



IN THE HIGH COURT OF DELHI AT NEW DELHI

% Judgment delivered on:10.08.2023

+ **FAO(OS)(COMM) 2/2022**

GOOGLE LLC

.....Appellant

versus

DRS LOGISTICS (P) LTD. & ORS.

..... Respondents

Advocates who appeared in this case:

For the Appellant

:Mr Sandeep Sethi, Senior Advocate with Mr Neel Mason, Mr Ankit Rastogi, Mr Vihan Dang, Mr. Aditya Gupta, Ms. Abhilasha Nautiyal, Ms Aditi Umapathy, Mr Parva Khare, Mr Sauhard Aulang and Ms Devangini Rai, Advocates.

For the Respondents

: Mr. Arun Kathpalia & Mr Chander M. Lall, Senior Advocates with Ms Nancy Roy, Mr Jeevesh Nagrath, Ms Ananya Chug, Ms. Prakriti Varshney, Ms Kirti Mewar and Mr Arjun Gaur, Advocates for R-1 & 2.

Ms Sriparna Dutta Choudhury, Advocate for R-3.

Mr Kshitij Parashar, Advocate for R-4.

AND

+ **FAO(OS) (COMM) 22/2022 & CM Nos. 5879/2022 & 5882/2022**



GOOGLE INDIA PRIVATE LIMITED

.....Appellant

versus

DRS LOGISTICS (P) LTD. & ORS.

..... Respondents

Advocates who appeared in this case:

For the Appellant : Ms Sriparna Dutta Choudhury, Advocate.

For the Respondents : Mr. Arun Kathpalia & Mr Chander M. Lall, Senior Advocates with Ms Nancy Roy, Mr Jeevesh Nagrath, Ms Ananya Chug, Ms. Prakriti Varshney, Ms Kirti Mewar and Mr Arjun Gaur, Advocates for R-1 & 2.

Mr. Sandeep Sethi, Senior Advocate with Mr. Neel Mason, Mr. Ankit Rastogi, Mr. Vihan Dang, Mr. Aditya Gupta, Ms. Abhilasha Nautiyal, Ms. Aditi Umopathy, Mr. Parva Khare, Mr. Sauhard Aulang and Ms. Devangini Rai, Advs. for Google LLC.

Mr. Kshitij Parashar, Adv. for R-4.

CORAM

HON'BLE MR JUSTICE VIBHU BAKHRU

HON'BLE MR JUSTICE AMIT MAHAJAN

JUDGMENT

VIBHU BAKHRU, J.



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INTRODUCTION

1. The appellants have filed the present appeals impugning a common judgment dated 30.10.2021 (hereinafter '**the impugned judgment**') passed by the learned Single Judge, whereby the respondents applications under Order XXXIX, Rules 1 and 2 of the Code of Civil Procedure, 1908 (hereafter '**the CPC**') were allowed in terms of the following directions: -

“127. I must state here that the plaintiff can seek protection of its trademarks which are registered in view of Section 28 of the TM Act, but cannot have any right on surnames / generic words like Packers or Movers individually. Having said that in view of my above discussion, the applications are liable to be allowed, subject to final determination of the suit in the following manner:-

(I) The defendant Nos.1 and 3 shall investigate any complaint to be made by the plaintiff to them alleging use of its trademark and its variations as keywords resulting in the diversion of traffic from the website of the plaintiff to that of the advertiser

(II) The defendant Nos.1 and 3 shall also investigate and review the overall effect of an Ad to ascertain that the same is not infringing / passing off the trademark of the plaintiff

(III) If it is found that the usage of trademark(s) and its variations as keywords and / or overall effect of the Ad has



the effect of infringing / passing off the trademark of the plaintiff then the defendant Nos.1 and 3 shall restrain the advertiser from using the same and remove / block such advertisements.”

2. By the impugned judgment, the learned Single Judge found that the use of trademarks as keywords in the Google Ads Programme amounts to ‘use’ under the provisions of the Trade Marks Act, 1999 (hereinafter ‘**the TM Act**’) and thus, may constitute infringement. The learned Single Judge further held that Google LLC is not entitled to the defence of an intermediary under Section 79 of the Information Technology Act, 2000 (hereinafter ‘**the IT Act**’).

FACTUAL CONTEXT

3. Google LLC, the appellant in FAO (OS) (COMM) 2/2022, hereafter referred to as ‘**Google**’, is a company incorporated under the laws of the United States of America and owns, manages and operates the Google Search Engine (www.google.com/www.google.co.in) (hereafter also referred to as ‘**the Search Engine**’) as well as the Google Ads Programme (hereinafter ‘**the Ads Programme**’). Google India Private Limited, the appellant in FAO OS (COMM) 22/2022, hereafter referred to as ‘**Google India**’, is a subsidiary of Google and is appointed as a non-exclusive reseller of the Ads Programme in India.

4. DRS Logistics (P) Ltd. (respondent no. 1) and Agarwal Packers and Movers Pvt. Ltd. (respondent no. 2), hereinafter collectively referred to as ‘**DRS**’, are the leading packaging, moving and logistics service providers in India. They are engaged in the business of providing carriage for goods, passengers, merchandise, commodities



and other products in addition to transportation of goods and luggage. DRS is also engaged in the business of booking cargos, goods and luggage with road carriers, railways, airlines, steamships etc. and further, providing the services of wharfingers, warehouse keepers, clearing and forwarding agents, contractors for packing, loading and unloading of goods, parcels and movables of all types. DRS also states that it has registered several trademarks under Classes 16, 17 and 39 of the TM Act.

5. DRS claims that due to long and continuous use, extensive advertising campaign, marketing network and quality control, its trademark/trade name 'AGARWAL PACKERS AND MOVERS' has acquired goodwill and reputation amongst the public and the said trade mark is a 'well-known' trademark.

6. Google operates the Search Engine. The way it works is that a person desirous of searching any term or phrase or any material on the internet types a term, a phrase or a set of words (search query), which the user considers relevant for yielding the desired results. The search engine then scans its database and displays the search results. The results may span several pages. The relevancy of the results is based on several factors including the effectiveness of the search engine as well as the choice of the search query. Google also runs an Advertisement service (the Ads Programme) where sponsored links of advertisers are displayed along with the results of the search queries.



7. DRS alleges that Google actively encourages the use of its registered trademarks as keywords for third parties to display their sponsored links pertaining to websites that infringe its trademarks. DRS also claims that use of its trademarks as keywords infringes the trademarks.

8. DRS, *inter alia*, alleges that Google profits from persons infringing its trademarks by ensuring that their advertisements are reflected on the Search Engine results page (hereafter also referred to as ‘SERP’), which is displayed as a result of search queries relating to DRS’s trademarks, if they pay a higher amount to display their advertisements (links to their website/webpage). DRS claims that such activities of Google constitute infringement of its registered trademarks.

9. The Ads Programme is central to the disputes between the parties.

THE ADS PROGRAMME

10. The Ads Programme (previously known as Google AdWords) is, essentially, an advertising self-service platform managed by Google through which advertisers can create and display online advertisements with respect to their websites. The said advertisements (hereafter also referred to as ‘Ads’) are displayed on the first page of the SERP.

11. The search results yielded by the Search Engine are primarily of two types: ‘organic’ or ‘natural’, and ‘inorganic’ or ‘sponsored’. The inorganic or sponsored search results are labelled with a prefix ‘Ad’ to distinguish the same from organic search results. The said Ad comprises



of the Ad-heading or Ad-title; URL or the website address; and, the Ad-description. The Ad-heading and Ad-description are collectively referred to as ‘Ad-text’ and are editable in nature, whereas the URL displays the website domain of the advertiser. The sponsored link of DRS as displayed on the SERP, indicating the URL and the Ad, text is set out below:-

Ad · <https://www.agarwalpackers.in/> ▾ 093600 14001

Agarwal Packers & Movers - Largest & Top-Rated Movers
 Serving 1200+ Locations with 35+ Years of Experience with Quality and Excellence. Call Now.
Agarwal Packers and Movers - DRS Group, Founded by Mr. Dayanand Agarwal...

[Contact us - Request for Quote](#)

Domestic Relocation
 Domestic Relocation Made Easy Proudly Serving In 1200+ Locations

House Shifting
 We Offer House Shifting Services By the Team Of Experts. Know More.

Services Offered
 We Offer Domestic Shifting, Warehousing And More Services.

Domestic Shifting
 We Offer a Single Window Relocation Option For All Our Customers.

12. The Ads Programme “enables any economic operator, by means of the reservation of one or more keywords, to obtain the placing, in the event of a correspondence between one or more of those words and that/those entered as a request in the search engine by an internet user, of an advertising link to its website”¹.

13. As an illustration of the advertisements appearing on the SERP, when a user searches for the car brand ‘Audi’, is set out below: -

¹Google France SARL and Google Inc. v. Louis Vuitton Malletier SA & Ors. : C-236/08 to C-238/08 (2010) [2011] All ER (EC) 411



The screenshot shows a Google search for 'audi'. The search bar contains 'audi' and the search button is visible. Below the search bar, there are navigation links for All, Images, News, Maps, Shopping, and More. The search results show approximately 91,000,000 results in 0.64 seconds. The first three results are sponsored advertisements:

- Ad** · <https://www.lexusindia.co.in/> ▾
Official Lexus India - Lexus. Electrified.
Discover excellent performance and exceptional craftsmanship. Electrify every element of...
[Download Brochure](#)
For information on the Lexus range. Details on specs and features.
[Discover Lexus](#)
Learn about the Lexus philosophy. Understand our guiding principles.
- Ad** · <https://www.porsche.com/> ▾ 096071 87911
Discover the world of Porsche - Discover the Porsche models.
Drive away in your Porsche and make your dream sports car a reality. Turn your sports car dreams into a reality. Own your Porsche today. Models: Panamera E-Hybrid, Panamera Turbo, Panamera GTS.
[Download Range Brochure](#) · [Porsche Model Overview](#) · [Compare Porsche Models](#)
- Ad** · <https://www.audigurugram.in/> ▾ 070875 75757
Audi Test Drive - Audi Gurugram
Book your test drive and feel the best driving experience. New and Preowned Cars. **Audi** Authorised Car Dealer Showroom. Book test drive or get an offer. **Audi A4. Audi A8L. Audi Q8. Audi A6.**

Below the advertisements, there is an organic search result:

<https://www.audi.in> ▾
Audi India: Audi Sedan | Luxury Sedan | Audi Price
Audi India Car Models- Get latest Prices and Offers for **Audi** car models in India. Check out the website for more information about new models and features.
[Audi](#)
Audi Q3 - Audi A8 - Audi Q2 2020 | Luxury SUV - Dealership Locator

14. In the illustration as set out above, it is evident that when a user searches for the brand 'Audi', various competitors of Audi are also listed in the search results and are distinguished from the organic search results by the mark 'Ad' before the URL. From the aforesaid search, it is clear that if a user types 'Audi' in the Search Engine, the said user is shown advertisements/links of competitors, who have probably bid for the keyword 'Audi' and thus, appear in the sponsored results.



15. In the present case, DRS alleges that on keying in the words “AGGARWAL PACKERS and MOVERS” – which is also DRS’s registered trademark – the links of third parties “www.safepackersmovers.com” and “www.dtccargopackers.com” were also displayed. The said advertisers (proprietors of the said URL’s/Websites) have no connection with DRS. According to the DRS, the said links were displayed only because Google had permitted the use of DRS’s trademark as a keyword.

16. The service of the Ads Programme can be availed in the following manner. The advertiser, firstly, proceeds to *ads.google.com* to sign into their account. Thereafter, the advertiser can choose the option to create a new campaign for the advertisement it wishes to display on the Search Engine. The advertiser has the option of setting an ‘average daily budget’ for the campaign in the ‘Budget and Bidding’ section and furthermore, choose specific targeting options like location, language, etc. in the ‘Campaign Settings’ option.

17. Thereafter, the advertiser chooses a set of keywords. Keywords are words or phrases that are used by advertisers in their campaigns as backend triggers for their advertisements.

18. The keywords used by advertisers can be selected with the help of assistance of the ‘Keyword Planner’ tool provided by Google. The said tool is a statistical research tool built into the Ads Programme interface, which provides an integrated workflow to guide users through



the process of finding keywords for creating new Ad groups and/or campaigns.

19. A user, who wishes to choose appropriate keywords for an advertisement, will have to type one or more descriptive words or phrases to solicit keyword ideas on the Keyword Planner. Thereafter, the tool will display, *inter alia*, certain keywords related to the word entered by the advertiser, along with the volume of monthly searches made on the same keyword and the additional keywords that could possibly be considered for use by the advertiser. As an illustration, the screen shot of the tabular statement displayed by the Keyword Planner, when an advertiser keys in its service as “packers and movers”, is set out below:

The screenshot shows the Google AdWords Keyword Planner interface. The search term 'packers and movers' is entered in the search box. The results are displayed in a table under the 'Keyword ideas' tab. The table includes columns for Keyword (by relevance), Avg. monthly searches, Competition, Suggested bid, and Ad impr. share. The results list various related keywords such as 'agarwal packers and movers', 'leo packers and movers', 'packer and mover', 'packers & movers', 'packer and movers', 'packer mover', 'sahara packers and movers', 'aggarwal packers and movers', and 'packers and movers india'.

Keyword (by relevance)	Avg. monthly searches	Competition	Suggested bid	Ad impr. share	Add to plan
agarwal packers and movers	170	High	Rs.168.89	0%	»
leo packers and movers	40	High	-	0%	»
packer and mover	10	High	Rs.500.46	0%	»
packers & movers	50	High	Rs.685.92	0%	»
packer and movers	30	High	Rs.739.61	0%	»
packer mover	10	High	-	0%	»
sahara packers and movers	20	High	-	0%	»
aggarwal packers and movers	10	High	-	0%	»
packers and movers india	20	High	Rs.1,275.68	0%	»



20. Google allows commercial entities to bid for individual search terms and, subject to certain factors, the ‘winner’ of the bid appears at the top of a relevant search for those terms.

