for example, musical notation.

Olfactory marks (such as smell of perfumes) do not qualify for registration neither in the Czech Republic nor in the EU.

2. Keyword Advertising

2.1. Introduction to Keyword Advertising

Internet search engines have become almost indispensable tools for searching for products, services, pieces of information or any other particular content on the Internet. Very often C-users do not know or have no recollection of a particular website address or domain name, where certain products, services or information are located. Search engines help them to find it. The largest search engines according to its market share are Google (67%), Bing (12%), Yahoo! (9%) or Chinese Baidu (9%)⁴⁷.

Based on applied automatic algorithms or formulas, a C-user who enters a term or a phrase into a search engine would get a list of search results on a page listing hyperlinks to webpages that the search engine identified as the most relevant to the search request. These results, also called as “organic results” or “natural results,” are sorted by its relevancy based on purely objective criteria, with the most relevant appearing on the top of the webpage.⁴⁸

Words or phrases that the C-users enter into the search engine are called “keywords.” A keyword may be a single word, term or a phrase.⁴⁹

When the C-user searches for keywords, the search engine may not only provide the C-user with organic results, but also paid advertisements, usually located above, below or alongside the organic results. When an online advertising program, which is operated by the search engine provider, recognizes that a particular keyword, that has been purchased by an advertiser, is searched for, it triggers advertisement. This advertisement would appear on the search result page in order to target the C-user. A typical advertisement consists of a commercial message and a link to the advertiser’s webpage. If the C-user clicks on the advertisement, he is redirected on the advertiser’s webpage, where usually relevant goods and services are offered for sale.⁵⁰

Since search engines are daily used by billions of people around the world, they have realized the potential of delivering online contextual advertising. Hence, they have developed their own advertising programs. The first commercially successful keyword

⁴⁷ As of September 2015. Available at: <https://www.netmarketshare.com/search-engine-market-share.aspx?qprid=4&qpcustomd=0>.

⁴⁸ Opinion of Advocate General Poirares Maduro to *Google France*, para. 2-3, 9; *Google France*, para. 22.

⁴⁹ Opinion of Advocate General Poirares Maduro to *Google France*, para. 9.

⁵⁰ *Rosetta Stone v. Google Inc.* US District Court, E.D. Virginia, Alexandria Division. 2010.

advertising was launched by GoTo.com in 1998⁵¹. Nowadays, the major advertising programs are Google AdWords, Yahoo! Search Marketing, Bing Ads, or Sklik for Seznam.cz.

In detailed explanation below, I will focus on Google AdWords. Most of the advertising programs operate on a very similar basis and Google AdWords is by far the largest one and most involved in litigations described in the next chapters.

2.2. Google AdWords

Google AdWords is an advertising program that triggers advertisements to C-users who search on any of the Google's search networks⁵². Advertisements may be text ads, image ads, video ads or rich media ads, which typically include animation.

On the Czech domain of Google - google.cz, text advertisements appear above, below or alongside the organic results. The font size, color and typeface are identical to the organic results. Advertisements are labeled as "Ad(s)" (in Czech "*Reklama*" or "*Reklamy*"). The way of separating the advertisements from the organic results may, however, vary from state to state, for instance using a yellow rectangular background instead⁵³.

As explained above, advertisements on AdWords are based on keywords, which are purchased by advertisers pursuant to its relevancy to their goods and services. The keywords match the advertisements with terms that C-users search for. In order to have the advertisement displayed, the selected keyword must match or be similar to the search term.

Advertisers can either select keywords on their own or use a tool called Keyword Planner⁵⁴, which is designed to *inter alia* provide the advertisers with a list of the most suitable and relevant keywords to their business and help them to efficiently promote their goods or services.⁵⁵

⁵¹ JANSEN, Bernard, MULLEN, Tracy. *Sponsored search: An overview of the concept, history, and technology*. International Journal of Electronic Business. 2008. Vol. 6. No. 2. p. 114-131.

⁵² Author's Note: Google's search networks include Google search engine and other Google's sites such as Maps or Shopping. They include also partners' networks such as Netscape's AOL search and display networks such as YouTube or Gmail. [AdWords Support. Available at: <https://support.google.com/adwords/answer/1752334?ctx=glossary> (accessed on 8. June 2016)].

⁵³ *Rosetta Stone v. Google Inc.*, US District Court, E.D. Virginia, Alexandria Division. 2010.

⁵⁴ Author's Note: Keyword Planner substituted Keyword Suggestion Tool, which is mentioned in some of the cases analysed in the chapter *Case Law in the US*.

⁵⁵ AdWords Support. Available at: <https://support.google.com/adwords/answer/2999770>.

The quality of selected keywords and commercial message⁵⁶ combined with maximum bid price and expected effect of extensions determine the overall position of an advertisement, i.e. the location of the advertisement on the search result page or whether the advertisement is eligible to show at all. The rank of the advertisement is regularly recalculated and thus the advertisement's position may change each time depending on the current competition.⁵⁷

The price for an advertisement is usually based on so called maximum cost-per-click bid⁵⁸, which represents the maximum price that an advertiser is willing to spend for each click on an ad⁵⁹. However, the actual price is usually less. Every time a C-user searches for a keyword, AdWords runs all the corresponding ads through an auction which defines which particular ads and on what position will be showed. The final price is based on the minimum that is required to hold the ad position. Various quality factors are assessed in order to determine the ability of the advertisement to hold its position. Generally speaking, the more historical clicks and positive impressions the advertisement has, the lower price is charged to have it displayed.⁶⁰

2.2.1. AdWords Illustration

In order to better illustrate how AdWords works in practice and what the impact on trademark law might be, I provide the following example.

Two undertakings, A and B, both create and sell antivirus software. While B is a start-up, A is well known in business and its antivirus software, also called A, enjoys good reputation among customers. One day, B decides to promote its product on Google. For that purpose, it purchases keywords on AdWords so that whenever a C-user does a search using such terms, B's advertisement will appear on the search result page. Accordingly, three situations may occur.

First, B buys the keyword "antivirus software." Whenever a C-user enters "antivirus software" in the search engine, the advertisement of B will be triggered to appear above, below or next to the natural results. Since "antivirus software" is a

⁵⁶ Author's Note: Quality is based on factors such as expected clickthrough rate, ad relevance and landing page experience.

⁵⁷ AdWords Support. Available at: <https://support.google.com/adwords/answer/1752122?ctx=glossary>.

⁵⁸ Author's Note: Also called "*max. CPC*."

⁵⁹ Author's Note: Another pricing method, which is much less used, is cost-per-thousand impressions (also called "*CPM*").

⁶⁰ AdWords Support. Available at: https://support.google.com/adwords/answer/2497976?hl=en&ref_topic=3121763.

generic term, it is not capable of a trademark protection and no trademark infringement may possibly be claimed.

However, B may also cause its advertisement to appear whenever a C-user searches for the term “A,” which is not only a company name, but also name of its product and registered trademark of A, a direct competitor of B. As a result, whenever the C-user types in “A,” wishing to search for its products, a sponsored link would be displayed on the search result page, promoting the cheaper antivirus software of B. If the C-user originally intending to purchase product A clicks on the advertisement, he would be redirected to the webpage of B. There he would be offered to purchase the software. Advertisers are therefore able to *“place their advertisements in front of consumers who have already identified themselves as interested in products or services similar to theirs.”*⁶¹

The third situation is much similar to the second one. Nevertheless, in order to attract even more customers, B would exhibit the trademark “A” directly in the commercial message.

The second and third situation are examples how trademarks may be utilized in keyword advertising to deliver contextual advertisements.

The primary question is whether the trademark protection encompasses use of keywords in online advertising. Hundreds of disputes between trademark owners and search engine providers and/or advertising competitors ended up in courtrooms around the world. Some of the most important cases from the US and EU are analyzed in the following chapters.

2.2.2. AdWords Trademark Policy

AdWords policy on trademarks has changed a few times since AdWords introduction in 2000. Those amendments usually reflected developments in keyword advertising case law⁶². As Google gained confidence about its eligibility to use trademarks as keywords, the trademark policy has become relaxed.

The primary postulate that Google defends is that it is not responsible for the keywords chosen by advertisers, because it does not “use” the trademarks itself. Given that, Google claims that trademark owners should primarily resolve their disputes

⁶¹ *Rescuecom Corp. v. Google Inc.*, 456 F.Supp.2d 393 (N.D.N.Y. 2006).

⁶² Author’s Note: In Europe the policy was influenced especially by opinion in *Google France*.

directly with the advertisers. The policy says that it is just a Google's courtesy that it *"investigates matters raised by trademark owners."*⁶³

As showed in an example described above, two situations must be distinguished. Those situations are (i) use of trademarks as keywords for an online advertising, and (ii) direct appearance of trademarks in the commercial message of advertisements themselves.

With regards to the former, Google's policy states that *"Google will not investigate or restrict the use of trademark terms in keywords, even if a trademark complaint is received."*⁶⁴ This statement clearly shows the absolute confidence of Google of being entitled to sell trademarks as keywords on AdWords. Reflecting case law of the ECJ, the strict statement is, however, relaxed in the EU and EFTA region in order to fully comply therewith. Even though the policy claims that advertisers have the primary responsibility to comply with the Regulation and the Directive in order to avoid trademark infringement, it also states that if a complaint is submitted, Google *"will do a limited investigation as to whether a keyword (in combination with particular ad text) is confusing with regards to the origin of the advertised goods and services."*⁶⁵

On the other hand, when a trademark appears directly in the commercial message, Google says that it *"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."*⁶⁶ Hence, trademark owners may submit complaint which would commence Google's investigation.

⁶³ AdWords Policy. Available at: <https://support.google.com/adwordspolicy/answer/2562124?hl=en>.

⁶⁴ AdWords Policy. Available at:

<https://support.google.com/adwordspolicy/answer/6118?expand=reseller&hl=en-AU#reseller>.

⁶⁵ *Ibid.*

⁶⁶ Author's Note: This should be analyzed together with another statement that says *"Google will not restrict the use of your trademark in AdWords text ads unless you submit a valid complaint, even if your trademark is registered."* Concerning the EU, I assume that this policy is primarily based on a limited liability stipulated in Art. 14 of the e-Commerce Directive. Following this article, Google claims that it may be held liable for data stored upon the request of an advertiser only if it fails to remove or to disable access to those data without delay after notification of the unlawful conduct. [AdWords Policy. Available at: <https://support.google.com/adwordspolicy/answer/2562124?hl=en>].

Below is a list of exceptions when Google allows third parties to show trademarks in the commercial message:

1. Authorization by the trademark owner;
2. Commercial message uses the trademark descriptively in its ordinary meaning instead of in reference to the trademark (for instance trademark “SHARP” for televisions would be used as an adjective instead);
3. Advertisement is not in reference to the goods or services corresponding to the trademark (for instance trademark term “APPLE” would be used to refer to a fruit instead);
4. Advertisement of resellers and sellers of components, replacement parts, or compatible products⁶⁷; and
5. Informational sites providing non-competitive information about goods or services^{68, 69}

⁶⁷ Author’s Note: However, this section applies only to Australia, New Zealand, the US, Canada, the United Kingdom and Ireland.

⁶⁸ Author’s Note: However, this section applies only to Australia, New Zealand, the US, Canada, the United Kingdom and Ireland.

⁶⁹ AdWords Policy. Available at: <https://support.google.com/adwordspolicy/answer/6118?hl=en>.

3. Case Law in the US

3.1. Introduction to Case Law in the US

Disputes involving keyword advertising have developed parallel to the Internet and search engines. Before keyword advertising was introduced by search engine operators, search results were listed pursuant to keywords placed in metatags, domain names and actual text on websites. Metatags are “*HTML codes intended to describe the contents of the website.*”⁷⁰ The more often a term, which was searched by a C-user, appeared in metatags or in the text of a website, the higher was the website listed among the search results.⁷¹ As businesses started to place metatags that involved their competitors’ trademarks on their websites, early lawsuits, such as *Brookfield*⁷², between the competing parties regarding trademark infringement on the Internet emerged.

However, in late 1990’s the search engine operators replaced metatags with more accurate systems of algorithms, which monitor primarily the content of websites. Thus they stopped to use metatags for ranking purposes. Instead, the search engine operators focused on advertisement revenue. Soon after, trademark infringement disputes began to concern use of trademarks as keywords for online advertising. Early lawsuits were brought against operators of “pop-up ad” technologies, such as in *1-800 Contacts*⁷³, and banner advertisements, such as in *Playboy*⁷⁴. Eventually, these were substituted by cases dealing with sponsored links placed by the search engine operators on search result pages, such as in *Rescuecom*^{75, 76}.

3.1.1. Appellate Circuits

The analysis below is primarily based on case law introducing the issue of keyword advertising in the US. For the better understanding of the reader, it is important to briefly introduce the organization of the judicial system in the US.

Federal Courts of Appeals form 13 permanent appellate circuits which designate the territorial jurisdiction thereof. The Courts of Appeals are intermediate courts, standing between the District Courts and the Supreme Court of the US. The

⁷⁰ *Brookfield Communications, Inc. v. West Coast Entertainment Corporation*, 174 F.3d 1036 (9th Cir. 1999).

⁷¹ *Ibid.*

⁷² *Ibid.*

⁷³ *1-800 Contacts, Inc. v. Whenu.com, Inc. and Vision Direct, Inc.*, 414 F.3d 400 (2d Cir. 2005).

⁷⁴ *Playboy Enterprises, Inc. v. Netscape Communications Corp.*, 354 F.3d 1020 (9th Cir. 2004).

⁷⁵ *Rescuecom Corp. v. Google Inc.*, 562 F.3d 123 (2nd Cir. 2009).

⁷⁶ LIPTON, Jacqueline. *Rethinking Cyberlaw: A New Vision for Internet Law*. Edward Elgar Publishing. 2015. p. 90-91.

Courts of Appeals usually follow precedents established by courts within their circuits. Thus a particular issue, such as interpretation of “use in commerce” in the meaning under the Lanham Act as described below, might be resolved differently among the circuits and decisions of the District Courts as well as Courts of Appeals might be inconsistent with those reached by courts from other circuits.⁷⁷

3.1.2. Lanham Act

The Lanham Act (also called the Trademark Act) was enacted on July 5, 1946 and serves as the primary federal trademark law statute in the US.

In order to constitute trademark infringement, a plaintiff must demonstrate that he (i) has a valid trademark that has been (ii) without his consent (iii) used in commerce by the defendant, (iv) in connection with the sale, offering for sale, distribution, or advertising of the goods or services and (v) such use has been likely to cause a consumer confusion.^{78,79}

The core of the keyword advertising disputes primarily rested on the interpretation of “use in commerce” and “likelihood of consumer confusion” on the Internet, which was obviously invented long after the Lanham Act was adopted.

3.1.3. Communications Decency Act

Sec. 230 of the Communications Decency Act (hereinafter as the “CDA”) of 1996⁸⁰ is a landmark Internet legislation in the US. Sec. 230(c)(1) provides immunity to providers and users of “interactive computer services.” It reads as follows: “*No provider or user of an interactive computer service shall be treated as the publisher or speaker of any information provided by another information content provider.*”

The statute explicitly exempts from its jurisdiction *inter alia* intellectual property claims. However, several courts have reached a conclusion that such exception applies only to federal intellectual property and Sec. 230 is therefore applicable to state claims⁸¹. Such approach has also been applied in several keyword advertising lawsuits. As described below, this interpretation has been followed to grant immunity to search engine providers with regards to state claims concerning trademark infringement.

⁷⁷ ROSENAL, Lee, LEVI, David, RABIEJ, John. Federal Civil Procedure Manual. *Juris Publishing*, 2014. p. 9-10.

⁷⁸ Sec. 1114 of the Lanham Act for registered trademarks and Sec. 1125 of the Lanham Act for unregistered trademarks.

⁷⁹ *U-Haul Int'l, Inc. v. WhenU.com, Inc.*, 279 F. Supp. 2d 723, 727 (E.D. Va. 2003).

⁸⁰ Act codified at 47 U.S.C. § 230.

⁸¹ Author’s Note: For instance, in case *Perfect 10, Inc. v. CCBill, LLC*, 481 F.3d 751 (9th Cir. 2007).

3.2. Use in Commerce

The first prong that needed to be resolved by courts in the US was to determine whether online advertising qualified as “use in commerce” under the meaning of the Lanham Act. Several courts have addressed the issue throughout the US in the Internet context. Opinions have been influenced by, and depended on, the precedents set forth in the appellate circuits as well as on the operation of the technology in question in the given situation.

Rise of the Internet-related claims for trademark infringement has led to a re-examination of the core principles of trademark law, because “*the existing trademark doctrines failed to provide a clean answer to the question of whether one can face liability for “using” a trademark as an information-indexing tool.*”⁸² The reason of such failure was likely because the vast majority of cases heard in the pre-Internet era concerned defendants who had clearly “used” the trademark as a visible symbols in marketing their own products. Hence, courts rarely addressed the issue of limits of “use” of trademarks, because they rarely faced claims against defendants whose “use” of trademarks did not fit the traditional model of physically placing a trademark on an actual product.⁸³

3.2.1. Playboy v. Netscape⁸⁴

The trademark owner Playboy Enterprise brought an infringement action against the search engine operator Netscape for alleged “use” of the plaintiff’s trademarks in list of terms that were utilized to key banner advertisements for websites of the plaintiff’s competitors.

