

## **Advertising on Google with your competitor's brand**

Robbie Fleming and Andrei Mincov

Anyone who is familiar with the internet knows that when you do a search you get some results that are advertising.

The way this works is that an advertiser pays Google to post the advertiser's ad whenever a particular keyword is searched for. When a user next types that keyword into Google, the advertiser's ad will be displayed at the top of the search results, or sometimes on the right-hand margin of the page.

Does this mean that you can use your competitor's brand as a keyword so that customers looking for your competitor will find you first?

Courts in California and British Columbia have both answered this question in the last few months, and have come to very different conclusions.

### **California Decision**

In *Binder v. Disability Group, Inc.* (97 USPQ2d 1629 C.D. Cal. 2011), the plaintiffs and defendants were in competition for US social security disability claimants, whom they both wanted to provide services to. The defendants advertised their services on Google, and some of their chosen keywords were the trademarks of the plaintiffs. The plaintiffs sued for statutory trademark infringement and the common law tort of unfair competition, which is broadly similar to the tort of passing off in Canada.

US District Judge King wrote:

“...there was a strong likelihood of confusion. Plaintiffs' mark and that used by Defendants [as a keyword] are identical – both are Plaintiffs' registered trademark of “Binder and Binder”. We find that Plaintiffs' marks are strong based on testimony that Plaintiffs' extensively marketed and advertised their services and worked to build their reputation based around their name....

The services provided are identical – both Plaintiffs and Defendants are competing for clients for social security disability cases. Defendants intentionally chose Plaintiffs' mark based on its strength and appeal in the market. Additionally, both Plaintiffs and Defendants market their products through the Internet and rely upon it to obtain clients.”

The judge found that the infringement of the plaintiffs' trademarks was a willful violation of the plaintiffs statutory and common law rights, and awarded double damages plus reasonable attorneys' fees and costs against the defendants.

### **British Columbia Decision**

In *Private Career Training Institutions Agency v. Vancouver Career College* (2011 BCCA 69), the BC Court of Appeal considered similar issues.

The plaintiff was the local regulator responsible for private colleges, and passed the following bylaw:

“An institution must not engage in advertising or make a representation that is false, deceptive or misleading. Deceptive advertising includes but is not limited to an oral, written, internet, visual, descriptive or other representation that has the capability, tendency or effect of deceiving or misleading a consumer”.

However, some of the colleges advertised their programs on Google using the names of their competitors as keywords. Just as in the California case, these colleges did not pretend that they were their

competitors, but they used their competitors' brands to direct consumer traffic to their own websites instead.

The BC regulator asked the colleges to stop, and when they refused the regulator went to court for an injunction to force them to stop. Unfortunately for the regulator, Mr. Justice Gaul concluded there was nothing wrong with the use of a competitor's brand as a keyword:

"I find [the defendant's] advertising program, including its use of Keyword Advertising that incorporates the names of competitor institutions, was not designed to mislead anyone. The two situations of what the [petitioner] says were students who were deceived by [the defendant's] advertising are, in my opinion, actually examples of students who made mistakes and it was their own actions or inactions that prompted the errors. Had they been more cautious in their reviews of their search results they would have realized that they were looking at a website of an institution other than the one they were initially seeking.

In my opinion, [the defendant's] internet advertising strategy provided [two students who actually got misled by the advertisement] with the opportunity to investigate and consider other institutions besides the ones they were looking for. Not only do I find there is nothing wrong with that, I think the option to examine a number of institutions offering similar educational programs is a good one for the consumer."

Accordingly, Mr. Justice Gaul dismissed the regulator's application for an injunction.

The Court of Appeal upheld Gaul J.'s decision and found that that there was no reasonable grounds to believe that using a keyword to place one colleges' website in a higher priority on Google than it would otherwise deserve, "was misleading or likely to mislead".

The Court of Appeal went out of its way to say that the case was not about trademarks or intellectual property, but if *Private Career Training* was not about IP it is difficult to see what it was about.

It's hard to see a difference between the Bylaw's prohibition on advertising that has the "capability... of deceiving or misleading a consumer" and the common law passing off requirement that a defendant's conduct creates a "likelihood of confusion"—if anything the test in the Bylaw appears less stringent than the common law.