21. The advertisers do not pay on the basis of the ‘impressions’, that is, when their advertisement appears on the search engine results page (SERP), but only when a user clicks on the said advertisement to view the website (referred to as ‘Pay per Click’ or ‘PPC’). As noted earlier, in order to distinguish between the organic and sponsored search results, Google places the mark Ad against sponsored results. The ‘PPC’ advertisements (sponsored results) are displayed at the top and bottom of the SERP.

22. The algorithms used by Google determine the Ads and the order in which they (sponsored results) appear on the SERP.

23. Google conducts an auction of the keywords in real time. The advertisers bid for space in advance by specifying the keywords for triggering the display their advertisements, and the maximum price they are willing to pay if a user clicks on the said advertisement. This is known as the ‘Maximum Cost Per Click’ or ‘Max CPC’. It would obviously follow that the PPC (Pay Per Click) amount can never exceed the Max CPC chosen by the advertisers, although the price varies depending on the intensity of the competition amongst the entities participating in the auction.

24. The sequence of advertisements displayed is not determined solely by the Max CPC bids. Google estimates the expected Click



Through Rate (hereafter ‘CTR’) for each advertisement. CTR is, essentially, Google’s estimation of the rate at which the viewers of the advertisement will click through from the Ad to the landing page of the advertiser. Google considers an advertisement with a high predicted CTR more relevant for the search term. It also considers the landing page experience and how closely an advertisement is likely to match the intention behind a user’s search. Google estimates a ‘Quality Score’ on the basis of a combination of the aforesaid factors.

25. According to Google, “*Quality Score is an estimate of the quality of your ads, keywords, and landing pages. Higher quality ads can lead to lower prices and better ad positions.*” Thereafter, Quality Score combined with the bid amount of an advertiser creates an ‘Ad-Rank’, that is, the position at which the advertiser’s advertisement will appear in the SERP.

26. Since a number of advertisers reserve the same keyword, there are certain relevant factors that determine an Ad-Rank for an advertisement, that are, the Max CPC, Ad Quality Score, context of search and expected impact extensions and formats. The relative position of the advertisements on the SERP is dependent on the Ad-Rank. The advertiser can at any time improve its ranking in the display by fixing a higher maximum PPC (Price Per Click) and/or by trying to improve the quality of its advertisement.

27. The position in which the advertisement appear on the SERP is important, since the same is likely to determine the CTR. Obviously, an



advertisement in the topmost position tends to have a higher CTR than an advertisement which is placed in a relatively lower position. If the position of an advertisement drops, less users are likely to click through the same.

THE CONTROVERSY

28. The Ads Programme is in the heart of the controversy between the parties. The disputes between the parties, essentially, emanates from DRS's grievance in respect of the Ads Programme. DRS contends that use of its trademark as keyword results in diversion of internet traffic from its website to that of its competitor and thus use of its trademarks as a keyword infringes its trademarks. DRS claims that the internet users – who are also potential customers – are deceived into believing that they are availing the services of DRS. DRS seeks to substantiate its allegation by establishing that it has received numerous complaints from users, who were deceived by such third parties, regarding loss and damage in transportation of goods.

29. DRS contends that it is entitled to seek a restraint against Google for permitting the use of its trademarks as keywords by any third party who is not authorized to use the said trademark.

30. Google contends that use of the keyword in the Ads Programme does not amount to 'use' under the TM Act notwithstanding that the keyword is/or similar to a trademark. Thus, according to Google, the use of a term as a keyword cannot be construed as infringement of a trademark under the TM Act. Google further contends that even if it is



accepted that a keyword is use of a trademark within the meaning of the TM Act, the same would be such use by the advertiser seeking to display a sponsored results but would not amount to use of the trademark by Google.

31. Google further claims that it, as an intermediary, has a safe harbour under Section 79 of the IT Act and the learned Single Judge's findings to the contrary are erroneous. Google also contends that the directions issued by the learned Single Judge requiring it to investigate complaints alleging use of the trademark and/or to ascertain whether a sponsored result has an effect of infringing a trademark or passing off, are liable to be set aside.

32. DRS disputes Google's claim that its liability is restricted under Section 79 of the IT Act. DRS contends that Google actively participates in promoting sponsored Ads to be displayed on the SERP. It does so by determining the keywords, which is relevant to the goods and services of the advertisers and offers its use to them. It, admittedly, selects the Ads that are displayed based on an Ad Quality Score, which in turn takes into account the Max CPC offered by an advertiser. Thus, according to DRS, Google's claim that it is a passive intermediary in reference to the Ads Programme, is unsustainable. And, the benefit of restriction of liability under Section 79 of the IT Act is not available to Google.



33. Google India claims that it neither operates nor controls the Search Engine. It does not operate the Ads Programme and therefore, is incapable of complying with the directions in the impugned judgement.

34. Google has confined the scope of its appeal to assailing the directions issued in paragraph no.127 of the impugned order to the extent that the said direction is based on the finding that use of the trademarks as keywords in the Ads Programme amounts to ‘use’ of the trademarks under the TM Act, which may amount to infringement of the trademarks under the TM Act. And, Google is not entitled to the defence under Section 79 of the IT Act.

35. The principal questions that arise for consideration of this Court are:

- (i) whether use of the trademarks as keywords amounts to use of those marks for the purposes of Section 29 of the TM Act;
- (ii) if so, whether such use is that of the advertiser or by Google as well;
- (iii) whether the use of the trademark as keywords *per se* amounts to infringement of a trademark; and
- (iv) if so, whether Google is absolved of its liability in respect of use of trademarks as keywords by virtue of being an intermediary under Section 79 of IT Act.



THE IMPUGNED JUDGMENT

36. On 22.12.2011, DRS filed a suit against Google and Just Dial Ltd. (respondent no. 4) under the provisions of the TM Act [being CS (Comm) 1/2017], *inter alia*, seeking permanent injunction against Google from permitting third parties from infringing, passing off etc. the relevant trademarks of DRS.

37. The learned Single Judge considered the rival submissions and, *prima facie*, did not find merit in Google's defence. The learned Single Judge, interpreted Sections 2(2)(b) and 2(2)(c) read with Sections 29(6), 29(7), 29(8) and 29(9) of the TM Act and held that a trademark can be infringed by way of spoken use, which is different from printed or visual use. On the aforesaid basis, the Court concluded that invisible use of a mark may also infringe a trademark. The learned Single Judge referred to the decisions in the case of *Kapil Wadhwa & Ors. v. Samsung Electronics Co. Ltd. & Anr.*²; *Amway India Enterprises Pvt. Ltd. v. IMG Technologies Pvt. Ltd. & Anr.*³ and *People Interactive (I) Pvt. Ltd. v. Gaurav Jerry & Ors.*⁴ and observed that use of a trademark as a meta-tag by a person who is neither a proprietor of the trademark nor permitted to use the same, would infringe the trademark. On the basis of the aforesaid premise, the court held that "*invisible use of trademark to divert the traffic from proprietors' website to the*

²2012 SCC OnLine Del 5172

³2019 SCC OnLine Del 9061

⁴2014 SCC OnLine Bom 4607



advertisers’/infringers’ website shall amount to use of mark” under the provisions of the TM Act.

38. Before the learned Single Judge, Google had placed reliance on the decision rendered by the UK Court of Appeal in the case of ***Reed Executive Plc & Anr. v. Reed Business Information Ltd. & Ors.***⁵, wherein the Court had held that invisible use of trademarks as keywords does not constitute ‘use’ under the provisions of the trademark legislation because it is not communicated to the internet user and does not convey any message to anyone. However, the learned Single Judge rejected Google’s contention, in light of the decisions rendered by the courts in India in the cases of ***People Interactive (I) Pvt. Ltd. v. Gaurav Jerry***⁴; ***Mattel Inc. & Ors. v. Jayant Agarwalla & Ors.***⁶; ***Amway India Enterprises Pvt. Ltd. and Ors. v. IMG Technologies Pvt. Ltd. & Anr.***³; and, ***Christian Louboutin SAS v. Nakul Bajaj & Ors.***⁷

39. The learned Single Judge further observed that, in terms of its AdWords Policy as applicable to India, Google did not allow a trademark to be used as a keyword till 2009, however, in the year 2015, during the hearing of ***Consim Info Pvt Ltd v. Google India Pvt Ltd and Ors.***⁸ before the Madras High Court, Google changed the said policy. In terms of the said policy, it would “*not investigate or restrict the use of trademark terms in keyword*”. The court further noted that the said policy is a deviation from its policy followed in EU and EFTA, which

⁵[2004] EWCA (Civ) 159

⁶2008 SCC OnLine Del 1059

⁷2018 SCC OnLine Del 12215

⁸2010 SCC OnLine Mad 4967



provided a higher duty of care in a jurisdiction where majority of the population comprises of “internet literate” and such a policy should be followed in India as well.

40. The learned Single Judge further relied on the decision rendered by the Madras High Court in *Consim Info Pvt. Ltd. v. Google India Pvt. Ltd. and Ors.*⁸ and observed that once Google is made aware of a registered trademark in a certain jurisdiction, it is incumbent upon the Search Engine to exercise a higher duty of care to ensure protection of the goodwill attached to such a trademark. The Court also referred to the decision in the case of *DRS Logistics (P) Ltd. v. Rajesh Agarwal & Anr.*⁹, whereby the DRS’s trademark was declared as a well-known trademark.

41. The learned Single Judge referred to the decision in the case of *Satyam Infoway Ltd. v. Sifynet Solutions (P) Ltd.*¹⁰. In that case, the court has held that use of trademarks in URLs or deceptively similar terms would amount to passing off. The learned Single Judge also referred to the decision in the case of *Amritdhara Pharmacy v. Satya Deo Gupta*¹¹ and held that the Ad-content consisting of Ad-title, Ad-text and URL, which is likely to deceive or cause confusion to an average person with imperfect recollection, shall constitute infringement of trademark or passing off.

⁹2013 SCC Online Del 1299

¹⁰(2004) 6 SCC 145

¹¹AIR 1963 SC 449



42. The learned Single Judge observed that the use of trademark as a keyword may in given cases be fair or *bonafide* use, which is an exception to infringement and/or passing off.

43. The learned Single Judge held that the reliance placed by Google on the decisions rendered by courts (in other countries) in the cases of *Google France SARL and Google Inc. v. Louis Vuitton Malletier SA*¹; *L'Oreal SA v. eBay International AG*¹²; *Google Ireland Ltd., Google Inc. & Google Spain S.L. v. Fotoprix, SA*¹³; *Cosmetic Warriors Ltd. & Anr. v. Amazon.co.uk Ltd.& Anr.*¹⁴; *Intercity Group (NZ) Limited v. Nakedbus NZ Limited*¹⁵; *NZ Fintech Limited T/A Moola v. Credit Corp Financial Solutions Pty Ltd T/A Wallet Wizard*¹⁶; *Private Career Training Institutions Agency v. Vancouver Career College (Burnaby) Inc.*¹⁷; *Chocolat Lamontagne Inc. v. Humeur Groupe-Conseil Inc.*¹⁸; *Vancouver Community College v. Vancouver Career College (Burnaby) Inc. & Ors.*¹⁹; and, *Cochrane Steel Products (Pty) Ltd. v. M-Systems Group (Pty) Ltd & Anr.*²⁰, was misplaced. The learned Single Judge referred to the decision of the Supreme Court in *Forasol v. Oil and Natural Gas Commission*²¹. In that case, the Supreme Court had recognised the persuasive value of foreign judgments but had observed

¹²C- 324/09 (2010)

¹³APPEAL 151/2016

¹⁴[2014] EWHC 181 (Ch)

¹⁵[2014] NZHC 124

¹⁶[2019] NZHC 654

¹⁷2010 BCSC 765

¹⁸[2010] Q.J. No. 7172

¹⁹2017 BCCA 41

²⁰(227/2015) [2016] ZASCA 74

²¹AIR (1984) SC 241



that the principles laid down in such cases must be judged in the context of Indian laws, legal procedures and the practical realities of litigation, which exist in India. The learned Single Judge observed that the average consumer by the international courts is taken to be normally informed and reasonably attentive or liable to exercise a higher duty of care while searching on the internet. However, the same are not the attributes of an average consumer in this country.

44. The learned Single Judge referred to paragraphs no.83 and 84 of the decision rendered by a Single Bench of this Court in *Christian Louboutin SAS v. Nakul Bajaj &Ors.*⁷ and held that there is an obligation on part of Google to ascertain that the keyword chosen by the advertiser is not a trademark and even if it is a trademark the same has been licensed/assigned. The learned Single Judge held that Google cannot take/seek the benefit of exemption under Section 79 of the IT Act.

CONTENTIONS ADVANCED ON BEHALF OF GOOGLE

45. Mr Kathpalia, learned senior counsel appearing for Google, assailed the impugned judgment on several fronts. He contended that the use of the trademark as a keyword is not *per se* infringement of a trademark and courts across jurisdictions of United Kingdom, United States of America, European Union, Australia, New Zealand, Russia, South Africa, Canada, Spain, Italy, Japan, and China have accepted the said position.

46. He contended that the tests for confusion or likelihood of confusion in India are based on perceptibility of the mark by the



consumer, in terms of visual, phonetic and structural similarity. He submitted that since keywords are invisible and cannot be seen or perceived by the consumers, the necessary element of confusion or likelihood of confusion, is absent and cannot be inferred or even presumed under Section 29(3) of the TM Act. And, in absence of confusion or likelihood of confusion, there can be no infringement of the trademark.