At that time, the defendant was selling groups of related terms (such as terms related to electronics) to advertisers who purchased these terms in order to promote their goods and services. Advertisements were displayed as banners, running along the top or side of a page with the search results. The banners were usually graphic and confusingly labeled or not labeled at all and included a “click-here” button that would forward C-users to the website of the advertiser.

⁸² DOGAN, Stacey L., LEMLEY, Mark A. *Grounding Trademark Law Through Trademark Use*. The Trademark Reporter. 2008. Vol. 98. p. 1347. Available at: http://www.inta.org/TMR/Documents/Volume%2098/vol98_no6_a3.pdf [accessed on 8. June 2016].

⁸³ *Ibid.*, p. 1347.

⁸⁴ *Playboy Enterprises, Inc. v. Netscape Communications Corp.*, 354 F.3d 1020 (9th Cir. 2004).

The plaintiff's registered trademarks Playmate and Playboy were listed among the terms related to sex and adult-oriented entertainment.

Regarding "use" the Court of Appeals of the Ninth Circuit stated that overwhelming evidence has been presented by the plaintiff to prove that the marks were "used in commerce" in the meaning under the Lanham Act and without permission of the trademark owner. However, this plain statement was not accompanied by any further reasoning that would explain in details the court's opinion. Nevertheless, having resolved this first prong, the core of the case transferred to a question of existence of "likelihood of confusion."

Even though the opinion does not provide any guidance how and based on what reasons the court reached such conclusion, it established a significant precedent that has been followed by courts in different lawsuits several times ever since.⁸⁵

3.2.2. Geico v. Google, Inc. and Overture Services Inc.⁸⁶

Analogically to *Playboy*, in *Geico* the District Court found that search engine operators' utilization of the trademark "GEICO" as a keyword to trigger advertisements constituted "use in commerce." However unlike in *Playboy*, this case already involved Google's Adwords and therefore provided an important opinion from the up-to-date perspective.

The court explained that both defendants were actively selling rights to link advertisements to the plaintiff's trademark. Therefore, they "used the trademark in commerce" in a way that could imply a permission granted by the plaintiff to the defendants to do so.⁸⁷

The court denied Google's reasoning that the trademark was used solely within internal computer algorithms that determine which particular ads should appear on the search result page and therefore such use was for a "*pure machine linking function*" as found in the preceding *U-Haul case*⁸⁸.

⁸⁵ For instance, in case *Google, Inc. v. American Blind and Wallpaper Factory, Inc.*, No. 03-cv-05340 JF (RS) (N.D. Cal. 2007) or *Network Automation, Inc. v. Advanced Systems Concepts, Inc.*, 638 F.3d 1137 (9th Cir. 2011).

⁸⁶ *Gov't Employees Ins. Co. v. Google, Inc.*, 330 F. Supp. 2d 700 (E.D. Va. 2004).

⁸⁷ Author's Note: This was found as a major distinction from the U-Haul case. In U-Haul, the alleged "use" concerned use of a trademark in a pop-up advertising software, which allowed advertisers to bid on categories of undisclosed terms, which also included trademarks but did not allow them to bid on the particular trademarks as keywords directly. *U-Haul Int'l, Inc. v. WhenU.com, Inc.*, 279 F. Supp. 2d 723 (E.D. Va. 2003).

⁸⁸ *U-Haul Int'l, Inc. v. WhenU.com, Inc.*, 279 F. Supp. 2d 723 (E.D. Va. 2003).

Instead, the court relied on opinion expressed in *Playboy*, but also several other cases that concerned “use of trademarks” in the metatags.⁸⁹

In order to provide the full picture, the proceedings then focused on the occurrence of “likelihood of confusion” which was eventually found by the court in situation where the trademark appeared directly in the heading or text of the advertisements. However, both sites were then given 30 days to settle and they came to a confidential settlement. This left Google and the other search engine operators free to continue to sell trademarks as keywords.⁹⁰

3.2.3. 1-800 Contacts v. WhenU.com and Vision Direct⁹¹

Another significant case, *1-800 Contacts* was heard by the Court of Appeals of the Second Circuit. 1-800 Contacts is a company that sells contact lenses and is owner of several trademarks.

WHENU.com was a marketing company which invented the software, “SaveNow.” This software triggered so-called pop-up advertisements that were relevant to the Internet activity of a C-user. SaveNow was usually downloaded from the Internet as part of a pack of software and required no further specific action by the C-user. It monitored words that were typed by the C-user into search engines or that appeared on the visited websites. Once the software recognized a particular term, it automatically generated a pop-up ad for the corresponding product or service category.

The Court of Appeals reversed the District Court’s judgment as it followed the traditional interpretation of “use of trademark,” which occurs when defendants “actually place 1-800 trademarks on any goods or services in order to pass them off as emanating or authorized by 1-800.”⁹²

Furthermore, the court found several other significant differences distinguishing this case from previous cases that had dealt with online trademark infringement.

First of all, the Court of Appeals explained that it was necessary to distinguish URL address (www.1800contacts.com) and trademark, because the URL address was

⁸⁹ Author’s Note: For instance, *Marianne Bihari and Bihari Interiors v. Craig Gross and Yolanda Truglio*, 119 F. Supp. 2d 309 (S.D.N.Y. 2000) or *Playboy Enterprises, Inc. v. AsiaFocus Int’l, Inc.*, 1998 WL 724000 (E.D. Va.).

⁹⁰ HARDEN, Leland, HEYMAN, Bob. *Digital Engagement: Internet Marketing that Captures Customers and Builds Intense Brand Loyalty*. AMACOM Div. American Mgmt. Assn. 2009. p. 82.

⁹¹ *1-800 Contacts, Inc. v. Whenu.com, Inc. and Vision Direct, Inc.*, 414 F.3d 400 (2d Cir. 2005).

⁹² *1-800 Contacts, Inc. v. Whenu.com, Inc. and Vision Direct, Inc.*, 414 F.3d 400 (2d Cir. 2005), p. 408.

included in the internal directory of the software. The URL address itself, though may be very similar to the trademark, does not enjoy the same level of protection.

Second, the advertisements appeared in a separate branded window that popped up and thus had no tangible effect on appearance or functionality of the plaintiff's website.

Third, the court stated that the directory was inaccessible to C-users and general public. Thus there was no way of creation of visual confusion with the trademark. Unlike search engine providers, the defendant also did not show the content of the directory to advertisers and nor could the advertisers purchase a concrete term or keyword or manipulate the advertisement that would pop-up. Unlike in *Geico*, the advertisers could not pay to have a particular ad placed on a particular website or in connection with a particular trademark.

According to the Court of Appeals "*a company's internal utilization of a trademark in a way that does not communicate it to the public is analogous to individual's private thoughts about a trademark.*"⁹³ Analogously to Judge Berzon's concurring opinion in *Playboy*, the court compared a potential profiting from the goodwill and reputation of the plaintiff's website, that led the C-user to such website, to a product placement. The pop-up advertisements only informed potential customers, who had sought out a specific trademarked term, about other similar available alternative products or services that maybe of interest to them.

For all the reasons mentioned above, the Court of Appeals concluded that the practice of the defendant did not constitute "use" under the Lanham Act. The court said that pop-up ads that do not display plaintiff's trademarks nor they have any tangible effect on the appearance or functionality of the plaintiff's website, because they appear in a separate window labelled with the defendant's trademark, do not infringe trademark law.

The court explained that in comparison with other cases such as *Playboy*, *Brookfield* or *Bihari*, defendant's activities could not alter or effect the plaintiff's website whatsoever or misdirect the C-users to other websites or change in any way the results that the C-user would obtain when searching with the plaintiff's trademark or URL.

⁹³ *1-800 Contacts, Inc. v. Whenu.com, Inc. and Vision Direct, Inc.*, 414 F.3d 400 (2d Cir. 2005), p. 409.

In its opinion, the court also relied upon conclusions reached by District Courts from different circuits in other proceedings heard against WhenU.com and upheld that inclusion of the trademark did not constitute “use” of the trademark pursuant to the Lanham Act as it was a “*pure machine linking function.*”⁹⁴

Because the plaintiff did not overcome the first prong of a trademark claim, the Court of Appeals concluded that the claim must be dismissed.

Besides the foregoing, the court also expressed opposition to some of the previous cases such as *Bihari*, where courts established the existence of “use” based on confusion the “use” was likely to cause. According to the court such approach “*puts the cart before the horse,*” as “use,” “in commerce” and “likelihood of confusion” are three different and separate elements and therefore “use” must be decided as a threshold⁹⁵. Because this case did not satisfy the very first criteria, the issue of “likelihood of confusion” was thus moot⁹⁶.

As mentioned above, the court clearly followed the traditional interpretation of the Lanham Act, which understood trademark infringement as infringement that occurs when a trademark is physically placed on a real product (goods or services) in order to pass it off. Since in the instant case the terms were only used in an internet directory and were not visible to the C-users, the court explained that WhenU did not utilize the trademark in the way that is usually subject to infringement claims.

The decision itself was welcomed by experts as it involved first thorough examination of “use” in the Internet context. This issue had been unclear and thus this opinion provided convincing precedent for the future cases throughout the nation. On the other hand, to some it seemed that the court narrowed the opinion solely to the practice of WhenU.com. Thus, it was uncertain whether the conclusions could have been applied on search engines that sell individual keywords. If read for the converse

⁹⁴ Wells Fargo & Co. v. *WhenU.com, Inc.*, 293 F. Supp. 2d 734 (E.D. Mich. 2003) and *U-Haul Int'l, Inc. v. WhenU.com, Inc.*, 279 F. Supp. 2d 723, 725-26 (E.D. Va. 2003).

⁹⁵ Author’s Note: However, according to some authors, courts struggle to clearly explain in opinions their decision on the commercial use and thus they “*could change their approach to discuss the consumer confusion issues before commercial use issues (...) that way, if there is not consumer confusion, the court would not have to concern itself with the commercial use requirement at all.*” [LIPTON, J., *op. cit.*, p. 92].

⁹⁶ PHILIPS, Jeremy. *The Marks at the Limit*. Edward Elgar Publishing. 2006. p. 31.

proposition (and this interpretation remained open), selling of individual keywords would constitute “trademark use”.⁹⁷

3.2.4. Google v. American Blind & Wallpaper Factory⁹⁸

To defeat final demands sent by the defendant to Google, Google filed an action for a declaratory relief seeking a declaration that AdWords did not infringe defendant’s trademarks. In response, the defendant filed a counterclaim against Google and several other businesses, such as Netscape. American Blind & Wallpaper Factory (hereinafter the “ABWF”) sued Google for *inter alia* trademark infringement incurred to ABWF by means of selling trademarked terms as keywords to competitors of ABWF to trigger sponsored links.

At the outset, the District Court evaluated up to date case law regarding “use in commerce”. Cases in which courts concluded that sale of trademarks as keywords does not constitute “use” particularly followed the precedent set forth in the Second Circuit judgment *1-800 Contacts*⁹⁹, though *1-800 Contacts* background was different as the defendant did not allow third parties to purchase specific trademarked terms as keywords upon their request.

⁹⁷ GOLDMAN, Eric. Important 2d Circuit Adware Case-1-800 Contacts v. WhenU. *Technology & Marketing Law Blog*. 28. June 2005. Available at:

http://blog.ericgoldman.org/archives/2005/06/important_2d_ci.htm [accessed on 8. July 2016].

⁹⁸ *Google, Inc. v. American Blind and Wallpaper Factory, Inc.*, No. 03-cv-05340 JF (RS) (N.D. Cal. 2007).

⁹⁹ Author’s Note: These cases include *inter alia* *Merck & Co., Inc. v. Mediplan Health Consulting, Inc.*, 425 F.Supp.2d 402, (S.D.N.Y. 2006), where the court decided that “*internal use of the mark ‘Zocor’ as a key word to trigger the display of sponsored links is not use of the mark in a trademark sense;*” *Rescuecom Corp. v. Google, Inc.*, 456 F.Supp.2d 393 (N.D.N.Y. 2006), where the court decided that “*internal use of plaintiff’s trademark to trigger sponsored links is not a use of a trademark within the meaning of the Lanham Act, (...) because there is no allegation that defendant places plaintiff’s trademark on any goods, containers, displays, or advertisements, or that its internal use is visible to the public.*”

Contrary decisions in which courts concluded that sale of trademarks as keywords does constitute “use” included several decisions of the District Courts from various appellate circuits, such as *800-JR Cigar*¹⁰⁰, *Buying for Home*¹⁰¹, *International Profit Associates*¹⁰², *Edina Realty*¹⁰³, *J.G. Wentworth*¹⁰⁴ or *Geico*.

Eventually, the court followed the precedent existing in the Ninth Circuit that was established by the Court of Appeals in *Playboy*. The court explained that even though it was not explicitly stated therein, the court in *Playboy* had clearly concluded that Netscape used Playboy’s trademarks in commerce. Although both cases were slightly different, most remarkably in the instant case Google identified sponsored links as such, while in *Playboy* banner advertisements were either labeled confusingly or not at all, this had no effect to the requirement of “use in commerce”, but rather to occurrence of “likelihood of confusion” instead.

The court concluded that unless the Court of Appeals in *Playboy* deemed all the preconditions for “use in commerce” as satisfied, the court would not have conducted such a lengthy and unnecessary analysis of occurrence of “likelihood of confusion”¹⁰⁵. In the instant case the court explained that “*both the majority and concurring opinions in Playboy focus on the likelihood-of confusion analysis, indicating the Ninth Circuit’s sense of where the legal issue in that case lay; nothing in the majority’s discussion of the relevant facts suggests that it questioned whether the plaintiff had shown that there was a use of its trademark in commerce.*”¹⁰⁶

Regarding “likelihood of confusion,” the court decided in favor of the ABWF too. However, both parties have eventually entered into a mutual settlement and dismissed their allegations, which was considered as a major victory for Google. Moreover, the terms of the settlement did not include acceptance of liability or

¹⁰⁰ *800-JR Cigar, Inc. v. GoTo.com, Inc.*, 437 F.Supp.2d 273, (D.N.J. 2006). The court adjudicated that “use” was constituted in the following three ways: “*First, by accepting bids from those competitors of JR desiring to pay for prominence in search results, GoTo trades on the value of the marks. Second, by ranking its paid advertisers before any ‘natural’ listings in a search results list, GoTo has injected itself into the marketplace, acting as a conduit to steer potential customers away from JR to JR’s competitors. Finally, through the Search Term Suggestion Tool, GoTo identifies those of JR’s marks which are effective search terms and markets them to JR’s competitors.*” This characteristic is very similar, if not the same, as implemented by Google in AdWords and Keyword Suggestion Tool.

¹⁰¹ *Buying for the Home, LLC v. Humble Abode, LLC*, 459 F.Supp.2d 310, (D.N.J. 2006).

¹⁰² *International Profit Associates, Inc. v. Paisola*, 461 F.Supp.2d 672, 677 n.3, (N.D. III. 2006).

¹⁰³ *Edina Realty, Inc. v. TheMLSOnline.Com*, unpublished in F.Supp.2d, (D. Minn. 2006).

¹⁰⁴ *J.G. Wentworth, S.S.C v. Settlement Funding LLC*, unpublished in F. Supp., (E.D. Pa. 2007).

¹⁰⁵ Author’s Note: The same would apply to *Brookfield case*.

¹⁰⁶ *Google, Inc. v. American Blind and Wallpaper Factory, Inc.*, No. 03-cv-05340 JF (RS) (N.D. Cal. 2007).

wrongdoing or any compensation provided to the ABWF whatsoever. The only obligation of Google was not to make a material change in the AdWords trademark policy to ABWF's adverse effect.¹⁰⁷ The settlement was reached presumably due to unbearable litigation costs for ABWR and another ongoing litigation against Google involving the same allegations commenced by economically stronger American Airlines.

The decision showed inconsistency in interpretation of "use in commerce" between the Ninth and the Second Circuit. While courts in the Ninth Circuit seemed to have resolved this issue for the upcoming cases within the Ninth Circuit once and for all, the Second Circuit remained to follow the precedent set forth in *I-800 Contacts*. For this reason, the upcoming Second Circuit's Court of Appeals decision in *Rescuecom* was expected by many legal experts and businesses as one that could bring more clarity into the issue.¹⁰⁸

3.2.5. Rescuecom v. Google¹⁰⁹

A lawsuit was brought by a computer service franchising company Rescuecom against Google for infringing its trademark. Analogously to previous cases, Google recommended, offered and sold Rescuecom's trademark to its competitors as a search term that triggered advertisements and links to their websites.

The Court of Appeals of the Second Circuit¹¹⁰ found two major distinctions from *I-800 Contacts*, which led the court to partially override its previous precedent.

First, in *I-800 Contacts* the trademarks were not sold, exhibited or used in any other way at all. The search term that was traded was the URL address, which is often similar to trademarks, but does not enjoy trademark protection.

And second, in *I-800 Contacts* advertisers could not request or purchase a particular term as the content of the directory was not provided to the public. Neither could they manipulate in any way which advertisement would be showed. Last but not

¹⁰⁷ AUCHARD, Eric. Trademark plaintiff drops suit vs. Google over ads. *Reuters*. 4. September 2007. Available at: <http://www.reuters.com/article/us-google-trademark-idUSN0336124420070904> [accessed on 8. June 2016].