The essence of an action for trademark infringement or passing off is free riding on the goodwill or reputation of another. While in a classic case a defendant is found to be passing off if he is claiming that his goods are the plaintiff's, in recent years courts have expanded this concept to include more imaginative attempts to exploit someone else's good reputation. So an Irish distiller cannot claim to be making "scotch whiskey", and one video store cannot put a competitor's sign on the highway in order to divert traffic to themselves.

This latter situation was considered by the US Ninth Circuit Court of Appeals *Brookfield Communications Inc. v. West Coast Entertainment Corp.*, 174 F.3d 1036 (9th Cir. 1999):

"Using another's trademark in one's metatags is much like posting a sign with another's trademark in front of one's store. Suppose West Coast's competitor (let's call it "Blockbuster") puts up a billboard on a highway reading – "West Coast Video: 2 miles ahead at Exit 7" – where West Coast is really located at Exit 8 but Blockbuster is located at Exit 7. Customers looking for West Coast's store will pull off at Exit 7 and drive around looking for it. Unable to locate West Coast, but seeing the Blockbuster store right by the highway entrance, they may simply rent there. Even consumers who prefer West Coast may find it not worth the trouble to continue searching for West Coast since there is a Blockbuster right there. Customers are not confused in the narrow sense: they are fully aware that they are purchasing from Blockbuster and they have no reason to believe that

Blockbuster is related to, or in any way sponsored by, West Coast. Nevertheless, the fact that there is only initial consumer confusion does not alter the fact that Blockbuster would be misappropriating West Coast's acquired goodwill.

In *Private Career Training*, Mr. Justice Gaul concluded that the accused colleges did not use their competitor's name in their metatags, but it is difficult to see how using the brands in Google adwords is any different—both are tools in which the power of a competitor's brand is used against it to steer consumer traffic away from the competitor and on to the advertiser's competing site.

Both Mr. Justice Gaul and the Court of Appeal in *Private Career Training* concluded that no consumer was ultimately misled by the use of brands as keywords, because the offending colleges did not pretend to be anything other than themselves in either their ads or their websites, and so any reasonably intelligent consumer clicking on the 'wrong' website would have eventually discovered their mistake:

“... the decision to spend thousands of dollars and several years on a course of education was very important. It was reasonable to expect that potential students would approach the issue with some care.”

But this analysis presumes that end point is the only relevant point of analysis. It ignores the fact that the offending colleges were using their competitor's brand as a springboard to direct initial inquiries to themselves (“initial interest confusion” as in *Brookfield*), and it also appears inconsistent with the common law passing off likelihood of confusion test, as formulated in *Veuve Clicquot* [2006] 1 S.C.R. 824:

“The test to be applied is a matter of first impression in the mind of a casual consumer somewhat in a hurry who sees the name *Clicquot* on the respondents' storefront or invoice, at a time when he or she has no more than an imperfect recollection of the VEUVE CLICQUOT trade-marks, and does not pause to give the matter any detailed consideration or scrutiny, nor to examine closely the similarities and differences between the marks.”

Of course the courts in *Private Career Training* were not considering trademark infringement but the application of consumer protection legislation, and with this idea firmly in mind the Court of Appeal concluded that trademark principles were irrelevant to their analysis.

In fairness to the Court of Appeal, consumer protection legislation has a different purpose than intellectual property laws. IP protects the rights of the intellectual property owners, and so concepts like initial interest confusion matter because any free riding on a business' brand matters. But consumer protection laws are mostly about final effects—will any consumer be harmed? From this perspective the Court of Appeal's focus on the final impact of the use of the brand keywords instead of the initial impact is more understandable. However, even this distinction is questionable because of the authority in Canada that consumer protection is one of the fundamental purposes of the tort of passing off: *Ciba-Geigy Canada v. Apotex* [1992] SCJ 83 at paras 48 to 50.

In any event, whether *Private Career Training* is about intellectual property or consumer protection is not as significant as the fact that it is the first case in Canada to consider the use of brands in keyword advertising. Because it is the first, and because of its conclusion, this case will be seen by many as an invitation to challenge well established incumbents in the market place by bidding on those incumbents' own brands on Google adwords. The stronger those brands, the more vulnerable they will be to internet-savvy competitors entering their markets without any brand power of their own.