47. He further contended that the reasoning of the learned Single Judge, which is based on the use of meta-tags, is erroneous because keywords are entirely different from meta-tags. He stated that meta-tags are ‘website descriptors’ or ‘tags’ that can be words, expressions, phrases that are put in the source code of a website to help describe the content of the website and a keyword is a word/phrase that is provided by an advertiser to act as a trigger for its advertisement. He further stated that unlike a meta-tag, a keyword is not embedded, included or incorporated into any source code or other text of either the advertisement or the advertiser's website. He contended that meta-tags are neither used by Google in the organic search results nor are part of the sponsored links/ads, as meta-tags are an outdated form of technology that have not been used by the Search Engine for over a decade and are not equivalent to keywords.

48. Next, he stated that mere diversion of users from the proprietor’s website to the advertiser’s website is not actionable without establishing any confusion or likelihood of confusion on the part of the consumers. He submitted that the question of diversion of internet traffic on account



of use of trademarks as keywords is a matter of trial. It requires evidence to be led on the issue and cannot be determined at the interim stage.

49. He contended that Google has a content-neutral role as the advertisements as well as the keywords used to trigger eligible advertisements on the Ads Programme comprise of third-party data. He submitted that the Ads Programme merely provides an advertising platform and interface for creating and placing advertisements on the Search Engine. Therefore, Google is an intermediary in relation to the Ads Programme. He referred to Sections 2(1)(w) and Section 79 of the IT Act. He further contended that Google is entitled to safe harbour as an intermediary in the context of advertisements, which are solely generated by advertisers. In case an advertisement is violative of Google's policies or the TM Act, the advertiser should be held liable. He submitted that Google's takedown of advertisements, which violate its policies, either on a voluntary basis or on receipt of a complaint, does not take away or dilute its entitlement to the benefit of Section 79 of the IT Act, and is in accordance with the role of an intermediary under Rule 3(1)(d), third proviso of the Information Technology (Intermediary Guidelines and Digital Media Ethics Code) Rules, 2021. He further contended that providing a Keyword Planner tool does not make Google a primary infringer or disentitle Google from availing the defence under Section 79 of the IT Act.

50. He also referred to the decision in the case of *Matrimony.com Limited v. Google LLC &Ors.*²², in support of his contention that

²²2018 SCC OnLine CCI 1



allowing the use of trademarked terms as keywords has been held to be pro-competition by the Competition Commission of India.

51. Next, he contended that the relevant class of consumers, who are looking for logistics solutions or packers and movers for transportation of goods, are internet users from urban centres. Such users are internet literate and have a basic understanding of how a search engine functions. They know the difference between organic search results and sponsored search results and therefore, cannot be said to be confused by advertisements, which are clearly labelled as an ‘Ad’. He contended that the reliance placed by the learned Single judge in the case of *Amritdhara Pharmacy v. Satya Deo Gupta*¹¹, is erroneous, inasmuch as the situation prevailing in the year 1963 is wholly inappropriate and inapplicable to the situation prevailing in the year 2022.

CONTENTIONS ADVANCED ON BEHALF OF DRS:

52. Mr Lall, learned senior counsel appearing for DRS, countered the aforesaid submissions. He contended that keywords and metatags perform similar functions and such tags can be used to divert traffic from the trademark proprietor’s website to the advertiser/infringer’s website. He relied on the decision rendered by the Supreme Court in *Satyam Infoway Ltd. v. Sifynet Solutions (P) Ltd.*¹⁰, in support of his contention.

53. He further referred to Section 29 of the TM Act and contended that the Keyword Planner tool clearly satisfies the necessary elements for infringement of a trademark; it contemplates “*use of trade mark in relation to goods....upon, or in any physical or in any other relation*



whatsoever, to such goods; and in relation to servicesas part of any statement about the availability, provision or performance of such services". Google through the use of the said tool informs advertisers about DRS's trademark. He submitted that such use constitutes visible use of its trademarks. He further contended that the reliance placed by Google on numerous decisions of the international courts that have held that invisible use of a trademark in keywords/meta-tags does not constitute "*use*" is erroneous, inasmuch as, none of the decisions relied upon by Google discuss the Keyword Planner Tool. The use of trademarks by the said tool is not invisible but is visible to the advertisers.

54. He further contended that Google cannot take the defence of an intermediary under the provisions of the IT Act. He referred to Section 2(w) of the IT Act, which stipulates that an 'intermediary' "*with respect to any particular electronic records, means any person who on behalf of another person receives, stores or transmits that record or provides any service with respect to that record....*" and Section 2(za) of the IT Act, which stipulates that an 'originator' means "*a person who sends, generates, stores or transmits any electronic message; or causes any electronic message to be sent, generated, stored or transmitted to any other person but does not include an intermediary*". He contended that Google violates the provisions of Section 79 of the IT Act as its involvement is not limited to transmitting third-party information, which is temporarily stored or hosted by it, but Google selects and modifies the information and initiates the transmission.



USE OF TRADE MARKS AS KEYWORDS, WHETHER USE

55. The first and foremost question to be addressed is whether the use of trademarks as keywords is ‘use’ for the purposes of the TM Act.

56. The principal contention advanced on behalf of Google is that the use of a trademark as keyword does not amount to ‘use’ under the TM Act. This contention is founded on Clauses (b) and (c) of Section 2(2) of the TM Act. Google contends that keywords are not visible to the internet users and therefore, their use does not qualify as ‘use of a mark’ under Section 2(2)(b) of the TM Act. It contends that the said section requires the expression ‘use of a mark’ to be construed as ‘use of printed or other visual representation of the mark’. Further, Google contends that Clause (b) of Section 2(2) of the TM Act is required to be read in conjunction with Sub-clause (ii) of Section 2(2)(c) of the TM Act. This further requires that the ‘use of a mark’ in relation to services be construed as a statement about the availability, provision, or performance of such services.

57. According to Google, the use of a keyword, similar to a trademark, does not give rise to any actionable claim under the TM Act because, being invisible, its use cannot be construed as a use of a mark. Mr. Kathpalia had referred to the decision of the Federal Court of Australia in *Veda Advantage Ltd. v. Malouf Group Enterprises Pty*



*Ltd.*²³and fashioned his submission on the findings returned in the said judgement.

58. The learned Single Judge did not accept the said contention. The Court held that the opening words of Sub-section (2) of Section 2 of the TM Act clarifies that the said Sub-section (2) would be applicable, unless the context requires otherwise. The Court found that it is not necessary that the expression ‘use of a mark’ be construed as use in visual or in printed form. A reading of the impugned judgment indicates that the aforesaid conclusion was founded, essentially, on two grounds. First, that on a plain reading of Section 29(9) of the TM Act, spoken use of words, which constitute distinctive elements of trademark may infringe the trademark. Therefore, the Court reasoned, that the expression ‘use of a mark’ cannot be confined to its use in visual or in printed form as contemplated under Section 2(2)(b) of the TM Act.

59. Second, the Court noted that the question whether the use of keywords or meta-tags may amount to use of a mark for the purpose of the TM Act is no longer *res integra* in view of the decisions in *Amway India Enterprises Pvt. Ltd. v. IMG Technologies Pvt. Ltd. & Anr.*³ The Court also referred to the decision in *People Interactive (I) Pvt. Ltd. v. Gaurav Jerry*⁴; *Kapil Wadhwa & Ors. v. Samsung Electronics*

²³[2016] FCA 255



*Co. Ltd. & Anr*² and *Hamdard National Foundation & Anr. v. Hussain Dalal & Ors.*²⁴

60. In *Veda Advantage Ltd. v. Malouf Group Enterprises Pvt. Ltd.*²³, the Federal Court of Australia considered the question of use of trademarks as keywords for indexing of sponsored links. Veda Advantage (Veda) was a leading data analytics company generating credit reports. Malouf Group Enterprises Pvt. Ltd. (Malouf) was engaged in the business of assisting persons with poor credit rating, to rectify the same. Malouf had participated in the Google Ads Programme and used keywords, which either comprised of or contained the word ‘Veda’. Veda, *inter alia*, alleged that Malouf’s use of its trademark as a keyword contravenes the relevant provisions of the Trade Marks Act, 1995.

61. Malouf raised several defences. The first and foremost being that its use of the trademark, Veda, as a keyword was not a use of a trademark as contemplated under the Trade Marks Act, 1995. The Court held that to be used as a trademark “*a sign must, in an objective sense, be used or intended to be used for the purpose of distinguishing the goods or services of one trader from those of another – as a badge of the origin of the goods or services.*”

62. The court was persuaded to accept that Malouf’s use of ‘Veda’ as a keyword did not amount to use as a trademark on, essentially, three grounds. First, it held that the use of the keyword did not indicate

²⁴2013 SCC OnLine Del 2289



connection in the course of trade between the services provided by Malouf and the services provided by Veda. Malouf had not used the keywords to distinguish its services from that of the others; it had “*used them to identify internet users who may have interest in using its services*”. Second, that the keywords could be acquired by any person. And third, that the keywords were invisible, inaudible and imperceptible to consumers, therefore, could not be used to distinguish the services of one trader from another. The court held that the use of the keywords did not amount to use in terms of Section 7(5) of the Trade Marks Act, 1995²⁵.

63. It is material to note that the court did not concur with the decision in the case of *Google France SARL and Google Inc. v. Louis Vuitton Malletier SA & Ors.*¹ and *Interflora Inc. & Anr. v. Marks & Spencer Plc*²⁶ and observed that it did not regard those authorities as ‘instructive’. The court did not accept the contention that “*use in the course of trade in respect of goods or services*” in European law is equivalent to the concept of ‘use as a trade mark’ in the Trade Marks Act, 1995²⁶.

64. In *Complete Technology Integrations Pty Ltd. v. Green Energy Management Solutions Pty Ltd.*²⁷, the defendant (Green Energy) had used words that were similar to the trademarks registered in favour of the claimant (Complete Technology) as meta-tags. Resultantly, when

²⁵Trade Marks Act, 1995 as in force in Australia.

²⁶[2014] EWCA Civ 1403

²⁷(2011) FCA 1319



internet users searched the internet using any of those terms (used as meta-tags), the search engines displayed the websites or pages in respect of which the meta-tags had been placed. Complete Technologies alleged that Green Energy had used the marks to attract customers, who were looking for a particular commercial source of services by reference to its trademark ‘CTI’. Although the court accepted that the use of trademark as meta-tags may assist Green Energy to benefit from Complete Technology’s goodwill, it did not accept that Green Energy’s use of meta-tags was use as a trademark. The relevant extract of the said decision reads as under:

“Section 120(1) of the TMA requires that [scil.] “the person uses as a trade mark a sign that is substantially identical with, or deceptively similar to, the trade mark in relation to goods or services in respect of which the trade mark is registered” before there can be an infringement. I do not accept that the use of any of CTI’s Registered Trade Marks in Green Energy’s metatags would constitute a trade mark infringement for the purposes of 120(1). Metatags are invisible to the ordinary internet user, although their use will direct the user to (amongst other websites) Green Energy’s website. Once at the Green Energy website, then, in the ordinary course, the internet user will be made aware that the website is concerned with Green Energy’s services. It cannot, therefore, be said that the use in a metatag of CTI’s Registered Trade Marks is a use that indicates the origin of Green Energy’s services. Thus, metatag use is not use as a trade mark: compare *The Coca-Cola Company v All-Fect Distributors Ltd (t/as Millres Distributing Company)* (1999) 96 FCR 107; 47 IPR 481; [1999] FCA 1721 at [20]. (Emphasis added.)”

65. In *Intercity Group (NZ) Limited v. Nakedbus NZ Limited*¹⁵, the High Court of New Zealand rejected the contention that the use of the



trademark ‘INTERCITY’ as a keyword could be accepted as being used as a trademark. The Court held as under:

“The position in relation to the use by Nakedbus of the keywords is entirely different to a use on packaging or other communications to the public. The use of the keyword was by Nakedbus when it purchased that keyword prior to the placement of its advertisement, and then by Google when, through its search engine, it provided for the Nakedbus advertisement to appear when a consumer keyed “intercity” into a computer. In such a situation, the use of the keyword by Nakedbus and indeed Google was not seen by the consumer at all. As Mr Harris observed, these actions were invisible to everyone except Google and the advertiser. If the “use” could not be seen by the consumer it could not be “taken as” anything, let alone “taken as being used as a trade mark”.

66. In *NZ Fintech Limited T/A Moola v. Credit Corp Financial Solutions Pty Ltd T/A Wallet Wizard*¹⁶, the High Court of New Zealand held that the keywords used in Google’s Indexing Service to place its comparative or competing offer in the SERP did not amount to using the sign (keyword) as a trademark.

67. In *Google France SARL and Google Inc. v. Louis Vuitton Malletier SA & Ors.*¹, the European Court of Justice (Grand Chamber), *inter alia*, considered the question whether trademarks used as a keyword in the Ads Programme infringes Article 5(1) and (2) of the First Council Directive 89/104/EEC and Article 9(1)(a) of Council Regulation (EC) No. 40/94 of 20.12.1993. The European Court of Justice rendered a common judgment in the three references. Whilst in the case of *Louis Vuitton Malletier SA*, the complainant (Louis



Vuitton) alleged that Google had infringed its trademarks; the two other references involved the allegations regarding infringement by the advertisers. At the material time, Louis Vuitton was, *inter alia*, engaged in the business of marketing luxury bags and other goods under its proprietary trademarks ‘Louis Vuitton’ and ‘LV’. Google had offered the said trademarks as keywords to advertisers. Louis Vuitton found that entering its trademarks or other similar terms in the Search Engine, resulted in display of various links to sites offering imitation of its products.