¹⁰⁸ GOLDMAN, Eric. Google Gets Mixed Bag in Latest Ruling in American Blinds Case. *Technology & Marketing Law Blog*. 19. April 2007. Available at: http://blog.ericgoldman.org/archives/2007/04/google_gets_mix.htm [accessed on 8. June 2016].

¹⁰⁹ *Rescuecom Corp. v. Google Inc.*, 562 F.3d 123 (2nd Cir. 2009).

¹¹⁰ Author's Note: The District Court dismissed the action, following the precedent of the Second Circuit set forth in *I-800 Contacts*.

least, the defendant did not sell single keywords, but categories of subject-associated terms instead.

Google argued with the Second Circuit District Courts' cases *S&L Vitamins*¹¹¹ and *Merck & Co.*, where inclusion of a term into its internal directory was not considered as "use in commerce" under the Lanham Act. However, as the court stated, Google not only enlisted the plaintiff's trademark in the directory, but also actively recommended and sold the trademark to competitors, which cannot qualify as an internal utilization.

Further Google argued that his practice was analogical to a product placement. However, according to the Court of Appeals, product placement may escape liability on a case by case basis, because it does not necessarily cause consumer confusion, not because it does not constitute "use in commerce."

The court noted that if it followed Google's argumentation, no matter how confusing the advertisement was, search engine could not be found liable for a trademark infringement, because the necessary precondition of "use in commerce" of the trademark would not be satisfied. Such approach could be easily misused by the search engine operators in order to maximize the advertising effect. For instance, the search engine operators would be entitled to list sponsored links as unlabeled among the organic results or could automatically redirect C-users to advertisers' websites when they enter the trademark as a search term. Such approach "*is surely neither within the intention nor the letter of the Lanham Act (...) and surely not beyond judicial review merely because it is engineered through the internal workings of a computer program.*"¹¹²

For all the foregoing reasons, the Court of Appeals adjudicated that Google's utilization of trademarked terms did qualify as "use in commerce" and vacated the District Court's judgment and remanded the case for further proceedings. Shortly after, Rescuecom dismissed the complaint without achieving any concessions from Google¹¹³.

¹¹¹ *S & L Vitamins, Inc. v. Australian Gold, Inc.*, 521 F.Supp.2d 188, (E.D.N.Y. 2007).

¹¹² *Rescuecom Corp. v. Google Inc.*, 562 F.3d 123 (2nd Cir. 2009), p. 130, 141.

¹¹³ Author's Note: According to Rescuecom's press release, Rescuecom was satisfied because it has achieved two of three major things initially sought for and that is (i) removal of Rescuecom from the Keyword Suggestion Tool and (ii) change in Google's policy to forbid the display of trademarks in the text of the sponsored link. [Rescuecom Press Release. Available at: <http://www.rescuecom.com/news-press-releases/a-case-of-david-versus-googleiath.aspx> (accessed on 8. June 2016)]. However, both happened years before the judgment was rendered and therefore some commentators saw the abandonment as plaintiff's reaction that sought to avoid making of contradicting defense-side

The decision significantly narrowed the opinion in *1-800 Contacts* to a very specific situation (WhenU-alike) and established a new precedent for AdWords-alike programs deployed by the search engine operators. It also jeopardized several District Courts' precedents, which followed the opinion expressed in *1-800 Contacts*¹¹⁴. Last but not least, the judgment harmonized Second Circuit's approach with that of the Ninth Circuit and every other circuit, because no court outside the Second Circuit has ever ruled otherwise.^{115,116}

Reading the court opinions from keyword advertising cases that dealt with the liability of Internet intermediaries, it seems that courts in the US have been tending to shift the core of the trademark infringement analysis on the "consumer confusion" aspect of infringement, rather than the aspect of "commercial use." While opinions usually include lengthy analysis of (non)occurrence of "likelihood of consumer confusion," explanation concerning "commercial use" of trademarks is either none (see *Playboy*) or brief and may seem insufficient to assist with application of trademark law to the Internet. According to some authors, such approach may lead to "*missed opportunities in developing coherent policies for intermediary liability in cyberspace.*"¹¹⁷

3.3. Likelihood of Confusion

The second hurdle that the trademark owners have to overcome is to show the occurrence of "likelihood of consumer confusion." In order to be able to decide the issue of the "likelihood of consumer confusion," appellate circuits have developed their theories or tests, which include factors that are supposed to help courts to reach just conclusion with regards thereto.

Apart from their traditional theories that courts have invented and applied to general trademark infringement cases, they have also applied new theories to reflect the

arguments in another on-going trademark infringement lawsuit against Best Buy. [GOLDMAN, Eric. *Rescuecom Abandons Its Litigation Against Google*. *Technology & Marketing Law Blog*. 5. March 2010. Available at: http://blog.ericgoldman.org/archives/2010/03/rescuecom_aband.htm (accessed on 8. June 2016)].

¹¹⁴ Author's Note: Such as *S&L Vitamins* and *Merck & Co.*

¹¹⁵ GOLDMAN, Eric. *Second Circuit Says Google's Keyword Ad Sales May Be Use in Commerce*. *Technology & Marketing Law Blog*. 19. April 2007. Available at: http://blog.ericgoldman.org/archives/2009/04/second_circuit.htm [accessed on 8. June 2016].

¹¹⁶ GOLDMAN, Eric. *Important Ninth Circuit Ruling on Keyword Advertising, Plus Recaps of the Past 4 Months of Keyword Ads Decision*. *Technology & Marketing Law Blog*. 19. April 2007. Available at: http://blog.ericgoldman.org/archives/2011/03/important_ninth.htm [accessed on 8. June 2016].

¹¹⁷ LIPTON, J., *op. cit.*, p. 92.

specifics of the modern technologies. In most cases, new theories are amended traditional theories that attach particular importance to some of the traditional factors, while play down the others.

3.3.1. **Playboy v. Netscape**¹¹⁸

As explained above, the Court of Appeals of the Ninth Circuit concluded that the first prong of a trademark infringement test – “use in commerce” was constituted. Therefore, the core of the case switched to an issue of “likelihood of confusion.”

The plaintiff presented the court with a new theory of “likelihood of confusion,” so called “initial interest confusion,” which is a confusion that creates initial interest of a consumer in a competitor’s product.¹¹⁹ The plaintiff introduced this theory in order to deal with the fact that consumers may immediately realize that they have not reached the website they originally sought for. Therefore, the plaintiff needed to prove that at that very moment the damage has already been incurred. The court concluded that even though the confusion is dispelled before a sale is carried out, initial interest confusion constitutes actionable trademark infringement as it capitalizes on the goodwill of the mark.

Applying the new theory, the court agreed with the plaintiff’s argumentation that the initial interest confusion is caused as unlabeled banner advertisements appear immediately after the trademarked term – keyword is typed in by a C-user and instructs the C-user to click on the advertisement in order to be forwarded to the advertiser’s website. Due to the initial confusion, the C-user, however, may not be aware of the origin of the advertisement and thus he follows the instruction believing that he would be connected to the trademark holder’s website. Even though C-users may immediately realize that they have accessed completely unrelated website, some of them may be satisfied with products or services offered thereon. Obviously, the primary reason why the C-user would reach the advertiser’s website is the utilization of the trademark by the advertiser.

¹¹⁸ *Playboy Enterprises, Inc. v. Netscape Communications Corp.*, 354 F.3d 1020 (9th Cir. 2004).

¹¹⁹ Author’s Note: The initial interest confusion theory presented in *Playboy* was very similar to a theory successfully applied in *Brookfield*, which was, however, even more closely associated to misappropriation of the plaintiff’s goodwill [MARRA, Joseph. *Playboy Enterprises, Inc. v. Netscape Communications Corp.: Making Confusion a Requirement for Online Initial Interest Confusion. Berkeley Technology Law Journal*. January 2005, Vol. 20, Issue 1, Art. 23. Available at: <http://scholarship.law.berkeley.edu/cgi/viewcontent.cgi?article=1512&context=btlj> (accessed on 8. June 2016)].

Before the new theory was introduced, courts in the Ninth Circuit had applied a traditional theory, also called “Sleekcraft eight-factor test”¹²⁰. Even though the new theory suggested that the plaintiff was able to show the “likelihood of confusion” sufficiently, the Court of Appeals decided to test the case also by using its traditional and well-established theory. This theory is made up of 8 illustrative factors. These factors are:

1. Strength of the mark;
2. Proximity of the goods;
3. Similarity of the marks;
4. Evidence of actual confusion;
5. Marketing channels used;
6. Type of goods and the degree of care likely to be exercised by the purchaser;
7. Defendant’s intent in selecting the mark; and
8. Likelihood of expansion of the product lines.

However, application of the factors shall be flexible, the list is demonstrative¹²¹, some may not apply in the Internet context¹²² and some are more important than others. Particularly showing evidence of actual confusion among large number of C-users provides a strong suggestion of “likelihood of confusion.”^{123, 124}

After examination of all the factors, the court concluded that the majority of factors favored the plaintiff and reversed the grant of summary judgment in favor of the defendant and remanded the case for further proceedings. Afterwards, both parties settled out of court.¹²⁵

¹²⁰ *AMF Inc. v. Sleekcraft Boats*, 599 F.2d 341, 348-49 (9th Cir. 1979).

¹²¹ Author’s Note: Other factors invented in different lawsuits included factors such as what the consumer sees on the screen or what is the context [*Hearts on Fire Co., LLC v. Blue Nile, Inc.*, 2009 WL 794482 (D. Mass. 2009)].

¹²² Such as likelihood of expansion of the product lines, see *Brookfield* at p. 1054.

¹²³ Author’s Note: For instance in *1-800 Contacts*, the court explained that “*proof of actual confusion, in the form of (...) market research survey evidence, is highly probative of the likelihood of consumer confusion.*”

¹²⁴ Author’s Note: However, see *Sara Lee Corp. v. Kayser-Roth Corp.*, 81 F.3d 455, 464 (4th Cir. 1996), “*Evidence of actual confusion is unnecessary.*”

¹²⁵ SCHILOWITZ, Elias. Don’t Dare Associate Playboy with Porn: Playboy Enterprises, Inc. v. Netscape Communications Corp. *Journal of Science & Technology Law*. Vol. 10, Issue 2, Summer 2014. Available at: <http://www.bu.edu/law/journals-archive/scitech/volume102/schilowitz.pdf> [accessed on 8. June 2016].

3.3.1.1. Judge Berzon – concurring opinion

Judge Berzon expressed concern in her concurring opinion that *Brookfield* that served as precedent in the instant case was wrongly decided and one day may be reconsidered.

The problematic issue of *Brookfield* that judge Berzon pointed out at was the fact that *Brookfield* might have suggested that even clearly labeled banner advertisements could cause Lanham Act violation. However, in such case there could not be any initial interest confusion. Consumers would never be confused as to source or affiliation of banner advertisements or web links. Instead, they would be aware or should have been aware of the origin thereof. Labeled advertisements could not resolve in any deception of the C-users. Judge Berzon noted that “*there is a big difference between hijacking a customer to another website by making the customer think he or she is visiting the trademark holder’s website (even if only briefly) (...) and just distracting a potential customer with another choice, when it is clear that it is a choice.*”¹²⁶

Therefore, the concurring opinion suggests that the opinion of the court is limited only to situations in which the banner advertisements are not labeled or identified. Labeled advertisements deserve protection and should not be considered as violating the Lanham Act. This was demonstrated by judge Berzon on an analogy with Macy’s or bookstore’s product and banner placement¹²⁷.

3.3.2. Network Automation v. Advanced Systems Concepts¹²⁸

Network Automation as well as Advanced Systems were direct competitors in business with job scheduling and management software. Following final demand sent from Advanced Systems to Network Automation, Network Automation sued Advanced Systems to obtain judgment of non-infringement of the defendant’s registered trademark, which the plaintiff purchased as a keyword term on Bing and Google to trigger advertisements of the plaintiffs’ products. Advanced Systems objected to use of its trademark and counterclaimed.

¹²⁶ *Playboy Enterprises, Inc. v. Netscape Communications Corporations*, 354 F.3d 1020 (9th Cir. 2004), p. 1035.

¹²⁷ Author’s Note: Judge Berzon made an analogy to a store, Macy’s, where shoppers en route to the Calvin Klein section are diverted by prominently displayed collection of Macy’s own brand Charter Club and thus may never reach to Calvin Klein’s collection. Judge Berzon suggests that it would be wrong to expand the initial interest confusion theory of infringement beyond the realm of the misleading and deceptive advertising to the context of legitimate comparative and contextual advertising [*Ibid.*, p. 1034-36].

¹²⁸ *Network Automation, Inc. v. Advanced Systems Concepts, Inc.*, 638 F.3d 1137 (9th Cir. 2011).

The core of the case was to determine whether the use of the trademark by the competitor was “likely to cause consumer confusion.”¹²⁹ To resolve this issue, the Court of Appeals of the Ninth Circuit considered application of the Ninth Circuit’s traditional Sleekcraft 8-factor test and the Internet trinity or Internet troika developed specifically for Internet trademark cases¹³⁰.

Factors included in the Internet troika are:

1. Similarity of the marks;
2. Relatedness of the goods or services; and
3. Simultaneous use of the Internet as a marketing channel.

If these factors suggest the occurrence of “likelihood of confusion,” the other factors must weight strongly against in order to avoid trademark infringement.

Like in *Playboy*, the Court of Appeals clarified that the Internet troika as well as Sleekcraft test were not intended to be rigid tests nor exhaustive or binding lists of factors for deciding trademark infringement on the Internet. They shall rather be applied flexibly in the context of emerging technologies.

The court decided that Internet troika was applied too rigidly by the District Court. It concluded that those three factors did not fit for determining trademark infringement in keyword advertising (unlike in domain names), because they failed to address several important issues. The crucial issue was that advertisements that were displayed on the same page above or next to the link to the trademark holder’s website failed to clearly identify the source of its product. This might have led to a confusion of the C-user.

In order to adapt these tests on the current situation and other keyword advertising cases, the Court of Appeals eventually “merged” the tests and stated that the most important factors were (i) the strength of the trademark, (ii) evidence of actual confusion, (iii) type of goods and degree of care, and especially (iv) the labeling - appearance of the advertisement.¹³¹

¹²⁹ Author’s Note: The Court of Appeals decided that it constituted “use in commerce” following precedents set forth in *Playboy* (Ninth Circuit), *Brookfield* and *Rescuecom* (Second Circuit).

¹³⁰ Author’s Note: Internet troika/trinity was firstly introduced in *Brookfield* and later was applied in several cases, especially in *Perfumbay.com Inc. v. eBay, Inc.*, 506 F.3d 1165, 1173 (9th Cir. 2007).

¹³¹ SULAIMAN, Irene. Proving a Likelihood of Confusion Remains an Uphill Battle for Trademark Owners in Keyword Advertising Cases. *Berkeley Technology Law Journal*. April 2014. Available at:

Concerning the fourth prong, the Court of Appeals concluded that in order to determine the initial interest confusion, it is essential to distinguish between advertisements that are labelled, not labelled or confusingly labelled, because clearly labelled advertisements might eliminate the initial interest confusion. Hence, this factor was considered as the most important. In *Playboy* defendant failed to clearly separate advertisements from generic results. However, in the instant case, even though the plaintiff did not clearly identify himself as the source of advertisements, the advertisements were displayed separately as “sponsored links” above or next to the generic results and were visibly and clearly segregated.

Moreover, the Court of Appeals explained that consumers were more familiar with the Internet than they were before, especially in times of *Brookfield*. Online commerce had become commonplace. Although the degree of care of consumers may have varied depending on products or services they searched for, it was not true anymore that “*Internet users on the whole exercise a low degree of care.*”^{132, 133}

Due to reasons explained above, the Court of Appeals removed the injunction placed on Network Automation by the District Court.

Network Automation was an important judgment, because it strongly suggested that trademarked terms used as keywords triggering labelled advertisements were not infringing trademark law. In addition, the judgment also suggested that previous cases regarding online advertising depended too rigidly on particular factors and failed to consider the whole picture in the Internet context. Instead of the traditional Sleekcraft test and Internet troika, it developed new Internet quadrangle of Sleekcraft factors. This judgment narrowed the initial interest doctrine as developed in *Playboy* and endorsed the approach expressed in Judge Berzon’s concurring opinion. Last but not least, it undermined the pioneering decision *Brookfield* issued more than a decade ago, which

<http://btlj.org/2014/04/proving-a-likelihood-of-confusion-remains-an-uphill-battle-for-trademark-owners-in-keyword-advertising-cases/> [accessed on 8. June 2016].

¹³² *Brookfield Communications, Inc. v. West Coast Entertainment Corporation*, 174 F.3d 1036 (9th Cir. 1999).

¹³³ Author’s Note: The court cited previous case *Toyota Motor Sales*, where the court explained that C-users are used to “*skip from site to site, ready to hit the back button whenever they’re not satisfied with a site’s contents. They fully expect to find some sites that aren’t what they imagine based on a glance at the domain name or search engine summary.*” [*Toyota Motor Sales, U.S.A., Inc. v. Tabari*, 610 F.3d 1171 (9th Cir. July 8, 2010)].

avored trademark holders and by some was seen as misunderstanding modern technologies¹³⁴. In overall, trademark law experts welcomed this opinion¹³⁵.