68. In an action instituted by Google, the *Tribunal de Grande Instance de Paris* (Regional Court Paris) found Google guilty of infringing Louis Vuitton’s trademark. Google unsuccessfully appealed against the said judgment before the *Cour d’Appel de Paris* (Court of Appeal of Paris). Google appealed the said decision of the Appellate Court to the Cour de Cassation (French Court of Cassation). The said court referred the following questions to the European Court:

- “1. Must Article 5(1)(a) and (b) of [Directive 89/104] and Article 9(1)(a) and (b) of [Regulation No 40/94] be interpreted as meaning that a provider of a paid referencing service who makes available to advertisers keywords reproducing or imitating registered trade marks and arranges by the referencing agreement to create and favourably display, on the basis of those keywords, advertising links to sites offering infringing goods is using those trade marks in a manner which their proprietor is entitled to prevent?
2. In the event that the trade marks have a reputation, may the proprietor oppose such use under Article 5(2) of



[Directive 89/104] and Article 9(1)(c) of [Regulation No 40/94]?

3. In the event that such use does not constitute a use which may be prevented by the trade mark proprietor under [Directive 89/104] or [Regulation No 40/94], may the provider of the paid referencing service be regarded as providing an information society service consisting of the storage of information provided by the recipient of the service, within the meaning of Article 14 of [Directive 2000/31], so that that provider cannot incur liability until it has been notified by the trade mark proprietor of the unlawful use of the sign by the advertiser?"

69. It is relevant to note the statutory context. The relevant extract of Article 5 of the Directive 89/104 captioned “*Rights conferred by a trade mark*” reads as under:

“Article 5 of Directive 89/104, entitled 'Rights conferred by a trade mark', provides:

1. The registered trade mark shall confer on the proprietor exclusive rights therein. The proprietor shall be entitled to prevent all third parties not having his consent from using in the course of trade:
 - (a) any sign which is identical with the trade mark in relation to goods or services which are identical with those for which the trade mark is registered;
 - (b) any sign where, because of its identity with, or similarity to, the trade mark and the identity or similarity of the goods or services covered by the trade mark and the sign, there exists a likelihood of confusion on the part of the public, which includes the likelihood of association between the sign and the trade mark.
2. Any Member State may also provide that the proprietor shall be entitled to prevent all third parties not having his consent from using in the course of trade any sign which is identical with, or similar to, the trade mark in relation to



goods or services which are not similar to those for which the trade mark is registered, where the latter has a reputation in the Member State and where use of that sign without due cause takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the trade mark.”

70. Article 9(1) of the Regulation 40/94 captioned “*Rights conferred by Community trade mark*” reads as under:

“Article 9(1). A Community trade mark shall confer on the proprietor exclusive rights therein. The proprietor shall be entitled to prevent all third parties not having his consent from using in the course of trade:

- (a) any sign which is identical with the Community trade mark in relation to goods or services which are identical with those for which the Community trade mark is registered;
- (b) any sign where, because of its identity with or similarity to the Community trade mark and the identity or similarity of the goods or services covered by the Community trade mark and the sign, there exists a likelihood of confusion on the part of the public; the likelihood of confusion includes the likelihood of association between the sign and the trade mark;
- (c) any sign which is identical with or similar to the Community trade mark in relation to goods or services which are not similar to those for which the Community trade mark is registered, where the latter has a reputation in the Community and where use of that sign without due cause takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the Community trade mark.”

71. It was Google’s case – as is also canvased in this Court – that in the absence of any reference to a sign in the sponsored link (the Ad), it was not open to contend that the use of that sign as a keyword is ‘use’ in relation to goods or services. This was contested by Louis Vuitton



and other proprietors of the trademarks, which were used as keywords, as well as the French Government. The court did not accept the said contention and held that “*the fact that the sign used by the third party for advertising purposes does not appear in the ad itself cannot of itself mean that the use falls outside the concept of use in relation to goods or services within the terms of Article 5 of Directive 89/104*”. The court concluded as under:

“73 It follows from all of the foregoing that use by an advertiser of a sign identical with a trade mark as a keyword in the context of an internet referencing service falls within the concept of use ‘in relation to goods or services’ within the meaning of Article 5(1)(a) of Directive 89/104.”

72. In *1-800 Contacts, Inc. v. WhenU.com, Inc.*²⁸, the controversy related to pop-up advertisements. The plaintiff in that case (1-800 Contacts), was engaged in the business of distributing and selling contact lenses. It had applied for registration of a service mark ‘1-800 Contacts’. The defendant (WhenU.com, Inc.), a company engaged in marketing had used a software “SaveNow” to monitor the internet users’ activity in order to push advertisements on the screen of the internet user in the form of pop-up ads. Its objective was to display pop-up ads, which would be relevant to the internet users based on its activity. The plaintiff’s grievance was that the pop-up ads of its competitors would pop-up on the screen of the internet users on attempting to access the plaintiff’s website. The US Court of Appeals for the Second Circuit rejected the contention that WhenU.com, Inc.

²⁸414 F.3d 400 (2d Cir. 2005)



had infringed the plaintiff's trademarks. The court accepted that WhenU.com, Inc. had not used any of the trademarks of the plaintiff within the meaning of the Lanham Act. The court was of the view that the internal use of trademarks by WhenU.com, Inc. for displaying the advertisements was akin to an individual's thought about the trademarks since the same were not communicated to the internet user. The court observed as under:

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

73. In a later decision in *Rescuecom Corp. v. Google Inc.*²⁹, the US Court of Appeals for the Second Circuit distinguished the decision in *1-800 Contacts, Inc. v. WhenU.com, Inc.*²⁸ regarding the relevance of the definition of 'use' under the Lanham Act, on two grounds. First, that the same pertains to the defendant's use of the plaintiff's website address and did not use the plaintiff's trademark. And second, that the defendant in *1-800 Contacts Inc's case* that case did not “use or display” the plaintiff's trademark but in *Rescuecom Corp's case* “Google displays, offers, and sells Rescuecom's mark to Google's advertising customers” as a keyword to trigger the advertisements. The Court set aside the decision of the trial court to dismiss an action, which

²⁹562 F.3d 123 (2d Cir. 2009)



was premised on the reasoning that if the plaintiff's mark was not mentioned in the advertisement that was triggered by the keyword, then the plaintiff's mark could not be construed as being used either by the Search Engine or by the advertiser. It is important to note that the Court held that the plaintiff's action was premised on the allegation that Google had sold the plaintiff's mark to the advertisers and the same amounted to the plaintiff's mark being used. The question whether the trademark had been infringed would depend upon the likelihood of confusion. The Court rejected the contention that the use of keywords was internal use and therefore, was not actionable.

74. In *Network Automation, Inc. v. Advanced Systems Concepts, Inc.*³⁰, the Court of Appeals for the Ninth Circuit held that use of keyword to display an advertisement would constitute “*use in commerce*” under the Lanham Act.

75. The appellants rely on the decision of the Australian courts and the courts of New Zealand, in support of the contention that the use of keywords does not amount to ‘use’ of a trademark.

76. The view of the courts in Australia and New Zealand and the Court of Justice of the European Union as well as the courts in the United States of America, in regard to the question whether use of keywords in internet indexing service would amount to use for the purpose of trademark laws vary. The decisions in *Veda Advantage Ltd. v. Malouf Group Enterprises Pvt. Ltd.*²³, *Intercity Group (NZ) Limited*

³⁰638 F.3d 1137 (9th Cir. 2011)



*v. Nakedbus NZ Limited*¹⁶ and *NZ Fintech Limited T/A Moola v. Credit Corp Financial Solutions Pty Ltd T/A Wallet Wizard*¹⁶ are premised on the reasoning that the primary function of a trademark is to serve as a source identifier of the goods or services; since the keywords are invisible, they do not serve to identify the source of any goods. More importantly, the keywords are not used as trademarks to identify the source of any good. The courts have thus, concluded that use of a trademark as a keyword is not ‘use’ as a trademark at all. It is important to note that the decision in *Veda Advantage*²³ was in the context of the Trade Marks Act, 1995 as in force in Australia.

77. Section 17 of the said Trade Marks Act 1995, defines a trade mark as under:

“[a] sign used, or intended to be used, to distinguish goods or services dealt with or provided in the course of trade by a person from goods or services so dealt with or provided by any other person.”

78. Section 120 of the Trademarks Act, 1995²⁶ reads as under:

“A person infringes a registered trade mark if the person uses as a trade mark a sign that is substantially identical with, or deceptively similar to, the trade mark in relation to goods or services in respect of which the trade mark is registered.”

79. As is apparent from the above, in terms of Section 120 of the Trademarks Act, 1995 a trademark may be infringed only if the mark is used as a trademark. However, Section 29 of the TM Act is much wider than Section 120 of the Trademarks Act, 1995.



80. Section 29(1) of the TM Act covers a case where a mark is used by an infringer “*in such a manner so as to render the use of the mark likely to be taken as being used as a trademark*”. But this condition is not applicable for ascertaining whether a trademark is infringed in terms of Section 29(2), 29(4), or 29(5) of the TM Act.

81. The question whether use of trademarks as keywords amounts to use of a mark that infringes the trademark is required to be construed in reference to Section 29 of the TM Act. The said section is reproduced below:

“29. **Infringement of registered trade marks.**—(1) A registered trade mark is infringed by a person who, not being a registered proprietor or a person using by way of permitted use, uses in the course of trade, a mark which is identical with, or deceptively similar to, the trade mark in relation to goods or services in respect of which the trade mark is registered and in such manner as to render the use of the mark likely to be taken as being used as a trade mark.

(2) A registered trade mark is infringed by a person who, not being a registered proprietor or a person using by way of permitted use, uses in the course of trade, a mark which because of—

- (a) its identity with the registered trade mark and the similarity of the goods or services covered by such registered trade mark; or
- (b) its similarity to the registered trade mark and the identity or similarity of the goods or services covered by such registered trade mark; or
- (c) its identity with the registered trade mark and the identity of the goods or services covered by such registered trade mark,



is likely to cause confusion on the part of the public, or which is likely to have an association with the registered trade mark.

(3) In any case falling under clause (c) of sub-section (2), the court shall presume that it is likely to cause confusion on the part of the public.

(4) A registered trade mark is infringed by a person who, not being a registered proprietor or a person using by way of permitted use, uses in the course of trade, a mark which—

- (a) is identical with or similar to the registered trade mark; and
- (b) is used in relation to goods or services which are not similar to those for which the trade mark is registered; and
- (c) the registered trade mark has a reputation in India and the use of the mark without due cause takes unfair advantage of or is detrimental to, the distinctive character or repute of the registered trade mark.

(5) A registered trade mark is infringed by a person if he uses such registered trade mark, as his trade name or part of his trade name, or name of his business concern or part of the name, of his business concern dealing in goods or services in respect of which the trade mark is registered.

(6) For the purposes of this section, a person uses a registered mark, if, in particular, he—

- (a) affixes it to goods or the packaging thereof;
- (b) offers or exposes goods for sale, puts them on the market, or stocks them for those purposes under the registered trade mark, or offers or supplies services under the registered trade mark;
- (c) imports or exports goods under the mark; or



- (d) uses the registered trade mark on business papers or in advertising.

(7) A registered trade mark is infringed by a person who applies such registered trade mark to a material intended to be used for labelling or packaging goods, as a business paper, or for advertising goods or services, provided such person, when he applied the mark, knew or had reason to believe that the application of the mark was not duly authorised by the proprietor or a licensee.

(8) A registered trade mark is infringed by any advertising of that trade mark if such advertising—

- (a) takes unfair advantage of and is contrary to honest practices in industrial or commercial matters; or
- (b) is detrimental to its distinctive character; or
- (c) is against the reputation of the trade mark.

(9) Where the distinctive elements of a registered trade mark consist of or include words, the trade mark may be infringed by the spoken use of those words as well as by their visual representation and reference in this section to the use of a mark shall be construed accordingly.”

82. Section 29 of the TM Act uses the term ‘mark’ as well as ‘trademark’. These terms are defined under Sub-clauses (m) and (zb) of Section 2(1) of the TM Act respectively. The said clauses are set out below:

“2(1)(m) “mark” includes a device, brand, heading, label, ticket, name, signature, word, letter, numeral, shape of goods, packaging or combination of colours or any combination thereof.”

** ** **

“(zb)trade mark” means a mark capable of being represented graphically and which is capable of



distinguishing the goods or services of one person from those of others and may include shape of goods, their packaging and combination of colours; and—

(i) in relation to Chapter XII (other than section 107), a registered trade mark or a mark used in relation to goods or services for the purpose of indicating or so as to indicate a connection in the course of trade between the goods or services, as the case may be, and some person having the right as proprietor to use the mark; and

(ii) in relation to other provisions of this Act, a mark used or proposed to be used in relation to goods or services for the purpose of indicating or so as to indicate a connection in the course of trade between the goods or services, as the case may be, and some person having the right, either as proprietor or by way of permitted user, to use the mark whether with or without any indication of the identity of that person, and includes a certification trade mark or collective mark;”

83. Clauses (b) and (c) of Section 2(2) of the TM Act provides for the meaning to be ascribed to the expression, “*use of a mark*”. The said provisions are set out below:

“(2) In this Act, unless the context otherwise requires, any reference—

(b) to the use of a mark shall be construed as a reference to the use of printed or other visual representation of the mark;

(c) to the use of a mark,—

(i) in relation to goods, shall be construed as a reference to the use of the mark upon, or in any physical or in any other relation whatsoever, to such goods;

(ii) in relation to services, shall be construed as a reference to the use of the mark as or as part of any



statement about the availability, provision or performance of such services;”

84. Section 2(2)(c)(i) of the TM Act is couched in wide terms. Any reference to the use of a mark in relation to goods is not only limited to use in any physical form but also “*in other relation whatsoever*” to such goods. The words “*in relation to*” have been interpreted in wide terms. In *Hardie Trading Ltd. & Anr. v. Addisons Paint & Chemicals Ltd.*³¹, the Supreme Court considered the scope of Section 2(2)(b) of the TM Act (which is now Section 2(2)(c)(i) of the TM Act) and interpreted the words “*in other relation whatsoever*” in wide terms. The Court further observed that use of the words ‘in’ and ‘whatsoever’ indicated that the expression ‘other relation’ was of a wide amplitude. The relevant extract of the said decision is as under:

“41. The question therefore is - is the word “use” in Section 46(1) so limited? The phrase used in Section 46 is “*bona fide use thereof in relation to those goods*”. The phrase has been defined in Section 2(2)(b) of the Act as:

“2(2)(b) to the use of a mark in relation to goods shall be construed as a reference to the use of the mark upon, or in any physical or in *any other relation whatsoever*, to such goods”.

(emphasis supplied)

42. This shows that the use may be other than physical. It may be in any other relation to the goods. Given this statutory meaning, we see no reason to limit

³¹(2003) 11 SCC 92



the user to use on the goods or to sale of goods bearing the trademark.

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45. In Section 2(2)(b) of the Act, we have the additional words “any” and “whatsoever” qualifying the words “other relation” giving the words a much wider meaning. Reading this definition into Section 46(1) it is clear that the word “use” in Section 46(1) may encompass actions other than actual sale.”

85. We are unable to accept that the use of a trade mark must necessarily be limited to use in a visual form on the goods. The words ‘in any other relation’ to goods would also include use in relation to the goods, in any form whatsoever.

86. Section 2(2)(c)(ii) of the TM Act requires the reference to the use of the mark as or as a part of any statement about availability, provision or performance of such services. The expression “*or in any other relation whatsoever*” is not used under Section 2(2)(c)(ii) of the TM Act. It is difficult to accept that the use of a mark in relation to services must be construed in a narrower sense than use of the mark in respect of goods. However, the same would depend on the context in which the expression “use of the mark” is used.

87. Section 2(2) of the TM Act serves as an aid to interpret the words and terms as used in the TM Act. However, the same is by no means exhaustive. The expression “*use of a mark*” is used in the TM Act in several sections and in the context of various aspects including removal of the trademark on account of abandonment or non-use, and for lack



of any *bona fide* intention to use the mark. Thus, the question whether a reference to the expression “*use of a trademark*” is to be understood as instructed by Section 2(2)(b) or 2(2)(c) of the TM Act would depend on the context in which the said expression is used.

88. Section 29(6) of the TM Act expressly lists out certain actions, which would amount to use of a registered mark for the purposes of Section 29 of the TM Act. Clearly, the words of Section 2(2) of the TM Act do not control the width of Section 29(6) of the TM Act. Thus, if any action falls within the scope of Section 29(6) of the TM Act, the same would necessarily have to be construed as use of the mark, for ascertaining whether the trademark is infringed in terms of Section 29 of the TM Act.

89. We concur with the view that the words “*unless the context otherwise requires*” in the opening sentence of Section 2(2) of the TM Act, limits the applicability of Section 2(2) of the TM Act to where it is contextually relevant.

90. Indisputably, the Ads Programme is Google’s commercial venture to monetize the use of the Search Engine for advertising by displaying the sponsored links of various advertisers, who seek to display their advertisements on the SERP pursuant to search queries initiated by an internet user. The use of a trademark as keywords for display of advertisements in respect of goods or services clearly amounts to use of the trademark in advertising within the meaning of Section 29(6) of the TM Act.



91. The expression “*in advertising*” as used in Section 29(6)(d) of the TM Act is not synonymous to the expression ‘in an advertisement’. It is not necessary that the registered trademark physically appears in an advertisement for the same to be used “*in advertising*”. The use of a trademark as a keyword to trigger display of an advertisement of goods or services would, in plain sense, be use of the mark in advertising.

92. The conclusion of the Court of Justice of the European Union in *Google France SARL and Google Inc. v. Louis Vuitton Malletier SA & Ors.*¹ that use of a sign by an advertiser, which is identical to the trademark as a keyword, in the context of an internet referencing service, would be the use of the same in relation to goods or services, is persuasive on this aspect, our view is similar.

93. It is important to distinguish between use of a mark as a trademark, and its use other than as a trademark. The use of a trademark as a keyword by an advertiser for the purposes of displaying its advertisements on the Search Engine, is use of the mark in relation to the goods and services offered by an advertiser. But it is not use that mark as a trademark.

META-TAGS & KEYWORDS

94. It is contended by Google that learned Single Judge had erred in its reasoning that use of trademarks as keywords may infringe the same by drawing a similarity with the use of trademarks as meta-tags.



95. Meta-tags are a list of words/terms which are a part of the source code for a website. Normally, meta-tags are not clearly visible to an internet user unless the user examines the coding for the website. Meta-tags are used to enable an internet search engine to associate the said term with the website. It, thus, enables the search engine to index the website as associated with the meta-tag. Resultantly, the link to the website is displayed on the search results that are listed in response to a search query that includes the word(s) which are used as meta-tags in coding of the website. McCarthy³²describes a meta-tag as under:

“A “Meta-tag” is a list of words or “Code” in a website normally hidden from human view. It acts as an index or reference source identifying the content of the website for search engine”.

96. In *Playboy Enterprises, Inc. v. Welles*³³, the United States District Court for the Southern District of California observed that “*Much like the subject index of a card catalog, the meta tags give the websurfer using a search engine a clearer indication of the content of a website*”. In *Bihari v. Gross*³⁴, the District Court for the Southern District of New York observed that “*Meta tags serve as a cataloging system for a search engine*”. The way it works is that meta-tags are included in the coding of a website. A search engine scanning the data base of websites in response to a search query is able to associate the meta-tag with the search query if it includes a similar word. Thus, when an internet user keys in a search query in the search bar, which includes

³²*McCarthy on Trademarks and Unfair Competition, Volume 5 in § 25A:3*

³³*7 F. Supp. 2d 1098*

³⁴*119 F. Supp. 2d 309 (S.D.N.Y. 2000)*



certain words that are used as meta-tags by certain websites; the internet search engine would identify the websites as associated with the said search query and display their links on the SERP. As an illustration, if a person keys in “Agarwal Packers and Movers” as a search query, the sites using the said words as a meta-tag are identified by the search engine for displaying results in response to the said search. The order in which the said results are placed depends on the internet search engine and the algorithms used.

97. It was contended on behalf of Google that meta-tags are significantly different from keywords as used in the Ad Programme. The links displayed on the search engine result page on account of use of meta-tags in coding by the proprietor of the website are displayed as a part of natural or organic results and not as sponsored links. This is because the meta-tags are a part of a source code of the website. Unlike Meta-tags, keywords do not form a part of the coding of a website. The keywords are not visible and are merely used for shortlisting the Ads that may be displayed pursuant to a search query that includes the relevant keyword. It is contended on behalf of Google that whilst use of a trademark as a meta-tag, by a person not authorised to use the trademark in relation to its goods or services may amount to infringement of a trademark; a keyword, which is used only for the purposes of displaying sponsored links would stand on a separate footing.

98. There is merit in the contention that metatags are materially different from keywords used in the Ads Programme. For one, the paid



advertisements in the Ads Programme are displayed as sponsored links. Metatags are embedded by proprietors of websites in the source code to take advantage of the internet search engine's process of indexing. The internet search engine would index links to sites associated to the search query and the use of metatags relevant to the search query, result in the advertiser's website being displayed as a part of the organic search. This may give an impression to the internet user that that the links displayed have a connection with the search query. However, the learned Single Judge had referred to metatags and the decisions rendered in cases relating to use of metatags, to address the contention whether use of trademarks which is not visible to the internet user may in given circumstances amount to infringement of the trademarks.

99. We find no infirmity with the reasoning of the learned Single Judge in considering the use of trademarks as keywords analogous to using the same as meta-tags, for the limited purposes of examining whether use of a trademark, which is not visible may infringe the trademark. Merely because the meta-tags may be visible to a person who examines the source code of a website is not material. The use of meta-tags and keywords, in one sense, serves similar purpose for displaying advertisement and attracting internet traffic.

100. As noticed above, meta-tags serve as a tool for indexing the website by a search engine. Thus, if a trademark of a third party is used as a meta-tag, the same would serve as identifying the website as relevant to the search query that includes the trademark as a search term. The use of keywords in the Ads Programme also serves the same



purpose. It, essentially, in a manner of speaking, tags a link of an advertiser (sponsored link) with the keyword(s). The same are used as a device to catalogue the sponsored link. The fact that using a keyword may not necessarily lead to display of the advertiser's link as a sponsored link on the SERP, pursuant to a search query that includes a keyword as a search term, makes little difference. Admittedly, the use of the keywords enables an advertiser for placing its sponsored link in the short list, which is finally considered for display on the SERP. There may be other parameters that are relevant for determining the final list of sponsored links that are displayed on the SERP pursuant to a search query that includes the keyword as a search term. But that does not dispel the fact that keywords are used to index the sponsored links for the purposes of displaying the same on the SERP.

101. The question whether use of a trademark as a meta-tag, by a person other than by a person who is a proprietor of the trademark or is otherwise authorised to use the same, amounts to infringement of the trademark depends on the facts of the case.

102. The decisions of the Courts in various jurisdictions in this regard are also not consistent.

103. The learned Single Judge had referred the decision of the Division Bench of this Court in the case of *Kapil Wadhwa & Ors. v. Samsung Electronics Co. Ltd. & Anr*². In that case the Court found that the use of trademark in the source code as a meta-tag was illegal. Similarly, in *Amway India Enterprises Pvt. Ltd. v. IMG Technologies*



*Pvt. Ltd. & Anr.*³, the Court had found the use of the trademark as a meta-tag in advertising would amount to infringement of the proprietor's trademark. In *People Interactive (I) Pvt. Ltd. v. Gaurav Jerry*⁴, the Bombay High Court had held that the defendant had “hijacked Internet traffic from the Plaintiffs’ site by a thoroughly dishonest and mala fide use of the plaintiffs’ mark and name in the meta tags of his own rival website.” The Court also found that the same resulted in infringement of the plaintiffs’ mark and had the effect of compromising and diluting its distinctive character.

104. Google relied upon the decision of the UK Court of Appeal in the case of *Reed Executive Plc & Anr. v. Reed Business Information Ltd. and Ors.*⁵ In the said decision, the Court, in the context of use of a meta-tag, observed that “but purpose is irrelevant to trade mark infringement and causing a site to appear in a search result, without more, does not suggest any connection with anyone else.” However, the said view has not been universally accepted.

105. Although the learned Single Judge has returned a finding to the said effect, it is not necessary for us to examine the question whether unpermitted use of a proprietor's trademark as a meta-tag by a third party would amount to infringement of the trademark under the TM Act. The scope of the present appeal does not extend to examining the said issue. As noted above, the analogy of use of meta-tags is relevant to the present appeal, to the extent that the learned Single Judge has rejected the contention that the trademark is not used if it is not visible.



106. As discussed earlier, we are unable to accept that merely because the trademark is not visible, its use as a keyword in the Ads Programme would not amount to use of the trademark under the TM Act. The advent of internet and e-commerce have added new dimensions to trade and commerce. Thus, the provisions of the TM Act would necessarily have to be read in an expansive manner to address the novel issues thrown up by the advancement of technology.

USE OF TRADEMARKS AS KEYWORDS, WHETHER ‘USE’ BY GOOGLE

107. Google claims that even if it is held that use of trademarks as keywords amounts to use of the trademarks; the said use is by the advertiser and not use by Google. Google contends that it merely permits the advertisers to use keywords for display of sponsored links; it does not select the keywords. It claims that the Keyword Selection Planner is merely a tool which enables the advertisers to take an informed decision. It is a tool that provides the advertisers information regarding the approximate bid value of the keywords that may be relevant for the purposes of display of the advertiser’s sponsored link.

108. Google places heavy reliance on the decisions in *Google France SARL and Google Inc. v. Louis Vuitton Malletier SA & Ors.*¹, *Interflora Inc. v. Marks & Spencer Inc.*²⁶ and *L’Oreal SA v. eBay International AG*¹² in support of its aforesaid contention.

109. It is relevant to refer to the decision in *Google France SARL and Google Inc. v. Louis Vuitton Malletier SA & Ors.*¹, to consider the reasons that informed the said decision. The Court noted that it was



common ground that the service provider carries on commercial activity for economic advantage when it stores keywords, which are similar to a trademark, for its clients. However, the Court did not accept that the same would amount to use by the service provider in the course of trade. The relevant extract of the said judgment indicating the above view is set out below:

- “55 Although it is clear from those factors that the referencing service provider operates ‘in the course of trade’ when it permits advertisers to select, as keywords, signs identical with trade marks, stores those signs and displays its clients’ ads on the basis thereof, it does not follow, however, from those factors that that service provider itself ‘uses’ those signs within the terms of Article 5 of Directive 89/104 and Article 9 of Regulation No 40/94.
- 56 In that regard, suffice it to note that the use, by a third party, of a sign identical with, or similar to, the proprietor’s trade mark implies, at the very least, that that third party uses the sign in its own commercial communication. A referencing service provider allows its clients to use signs which are identical with, or similar to, trade marks, without itself using those signs.
- 57 That conclusion is not called into question by the fact that that service provider is paid by its clients for the use of those signs. 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. To the extent to which it has permitted its client to make such a use of the sign, its role must, as necessary, be examined from the angle of rules of law other than Article 5 of Directive 89/104 and Article 9 of Regulation No 40/94, such as those referred to in paragraph 107 of the present judgment.
- 58 It follows from the foregoing that a referencing service provider is not involved in use in the course of trade



within the meaning of the abovementioned provisions of Directive 89/104 and of Regulation No 40/94.