3.3.3. Rosetta Stone v. Google¹³⁶

Rosetta Stone appealed from an order granting summary judgment in favor of Google for trademark infringement. Rosetta Stone is a company that provides famous language-learning software, online services and audio tools. It sued Google for infringing its trademarks by using them as keywords to trigger paid advertisements, but also by using them within the text or title of paid advertisements.

Considering existing precedents, Google gave up on disputing that the alleged practice constituted “use in commerce.” The only issue at question was whether such practice was “likely to cause consumer confusion” about the origin of the goods and services.

Analogically to other appellate circuits, the Fourth Circuit has also developed its own traditional 9 factor test for determination of trademark infringement.¹³⁷ However, the District Court examined only three factors as the remaining factors had no relevance to this case and provided no help in finding the confusion therein. Those factors were (i) defendant’s intent, (ii) evidence of actual confusion and (iii) consumer sophistication. The Court of Appeals affirmed the limited analysis. It stated that the traditional list was not mandatory nor exhaustive and was merely a guide to courts within the Fourth Circuit. Concerning the three factors, the Court of Appeals, however, reached different conclusion. The Court of Appeals decided that there was enough evidence to create question of fact, which means that the case could not have been decided by a summary judgment.

¹³⁴ LEVY A., Paul. Ninth Circuit Decision Protects Keyword Advertising Against Trademark Claim. *Consumer Law & Policy Blog*. 9. March 2011. Available at: <http://pubcit.typepad.com/clpblog/2011/03/ninth-circuit-decision-protects-keyword-advertising-against-trademark-claim.html> [accessed on 8. June 2016].

¹³⁵ GOLDMAN, E., Important Ninth Circuit Ruling on Keyword Advertising, Plus Recaps of the Past 4 Months of Keyword Ad Decision, *op. cit.*

¹³⁶ *Rosetta Stone v. Google*, 676 F.3d 144 (4th Cir. 2012).

¹³⁷ Author’s Note: The test was established in case *George & Co.* and includes the following factors: (1) the strength or distinctiveness of the plaintiff’s mark as actually used in the marketplace; (2) the similarity of the two marks to consumers; (3) the similarity of the goods or services that the marks identify; (4) the similarity of the facilities used by the trademark holders; (5) the similarity of advertising used by the trademark holders; (6) the defendant's intent; (7) actual confusion; (8) the quality of the defendant's product; and (9) the sophistication of the consuming public [*George & Co. LLC V. Imagination Entertainment Ltd.*, 575 F. 3d 383 (4th Circuit 2009)].

Regarding the first prong, defendant's intent, the court found that Google has changed its policy two times in 2004 and 2009. In 2009 it allowed of use trademarks as keywords and even to display them in a limited way in advertisements. According to the Court of Appeals, this was intentionally done to increase profit. Google must have been aware that it would become subject to number of lawsuits and that confusion was very likely to result from such practice. The Court of Appeals therefore concluded that this factor favored the plaintiff and constituted a genuine issue of fact, which prohibit a court from granting a summary judgment.

Concerning the second prong, evidence of actual confusion, the District Court only considered source confusion and failed to consider sponsorship confusion, i.e. confusion as to the sponsorship, affiliation or authorization of the goods or services. The Court of Appeals noted that even some of Google's internal studies showed risk of confusion if the trademarks were used in the headings or text of advertisements themselves.

Finally, the last prong, sophistication of the consuming public, required trial because there was too much questions of fact as to consumer sophistication.

The Court of Appeals therefore reversed the grant of summary judgment for Google. This was a partial victory for Rosetta Stone. Both sites, however, reached a confidential settlement before a new trial before the District Court was commenced. The settlement left experts declaring that Google won the AdWords advertising trademark fight, because it took out the last major and economically strong trademark holder challenging Google's Adwords¹³⁸. Even though several other cases addressing the issue of keyword advertising have followed, the Rosetta Stone case was by some considered as the last serious threat to Google's AdWords in the US¹³⁹.

3.3.4. Infostream Group v. Avid Life Media¹⁴⁰

A lawsuit was brought by Infostream, a company which operates several "sugar daddy dating" websites. Infostream *inter alia* claimed trademark infringement of its

¹³⁸ GOLDMAN, Eric. With Rosetta Stone Settlement, Google Gets Closer to Legitimizing Billions of AdWords Revenue. *Forbes*. 1. November 2012. Available at: <http://www.forbes.com/sites/ericgoldman/2012/11/01/with-rosetta-stone-settlement-google-gets-closer-to-legitimizing-billions-of-adwords-revenue/#7003e1985a2d> [accessed on 8. June 2016].

¹³⁹ GOLDMAN, Eric. More Confirmation that Google Has Won the Adwords Trademark Battles Worldwide. *Forbes*. 22 March 2013. Available at: <http://www.forbes.com/sites/ericgoldman/2013/03/22/more-confirmation-that-google-has-won-the-adwords-trademark-battles-worldwide/#1f836e483490> [accessed on 8. June 2016].

¹⁴⁰ *Infostream Group Inc. v. Avid Life Media Inc.*, 2013 WL 6018030 (C.D. Cal. 2013).

trademarks, which were allegedly bought as keywords from AdWords by its competitor, Avid Life Media, which is an operator of famous AshleyMadison.com website among others, in order to promote its own dating websites.

In this case, the District Court relied on the precedent established in *Network Automation* and stated that clearly labeled and segregated ads might eliminate any consumer confusion. The court concluded that labeling and appearance of the advertisements and surrounding context on a screen displaying the search-result page is the most relevant factor in a likelihood of confusion test in keyword advertising cases.

Since C-users searching for the plaintiff's trademarks saw defendant's advertisements next to the generic results, those advertisements were labeled with the heading "ads" and none of those advertisements displayed or exhibited the plaintiff's trademarks in their text, the District Court concluded that in the age of Internet the plaintiff cannot claim that such use of trademark caused any consumer confusion. For those reasons, the District Court granted defendant's motion to dismiss.

The case showed how weak the position of trademark owners has become in over the last decade in keyword advertising litigation. Apparently several years back, the case would not have been dismissed on a motion to dismiss. It showed that if the advertisement did not reference the trademark, the chances of trademark owners of winning their cases in the US have become desperately low. And surprisingly as described below, even in the more complicated cases where the advertisement did display the trademarks in a non-comparative way, plaintiffs were not winning either¹⁴¹.

3.4. Communication Decency Act

3.4.1. Daniel Jurin v. Google¹⁴²

A plaintiff, Daniel Jurin, sued Google for infringement of his trademark "Styrotrim." Google's Keyword Suggesting Tool recognized "Styrotrim" as an often-searched term and suggested it to unrelated advertisers. The claim was dismissed as defendant's motion for a summary judgment was unopposed and evidence was sufficient to grant the judgment therefor.

¹⁴¹ Author's Note: Such as in *General Steel Domestic Sales, LLC v. Chumley et al*, 2013 WL 190056 (D. Colo. 2014) or *Allied Interstate LLC v. Kimmel & Silverman P.C. et al*, No. 1:2012cv04204 - Document 38 (S.D.N.Y. 2013).

¹⁴² *Jurin v. Google, Inc.*, 695 F. Supp. 2d 1117 (E.D. Cal. 2010).

It was a very rare final decision in favor of Google. Previously, Google had won partly in *Geico* and *Rosetta Stone* in the first instance, which was however reversed by the Court of Appeals. Other cases very either settled or withdrew by plaintiffs.¹⁴³

However, the important part of this case had taken place even before the final judgment was rendered. The District Court granted Google several motions to dismiss claims of state law infringement. The court introduced broad interpretation of Sec. 230 of the CDA. This interpretation provided Google a complete immunity from liability for information provided by another person. According to the court, Google only provides space and platform for advertisements, but it does not create or develop in any way the content of these advertisements. Keyword Suggestion Tool only suggests suitable keywords; it provides options, but it leaves the formation of the content of advertisements on advertisers. This interpretation was later followed by courts in other keyword advertising cases, such as *Parts.com*¹⁴⁴ or *CYBERSitter*¹⁴⁵.

3.5. Recent Cases

3.5.1. *Romeo & Juliette v. Assara 1*¹⁴⁶

In one of the most recent cases, laser hair removal company *Romeo & Juliette* sued its competitor *Assara 1*, which allegedly purchased “*Romeo & Juliette*” term on AdWords. Further the defendant allegedly used another plaintiff’s trademark “*Romeo & Juliette Laser*” in hidden links and texts placed on the defendant’s website in order to make C-users believe that the defendant’s services were sponsored by the plaintiff.

According to the District Court, this conduct was likely to confuse public, “*because a person searching on the internet for hair-removal services using plaintiff’s trademarks stood a strong chance of being redirected to defendant’s website.*”¹⁴⁷ Moreover, the defendant’s website involved the plaintiff’s trademark in hidden links and texts. For such reasons, the District Court denied defendant’s motion to dismiss.

Even though there has never been a complete uniformity among courts and especially courts of different circuits, the trend has been leaning towards a policy

¹⁴³ GOLDMAN, Eric. Google Defeats Trademark Challenge to its AdWords. *Forbes*. 22. October 2012. Available at: <http://www.forbes.com/sites/ericgoldman/2012/10/22/google-defeats-trademark-challenge-to-its-adwords-service/#233f1ed6270d> [accessed on 8. June 2016].

¹⁴⁴ *Parts.com v. Google, Inc.*, 3:13-cv-01074-JLS-WMC (S.D. Cal. Dec. 4, 2013).

¹⁴⁵ *CYBERSitter LLC v. Google, Inc.*, 2012 WL 5873650 (C.D. Cal. Oct. 24, 2012).

¹⁴⁶ *Romeo & Juliette Laser Hair Removal, Inc. v. Assara I LLC et al*, 2016 WL 815205, (S.D.N.Y. 2016).

¹⁴⁷ *Ibid.*

permitting competitors to purchase others' trademarks as keywords and forbidding them to use the trademarks in the text of the advertisements themselves. Thus, at first glance the judgment might seem surprising and possibly changing the trend again against search engine providers. However, the existence of confusing inserts on the defendant's website made this case significantly different to those analyzed above. Therefore, it was generally considered as consistent with the previous case law¹⁴⁸.

3.5.2. General Steel Domestic Sales v. Chumley, Atlantic Building System¹⁴⁹

General Steel brought a lawsuit against its competitor in the prefabricated steel building business and its owner, Mr. Chumley, who was also a former employee of the plaintiff. The defendant purchased the plaintiff's trademarks as keywords to trigger its advertisements on search engines, such as Google. The advertisements displayed the trademarks also in the text of those advertisements. Since the plaintiff held a valid trademark, which was "used in commerce," the key question that remained to be decided was whether such display of the trademark was likely to cause consumer confusion¹⁵⁰.

In its opinion, the District Court explained that even though the trademark was directly exhibited in the text of advertisements, the plaintiff failed to provide sufficient evidence in support of "likelihood of confusion." The court may not adjudicate the existence of "likelihood of confusion," even if it suspects thereof, without clear and sufficient evidence that proves it¹⁵¹. The court said that even though evidence of actual confusion was not compulsory, it served as the primary factor. Moreover, the degree of care that is expected to be exercised by customers of steel housing is very high, as such products are expensive and usually bought after a careful consideration. This *"decreases the likelihood that a customer's choice would be significantly impacted by stumbling across one company's website before another's."*¹⁵²

Although it is only a District Court's decision, this judgment was considered as another precedent that very significantly weakened chances of trademark holders to

¹⁴⁸ SACKS, Ira, RUDENSKY, Rachel. Third Party Purchase of Others' Trademarks as Search Engine Keywords. *Marks, Works & Secrets*. 17. November 2014. Available at: <http://www.marksworldandsecrets.com/2014/11/trending-court-policy-on-third-party-purchase-of-others-trademarks-as-search-engine-keywords/> [accessed on 8. June 2016].

¹⁴⁹ *General Steel Domestic Sales, LLC v. Chumley et al*, 2013 WL 190056 (D. Colo. 2014).

¹⁵⁰ Author's Note: The test of "likelihood of confusion" applied in the instant case was a test of the Tenth Circuit established in case *Heartsprings, Inc. v. Heartspring, Inc.*, 143 F.3d 550, 554 (10th Cir. 1998).

¹⁵¹ Author's Note: All the more so after precedent established in *Network Automation*.

¹⁵² *General Steel Domestic Sales, LLC v. Chumley et al*, 2013 WL 190056 (D. Colo. 2014), p. 19.

succeed with trademark infringement keyword advertising claims. Trademark owners have very rarely won their lawsuits in a courtroom. In this case, even the appearance of trademark in the text of an advertisement in a non-comparative way did not suffice itself to win the case. Some experts called the decision as a “devastating loss” for trademark owners generally¹⁵³.

Moreover, this decision was followed by another in *Allied Interstate*, where the District Court found no “likelihood of confusion” despite the trademark was displayed in the text of the advertisement either. The court stated that advertisements were only referencing the trademarks in order to identify the plaintiff but not to make any association to the defendant’s goods or services. The court explained that the advertisements clearly indicated that the advertiser was an adverse party to the plaintiff.

3.6. Conclusion to Case Law in the US

One of the very recent, if not the last, pending trademark lawsuits in the US that involved keyword advertising was dismissed by the Court of Appeals in May 27, 2015¹⁵⁴. The court acknowledged that the plaintiff, a clinical psychologist Carla Ison, did not possess trademark of her personal name, as it had not acquired the secondary meaning.¹⁵⁵

The overall result of nearly a decade long era of challenging keyword advertising at courts in the US has ended as a partial victory for the search engine operators, as no final judgment found them directly liable for trademark infringement¹⁵⁶. However, no US court has ever clearly endorsed the practice either. The search engine operators have either won on other grounds (such as lack of trademark), settled (in vast majority of promising cases from the trademark owners’ prospective) or trademark owners gave up and dismissed their claims. Therefore, there is nothing that prevents the

¹⁵³ GOLDMAN, Eric. Suing Over Keyword Advertising is a Bad Business Decision for Trademark Owners. *Forbes*. 14. May 2013. Available at: <http://www.forbes.com/sites/ericgoldman/2013/05/14/suing-over-keyword-advertising-is-a-bad-business-decision-for-trademark-owners/#2807a4c869d2> [accessed on 8. June 2016].

¹⁵⁴ *Ison v. Google, Inc.*, 2015 WL 3395574 (Cal. Ct. App. 2015).

¹⁵⁵ GOLDMAN, Eric. Google and Yahoo Defeat Last Remaining Lawsuit Over Competitive Keyword Advertising. *Forbes*. 2. June 2015. Available at: <http://www.forbes.com/sites/ericgoldman/2015/06/02/google-and-yahoo-defeat-last-remaining-lawsuit-over-competitive-keyword-advertising/#754bc4193abb> [accessed on 8. June 2016].

¹⁵⁶ Author’s Note: Apart from direct liability, US law also recognises two types of secondary liability - contributory infringement and vicarious liability. Case law concerning secondary liability in keyword advertising is sporadic. Secondary liability of the search engine operators was denied for instance in *Rosetta Stone* and admitted for instance in *Geico*.

trademark holders from suing the search engine operators over the same allegations again in the future. However, as Internet has become used daily by vast majority of people, chances of proving the “likelihood of confusion” is significantly decreasing. Therefore, I do not personally expect much more attempt by the trademark holders with this regard. Besides, suing Google in the US means fighting an army of lawyers and spending a large amount of money, a path which not many trademark holders are willing to go down. If anything, I suppose that trademark holders will lodge complaints directly against the advertisers.

4. Case Law in the EU

4.1. Introduction to Case Law in the EU

Even though not as many as in the US, there has been still a significant number of the ECJ cases that involved use of trademarks as keywords on the Internet in the EU. Various judgments on the preliminary rulings concerned disputes against search engine operators (such as Google), marketplace operators (such as eBay) and competitors of trademark owners. As analyzed below, the ECJ decisions on trademark infringement varied based on the nature of the defendant.¹⁵⁷

4.2. Google France¹⁵⁸

Google France was the first keyword advertising case that was brought before the ECJ. This judgment on the preliminary ruling laid down grounds for deciding trademark infringement cases concerning advertising on the Internet in the EU. Since then, it has been quoted in number of judgments that were rendered in the following years¹⁵⁹. Nevertheless, it should be noted that many other trademark infringement cases concerning different issues preceded and some of them served as a groundwork for *Google France*¹⁶⁰.

The key proceedings of the joint cases involved Louis Vuitton, a manufacturer of luxury goods, which discovered that Google had offered and sold via AdWords its trademarks as keywords to third parties. Triggered ads were marked as “sponsored links,” appeared above and along the generic results and promoted websites selling counterfeit products of the plaintiff¹⁶¹. The plaintiff filed a complaint for trademark infringement, which succeeded before the French regional and intermediate court. However, Google appealed to the Court of Cassation (in French the “*Cour de Cassation*”) which stayed the proceedings and referred questions to the ECJ for a preliminary ruling in order to clarify interpretation of EU law.¹⁶²

¹⁵⁷ NORMAN, H., *op. cit.*, p. 412-413.

¹⁵⁸ Joint cases C – 236/08 *Google France SARL, Google Inc. v. Louis Vuitton Malletier SA*; C – 237/08 *Google France SARL v. Viaticum SA, Luteciel SARL*; and C – 238/08 *Google France SARL v. CNRRH SARL, Pierre-Alexis Thonet, Bruno Raboin, Tiger SARL*.

¹⁵⁹ Author’s Note: These judgments include *inter alia* *BergSpechte, Portakabin, L’Oréal, Interflora and Wintersteiger AG*.

¹⁶⁰ Author’s Note: For instance, *Arsenal Football Club, Céline, L’Oréal and Others or O2 Holdings and O2(UK)*.

¹⁶¹ *Google France*, para. 28-31.

¹⁶² Author’s Note: Apart from the preliminary questions regarding Louis Vuitton case, the French court also referred questions to the ECJ from another two cases against Google (see ft. 155), which concerned

4.2.1. Rights Conferred by the Trademark

The primary question was common for all three joint cases. The Court of Cassation asked for clarification of the First Directive and the First Regulation¹⁶³, particularly whether it shall be interpreted in a way that a trademark owner is entitled to ban a third party from displaying or enabling to display an advertisement for identical goods or services¹⁶⁴ triggered by a keyword, which is identical with or similar to a trademark of such trademark owner and which the third party has selected or stored in connection with a search engine without his consent¹⁶⁵.

According to the ECJ, a trademark owner is entitled to prevent any third party from using his trademark without his consent if the party (i) uses the trademark, (ii) in the course of trade, (iii) in relation to goods or services,¹⁶⁶ and, as the court interpreted, such use is (iv) likely to have an adverse effect on the functions of the trademark.¹⁶⁷

4.2.1.1. Use of Trademark in the Course of Trade by Search Engines and Advertisers

Right at the outset, the ECJ adjudicated that the advertisers used the trademarks in commerce in the meaning of the First Directive and the First Regulation. The court explained that as long as a keyword chosen by an advertiser serves as a mean to trigger an advertisement, it cannot be disputed that the advertiser uses it in its own commercial communication and not as a private matter. The purpose sought by such action is to display a commercial message that serves as a link to the advertiser's own website, where his goods and services are offered for sale.¹⁶⁸ This conclusion was later upheld in *BergSpechte*¹⁶⁹.

On the other hand, concerning operators of the search engines, the ECJ took an opposite position. It decided that Google merely allowed the third parties to use the trademarks, but did not use them itself. The court said that *“the use, by a third party, of*

trademarks registered for travel and matrimonial services. The ECJ considered the cases jointly with *Louis Vuitton* case. In addition to liability of the search engine provider, the liability of advertisers was also at issue in C – 238/08. *Google France*, para. 33-41.

¹⁶³ Art. 5(1)(a) of the First Directive and Art. 9(1)(a) of the First Regulation.

¹⁶⁴ Author's Note: The ECJ narrowed the examination of the preliminary question to identical goods and services pursuant to Art. 5(1)(a) of the First Directive and Art. 9(1)(a) of the First Regulation.

¹⁶⁵ *Google France*, para. 43.

¹⁶⁶ Author's Note: For a non-reputable trademark, the goods and services must be identical with or similar to those for which the trademark is registered [Art. 5(1)(a)(b) of the First Directive]. Reputable trademark enjoys broader scope of protection – the First Directive gave member states the option to waive the “identical or similar” requirement in their national laws [Art. 5(2) of the First Directive].

¹⁶⁷ *Google France*, para. 49.

¹⁶⁸ *Ibid.*, para. 51-52.

¹⁶⁹ *BergSpechte*, para. 18.

a sign identical with, or similar to, the proprietor's trademark implies, at the very least, that that third party uses the sign in its own commercial communication."¹⁷⁰ Even though search engine providers do conduct business activities and pursue profit by means of keyword advertising, they only facilitate the option for the advertisers to purchase keywords, but do not use them themselves. The court concluded that *"the fact of creating the technical conditions necessary for the use of a sign and being paid for that service does not mean that the party offering the service itself uses the sign."*¹⁷¹

Hence, the ECJ came to the same conclusion in *Google France* as majority of courts in the US, i.e. that Google did not infringe trademarks. However, it surprisingly took a different position to "use of trademarks." Throughout appellate circuits, the courts in the US have already reached consensus that both the search engine provider and the advertisers "use trademarks in commerce." The conclusion on non-infringement has been based on the second prong, lack of "likelihood of confusion."

The decision did neither follow the more traditional analysis applied by Advocate General in his Opinion. Advocate General distinguished two types of "uses" conducted by Google. First, when Google allows advertisers to select and purchase keywords. Second, when Google displays their advertisements in response to search carried out by C-users.¹⁷² Because both "uses" were motivated by receiving financial remuneration for displayed ads, Advocate General concluded that both "uses" have also been conducted in the course of trade¹⁷³. However, only the latter established a link between "use of a trademark" and promoted goods or services¹⁷⁴. Finally, Advocate General analyzed the last condition, which is occurrence of an adverse effect on the functions of the trademark. Even though Advocate General eventually concluded that no trademark infringement was found, because *„neither the display of ads nor the display of natural results in response to keywords which correspond to trademarks leads to a risk of confusion as to the origin of goods and services,"*¹⁷⁵ he clearly relied on a different reasoning.

The consequence of the ECJ approach is that it focused exclusively on "use in commerce" and did not provide analysis of the remaining prongs. Even though the

¹⁷⁰ *Google France*, para. 56.

¹⁷¹ *Ibid.*, para. 57, 59.

¹⁷² Opinion of the Advocate General Poiares Maduro to *Google France*, para. 55.

¹⁷³ *Ibid.*, para. 61, 76.

¹⁷⁴ *Ibid.*, para. 79.

¹⁷⁵ *Ibid.*, para. 92.

ruling on non-infringement committed by the search engine operator is generally deemed as correct, the analysis of Advocate General is by some considered more comprehensive, accurate and persuasive. The reasoning of the ECJ relies solely on argumentation that search engine provider may be found liable for trademark infringement only if it used trademarks “in its own commercial communication”¹⁷⁶, meaning in promotion of its own goods or services.^{177, 178}

Personally, I find the following issues in the judgment. First, the ECJ has thereby unreasonably diverted from its previous case law¹⁷⁹. Second, even if the requirement to “use” trademarks for its own promotion would be necessary, AdWords advertisements certainly do promote AdWords as well. In addition to that, Keyword Planner, which recommends the most suitable keywords, is certainly aimed to increase efficiency of advertisements, which goes hand in hand with making bigger profit for Google too. Last but not least, this ruling shielded Google from review of AdWords and left space for future misbehavior. Since AdWords does not satisfy the first requirement for trademark infringement, Google cannot be investigated for causing consumers confusion. This could be misused by the search engine operators, which could possibly cause confusion by automatically redirecting C-users to advertisers’ websites or by including advertisements directly in the natural results of searches¹⁸⁰.

4.2.1.2. Use of Trademark in Relation to Goods and Services

Because Google did not “use” trademarks in the course of trade, analysis of the remaining prongs concerned only advertisers.

¹⁷⁶ Author’s Note: Commercial communication is not defined neither in the First Directive nor in the First Regulation. It is, however, defined in the e-Commerce Directive as “any form of communication designed to promote, directly or indirectly, the goods, services or image of a company, organization or person pursuing a commercial, industrial or craft activity or exercising a regulated profession.” Art. 2(f) of the e-Commerce Directive.

¹⁷⁷ Author’s Note: This opinion is for instance expressed in *Harvard Law Review*, vol. 124, December 17, 2010. Available at: <http://harvardlawreview.org/2010/12/european-court-of-justice-holds-that-search-engines-do-not-infringe-trademarks-ae-joined-cases-c-23608-c-23708-c-23808-google-france-sarl-v-louis-vuitton-malletier-sa-2010-ecj-eur-l/>.

¹⁷⁸ Author’s Note: Naturally, Google welcomed the judgment in its favour. Official statement made by Google’s Senior Litigation Counsel Dr. Harjinder S. Obhi is available at: <https://googleblog.blogspot.cz/2010/03/european-court-of-justice-rules-in.html>.

¹⁷⁹ Author’s Note: In *UDV North America Inc. v. Brandtraders NV*, C-62/08, para. 43, the ECJ concluded: “In light of those conditions for application, the fact that the third party at issue uses a sign which is identical with a registered mark in relation to goods which are not its own goods, in that it does not have title to them, is not relevant and can therefore not mean by itself that that use does not fall under the concept of ‘use’ for the purpose of Art. 9(1) of the Regulation No. 40/94.”

¹⁸⁰ Author’s Note: This danger was also mentioned in *Rescuecom*.

Regarding “use” of trademarks “*in relation to goods and services which are identical with those for which the trademark is registered,*”¹⁸¹ the ECJ was asked to decide if trademark infringement required that the trademark was showed directly in the advertisement itself.

In preceding case *Arsenal Football Club*, the ECJ already decided that “use in relation to goods and services” is established by affixing a sign identical to the trademark onto goods and (i) offering of the goods, (ii) importing or exporting of the goods, or (iii) use of the sign on business papers and in advertising¹⁸². However, the ECJ noted that this list is not exhaustive, because it was adopted prior to emergence of an online advertising. For that reason, the ECJ explained that absence of a direct display of a trademark in a commercial message or an advertisement itself does not necessarily mean that such trademark is not “used in relation to goods and services.” If a trademark is selected as a keyword by an advertiser for the purpose of offering C-users an alternative to goods or services of a trademark holder, the trademark must be considered as used in relation to the goods or services of that advertiser.¹⁸³

4.2.1.3. Adverse Effect on the Functions of the Trademark

The last prong left to be analyzed was “an adverse effect on the functions of the trademark.” Even though this feature is not explicitly stipulated by the secondary law of the EU, in *Arsenal Football Club*¹⁸⁴ the ECJ concluded that in case of so called “double identity,”¹⁸⁵ the privilege granted to the trademark owner in a form of an exclusive right to ban other parties from using his trademark, was primarily established to protect the holder’s specific interests as the trademark owner, i.e. to ensure that the trademark is capable of delivering its functions. Unless any of the function is affected or likely to be affected by the unauthorized “use,” the trademark holder is not entitled to invoke this right. The ECJ has recognized several functions of trademarks, which were also introduced in the first chapter of this thesis, however the function of indicating origin and the advertising function were the most relevant to this case.^{186, 187}

¹⁸¹ Art. 5(1)(a) of the First Directive.

¹⁸² Art. 5(3) of the First Directive and *Arsenal Football Club*, para. 41.

¹⁸³ *Google France*, para. 69-70; also previously in *O2 Holdings and O2(UK)* and *L’Oréal and Others*.

¹⁸⁴ *Arsenal Football Club*, para. 51, 54.

¹⁸⁵ Author’s Note: The term was used in *Interflora* to describe situation under Art. 5(1)(a) of the First Directive, where “*use by a third party of a sign identical with the trade mark is made in relation to goods or services which are identical with those for which the trade mark is registered.*”

¹⁸⁶ *Google France*, para. 75, 77, 81.

¹⁸⁷ Author’s Note: According to para. 54 of the Opinion of the Advocate General Poiares Maduro to *Google France*, the function of indication of origin is the most essential one.

An adverse effect on the function of indication of origin occurs if an advertisement does not allow or allows with difficulties “*normally informed and reasonably attentive internet users*”¹⁸⁸ to distinguish the source of the goods and services advertised¹⁸⁹ and therefore is able to “cause a confusion” of a C-user, whether there is a material link in the course of trade between the advertised goods or services and the trademark holder.¹⁹⁰

The ECJ stated that it remains on the national courts to decide each case individually and consider whether the facts of the dispute before the court imply adverse effect, or a risk thereof, on the function of indication origin¹⁹¹.

Hence, national courts have received only a broad interpretation of the respective provision. I personally find it unfortunate. At the time, keyword advertising was already common practice across the EU. Moreover, most of the search engine providers used very similar patterns to deliver online advertisements. For those reasons it appears to me as unnecessary to leave space for diverse interpretation and application of the preliminary ruling in the future judgments rendered over the same allegations by various national courts throughout the EU.

Concerning the advertising function, an adverse effect on the advertising function occurs if an ad does affect the utilization of a trademark by a trademark holder for sales promotion or as an instrument of a commercial strategy¹⁹².

According to the ECJ, a trademark owner is still able to place advertisements on the search engines by purchasing a keyword that is identical to his own trademark. Furthermore, a link to the webpage of the trademark holder will still appear on one of the top positions among the generic results. This means that the appearance of the link to C-users searching for the trademark is secured, regardless of whether or not the

¹⁸⁸ *Google France*, para. 84.

¹⁸⁹ Author’s Note: The ECJ quoted judgment *Céline*, stating that “*the function of indicating the origin of the mark is adversely affected if the ad does not enable normally informed and reasonably attentive internet users, or enables them only with difficulty, to ascertain whether the goods or services referred to by the ad originate from the proprietor of the trade mark or an undertaking economically connected to it or, on the contrary, originate from a third party.*”

¹⁹⁰ Author’s Note: The ECJ further highlighted the requirements on transparency of advertisements on the Internet set out in Art. 6 of the e-Commerce Directive, which stipulates that “*(...) Member States shall ensure that commercial communications which are part of, or constitute, an information society service comply at least with the following conditions: (b) the natural or legal person on whose behalf the commercial communication is made shall be clearly identifiable (...).*”

¹⁹¹ *Google France*, para. 88.

¹⁹² *Ibid.*, para. 92.

trademark owner successfully purchased and placed his advertisement on one of the highest position among the ‘sponsored links’.

For the foregoing reasons, the ECJ concluded that using trademarks as keywords for an online advertising does not have an adverse effect on the advertising function of the trademarks.¹⁹³

4.2.2. Liability of the Search Engine Provider

The last part of the preliminary ruling concerned the liability of a search engine provider under the Art. 14 of the e-Commerce Directive. The Court of Cassation asked the ECJ whether a search engine qualifies as an information society service that stores data supplied by an advertiser. If affirmative, the search engine provider might have been held liable for data stored upon request of advertisers only if it failed to remove or to disable access to those data without delay after notification of the unlawful conduct of the advertiser is received.¹⁹⁴

The ECJ held that the search engine provider fits the definition of the information society service¹⁹⁵. However, in order to enjoy the limited liability, the activity of the search engine provider must be of a mere technical, automatic and passive nature, i.e. that the search engine provider does not have any knowledge of the content of transmitted and stored data and neither controls them. For this purpose, the court found it essential to examine the contribution of Google and the part it represents in creation of the commercial message and in process of picking the purchased keywords. Nevertheless, the ECJ concluded that such analysis should be conducted by the national courts on a case by case basis as they have the best access to and supply of information on each of an individual case.¹⁹⁶

As I have already mentioned in the second chapter devoted to AdWords, I assume that this conclusion, considered as favorable to Google, was reflected in the current AdWords’ trademark policy. Particularly in the Google’s disclaimer that it will commence any investigation only upon received complaint from the trademark holder.

¹⁹³ *Ibid.*, para. 97-98.

¹⁹⁴ *Ibid.*, para. 106.

¹⁹⁵ *Ibid.*, para. 110.

¹⁹⁶ *Ibid.*, para. 113, 118-120.

4.3. BergSpechte & Portakabin¹⁹⁸

Ever since *Google France*, the ECJ has not been referenced for a preliminary ruling in a case hold between a trademark owner and a search engine provider. Instead, the remaining cases involved disputes between trademark holders and advertisers.

First in *BergSpechte* and later in *Portakabin*, the ECJ upheld its holding that advertisers “use” trademarks and “use” them “in relation to goods and services” even in absence of a direct display of the trademarks in the commercial messages or advertisements themselves.¹⁹⁹ The ECJ also followed its previous opinion on necessity of an adverse effect on the functions of a trademark, though still leaving the final decision on the national courts.²⁰⁰ In *Portakabin*, the ECJ further noted that the trademark was used in relation to goods and services regardless of whether the goods or services were directly offered for sale in the commercial message or were only available on the website of the advertiser, which the C-user was redirected to upon clicking on a sponsored link.²⁰¹

Nevertheless, unlike in *Google France*, in *BergSpechte* and *Portakabin* the advertisers also purchased keywords that were only similar to the trademarks, not identical. Therefore, in order to be able to grant to plaintiffs an exclusive right to ban any third party from using similar marks to their trademarks under Art. 5(1)(b) of the Directive, the ECJ needed to establish that marks, due to their similarity to the trademarks and the identity or similarity of the goods or services covered by the trademarks and the marks, were likely to confuse public and likely to cause an association between the marks and the trademarks.

According to the ECJ, “likelihood of confusion” represents “*a risk that the public might believe that the goods or services in question come from the same undertaking or, as the case may be, from economically-linked undertakings.*”²⁰² Following the case law on adverse effect on indicating origin, the ECJ concluded that national courts must take into account all relevant circumstances and make a final decision whether or not “likelihood of confusion” occurred. However, similar factors to

¹⁹⁸ Case C – 278/08 *Die BergSpechte Outdoor Reisen und Alpinschule Edi Koblmüller GmbH v. Günter Guni, trekking.at Reisen GmbH*; Case C-558/08 *Portakabin Ltd, Portakabin BV v. Primakabin BV*.

¹⁹⁹ *BergSpechte*, para. 18-19; *Portakabin*, para. 27.

²⁰⁰ *BergSpechte*, para. 21, 30-37; *Portakabin*, para. 29-36.

²⁰¹ *Portakabin*, para. 43.

²⁰² *Bergspechte*, para. 38; previously also in *Lloyd Schuhfabrik Meyer and Adidas and Adidas Benelux*.

those considered in the adverse effect on the function of indication of origin should serve as a guidance to such decision²⁰³.