59 Consequently, the conditions relating to use ‘in relation to goods or services’ and to the effect on the functions of the trade mark need to be examined only in relation to the use, by the advertiser, of the sign identical with the mark.”

104 However, with regard to the question whether a referencing service provider, when it stores those signs, in combination with terms such as ‘imitation’ and ‘copy’, as keywords and permits the display of Ads on the basis thereof, itself uses those signs in a way which the proprietor of those marks is entitled to prohibit, it must be borne in mind, as has been pointed out in paragraphs 55 to 57 of the present judgment, that those acts of the service provider do not constitute use for the purposes of Article 5 of Directive 89/104 and Article 9 of Regulation No 40/94.”

110. We find it difficult to accept that Google is a passive service provider and merely permits the advertisers, the use of keywords without using it itself. A review of the Ads Programme clearly indicates that Google’s role is anything but passive. It is an active participant in promoting use of trademarks as keywords for the purpose of its Ads Programme. It actively suggests keywords that would result in the display of Ads, which are likely to result in higher clicks. The PPC (Pay Per Click) revenue model suggests that the choice of the sponsored link to be displayed is based on the probability to generate the highest revenue, which is a function of the bid amount per click and the number of clicks. Google, by virtue of operating the Search Engine over a period of time, is in a position to suggest keywords which would result



in the higher probability of clicks (visits to the website/webpage of the advertiser). The use of the keyword(s), as suggested, does not automatically guarantee that the advertiser's sponsored link would be displayed on the SERP when an internet user types the said keywords in the search bar. According to Google, use of a keyword merely results in the sponsored link of the advertiser being shortlisted. The final display is based on the quality of the website and other parameters. This, according to Google, is done by various proprietary algorithms and by use of artificial intelligence. *Prima facie*, it appears that the exercise is clearly designed to attract maximum revenue. It is possible that an advertiser does not bid the highest amount for particular keywords and yet a sponsored link appears at the top of the SERP because the quality of its website and its relevance to the search query. This would result in attracting a higher number of clicks – that is, a higher number of persons being attracted to visit the website of the advertiser – and the multiple of clicks and the Cost Per Click amount bid may be higher than the multiple of clicks and the Cost Per Click amount bid by the highest bidder for the keyword.

111. The Ads Programme is nothing but a programme for display of advertisements. It is Google's commercial venture to raise advertisement revenues by display of sponsored links, which are placed on the result page projected to the internet user who uses Google's Search Engine for seeking web pages relevant to their search query. The final decision as to which Ad is displayed on a search page is not that of the advertiser but is the qualitative decision that is taken by Google.



Merely because the said decision is by automation, driven by Artificial Intelligence (AI), is of no relevance considering that Google is the architect of its programme and operates the proprietary software. One has little doubt that the said decision is persuaded with the object of maximizing its revenue. It is contended that Google merely conducts an auction and the person who bids the higher amount per click for the keyword secures a chance for its Ad to be displayed. The fact that Google is a recipient of the bid amount; plays an active role in using its tools to suggest the most relevant keywords with the object and purpose of encouraging its use; is in full control of the decision – although made through the use of its proprietary automated system – as to which Ad to display at which page, leaves little room for doubt that Google is an active participant in the use and selection of keywords.

112. During the course of submissions, it was contended on behalf of Google that the Ads are displayed on Google's page by use of its proprietary software and DRS has no right to interfere with the selection of Ads or demand the order in which the Ads are displayed. The question whether DRS has a right to demand that its trademarks not be used unauthorizedly for display of Ads is at the core of the dispute but there is no cavil that it is Google's page that is displayed and that it displays the sponsored links (Ads). The corresponding responsibility of the selection of Ads displayed by it and the process used for the same, substantially, if not entirely, rests with Google.



113. It is relevant to refer to a few judicial decisions rendered by the courts in the United States of America that capture the essence of the controversy and lend a perspective on its various aspects.

114. In *Rosetta Stone Ltd. v. Google Inc.*³⁵, the appellant (Rosetta) appealed against the decision of the District Court of East Virginia granting summary judgment in favour of Google and dismissing its action, *inter alia*, for infringement of trademarks. Rosetta was engaged in the business of marketing a language learning software under the brand “Rosetta Stone”. Rosetta claimed that it was an industry leader in technology-based language learning products and online services. At the material time Rosetta was the proprietor of several registered trademarks including “ROSETTA STONE”, “ROSETTA STONE LANGUAGE LEARNING SUCCESS”, “ROSETTASTONE.COM” and “ROSETTA WORLD”.

115. Rosetta instituted an action against Google alleging unauthorized use of its trademark. It alleged that the Search Engine had assisted other advertisers to misdirect internet users searching for its website to their websites. Rosetta’s complaint was on seven counts: (i) Trade Mark / Service Mark infringement under the Lanham Act; (ii) Contributory Trade Mark / Service Mark infringement under the Lanham Act; (iii) Vicarious Trade Mark / Service Mark infringement under Lanham Act; (iv) Trade Mark / Service Mark Dilution under the Lanham Act; (v) Trade Mark Infringement under the State Law; (vi) Unfair Competition;

³⁵676 F.3d 144 (4th Cir. 2012)



and, (vii) Unjust Enrichment. The District Court of East Virginia entered a summary judgment in favour of Google in respect of Rosetta's claims. The United States Court of Appeal for the Fourth Circuit partly allowed Rosetta's appeal. It affirmed the District Court of East Virginia's decision in respect of vicarious infringement and unjust enrichment claims; however, it set aside the decision in respect of direct infringement, contributory infringement, and dilution of the trademarks in question and remanded the matter to the District Court.

116. It is relevant to note that the District Court of East Virginia had passed a summary judgment against Rosetta in respect of its claim for direct infringement on, essentially, two grounds. First, that there was no genuine issue of fact regarding likelihood of confusion by Google's use of trademarks as keywords; and second, by applying the "Functionality Doctrine", which posits that functional features of products cannot be a subject matter of trademark protection. The Court ruled that no reasonable juror could conclude that Google had intended to confuse potential purchasers. The Court reasoned that the Ads Programme provides advertising space, which is akin to a newspaper and a magazine that sells advertising space. The Court observed that Google does not sell any product on its website and therefore, there could be no allegation that the internet users would confuse Google's services as those associated with Rosetta.

117. The Court also found that Rosetta's action could not be sustained because of applicability of the Functionality Doctrine. The display of sponsored links using keywords was considered as a functional feature



of the Search Engine. The use of trademarks as keywords was viewed as necessary for displaying Ads (sponsored links), which were relevant to the search queries. If use of trademarks as keywords was avoided, Google would have to devise other methods to place relevant Ads, which may prove to be costly.

118. Insofar as contributory negligence is concerned, the District Court of East Virginia found that there was no triable issue regarding contributory negligence as Google was not engaged in the business of selling goods but in selling space on a search page. Rosetta's claim for dilution of its trademark was also rejected, *inter alia*, on the ground that Google did not sell any language learning software or any of the goods dealt with by Rosetta. The Court also found that there was no evidence of dilution of Rosetta's trademark by blurring or tarnishment. It found that there was no evidence that those who purchase counterfeit software thought any less of Rosetta Stone marks.

119. The US Court of Appeal for the Fourth Circuit did not sustain the District Court of East Virginia's summary judgment in respect of Rosetta's claim for direct infringement. It further held that the question whether there was any confusion or likelihood of confusion is a matter of enquiry. The Court also found that the Functionality Doctrine was not applicable as the use of the words 'Rosetta Stone' were not essential for functioning of the products in question – language learning programmes. In respect of the claim for contributory negligence, the Court found that Rosetta had produced material relevant to its claim including material that reflected that Google was aware that some



known infringers and counterfeiters would also bid for Rosetta’s trademarks as keywords. Rosetta had produced a spreadsheet, which reflected the dates on which Rosetta had informed Google regarding certain fraudulent sponsored links; the domain names associated with those links; and Google’s response to the same. Apparently, Rosetta had pointed out approximately two hundred such instances over a period of time.

120. It is important to note that the US Court of Appeal noted that Google was using the mark, “*in commerce*” and “*in connection with the sale, offering for sale, distribution, or advertising*” as contemplated under the Lanham Act³⁶.

121. In *Rescuecom Corp. v. Google Inc.*²⁹, the United States Court of Appeal for the Second Circuit allowed an appeal from the judgment of the US District Court (Northern District of New York), whereby it had dismissed Rescuecom’s action against Google for infringement of its trademark on the ground that Google’s use of its mark was not “used in commerce” within the meaning of Sections 32 and 43 of the Lanham Act. Rescuecom had claimed that Google’s use of its trademarks had violated Sections 32 and 43 of the Lanham Act³⁷, which imposed liability for “*use in commerce any reproduction, counterfeit, copy, or colorable imitation of a registered mark in connection with the sale, offering for sale, distribution, or advertisement of any goods or services on or in connection with which such use is likely to cause confusion or*

³⁶15 U.S.C. § 1114(a)

³⁷15 U.S.C. § 1127



*to cause mistake or to deceive...*³⁸as to “*the affiliation ... or as to the origin, sponsorship or approval of his or her goods, services, or commercial activities by another person...*”³⁹.

122. The District Court had followed an earlier decision of the Second Circuit in *1-800 Contracts, Inc. v. WhenU.Com, Inc.*²⁸ The US Court of Appeal for the Second Circuit distinguished the said decision, *inter alia*, on the ground that in the case of *1-800 Contracts, Inc. v. WhenU.Com, Inc.*²⁸, the search term which triggered the pop-up ad was the plaintiff’s website address, which was not used by the plaintiff as a trademark. In contrast, it was Rescuecom’s case that the Ads Programme used its trademarks as a trigger for display of advertisements. Secondly, it was noted that the display of pop-up ad in the case of *1-800 Contracts, Inc. v. WhenU.Com, Inc.*²⁸ was triggered by the category of goods / services associated with the website and it was not a case where there was sale of trademarks to customers for triggering their advertisements. However, in the given case, Google was allegedly recommending and selling Rescuecom’s trademark to advertisers. Further, Google displayed, offered and sold Rescuecom’s mark to its customers in the course of selling its advertising services. And third, Google encouraged purchase of Rescuecom’s mark through its Keywords Suggestion Tool. The Court held that Google’s utilisation of Rescuecom’s mark fits literally within the terms specified by 15 U.S.C. § 1127.

³⁸§ 1114(1)(a)

³⁹§ 1125(a)(1)(A)



123. The Court rejected Google’s contention that the use of keywords was an internal use and therefore, did not qualify as use of a trademark and held that “*Google’s recommendation and sale of Rescuecom’s mark to its advertising customers are not internal uses*”.

124. It is also relevant to refer to the decisions of the US Court of Appeals for the Ninth Circuit in *Playboy Enterprises v. Netscape Communications Corp.*⁴⁰ In that case, banner advertisements would appear when internet users entered Playboy Enterprise’s (Playboy) trademarked terms in the search query. The defendant (Netscape) allowed advertisers to display their advertisements to certain users depending on their internet search query by a method termed as ‘Keying’. It was alleged that banner ads were either not labelled or insufficiently labelled to enable the users to discern that the same were not associated with Playboy. This resulted in the users being confused and clicking on the advertisements, which would land them on a website of the advertisers and some of them were Playboy’s competitors. Although this was a case where advertisers would ‘key’ their advertisements, the principles, as considered by the court, would be equally applicable in regard to sale of keywords. The District Court for Central District California rejected Playboy’s motion for an injunction restraining Netscape from continuing Keying process relating to its trademarks, *inter alia*, on the ground that there was no “use in commerce” of the trademarks belonging to Playboy Enterprises Inc. The US Court of Appeal for the Ninth Circuit reversed the said

⁴⁰354 F.3d 1020 (9th Cir.2004)



decision and restrained Netscape from displaying banner advertisements by using Playboy's trademarked terms.

125. In the case of *800-JR Cigar, Inc. v. GoTo.com, Inc.*⁴¹, GoTo.com had adopted a model which monetized the priority in search results. The advertisers could purchase a higher priority on the search results when internet users entered JR Cigar's name, which was also its trademark. The US District Court for the District of New Jersey found GoTo.com's use of JR Cigar's trademarks as "use in commerce" under the Lanham Act. The US District Court's conclusion was premised, essentially, on three reasons. First, that GoTo.com had accepted bids from JR Cigar's competitors and had, thus, traded on the value of the marks. Second, by placing the advertisements of advertisers higher in the order of ranking, GoTo.com had acted as a conduit to steer potential customers away from JR Cigar to its competitors. And third, it had used a tool (Search Term Suggestion Tool) to identify JR Cigar's trademarks, which were effective search terms and had permitted their use by JR Cigar's competitors on payment of consideration.

126. The Court also made observations to the effect that GoTo.com may also be contributorily liable for infringement of JR Cigar's trademarks.

127. The aforesaid view has not been accepted universally and a number of courts have accepted that use of terms for the purposes of

⁴¹437 F. Supp. 2d 273



displaying sponsored Ads by indexing service providers, does not amount to ‘use’ for the purposes of trademark laws.