4.4. L'Oréal and Others²⁰⁴

Another significant and highly anticipated decision of the ECJ was in *L'Oréal and Others*. Judgment concerned online keyword advertising and sale of goods on an online marketplace.

Plaintiff, L'Oréal, is a manufacturer and seller of perfumes and cosmetics. It sells its products through a network of authorized distributors. The defendant, eBay, operates an online marketplace, where registered members place products for sale.²⁰⁶

On the marketplace, a buyer may either bid for products offered by sellers or purchase them directly without an auction for a fixed price. eBay charges each seller by percentage of an overall value of completed transactions. Apart from general support to registered sellers and maintenance of the marketplace, eBay advertise some of the products offered on its marketplace on search engines, such as Google.²⁰⁷

Hence, eBay purchased several keywords identical to the plaintiff's trademarks on AdWords. A typical advertisement included marketing message about the opportunity to buy, via marketplace on eBay, goods bearing the trademark that was searched for by the C-user. The trademarks were directly displayed in the commercial message itself.²⁰⁸

L'Oréal submitted several allegations to the High Court of Justice of England & Wales. One part of these allegations concerned sale of counterfeits and products either not intended or released for sale in the EEA. The other part concerned infringement of trademarks, which were either displayed on the eBay's website or purchased as keywords to trigger advertisements on Google. For the purpose of this thesis, I will only focus on the analysis of the keyword-related preliminary questions.²⁰⁹

²⁰³ *BergSpechte*, para. 38-40; *Portakabin*, para. 49-54.

²⁰⁴ Case C – 324/09, originally *L'Oréal SA, Lancome parfums et beauté & Cie SNC, Laboratoire Garnier & Cie and L'Oréal (UK) Ltd. v. eBay International AG, eBay europe SARL, eBay (UK) Ltd, Stephen Potts, Tracy Ratchford, Marie Ormsby, James Clarke, Joanna Clarke, Glen Fox and Ruksana Bi*. Later, before the ECJ hearing, either settlement was reached or judgment for default rendered against each of an individual.

²⁰⁶ *L'Oréal and Others*, para. 26-28.

²⁰⁷ *Ibid.*, para. 28-29, 31.

²⁰⁸ *Ibid.*, para. 31, 40, 42.

²⁰⁹ *Ibid.*, para. 33-42.

4.4.1. Use of Trademarks in Relation to Goods and Services

What made this case different from *Google France*, is that advertisements were not purchased by competing businesses, which distribute and sell similar or identical goods or services, but instead it was bought by a provider of a marketplace where any registered member could offer goods of the trademark holder. As the ECJ described, eBay purchased keywords not only to promote its offers of the registered members, but primarily also to promote its own service – the marketplace.²¹⁰

Therefore, the key question was whether such “use” of trademarks in the course of business is made “in relation to goods and services either identical with or similar to those for which the trademark was registered.”

Concerning promotion of the marketplace, i.e. platform entirely dissimilar to the goods of the plaintiff, the ECJ concluded that none of these conditions were met. Thus protection might have been sought only through alleged reputable trademark infringement.^{211, 212}

On the other hand, as mentioned above, the advertisements also promoted offers for sale of goods of the defendant’s registered members. The ECJ held that to that extend, eBay “used” the trademarks “in relation to goods and services identical with those for which the trademark was registered.” However, prevention of such practice may only be claimed if “*the use is such that a link is established between the sign and the service.*”²¹³ In this matter the ECJ followed the standpoint of the Advocate General and concluded that in the instant case such link exists. Advertisements purchased by eBay created an association between the goods offered by the advertisements and the possibility of buying them on eBay’s marketplace.²¹⁴

Nevertheless, in order to satisfy all prongs set forth in Art. 5(1)(a) of the Directive and 9(1)(a) of the Regulation, a plaintiff must prove that “use” of a keyword is able to have an adverse effect on one of the functions of a trademark.²¹⁵ Based on

²¹⁰ *Ibid.*, para. 85.

²¹¹ Author’s Note: The scope of protection of a reputable trademark is broader and covers also situations in which a third party uses keywords corresponding to the trademark in relation to goods or services which are not identical nor similar to the goods or services for which the trademark is registered.

²¹² *L’Oréal and Others*, para. 89-90.

²¹³ *Ibid.*, para. 92; *UDV North America*, para. 47.

²¹⁴ *Ibid.*, para. 91 -93; Opinion of Advocate General Niil Jääskinen to *L’Oréal and Others*, para. 89.

²¹⁵ Author’s Note: According to the Advocate General Niil Jääskinen, the application of indication of origin principle should not be unreasonably stringent, because in the modern times the normally informed and reasonably attentive C-user is “*capable of understanding the difference between an electronic marketplace, a direct seller of goods or services and the commercial source from which the goods or*

Google France and following cases²¹⁶, the national court must decide that “advertising does not enable reasonably well-informed and reasonably observant internet users, or enables them only with difficulty, to ascertain whether the goods or services referred to by the advertisement originate from the proprietor of the trademark or from an undertaking economically linked to it or, on the contrary, originate from a third party.”^{217,218}

4.5. Interflora²¹⁹

Another case that attracted considerable attention was *Interflora v. Marks & Spencer*.

The Plaintiff, Interflora, claimed trademark infringement of its reputable national trademark and Community trademark²²⁰ “INTERFLORA” by its direct competitor, Marks & Spencer. Both parties competed in sale and delivery of flowers. Marks & Spencer purchased several keywords on AdWords, one that was identical to the trademark of the plaintiff and others that were either formed of the trademark term with minor errors or made up by variations of the trademark and additional words. After searching for those terms on Google, advertisements of the defendant appeared among the sponsored links. The advertisements did not display the trademark directly in the commercial message.²²¹

Four preliminary questions were submitted by the High Court of Justice of England & Wales to the ECJ and concerned two major issues – (i) exclusive right of a trademark holder to ban third parties from using his trademark, and (ii) protection of

services originate,” because of large scale of intermediaries that exist in the economy, such as “distributors, brokers, auction houses, flea markets and real estate agents.” The Advocate General therefore concluded that an adverse effect on the function of indicating origin “cannot be presumed only because a link leads to the ad of an electronic marketplace operator if the ad itself is not misleading as to the nature of the operator.” Opinion of the Advocate General Niil Jääskinen to *L’Oréal and Others*, para. 108.

²¹⁶ *Google France*, para. 99; *Portakabin*, para. 54.

²¹⁷ *L’Oréal and Others*, para. 94.

²¹⁸ Author’s Note: For the overall picture I further note that the ECJ has also uphold its position taken in *Google France* on requirements on an online advertising set out in the e-Commerce Directive (*L’Oréal and Others*, para. 95-96; *Google France*, para. 86)

²¹⁹ Case No. C-323/09. Originally *Interflora Inc., Interflora British Unit v. Marks & Spencer plc, Flowers Direct Online Ltd.*, however settlement was reached with Flowers Direct Online Ltd.

²²⁰ Author’s Note: Currently “EU trade mark.”

²²¹ *Interflora*, para. 16-19.

reputable trademarks.²²² For the purpose of this thesis, I will mainly focus on analysis of the first issue at question²²³.

The ECJ followed its earlier findings in *Google France* and the following cases.²²⁴ However, in addition thereto it also provided slightly revised interpretation of adverse effect on the functions of trademarks.

The ECJ highlighted additional aspects implying the adverse effect on the function of indicating origin and on the advertising function. The national courts should take into account the diversity of a commercial network of the plaintiff, which involves large number of retailers varying in size and commercial profile. Under such circumstances and in absence of clear information provided in the commercial message, it may be particularly difficult for normally informed and reasonably attentive C-user to distinguish whether or not the advertiser is part of such a commercial network.²²⁵

Apart from the aforementioned, the court has also brought up an interference with the investment function and for the first time provided detailed interpretation thereof.

The ECJ explained that the investment function of a trademark serves as a tool to “*acquire or preserve a reputation capable of attracting consumers and retaining their loyalty.*”²²⁶ Unlike the advertising function, investment function is not utilized solely through advertising, but also through other marketing techniques. A trademark owner is entitled to ban “use” of a trademark by any other third party that “uses” such trademark in a way that substantially prevents the owner from “using” his trademark to acquire and maintain good reputation of his business. Where the trademark already enjoys good reputation, the trademark holder is entitled to protect its preservation. On

²²² *Ibid.*, para. 20.

²²³ Author’s Note: “INTERFLORA” is a reputable trademark. Protection of reputable trademarks is set forth in Art. 5(2) of the Directive and 9(1)(c) of the Regulation and is broader [see ft. 163 and 208]. Generally speaking, protection to reputable trademarks is granted if use of a reputable trademark is without a due cause and detrimental to (i) the distinctive character of the trademark (also called “*dilution*”), or (ii) the reputation of the trademark (also called “*tarnishment*”) or (iii) takes unfair advantage thereof (also called “*free-riding*”). The ECJ provided interpretation of dilution and free-riding and concluded that the final decision shall be rendered on a case-by-case basis by the national courts. In short, the ECJ provided broad protection to owners of reputable trademarks. However, it excluded cases where advertisers using identical marks explicitly differentiate themselves from the trademark owners and offer alternative products, not imitations nor counterfeits [*Interflora*, para. 72-92].

²²⁴ Author’s Note: The ECJ held that Marks & Spencer used the trademarks in the course of trade and in relation to its goods or services (*Interflora*, para. 30-31, 33) and because these were identical to those for which the trademark was registered, an adverse effect on the functions of the trademark was required in order to sustain a trademark infringement (Art. 5(1)(a) of the Directive; *Interflora*, para. 34, 37).

²²⁵ *Interflora*, para. 52.

²²⁶ *Ibid.*, para. 60.

the other hand, the ECJ said that it may not entitle the trademark holder to prevent any third party from “using” such trademark due to the reason that such “use” forces the trademark holder to make more effort to acquire or maintain reputation capable of attracting customers and preserving their loyalty.²²⁷

4.6. Recent Developments in the Member States of the EU

The interpretation of the ECJ guidance by the national courts in the EU member states diverges. In Austria, the Austrian Supreme Court rendered decision in *BergSpechte*, which was also referred for a preliminary ruling to the ECJ. Even though trademarks were not displayed in the commercial message, the Austrian Supreme Court found the use of trademarks as infringing, because it was confusing. Despite that the business name of the advertiser formed the URL address, which was showed in the advertisement, the Austrian Supreme Court ordered the advertiser to eliminate risks of confusion, particularly by further clarification.²²⁸

In France, courts have traditionally favored trademark owners. This approach has been also maintained after the ECJ referrals²²⁹. Hence, it appeared as surprising when the Court of Appeals ruled otherwise. In *Auto IES*²³⁰, the Court of Appeals found no infringement committed by advertisers on Google. The court explained that the advertisements were not confusing. First, they were separated from the organic results, trademarks were not displayed in the advertisements themselves and the domain names of the advertisers were indicated. Furthermore, a link to the trademark owner’s website was listed on the top of the organic results. Last but not least, below the panel with advertisements, the following sentence was placed: “*And why not your own advertisement?*” That indicated clearly that anyone may place his own advertisement on the search result page.²³¹

Finally, in Germany, the most significant case was *Bananabay*²³². It was a dispute between two competitors that was referred to the ECJ. Following the preliminary ruling, the German Federal Court of Justice (in German

²²⁷ *Ibid.*, para 61-62, 65.

²²⁸ LAAN, van der Nicole. The Use of Trade Marks in Keyword Advertising. Developments in ECJ and National Jurisprudence. *Max Planck Institute for Intellectual Property and Competition Law*. Research Paper No. 12-06, p. 35-36.

²²⁹ Author’s Note: For instance in *Google v. CNRRH*, Cour de cassation, IIC, 737 (2011).

²³⁰ *Google v. Auto IES*, Cour d’appel de Paris, IIC, 744 (2011).

²³¹ LAAN, v. d. N., *op. cit.*, p. 36-37.

²³² BGH, MMR 2011, 590 – *Bananabay II*.

“*Bundesgerichtshof*”) concluded that the trademark infringement did not occur. Its opinion was primarily based on the labelling, design and positioning of the advertisement, which did not contain the trademark and was showed separately under the heading “Ads.” According to the court, a normally informed and reasonably attentive C-user would assume that the advertisement originated from the defendant and that there were not any economic connections between the parties. Before the *Bananabay* ruling, the approach of lower courts was not unified. Some found alike situations as detrimental to the function of origin and thus infringing²³³, while others (though minority) ruled in favor of the advertisers^{234, 235}.

To sum up this chapter, the ECJ has reached several important conclusions. First, the ECJ established that selection and purchase of trademarks as keywords by advertisers qualifies as “use in relation to goods or services” in the meaning of the Directive and the Regulation. On the other hand, the ECJ denied the direct liability of the search engine operators. That narrowed the later disputes primarily to a trademark holder – advertiser relationship. With regards to “likelihood of confusion” or “adverse effect to functions of trademarks,” the ECJ provided interpretation and guidance to the national courts. This guidance was, however, criticized for a possibility of an unduly strict application. Even though decisions of the national courts have not reached complete unity yet, the majority of the national courts have followed the opinion that the requirement of full transparency of the advertiser’s identity might be too difficult to fulfill in a short commercial message. Thus in most cases, the courts have refrained from finding a “likelihood of confusion” if the advertisements were properly labelled, recognizable, the name of the advertiser was displayed at least as part of the URL and the trademark did not appear in the ad itself.

²³³ OLG Braunschweig, GRUR-RR 2011, 91 – *Most*; OLG Düsseldorf, GRUR-RR 2011, 94 - *Hapimag-Aktien*.

²³⁴ LG Berlin, K&R 2010, 842 – *Kontaktlinsen*; OLG Köln, K&R 2004, 240 – *Primagas*.

²³⁵ LAAN, v. d. N., *op. cit.*, p. 37-42.

5. US – EU Comparison

The most significant difference between the approach taken by courts in the US and the ECJ is the interpretation of “use in commerce” requirement. In the US, the courts are currently unified in opinions that the search engine operators that sell trademarks as keywords “use these trademarks in commerce.” Therefore, upon fulfilment of the remaining prongs, search engine providers might be found directly liable for a trademark infringement. The ambiguity among appellate circuits that once prevailed was taken away by the Second Circuit’s *Rescuecom* decision.

The ECJ, however, ruled the opposite. In *Google France*, the ECJ rejected to acknowledge that the search engine operators “use” trademarks just because they are the basis of a commercial transaction. The ECJ concluded that permitting advertisers to bid on particular keywords, storing keywords and triggering advertisements on the basis of these keywords is “operating in the course of trade,”²³⁶ trademarks, however, are not “used.” According to the ECJ, trademarks are “used” solely by the advertisers. Hence, the ECJ denied the direct liability of the search engine operators, regardless of confusion that the advertisements are likely to cause or intensity of the adverse effect on the functions of the trademarks.

Concerning “likelihood of confusion,” the courts in the US have not reached consensus in criteria determining existence of “likelihood of confusion” in the Internet context. Some used the initial interest doctrine, the Internet troika or quadrangle, while others used traditional theories established within their appellate circuits. Furthermore, the Courts of Appeals has neither categorically concluded that online keyword advertising is not likely to confuse C-users. Hence, this issue might again come under scrutiny one day. Chances of the trademark owners are, however, becoming significantly low.

The ECJ, on the other hand, has not established any particular theory and instead provided broad interpretations to the national courts. Nevertheless, it reviewed keyword advertising in terms of impression which C-users seem at first glance. The ECJ focused on the confusion that occurs before the purchase of product or service takes place. To such extend, the approach of the ECJ is very similar to the initial interest confusion doctrine as described in *Playboy*.

²³⁶ *Google France*, para. 55.

In both jurisdictions, the US and the EU, courts have granted search engine providers a right to invoke immunity from liability for trademark infringement. In the US, the courts have repeatedly granted immunity with regards to state trademark infringement claims. In the EU, the ECJ only admitted the possibility to claim immunity and left the final decision, whether the exceptions in the concrete situations apply, on the national courts of the member states.

6. Developments in the Czech Republic

6.1. Recent Case Law

In October 2015, a judgment was rendered in the case *Teco v. Seznam.cz* by the Municipal Court in Prague²³⁷. It was a pilot ruling in the Czech Republic that dealt with keyword advertising on the Internet, where the complaint was filed against the search engine provider. Because the defendant lodged an appeal and the judgment may therefore be reversed or revoked by the High Court, I will provide just a brief introduction to this case.

The plaintiff, a manufacturer of Programmable Logic Controllers and smart housing systems, sued the leading Czech search engine operator for allowing a third party to purchase keywords that were also registered trademarks of the plaintiff on an online advertising service Sklik and to place advertisements promoting products and services of the plaintiff's direct competitor. The plaintiff demanded that the defendant remove the advertisements and inform the plaintiff of the advertiser. The court adjudicated in favor of the plaintiff with regards to both claims.

The principal question of the case was to resolve whether the defendant had passive legitimation in the dispute or whether the passive legitimation was borne solely by the advertiser.

The court concluded that purchase of the trademarks as keywords for an online advertising constituted "use of those trademarks in the course of trade" for goods or services which were identical with those for which the trademarks were registered. That is explicitly forbidden by Sec. 8(2) of the Act on Trademarks²³⁸.

Further, the court also concluded that the defendant's services were utilized in the course of the trademark infringement. Therefore, the plaintiff was entitled to seek protection according to Sec. 4(3) of Act No. 221/2006 Coll., on Enforcement of Industrial Property Rights, which gives the trademark holder right to seek a court decision also on claims against any person whose means and services were used by third persons for the trademark infringement, i.e. also against the search engine provider. Accordingly, Sec. 3(1)(c) of the Act on Enforcement of Industrial Property Rights also gives the right to the trademark owner to require certain information (such as

²³⁷ *Teco a.s. v. Seznam.cz, a.s.*, Judgment of the Municipal Court in Prague, 6 October, 2015, No. 21 Cm 8/2015.

²³⁸ Author's Note: The same conclusion was reached in *Google France*, para. 71.

identification data of the advertiser) towards the search engine provider, which for the purpose of economic benefit provided services that were used in the course of the infringing activities²³⁹.

Although the defendant invoked immunity provided by Sec. 3 – 6 of Act No. 480/2004 Coll., on Certain Information Society Services, which implements the e-Commerce Directive, the court explained that such immunity may not be granted once the search engine operator was explicitly notified of the infringing conduct of the advertiser²⁴⁰. Moreover, the plaintiff did not primarily invoke the defendant's liability for the content of the advertisements, but demanded to remove the consequences of the infringement conducted by a third party in accordance with the Act on Enforcement of Industrial Property Rights. Only secondarily, the plaintiff reproached the defendant for failure to remove the advertisements upon his written notification.

Eventually the court explained that it is the advertiser, who undoubtedly bears the liability for a trademark infringement. However, the plaintiff may not know the identity of the advertiser. In case that the search engine provider refuses to provide information that would identify the advertiser, it is in compliance with the respective legal provisions and general legal principles, such as prohibition to benefit from unlawful state or obligation of prevention, to seek remedy against the search engine provider itself.

In my view, the Municipal Court followed case law of the ECJ and denied direct liability of the search engine provider. Instead, it applied secondary liability that is set forth in the Act on Enforcement of Industrial Property Rights. Since national courts of the member states interpret differently what constitutes adverse effect on the functions of trademarks, the conclusion of the court that the advertiser in the instant case infringed the trademarks might also serve as a guideline for future keyword advertising cases in the Czech Republic.

²³⁹ Author's Note: The right to require information on the advertiser is also established by Art. 6b(2) of Act No. 40/1995 Coll., on Advertising Regulation.

²⁴⁰ Author's Note: The same conclusion was reached in *Google France*, para. 120.

6.2. Protection Provided by Law Against Unfair Competition

Besides the general trademark law protection against the trademark infringement established by the Act on Trademarks and the Act on Enforcement of Industrial Property Rights, trademark owners as well as third parties may also invoke protection provided for by law against unfair competition, which is stipulated in Sec. 2976 *et seq.* of Act No. 89/2012 Coll., the Civil Code²⁴¹. This protection exists in parallel with the trademark law protection. In order to defend his claims, a plaintiff may invoke either of them or both²⁴². The High Court in Prague has previously ruled that “*Although the right of an owner to protection of the right arising from a trademark and the right of a competitor to protection against unfair competition are separate legal titles that are based on different substantive legislation, it is necessary to take into account that if the interference occurs with the right to the trademark and both, the harmed party and the violator are competitors, the infringement of the rights may be considered as unfair competition*”²⁴³. The principal distinction is that protection provided by unfair competition rules is much broader and applies not only to registered, but also to unregistered marks.

The general clause of unfair competition reads as follows: “*If, in business relations, a person gets into conflict with good morals of competition as a result of his conduct capable of causing harm to other competitors or customers, such a person has competed unfairly. Unfair competition is prohibited*”²⁴⁴. The typified cases of unfair competition that are applicable to trademarks are among others misleading advertising, misleading identification of goods and services, creation of likelihood of confusion and free-riding on the reputation. The plaintiff may request the defendant to refrain from competing unfairly or to remove a defective state. In addition, he may also request adequate satisfaction, compensation for damage and restitution of unjust enrichment²⁴⁵.

²⁴¹ Author’s Note: The protection of industrial rights against unfair competition was firstly established by Sec. 10bis of the Paris Convention for the Protection of Industrial Property. With regards to a particular use of trademarks on the Internet, the Joint Recommendation provides for a sample rules for protection of trademarks thereon.

²⁴² Author’s Note: This conclusion was acknowledged in *MAFRA, a.s. v. Mladá fronta a.s.*, Judgment of the Supreme Court, 30 May, 2012, No. 23 Cdo 4948/2010.

²⁴³ Judgment of the High Court in Prague, 13 September, 2005, No. 3 Cmo 41/2005.

²⁴⁴ Sec. 2976(1) of the Civil Code.

²⁴⁵ Sec. 2988 of the Civil Code.

Conclusion

The purpose of this thesis was to provide an overall analysis of both transatlantic approaches to the use of trademarks in keyword advertising²⁴⁶.

Case law in the US is not completely unified and some decisions of lower courts are inconsistent. Appellate circuits have already reached consensus that search engines “use trademarks in commerce” and their liability therefore may be established. Nevertheless, the second prong, i.e. confusion that was likely to be caused by such use, has been evaluated based on criteria that vary significantly among different circuits. Moreover, the courts have struggled to face the determination of “likelihood of confusion” in the Internet context. It is obvious that this issue lacks an opinion of the Supreme Court of the US. However, despite certain inconsistencies, the courts have been clearly leaning towards the protection of the search engine operators and advertisers. Even though the issue is not considered as decided conclusively, the chances of trademark owners to reverse case law in their favor are deemed to be significantly low.

In the EU, the ECJ concluded that the purchase of trademarks as keywords constitutes “use” under the European law. However, the person who “uses” the trademark is the advertiser, not the search engine provider. Hence, the direct liability of the search engine providers was rejected. Secondary liability may be established by national laws of the member states, such as by unfair competition law.

Therefore, only the advertisers may be found directly responsible for infringement of trademarks in keyword advertising. It must be assessed on a case by case basis whether their advertisements interfere with the function of indicating origin or the investment function of the trademark. The final conclusion depends particularly on the content and appearance of the commercial message. However, national courts have applied different interpretations of the ECJ guidance and thus there still remains scope for further clarification in any of the future referrals for a preliminary ruling.

Immunity from liability has been granted to search engine providers in both jurisdictions. In the US, the exemption applies to state trademark infringement claims based on the CDA. In the EU, immunity provided for by the e-Commerce Directive

²⁴⁶ Author’s Note: Obviously, case law concerning this issue exists in other countries as well. Most remarkably in Australia, where Google was subject to several disputes. One of the most important decision and win for Google was *Google v. ACCC*, Case No. S175/2012, 6 February, 2013.

may be invoked until the search engine provider is notified of the infringing conduct by the advertiser.

List of Abbreviations

Art.	Article
C-user	Internet user
Directive	Directive 2008/95/EC of the European Parliament and of the Council, to approximate the laws of the Member States relating to trade marks
e-Commerce Directive	Directive 2000/31/EC of the European Parliament and of the Council, on certain legal aspects of information society services, in particular electronic commerce, in the Internal Market
ECJ	European Court of Justice
EEA	European Economic Area
EU	European Union
EUIPO	European Union Intellectual Property Office
First Directive	First Council Directive 89/104/EEC of 21 December 1988 to approximate the laws of the Member States relating to trade marks
First Regulation	Council Regulation No 40/94 of 20 December 1993 on the Community trade mark
p.	page
para.	paragraph
Regulation	Council Regulation No. 207/2009, on the EU trade mark
Sec.	Section
US	United States of America
WIPO	World Intellectual Property Organization

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Abstract in English

Use of trademarks as keywords for searching the Internet

The purpose of this thesis is a comprehensive analysis of the use of trademarks as Internet search engine keywords to trigger advertisements that are displayed on search result pages. The main part of the thesis is devoted to legislation and case law in the US. However, for the comparative purposes, I also address developments concerning keyword advertising in the EU. I chose this topic because it combines traditional elements of law with modern technologies. Moreover, despite its significant economic and legal impacts, I consider this topic as insufficiently researched in the Czech Republic.

This thesis consists of six chapters. The first chapter is devoted to a general introduction to trademarks, including the history of trademarks, current legal definitions of trademarks as well as legal frameworks of trademarks law. This chapter also focuses on an element of trademark distinctiveness and analyses functions of trademarks. Last but not least, it also describes basic classifications of trademarks and provides their examples.

The second chapter introduces the issue of keyword advertising. It focuses on a description of the operation of Internet search engines, keyword advertising programs and AdWords' current policy.

The third chapter concentrates on the development of case law concerning keyword advertising in the US. The development is described in two key elements of trademark infringement in the US, i.e. "use of a trademark in commerce" in a way that is "likely to cause a consumer confusion."

The fourth chapter is dedicated to the development of case law concerning keyword advertising in the EU. The analysis is primarily focused on preliminary rulings of the ECJ and subsequent rulings of national courts of member states of the EU.

The fifth chapter provides a brief comparison of both transatlantic approaches.

The sixth, and also last, chapter concentrates on the recent pilot ruling regarding keyword advertising in the Czech Republic and briefly introduces protection of trademark rights provided by law against unfair competition.

Abstrakt v českém jazyce

Užití ochranných známek jako klíčových slov při vyhledávání na internetu

Cílem této diplomové práce je komplexní analýza používání ochranných známek jako klíčových slov při vyhledávání na internetu pro zobrazení reklamy na stránkách internetových vyhledávačů s výsledky vyhledávání. Hlavní část práce je věnována legislativě a judikatuře v USA. Nicméně za účelem vzájemného srovnání se zabývám též vývojem judikatury týkající se reklamy na internetu v EU. Toto téma jsem si vybral, neboť propojuje tradiční právní institut s moderními technologiemi a navzdory jeho významným ekonomickým a právním dopadům ho považuji v České republice za nedostatečně prozkoumané.

Tato práce se skládá ze šesti kapitol. První kapitola je věnována uvedení čtenáře do problematiky ochranných známek, a to včetně jejich historie, současné zákonné definice, jakož i právního rámce vymezujícího právo ochranných známek. Tato kapitola se rovněž zaměřuje na prvek rozlišovací způsobilosti ochranných známek a analyzuje jejich funkce. V neposlední řadě také přibližuje základní dělení ochranných známek a poskytuje jejich praktické příklady.

Druhá kapitola představuje problematiku reklamy prostřednictvím klíčových slov. Zaměřuje se na popis fungování internetových vyhledávačů, programů zajišťujících reklamu pomocí klíčových slov a současné zásady pro užívání služby AdWords.

Třetí kapitola se zaměřuje na vývoj judikatury týkající reklamy prostřednictvím klíčových slov v USA. Vývoj je znázorněn na dvou klíčových případech porušení ochranné známky v USA, tj. „užívání ochranné známky v obchodním styku“ způsobem, který je „způsobilý vyvolat nebezpečí záměny“.

Čtvrtá kapitola je věnována vývoji judikatury týkající reklamy prostřednictvím klíčových slov v EU. Analýza se zaměřuje především na rozhodnutí o předběžných otázkách Soudního dvora a následných rozhodnutí vnitrostátních soudů členských států EU.

Pátá kapitola obsahuje stručné srovnání obou transatlantických přístupů.

Šestá a zároveň poslední kapitola přibližuje nedávné průlomové rozhodnutí týkající se reklamy prostřednictvím klíčových slov v České republice a stručně

představuje ochranu práv k ochranným známkám poskytovanou prostřednictvím práva proti nekalé soutěži.

Teze v českém jazyce

1. Úvod

Ochranné známky tvoří součást práva duševního vlastnictví. Jejich primárním úkolem ovšem není ochrana výsledků tvůrčí nebo vědecké činnosti, ale vytvoření komunikačního kanálu mezi výrobcem či poskytovatelem služeb na jedné straně a koncovým zákazníkem na straně druhé. Díky ochranným známkám jsou spotřebitelé schopni okamžitě rozlišit výrobky jednoho původce od druhého, což jim umožňuje opakovaně vyhledat a zakoupit produkt, se kterým byli spokojeni, šetří čas a poskytuje jistou míru předvídatelnosti kvality výrobku či služby. Stejně tak výrobci mohou prostřednictvím ochranných známek komunikovat se zákazníky a využívat právní ochrany proti konkurentům k investicím do pozice značky na trhu a zlepšování kvality.

Se vznikem a rozšířením internetu, jako globálního systému propojených počítačových sítí, vstaly nové výzvy, kterým jednotlivé právní obory, včetně práva známkového, musejí čelit. Jednou z těchto výzev je i používání ochranných známek jako klíčových slov k internetové reklamě. Hlavním důvodem, proč jsem si vybral toto téma diplomové práce, je právě propojení tradičního právního institutu, kterým ochranné známky nepochybně jsou, s moderními a rychle se vyvíjejícími technologiemi.

Historie ochranných známek sahá až do starověkých civilizací a její vývoj lze i přes některé nové typy ochranných známek označit za konzervativní. I z toho důvodu platná právní úprava nepočítala s novými způsoby užití ochranných známek, které umožnil rozvoj internetu. To vyústilo v množství sporů, ve kterých byly soudy nuceny výkladem překlenout nedostatky právní úpravy a do jisté míry tak spoluvytvořit rámeček známkoprávní ochrany.

Nejstarší a nejbohatší judikatura v oblasti reklamy prostřednictvím klíčových slov pochází z USA a její rozbor tvoří páteř této diplomové práce. Nedlouho poté se ovšem stala tato otázka hojně diskutovanou i v rámci EU, na což navázal ESD několika rozhodnutími o předběžných otázkách. V minulém roce bylo navíc vydáno průlomové rozhodnutí týkající se reklamy prostřednictvím klíčových slov též v České republice.

2. Právní úprava ochranných známek

Ochranné známky podléhají národní, evropské i mezinárodní právní úpravě. Současná definice ochranné známky podle § 1 zákona č. 441/2004 Sb., o ochranných známkách, říká, že ochrannou známkou může být „*jakékoliv označení schopné grafického znázornění, zejména slova, včetně osobních jmen, barvy, kresby, písmena, číslice, tvar výrobku nebo jeho obal, pokud je toto označení způsobilé odlišit výrobky nebo služby jedné osoby od výrobků nebo služeb jiné osoby.*“²⁴⁷ Z této množiny samozřejmě existuje řada výjimek, jako jsou např. označení v rozporu s dobrými mravy, veřejným pořádkem či státní symboly.

3. Znaky, funkce a dělení ochranných známek

Podstatným znakem ochranných známek je jejich rozlišovací způsobilost pro výrobky a služby, které označují. Ochranné známky mohou mít rozlišovací způsobilost samy osobě již ze své podstaty (tzv. inherentní rozlišovací způsobilost). Tyto známky se dělí na fantazijní neboli smyšlené (např. „KODAK“), tvořené běžnými slovy a označující výrobek, který nemá s významem takových slov žádnou logickou spojitost (např. „APPLE“ pro elektroniku) a konečně známky asociační, které sice vyvolávají určitou pozitivní asociaci mezi známkou a výrobky, které známka označuje, nicméně tyto výrobky nepopisuje (např. „Jaguar“ pro automobily).

Druhým typem jsou ochranné známky popisné, které požívají právní ochrany pouze v případě nabytí rozlišovací způsobilosti neboli tzv. druhotného významu, díky němuž označení v myslích veřejnosti primárně identifikuje zdroj výrobku a nikoliv výrobek samotný (např. „Coca Cola“).

Jak již bylo předestřeno v úvodu, ochranné známky plní řadu nezastupitelných funkcí. Mezi nejvýznamnější patří zejména funkce označení původu, kterou považuje za stěžejní též judikatura ESD²⁴⁸. Dalšími významnými funkcemi jsou funkce rozlišovací, funkce garanční, která v sobě nese i silný prvek ochrany spotřebitele, dále pak funkce reklamní a investiční. Právě funkce reklamní a investiční byly spolu s funkcí označení původu nejvíce diskutované ve spojitosti s reklamou prostřednictvím klíčových slov.

²⁴⁷ Pozn. Autora: Obdobná definice s výjimkou označení v podobě barev platí i pro ochrannou známku EU upravenou Nařízením č. 207/2009.

²⁴⁸ Rozhodnutí *Arsenal Football Club v. Matthew Reed*, C-206/01 (2002).

Základním hlediskem pro dělení ochranných známek je jejich forma. V této souvislosti rozlišujeme ochranné známky slovní, obrazové, kombinované a prostorové. Širší dělení zahrnuje i známky, které nejsou tradiční součástí právních řádů a jejichž ochrana se prosazuje teprve v poslední době. Mezi tyto ochranné známky patří např. barva, zvuková či čichová známka.

4. Reklama prostřednictvím klíčových slov

Internetové vyhledávače se staly *de facto* nenahraditelnými nástroji pro vyhledávání zboží, služeb či informací na internetu. Uživatel, který zadá příkaz do internetového vyhledávače, se zobrazí okno se seznamem výsledků vyhledávání, které obsahuje seznam hypertextových odkazů na internetové stránky, které byly pomocí automatických algoritmů na základě čistě objektivních kritérií vyhodnoceny jako nejvíce relevantní. Tyto výsledky se označují jako „organické“ či „přirozené výsledky“. Slova, termíny či fráze, které uživatelé zadávají do vyhledávače, se nazývají „klíčová slova“.