128. *Prima facie*, we are unable to accept the view that use of trademarks as keywords in the Ads Programme is use only by the advertisers and not Google. We reject the substratal premise that Google’s participation in the Ads Programme is limited to merely providing the tools and the technical framework for advertisers to use the keywords. As stated before, Google actively encourages and suggests use of the keywords. It determines, albeit by use of its software and algorithms, the Ads that are displayed on the SERP. It auctions use of keywords, including trademarks, as it is not disputed that the advertiser that bids the higher Cost Per Click amount is accorded a higher priority for display of its Ads. It is difficult to accept that whilst Google, in a manner of speaking, sells keywords for use in its proprietary software; it does not use it.

129. As noted above, in *Google France SARL and Google Inc. v. Louis Vuitton Malletier SA*.¹, the Court was of the view that a referencing service provider (such as Google) allows its clients to use signs, which are identical with or similar to trademarks “*without itself using those signs*”. We are unable to subscribe to this view.

130. As noted above, the role of Google is not a passive one; Google actively promotes and encourages the use of trademarks identified with the leading goods and service providers – which apparently yield a higher incidence of search queries in respect of a particular category of



goods and services – as keywords by suggesting the same and further monetizing their value. In our view Google’s PPC model, which actively uses keywords, derives a distinct advantage by use of trademarks as keywords.

USE OF TRADEMARKS AS KEYWORDS ABSENT ANY CONFUSION, UNFAIR ADVANTAGE, DILUTION OR COMPROMISE OF THE TRADEMARK, IS NOT INFRINGEMENT

131. The contention that the use of trademarks as keywords *per se* constitutes infringement of the trademark is unmerited. The said contention is premised on the basis that registration of a trademark under the TM Act grants the proprietor of the trademark monopoly over the SERP yielded by a search query that contains the trademark. This assumption is flawed. The aforesaid contention also disregards the participation of the internet user. The Search Engine is not a directory service. The assumption that an internet user is merely searching the address of the proprietor of the trademark when he feeds in a search query that may contain a trademark, is erroneous. An internet user may be looking for information that may be relevant to the trademark. He may be looking at reviews relating to the products or services covered by the trademark. He may also be looking at competitors or other persons who provide or deal with similar goods or services. A search engine is an indexing service that provides the addresses of the website/webpages (along with text relating to the site) that are relevant to a search query. It would be erroneous to assume that such information is required to be limited only to the website of the proprietor of a trademark when an internet user keys in a search query, which



comprises of a trademark or includes the same. The popularity of an internet search engine and its success is based on the relevancy of the results yielded by the search engine. The search results that are provided by a search engine are also based on the location of web user, web browsing history of the internet user, and other factors. The SERP is to some extent personalized and tailored to the particular internet user. Thus, participation of an internet user in the outcome of the results (sponsored or organic) cannot be discounted.

132. It is in one sense ironical that proprietors of trademarks seek extended rights relating to their trademarks, which would not exist but for the development of internet search engines or services such as those provided by Google. From Google's perspective; it operates a proprietary internet referencing service and has a right to use it in a manner that it desires so long as it does not fall foul of any law. No third party can compel it to use its service in a manner to reflect its link or for its benefit. The proprietors of the trademarks are aggrieved to the extent that the internet users searching for their trademarks are diverted to websites of other entities, including their competitors. Thus, in one sense, their trademarks are used to divert business away from them. Undoubtedly, there are competing rights and interests. These need to be reconciled by reference to the relevant statute under which rights are claimed.

133. A trademark is infringed in terms of Section 29(1) of the TM Act if the mark which is identical or similar to a trademark is used by a person other than its proprietor or a person permitted to use the same as



a trademark in relation to goods or services in respect of which the trademark is registered. In keyword advertising, the use of trademarks either by an advertiser or by Google is not such as can be perceived as use of a trademark. The keyword does not perform any primary function of identifying the source of the goods or services. Thus, Section 29(1) of the TM Act is inapplicable.

134. Infringement of a trademark under Section 29(2) of the TM Act rests on the likelihood of confusion. Thus, unless it is established that in a particular case, the use of a trademark as a keyword has resulted in the internet user being confused, the action for infringement of a trademark under Section 29(2) of the TM Act would not lie. A trademark is also infringed under Section 29(4) of the TM Act if the use of a mark identical or similar to the registered trademark is used in respect of goods not covered under the registered trademark and its use takes unfair advantage of or is detrimental to the distinctive character or repute of the registered trademark.

135. Thus, use of a registered trademark as a keyword, absent of any confusion, dilution, or compromise of the trademark, would not amount to infringement of the trademark.

136. It is essential to bear in mind that the protection afforded in respect of a trademark is both to the public as well as the proprietor of the trademark. The primary function of a trademark is to serve as a source identifier of the goods and services. It is necessary for protection of the public that when they purchase goods and services associated



with the trademark, they are not deceived in any manner in accepting goods and services from a source other than that associated with the trademark. Any use of a mark, which is likely to confuse or deceive the user is impermissible and is actionable. In addition to the primary function of serving as a source identifier, the trademark also has an investment function, that is, to preserve the value of investment of the proprietor in popularising the trademark and the attendant goodwill. Extended protection is also afforded to this function of the trademark, to ensure that the value of the trademark is not diluted or compromised, either by blurring or by tarnishment, by use of an identical or deceptively similar mark even though there is no likelihood of any confusion.

137. Use of a trademark as keyword is, essentially, to seek the attention of the internet users who may find information relating to goods and services covered under the said trademark as relevant. We find nothing illegal in seeking out such internet users as targets for advertisements that they may find relevant. In brick-and-mortar world, there would be no question of infringement if customers looking for a product are also offered products of rival competitors. McCarthy on Trademarks and Unfair Competition has set out some illustrations that may be relevant to the point. The same are set out below:

“Another analogy would be a customer walking into a brick and mortar retail computer store and asking the salesperson to show him a DELL laptop. Assume hypothetically, that competitor LENOVO offers the retailer a higher margin of profit than DELL. So the salesperson guides the customer to a computer with LENOVO computers, saying : DELL



laptops are great, but have you looked at the new LENOVO”⁴²

“A similar analogy would be automatic discount coupons given at some supermarkets. Hypothetically, the customer who just bought a jar of a HEINZ ketchup is given at the checkout counter a cents off discount coupon for viral HUNT’s ketchup. This happened in the hypothetical because HUNTS purchased from the supermarket the right to automatically have buyers of HEINZ ketchup be given a discount coupon in this way. The customer is automatically presented with a motivation for switching the next purchase to a competing brand, but is not “confused” or “deceived”.⁴³

138. There may be numerous methods to seek customers who may be interested in a product or services covered under a trademark. There would be nothing illegal if an entity engaged in commerce puts its advertising billboard next to an exclusive store of its competitor. It is also permissible for a competitor to buy shelf space next to competing goods of a well-known brand. These are clearly instances where advertisements are directed towards customers seeking goods or services of a particular brand. But the same are not actionable.

139. There has been an exponential increase in customers shopping online and using the internet for securing information relating to products and services. This has obviously thrown up various issues in trade and commerce. This also includes the extent of protection that may be available in relation to a trademark. We are of the view that a balance must be struck, and it would be essential to anchor the

⁴² *McCarthy on Trademarks and Unfair Competition Fifth Edition Volume 5 Pg 25A-49*

⁴³ *McCarthy on Trademarks and Unfair Competition Fifth Edition Volume 5 Pg 25A-50*



protection available to trademarks based on the core functions of a trademark; both for the purpose of protecting the public as well as preserving the investment value of the trademark. It is relevant to note that DRS also avails the Ads Programme. Thus, it is also required to bid for its own trademarks as a keywords to ensure that its sponsored link appears on the SERP, which is displayed as a result of a search query comprising of its trademarks or containing the same. There may be other advertisers who may outbid DRS for its trademark to ensure that their links are reflected on the same SERP. According to DRS, Google's activity in permitting others to bid for its trademark as keyword is an infringing activity. *Prima facie*, we are unable to accept the same. We find nothing illegal in Google using trademarks as keywords for display of advertisements if there is no confusion that the links or Ads displayed are not associated or related to DRS. If the Ad or link displayed does not lend itself to any confusion, DRS's grievance regarding use of its trademarks as keywords in the Ads programme is not actionable.

140. It was also contended on behalf of DRS that since the search query is also reflected in the SERP, the internet user could be confused that the search query (which is DRS's trade name) is associated with the advertisements as they appear on the same page. We find no merit in this contention. Merely because a search query continues to remain in the main bar (and not search results) on the screen, is no reason for an assumption that there is an association between the owner of the



trademark and the sponsored links or the organic search results, reflected on the SERP.

141. Any person using an internet search engine such as that operated by Google for finding information relating to a search query is obviously aware that all search results may not be relevant. The popularity of an internet search engine is based on the relevancy of the results. There is no assumption that all results are relevant.

142. Any person browsing the web is aware of the value and nature of the results that a search engine such as that operated by Google would throw up. The expression “Surfing the Internet” is widely believed to have been coined by Ms Jean Armour Polly, a Librarian in Minnesota. She had published an article titled “Surfing the Internet” on the University of Minnesota Wilson Library Bulletin in March, 1992. She had explained that she used the metaphor “surfing” as she “...needed something that would evoke a sense of randomness, chaos, and even danger.....”⁴⁴.

143. A user searching the internet in respect of a search query does not expect that all results would offer a clear answer to the search query. Internet search engines are essentially indexing services for websites. They list out numerous websites. Depending on the perspective of the user, whilst some may be relevant, others may not be remotely relevant to what the user desires.

⁴⁴The Woman who coined the expression “Surfing the Internet” : www.surfertoday.com



144. It is also contended on behalf of DRS that internet users in India are not as sophisticated as those overseas and therefore, they are likely to believe that the advertisements reflected on the SERP have a connection and relate to the goods and services that are covered under the trademark, which is keyed in as a search query. It is also pointed out that the learned Single Judge had accepted the said contention and had observed that the test to be applied in India was that of a person of average intelligence and imperfect recollections and not that of a person who is knowledgeable or aware of the internet.

145. We are unable to agree that any such distinction can be drawn for the purpose of determining whether the sponsored links or organic search reflected on the SERP are confusing. In *Amritdhara Pharmacy v. Satyadeo Gupta*¹², the Supreme Court has held that the question whether there was likelihood of confusion was required to be determined from the standpoint of a person of average intelligence and imperfect recollection. This standard was used in the context of determining whether the mark as displayed would evoke recall of the trademark. This is not the test propounded for use of an internet software tool or a device. It would be erroneous to extend this test for assuming the knowledge or prowess of a person using the electronic, mechanical or other devices or processes, in regard to such devices or processes. It must necessarily be assumed that a person who picks up a device and uses it is aware of its rudimentary functions. As an illustration, a person who walks into a library and uses the index for the purpose of locating a book must be assumed to be aware of how the



books are indexed. Similarly, it must be assumed that a person using a device to browse the internet is aware of not only the functioning of the device but also its application. It is apposite to proceed on the basis that a person who is using the Search Engine not only knows how to key in a search query but is also aware of the nature of results the search engine is likely to display. It would be erroneous to proceed on the basis that although a person is using a mobile device, a laptop, a tablet or a desktop computer for surfing the internet and is aware of how to use an internet search engine like the one operated by Google; he/she would be unaware that an internet search engine is merely an indexing service and is capable of throwing all sorts of results.

146. We are unable to accept that the question whether use of trademarks as the keywords itself would result in confusion must be viewed from the perspective of a person who is ignorant of the functioning of the Search Engine that he uses, and would proceed on a blind belief that every advertisement on the SERP is covered and associated with his search query.

147. Clearly, the facts of each case are required to be considered in determining whether in a given case use of a trademark as a keyword amounts to infringement under the TM Act.

INITIAL INTEREST CONFUSION

148. It is also DRS's case that the display of advertisements of its competitors on the SERP would result in clicking on their link on the belief that the same is associated with the services covered under the



trademark. The user may realise on examining the landing page that it is not the site associated with the trademark, which is keyed in as a part of the search query. It is contended that the confusion at the initial stage is sufficient to establish infringement of the trademarks, even though an internet user may not be confused after visiting the site.

149. Primarily, infringement of trademark rests on confusion. The Doctrine of ‘Initial Interest Confusion’ has been developed to restrain infringement of trademarks resulting from confusion prior to confirmation of any transaction of purchase.

150. The US Court of Appeals for the Second Circuit applied the doctrine of Initial Interest Confusion in *Grotrian, Helfferich, Schulz, Th. SteinwegNachf v. Steinway & Sons*⁴⁵. This is one of the earliest cases where this Doctrine was applied. In the said case, the Court accepted that the consumers had initially believed that Steinweg pianos were some way associated with Steinway. However, at the time of consummating the transaction for sale and purchase, the consumers were not confused and were fully aware that the Steinweg pianos did not have any relation or association with Steinway Pianos. Notwithstanding the same, the Court held that Steinweg had infringed the Steinway’s registered trade mark as the consumers had been deceived at the earlier stage. The Court observed as under:

“The issue here is not the possibility that a purchaser would buy a Grotrian-Steinweg thinking it was actually a Steinway... The harm to Steinway, rather, is the likelihood

⁴⁵523 F.2d 1331 (2d Cir. 1975)



that a consumer, hearing the “Grotrian-Steinweg” name and thinking it had some connection with “Steinway”, would consider it on that basis. The “Grotrian-Steinweg” name therefore would *attract* potential customers based on the reputation built up by Steinway... The harm to Steinway in short is the likelihood that potential piano purchasers will think that there is some connection between the Grotrian-Steinweg and Steinway pianos. Such *initial confusion* works an injury to Steinway.”