V okamžiku, kdy uživatel zadá příkaz k vyhledání výsledků, internetový vyhledávač uživateli zpravidla zobrazí nejen seznam organických výsledků, ale též seznam placených textových reklam. Tyto reklamy jsou spouštěny právě pomocí klíčových slov. V okamžiku, kdy program pro poskytování reklamy rozezná, že určité klíčové slovo, který bylo zakoupeno inzerentem, je vyhledáváno, umístí na stránku výsledků kontextuální reklamu. Obsah reklamy je vytvořen inzerentem. Typická reklama se skládá z obchodního sdělení a odkazu na webovou stránku inzerenta, na kterou je uživatel v případě kliknutí přesměrován.

V současné době všechny hlavní internetové vyhledávače²⁴⁹ používají vlastní programy pro poskytování internetové reklamy, která generuje převládající většinu jejich příjmů. Globálně zdaleka nejrozšířenějším a nejpoužívanějším programem je v současné době program AdWords fungující při internetovém vyhledávání a společnosti Google.

Na české doméně google.cz jsou reklamy zobrazovány nad, pod a vedle organických výsledků. Písmo, jeho velikost i barva jsou shodné s organickými

²⁴⁹ Pozn. Autora: Zejména Google, Yahoo!, Bing či Seznam.

výsledky. Reklamy jsou označeny v záhlaví jako „Reklama“ či „Reklamy“.²⁵⁰ Inzerenti si mohou klíčová slova vybrat buď sami anebo mohou využít nástroje Plánovač klíčových slov, jehož hlavním cílem je navrhnout inzerentům taková klíčová slova, která nejvíce přispějí k efektivitě a úspěchu jejich reklamy.

Přesah do práva ochranných známek spočívá v možnosti výběru takových klíčových slov, která odpovídají ochranným známkám třetích osob, a to bez jejich souhlasu, a eventuální zobrazení ochranných známek též v obchodním sdělení umístěné reklamy. Inzerenti tedy mohou *"umístit své reklamy před spotřebitele, kteří již sami sebe identifikovali jako zájemce o produkty nebo služby podobné jejich."*²⁵¹ To pochopitelně vyvolalo reakci vlastníků ochranných známek, kteří se obrátili na soudy s žalobami na porušení práv k ochranným známkám.

5. Judikatura soudů v USA

Judikatura v oblasti reklamy prostřednictvím klíčových slov navázala na spory o používání ochranných známek v tzv. meta tazích, neboli speciálních kódech určených k popisu obsahu internetové stránky²⁵².

Podle Lanhamova zákona musí žalobce tvrdící porušení práv k ochranné známce prokázat, že (i) je vlastníkem platné ochranné známky, která byla žalovaným (ii) bez souhlasu žalobce (iii) užitá v obchodním styku, (iv) v souvislosti s prodejem, nabízením k prodeji, distribucí zboží a služeb nebo reklamou na zboží a služby a (v) takové užití bylo způsobilé vyvolat nebezpečí záměny. Jádro sporů týkajících se reklamy pomocí klíčových slov spočívalo zejména ve výkladu požadavků na „užití v obchodním styku“ a „vzniku nebezpečí záměny u spotřebitelů“.

5.1. Užití v obchodním styku

První důležitou otázkou, o které musely soudy v USA rozhodnout, bylo, zda užívání ochranných známek jako klíčových slov pro zobrazování reklamy na internetu lze kvalifikovat jako „užití v obchodním styku“ ve smyslu Lanhamova zákona. Byť se judikatura stavěla zpočátku k této otázce nejednotně, postupem času byl dosažen široký konsensus.

²⁵⁰ Pozn. autora: Google aplikuje různé způsoby odlišení reklam od organických výsledků. Výše uvedený způsob tak neplatí pro všechny domény internetového vyhledávače Google.

²⁵¹ *Rescuecom Corp. v. Google Inc.*

²⁵² Pozn. autora: Například důležité rozhodnutí *Brookfield Communications, Inc. v. West Coast Entertainment Corporation.*, které bylo opakovaně citováno i v judikatuře v oblasti reklamy prostřednictvím klíčových slov.

Stěžejním rozhodnutím se z dnešního pohledu jeví zejména rozhodnutí v případě *Playboy v. Netscape*, ve kterém odvolací soud devátého obvodu konstatoval, že předložené důkazy přesvědčivě prokázaly, že ochranné známky byly poskytovatelem internetového vyhledávače „užity v obchodním styku“ bez souhlasu vlastníka ochranných známek. Přestože tento výrok nebyl podpořen žádným dalším odůvodněním, které by blíže osvětlilo důvody tak kategorického závěru, založilo toto rozhodnutí důležitý precedent, který byl soudy z různých odvolacích obvodů od té doby opakovaně následován.

Důležité bylo zejména potvrzení výše uvedeného ve sporu *Geico v. Google*, které se již na rozdíl od případu *Playboy* týkalo specificky programu AdWords a poskytlo tak důležité stanovisko pro převážnou většinu sporů, které následovaly. Soud zde odmítl argumentaci Googlu, že služba AdWords je plně automatizovaný interní proces, a naopak konstatoval, že žalovaný aktivně prodával práva k navázání reklamy na ochrannou známku žalobce a proto „užíval ochranné známky v obchodním styku“ způsobem, který mohl naznačovat povolení udělené žalobcem žalovanému k takovému postupu.

Naproti tomu k opačnému závěru, tedy že žalovaný „neužíval ochranné známky v obchodním styku“ došel odvolací soud druhého obvodu v případě *1-800 Contacts v. WhenU.com*. Toto rozhodnutí se týkalo problematiky tzv. pop-up reklam, tedy vyskakovacích oken, které se automaticky zobrazily uživateli internetu v okamžiku, kdy vyhledal některé z klíčových slov zahrnutých v seznamech softwaru. Soud aplikoval tradiční výklad pojmu „užití ochranné známky“, který chápal jako její fyzické umístění na zboží nebo služby za účelem jejich označení původcem. Navíc konstatoval, že v situaci, kdy žalovaný neumožňoval inzerentům zakoupit konkrétní klíčová slova a ani jim nezpřístupňoval obsah jednotlivých seznamů s klíčovými slovy, se jednalo pouze o interní využití ochranných známek. Zobrazená reklama pak informovala uživatele o alternativních produktech, což je též podstata obecně přípustné praktiky *product placement*, neboli umístění produktu.

Byť se případ skutkově lišil od způsobu fungování programu AdWords, založil přesto precedent, který byl následně soudy druhého obvodu pravidelně aplikován, a to i ve sporech vedených proti společnosti Google²⁵³. To vyústilo v rozpornou judikaturu mezi soudy druhého obvodu a soudy zbylých obvodů, které jednotně následovaly

²⁵³ Pozn. autora: Například v prvoinstančním rozhodnutí *Rescuecom Corp. v. Google*.

precedent založený v případě *Playboy*. Tento rozpor a definitivní vyřešení otázky „užití ochranných známek v obchodním styku“ v rámci reklamy prostřednictvím klíčových slov v USA přineslo až rozhodnutí odvolacího soudu druhého obvodu v případě *Rescuecom v. Google*. Toto rozhodnutí omezilo závěry z rozhodnutí *1-800 Contacts* pouze na specifické případy obdobné fungování softwaru společnosti WhenU.com tak, jak byl popsán výše. Pozornost stran sporů se tak přesunula k druhé překážce vlastníků ochranných známek, a to povinnosti prokázat „nebezpečí záměny u spotřebitelů“.

5.2. Nebezpečí záměny

Judikatura soudů v USA v otázce „nebezpečí záměny u spotřebitelů“ není ani k dnešnímu dni plně jednotná. Při rozhodování soudy aplikovaly testy či teorie vyvinuté v rámci jednotlivých odvolacích obvodů, které měly poskytovat vodítko ke správnému rozhodnutí ve věci. Tyto testy se ovšem navzájem liší a často nedostatečně reflektují specifika internetového prostředí. Proto došlo v rámci některých obvodů k modifikaci tradičních testů za účelem jejich přizpůsobení moderním technologiím.

K nejdůležitějším tradičním testům patří zejména *Sleekcraft test* devátého okruhu²⁵⁴, který byl aplikován například v případě *Playboy*. K testům vyvinutým za účelem jejich použití na spory z prostředí internetu patří například tzv. Internetová trojka²⁵⁵. Specifickým testem přizpůsobeným zvláště na problematiku reklamy prostřednictvím klíčových slov je pak tzv. Internetová čtyřka²⁵⁶ (anglicky „*Internet quadrangle*“) vytvořená v případě *Network Automation v. Advanced Systems Concepts*. Soudy ovšem opakovaně judikovaly, že tyto testy představují pouze jakési vodítko pro rozhodování a nikoli závaznou stupnici, kterou by byly povinny aplikovat ve všech případech neměnným způsobem.

Mimo výše uvedené testy pak hrála velmi významnou roli specifická teorie nebezpečí záměny úspěšně uplatněna např. v případě *Playboy*, a to teorie tzv. „nebezpečí záměny při počátečním zájmu“ (anglicky „*initial interest confusion*“). To nastává ještě předtím, než dojde k samotnému nákupu zboží nebo služeb. Její podstatou je skutečnost, že spotřebitel, který projeví zájem o určitý produkt, si v mnoha případech při zobrazení sponzorované internetové stránky ihned uvědomí, že se neocitá na

²⁵⁴ Pozn. autora: Test byl vytvořen v případě *AMF Inc. v. Sleekcraft Boats*. Skládá se z 9 faktorů, jako jsou síla ochranné známky, podobnost produktů, důkaz o skutečné záměně apod.

²⁵⁵ Pozn. autora: Test byl vytvořen v případě *Brookfield* a skládá se z 3 faktorů, kterými jsou podobnost známek, příbuznost zboží a služeb a simultánní použití internetu jako marketingového kanálu.

²⁵⁶ Pozn. autora: Faktory testu jsou (i) síla ochranné známky, (ii) důkaz o skutečné záměně, (iii) druh zboží a péče, kterou spotřebitelé u takového zboží při jeho nákupu zpravidla vynakládají a konečně zejména (iv) označení a vzhled reklamy.

stránkách původně hledaného prodejce. Jelikož ovšem stránky inzerentů zpravidla nabízejí alternativní produkty, dokončí přesto mnoho uživatelů nákup na těchto stránkách. Vlastníkovi ochranné známky tak vzniká škoda již návštěvou sponzorované stránky.

Jak vidno z uvedených příkladů, soudy se při rozhodování, zda došlo k nebezpečí záměny, řídily nejednotnými hledisky. Byť žalobci dosáhli řady dílčích vítězství, jako například v případě *Rosetta Stone v. Google*, ve kterém odvolací soud zrušil rozhodnutí soudu prvního stupně ve prospěch žalobce, lze celkově považovat výsledky sporů za drtivé vítězství poskytovatelů internetových vyhledávačů, neboť neexistuje žádné konečné rozhodnutí, které by založilo jejich přímou odpovědnost. Je ovšem třeba poznamenat, že stejně tak žádné rozhodnutí jejich činnost přesvědčivě nelegitimizovalo.

V drtivé většině případů, které se jeví jako slibné z pohledu vlastníků ochranných známek, dokázali poskytovatelé internetových vyhledávačů uzavřít smír a vyhnout se tak konečnému rozhodnutí. Jindy se vlastníci ochranných známek vzdali a vzali žaloby zpět anebo prohráli z jiných důvodů (např. neprokázali existenci ochranných známek nebo byla jejich práva promlčena). Je tedy patrné, že byť byly žaloby opakovaně neúspěšné, neexistuje přesto k dnešnímu dni žádný precedent, který by do budoucna vlastníků ochranných známek bránil domáhat se ochrany proti poskytovatelům internetových vyhledávačů soudní cestou. Nicméně převažuje názor, že s rychle rostoucí rozšířeností internetu a jeho každodenním užíváním průměrnými spotřebiteli, se šance na prokázání "nebezpečí záměny" podstatným způsobem snižuje²⁵⁷.

6. Judikatura soudů v EU

Přestože se problematika reklamy prostřednictvím klíčových slov začala v EU řešit o několik let později než v USA, existuje již k dnešnímu dni řada důležitých rozhodnutí, a to jak na úrovni ESD, tak národních soudů členských států.

Zřejmě nejpodstatnějším rozdílem mezi přístupy v USA a EU k užití ochranných známek jako klíčových slov pro reklamu na internetu je skutečnost, že ESD odmítl možnost přímé odpovědnosti poskytovatelů internetových vyhledávačů, neboť

²⁵⁷ Pozn. autora: Zejména ve světle dvou nedávných rozhodnutí, a to *General Steel Domestic Sales, LLC v. Chumley a Allied Interstate LLC v. Kimmel & Silverman*, ve kterých ani zobrazení ochranné známky přímo v textu komerčního sdělení způsobem, který nebyl srovnávací reklamou, nestačilo vlastníků ochranných známek k jejich vítězství.

v případě *Google France* rozhodl, že tito poskytovatelé „neužívají ochranné známky v obchodním styku“. Z toho důvodu není možné naplnit požadavky pro založení odpovědnosti za porušení práv k ochranné známce, a to bez ohledu na intenzitu porušení ostatních zkoumaných hledisek. Osobou, která ochrannou známku „užívá“ je v EU pouze sám inzerent. Odpovědnost poskytovatelů internetových vyhledávačů tak může být založena pouze sekundárně, např. prostřednictvím předpisů členských států proti nekalé soutěži, které zpravidla poskytují paralelní ochranu k známkoprávní úpravě a jichž se může držitel ochranné známky dovolávat buď samostatně nebo spolu se známkoprávní ochranou.

K závěru, zda došlo činností inzerenta k porušení práv k ochranné známce, je třeba zkoumat, zda je „užití“ schopné způsobit újmu některé z funkcí ochranné známky. ESD judikoval, že újma může být způsobena zejména základní funkcí označení původu a dále funkci investiční²⁵⁸. Dále již ESD poskytl pouze obecná hlediska, kterými je třeba se ve všech případech řídit s tím, že konečné rozhodnutí ponechal na vnitrostátních soudech. To zapříčinilo, že judikatura národních soudů v této věci není jednotná. Rozhodnutí ESD umožňuje více interpretací a nedostatečně osvětluje, kde se nachází tenká hranice mezi povolenou reklamou a porušením práv majitelů ochranných známek. Zatímco tedy např. v Německu v případě *Bananabay* či ve Francii v případě *Auto IES* soudy konstatovaly, že inzerenti neporušili reklamou prostřednictvím klíčových slov předpisy na ochranu ochranných známek, k opačnému závěru došel rakouský Nejvyšší soud v případě *Bergspechte*. Obecně lze ovšem říci, že ve většině případů soudy opustily od shledání porušení práv majitelů ochranných známek, pokud byly inzeráty řádně označeny, byly rozpoznatelné, jméno inzerenta se objevilo alespoň jako součást URL adresy a ochranná známka nebyla zobrazena v reklamním sdělení.

7. Imunita poskytovatelů internetových vyhledávačů

V obou jurisdikcích, tedy jak v USA, tak v EU, byla navíc poskytovatelům internetových vyhledávačů za splnění stanovených podmínek přiznána imunita z odpovědnosti za porušení práv z ochranných známek. Zatímco v USA se tato výjimka vztahuje pouze na státní nároky z práv duševního vlastnictví a federální nároky jsou tak bezvýjimečně vyloučeny, v EU se aplikuje imunita založená směrnicí o elektronickém

²⁵⁸ Pozn. autora: Funkcí označení původu se soud zabýval zejména v rozhodnutí *Google France*. Funkcí investiční pak v rozhodnutí *Interflora*.

obchodu do okamžiku, než se poskytovatel internetového vyhledávače o protiprávním jednání inzerenta dozví.

8. Judikatura v ČR

V minulém roce bylo též vydáno průlomové a dosud nepravomocné rozhodnutí v případě *Teco proti Seznam.cz* týkající se reklamy prostřednictvím klíčových slov v ČR. Jednalo se o první žalobu v ČR, které směřovala přímo proti poskytovateli internetového vyhledávače. Městský soud v Praze následoval judikaturu ESD a odmítl přímou odpovědnost poskytovatele za zobrazovanou reklamu. Naopak soud konstatoval, že primárně odpovědným subjektem je v této věci inzerent. Soud nicméně aplikoval jakousi sekundární odpovědnost založenou zákonem o vymáhání práv z průmyslového vlastnictví a uložil poskytovateli povinnost sjednat nápravu a sdělit žalobci identifikační údaje inzerenta.

9. Závěr

Cílem práce bylo poskytnout komplexní analýzu obou transatlantických přístupů k řešení otázky reklamy prostřednictvím klíčových slov. Z výše uvedených kapitol vyplývá, že soudy zatím nedospěly k jednotné a ustálené judikatuře. Byť závěry soudů v USA ohledně odpovědnosti poskytovatelů internetových vyhledávačů nejsou tak jednoznačné jako v EU, v obou případech se šance majitelů ochranných známek na úspěch proti ekonomicky silným a vlivným poskytovatelům jeví jako minimální a dá se tak předpokládat, že budoucí spory budou vedeny zejména proti samotným inzerentům. Ačkoli tak tato problematika ještě není považována za definitivně uzavřenou, odborníci se shodují, že s postupem času se šance majitelů ochranných známek na úspěch v soudní síni čím dál tím více snižují.

Keywords: keywords, trademark, online advertising

Klíčová slova: klíčová slova, ochranná známka, reklama na internetu