151. In *Mobil Oil Corp. v. Pegasus Petroleum Corp.*⁴⁶, the defendant company (Pegasus Petroleum) was held liable, by applying the Doctrine of ‘Initial Interest Confusion’, for infringing the plaintiff’s (Mobil Oil) trademarks including the trademark “Flying Horse” and by adopting the name “Pegasus Petroleum” in respect of oil trading business. On commencing the business, the defendant’s owner, Gregory Callimanopulos sent letters to several persons in the oil trade business informing them about the Pegasus Petroleum. Although he did not use the symbol “Flying Horse”, he used a trademark of interlocking ‘Ps’. Although the court⁴⁷ found that there was little possibility that consumers would be confused at the time of entering into sale and purchase transaction for oil; nonetheless, held that the defendant (Pegasus Petroleum) had infringed Mobil Oil’s trademark because it was probable that “...*Pegasus Petroleum would gain crucial credibility during the initial phases of a deal. For example, an oil trader might listen to a cold phone call from Pegasus Petroleum... when otherwise*

⁴⁶818 F.2d 254 (2d Cir. 1987)

⁴⁷ US Court of Appeal for the Second Circuit



he might not, because of the possibility that Pegasus Petroleum is related to Mobil.”

152. In such cases, if the SERP displays an advertisement, which the internet user is led to believe is associated with the trademark, which is entered as, or is a part of, the search query, the use of the trademark as keyword would infringe the trademark. This is notwithstanding that on accessing the website, the internet user realises that it is not the website which he intended to access and that the goods and services are not those as associated with the trademark which is keyed in as a search term or is a part, thereof. Although, there is no scope for any of the internet users being misled or deceived into entering into any transaction in relation to goods and services believing the same to be associated with the trademark, the use of the trademarks may be actionable. The courts, in such cases, found the use of meta-tags, which are similar to the trademarks, for deceiving or confusing the internet user to click on the web link as an infringement of the trademark and have accordingly interdicted the same.

153. In *Brookfield Communications, Inc. v. West Coast Entertainment Corporation*⁴⁸, the US Court of Appeal for the Ninth Circuit Court applied the Doctrine of ‘Initial Interest Confusion’ in a case where the defendant had used a term “MovieBuff”, which was the plaintiff’s trademark, as a meta-tag in the source code of the website. Thus, search of a term “MovieBuff” in the internet would also yield

⁴⁸174 F.3d 1036 (9th Cir. 1999)



results including links to the website of the defendant. The contents of the website were not misleading and did not provide any room for confusion. The Court used the following metaphor of a misleading road sign to explain the extent of confusion and for applying the Doctrine of ‘Initial Interest Confusion’:

“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.”

154. In *Promatek Industries, Ltd. v. Equitrac Corp.*⁴⁹, the US Court of Appeal for the Seventh Circuit emphasized that the fact that confusion is for a brief period, is not relevant if there is misappropriation of goodwill. The Court observed as under:

“[B]y [defendant] placing the [plaintiff’s trademarked] term Copitrack in its metatag, consumers are diverted to its web site and [defendant] reaps the goodwill [plaintiff] developed in the Copitrack mark. That consumers who are misled to [defendant’s] website are only briefly confused is of little or no consequence... What is important is not the duration of the confusion, it is the misappropriation of [plaintiff’s] goodwill. [Defendant] cannot unring the bell.”

155. It is also relevant to mention the case of *People for the Ethical Treatment of Animals v. Michael T. Doughney*⁵⁰. In that case, the action was premised on the use of the domain name “peta.org”, which

⁴⁹300 F.3d 808 (7th Cir. 2002)

⁵⁰113 F. Supp. 2d 915 (E.D. Va. 2000)



was linked to a site captioned ‘People Eating Tasty Animals’. ‘Peta’ is a well-known acronym for ‘People for Ethical Treatment of Animals’ – an American animal rights non-profit organisation based in Virginia. Clearly, the site ‘People Eating Tasty Animal’ would not mislead any person who was looking for the official website of ‘People for Ethical Treatment of Animals’ (the plaintiff). Notwithstanding the same, the court applied the Doctrine of ‘Initial Interest Confusion’ and found that misleading the parties to access the defendant’s website, would warrant interdiction.

156. The Doctrine of ‘Initial Interest Confusion’ has been applied where the courts have found material confusion albeit at an initial stage, resulting from the display of the use of meta-tags, keywords and domain names for reflecting results which are identical or similar to registered trademark. In cases, where the internet users are deceived, to access the websites other than the websites offering goods, services and information as may be associated with the trademark, the use of the trademark in internet advertising may be actionable.

157. In *Niton Corp. v. Radiation Monitoring Devices, Inc.*⁵¹, the defendant had used the phrase “*The Home Page of Niton Corporation, makers of the finest lead, radon, and multi-element detectors*” on its website. This was identical to the texts on Niton Corporation’s website. The search for the phrase ‘Home Page of Niton Corporation’ yielded results that included pages from the defendant’s website. The US

⁵¹27 F. Supp. 2d 102



District Court for the District of Massachusetts granted a preliminary injunction as it found that there was a likelihood of confusion, which would mislead the users to believe that the defendant was the plaintiff or affiliated to it.

158. In *Tdata, Inc. v. Aircraft Technical Publishers*⁵², the US District Court for the Southern District of Ohio, observed that the use of the competitor’s “*mark in meta-tags constitutes infringing use of the mark to pull consumers to Tdata’s website and the products it features, even if the consumers later realize the confusion*”. In *North American Medical Corp. v. Axiom Worldwide, Inc.*⁵³, the defendant’s link was displayed on the Google SERP at the second position. This was as a result of the defendant using the competitor’s trademarks as meta-tags. On accessing the website, the users would find information about the product dealt with by the defendant and there was no mention of the plaintiff’s product. Notwithstanding the same, the Court⁵⁴ found that listing of the defendant’s link on the SERP would lead consumers to believe that its product had the same source as a product of the proprietors of the two trademarks (the plaintiffs), “*or at least that Axiom (the defendant) distributed or sold all of the products to which the brief description referred, or that Axiom was otherwise related to NAM (the plaintiff)*”.

⁵²411 F. Supp. 2d 901

⁵³522 F.3d 1211 (11th Cir. 2008)

⁵⁴ US Court of Appeal for the Eleventh Circuit



159. In *Venture Tape v. McGills Glass Warehouse*⁵⁵, the US Court of Appeal for the First Circuit found that the defendant, who was a competitor of the plaintiff, had used the plaintiff's trademarks as meta-tags for attracting consumers searching for the plaintiff's product and awarded damages in favour of the plaintiff.

160. Having noted the aforesaid decisions, it is also relevant to mention that the application of the Doctrine of 'Initial Interest Confusion' in cases of indexing service providers (such as Google) has not been universally accepted by the courts. One of the criticisms to the analogy used by the Ninth Circuit Court in *Brookfield Communications, Inc. v. West Coast Entertainment Corporation*⁴⁷ is that in case of web browsing, the internet user could, by the click of a button, exit from the site on which he had landed. It would take a fraction of a second to do so and there would be no inertia or inconvenience in doing so if the internet user does not wish to remain on the site.

161. The US Court of Appeals for the First, Fourth and Second Circuits have largely not accepted the Doctrine of 'Initial Interest Confusion'.

162. Under Section 29(2) of TM Act, a registered trade mark is infringed by a person who not being a registered proprietor or a person permitted to use the same, uses the mark which is identical or similar to

⁵⁵540 F.3d 56 (1st Cir. 2008)



the registered trade mark in respect of goods “*which is likely to cause confusion on the part of public or which is likely to have an association*” with the registered trade mark. Section 29 of the TM Act does not specify the duration for which the confusion lasts. The trigger for application of Section 29(2) of the TM Act is use of a mark, which would result in confusion or indicate any association with the registered trademark. Thus, even if the confusion is for a short duration and an internet user is able to recover from the same, the trade mark would be infringed. Once the applicability of Section 29(2) of the TM Act is triggered, it would be no defence to state that the internet user was not deceived in entering into the transaction and/or in fact, did ascertain that there was no association of the advertiser or its goods with the trademark.

163. We, thus, accept the contention that even confusion for a brief period of time would offend Section 29(2) of the TM Act.

164. Having stated the above, it is necessary to state that the use of the trademark as a keyword coupled with the display of a sponsored link must have real likelihood of confusion. Mere generation of interest in the sponsored link without any likelihood of confusion cannot be construed as infringement of a trademark. It is necessary to be careful to not conflate initial interest with the Doctrine of ‘Initial Interest Confusion’. Thus, sponsored links may be relevant to the search query and what the internet user is searching for. It may thus generate interest that would obviously not constitute infringement of a registered



trademark under Section 29(2) of the TM Act, if there is no deception or confusion.

UNFAIR ADVANTAGE DETRIMENTAL TO DISTINCTIVE CHARACTER OR REPUTE OF A TRADEMARK

165. Under Section 29(4) of the TM Act, a trademark, which has a reputation, is infringed by a person who is not the registered proprietor or otherwise permitted to use the trademark, if he uses a mark, which is identical or similar to the trademark, in relation to goods and services, which are not similar to those covered under the registered trade mark, and the use of the mark without due cause takes an unfair advantage and/or is detrimental to the distinctive character or repute of the registered trade mark.

166. Google uses keywords for shortlisting of Ads to be reflected on the SERPs, and in one sense its use is in connection with selection of Ads and the order of priority, in which they are reflected on the SERPs. However, we do not accept that the keywords are not used in relation to the goods and services of the advertiser. The very selection of a keyword is based on enterprise and the goods and services offered by the Advertiser. The use of trademarks as keywords is, plainly, in relation to the goods and services offered by the Advertiser. The same may or may not be similar to the goods or services covered by the registered trademark, which is used as a keyword. If the goods or services are similar to those covered under the registered trademark, Section 29(4) of the TM Act is inapplicable. However, if the goods are



dissimilar to those covered under the trademark and the trademark has a reputation, it is necessary to determine whether such use amounts to unfair advantage and is detrimental to the distinctive character or repute of the registered trademark. This would depend upon the facts of each case. However, the contention that use of trade marks, absent anything more, would amount to infringement of the trademark simply for the reason that the same is used to display advertisements, is erroneous. The use of trademarks as keywords in the Ads programme does not, per se, amount to without cause, taking an unfair advantage of the trademark; nor can be construed as detrimental to the distinctive character or repute of the trademark. Keywords are, essentially, used to identify the persons who may be interested in the sponsored Ads. Undoubtedly, Google and the advertisers draw certain advantage by using keywords, which are similar to trademarks, in as much as they use the same to identify users, who are probably interested in the goods and services covered by the registered trademark. However, every advantage drawn by use of a trademark cannot be termed as drawing, unfair advantage of the trademark, without cause. As discussed above, identifying customers, who may be looking for goods or services of a particular brand, for offering them alternatives is not unfair.

167. As noted hereinbefore, the primary function of the trademark is to serve as a source identifier. It also serves to capture the value of goodwill associated with the trademark. It has acquired an extended function of use in communication as well. As an illustration, a trademark of a commercial entity, may be associated with projecting



compliance with an entity's Environment, Social and Governance (ESG) responsibility. Whilst sufficient protection ought to be provided to these functions, the protection cannot be extended further to impinge upon the rights of others. As observed earlier there are competing rights, which are required to be balanced. Google operates the Search Engine to yield relevant results. Clearly, it has a right to use the virtual space, which is in its domain, to display the Ads.

168. The use of trade marks as keywords to identify the internet users who may be interested in the Ads is not *per se* deceitful. As noticed above, the proprietor of a trademark does not have any extended right for interdicting any and all use of marks, which are similar to his trademark.

169. We are also unable to accept that the use of a trademark as keyword, absent any element of blurring or tarnishment of the trademark, is detrimental to the character or repute of the trademark. However, if in a given case, the Ads displayed are found to be detrimental to the distinctive character or repute of the registered trademark, an action for infringement of the trademark would lie.

170. It is also relevant to bear in mind that fair use of a trademark by a person who is otherwise not the owner or otherwise authorized to use the same, is also permissible.

171. In *Playboy Enterprises, Inc. v. Welles*³⁴, the plaintiff had instituted an action against Terri Welles who had modeled for the Playboy magazine published by the plaintiff. She was named the



Playboy Playmate of the year in 1981. She had subsequently made a promotional website for herself and had described herself as “Playboy Model and Playmate of the year”. She had also used those terms as a meta-tag in a website and in banner Ads. Playboy Enterprises Inc. instituted an action alleging infringement of its trademarks ‘Playmate’ and ‘Playboy’. Welles defended the action by claiming that she could not legitimately describe herself without using the plaintiff’s trademark terms and use of those trademarks amounted to fair use. The District Court for Southern District of California rejected the said contention and ruled in favour of the plaintiff (Playboy Enterprises Inc.). However, the said decision was overruled by US Court of Appeals for the Ninth Circuit. The plaintiff’s action was premised on the allegation that Welles’s website had caused confusion (initial interest confusion) and that web users interested in purchasing its merchandise would be confused to think that Welles’s site was associated with its products. The US Court of Appeals for the Ninth Circuit found that the Playboy Enterprises Inc. had failed to establish that Welles’ use of the trademark was likely to lead users to believe that her website is associated with the Playboy Magazine published by Playboy Enterprises Inc. or that an appreciable number of internet users would land on Welles’s website in search of Playboy’s website.

172. In *Volkswagenwerk Aktiengesellschaft v. Church*⁵⁶, the US Court of Appeals for the Ninth Circuit, in the context of a person

⁵⁶411 F.2d 350 (9th Cir. 1969)



specializing in the repair of Volkswagen Vehicles, observed that “...it would be difficult, if not impossible, for him to avoid altogether the use of the word “Volkswagen” or its abbreviation “VW””.

CONTRIBUTORY INFRINGEMENT

173. It is also contended on behalf of DRS that Google may also be contributorily liable for infringement of its trademark. It is contended on behalf of DRS that its trademarks have been repeatedly infringed by various entities and despite being put to notice, Google’s reaction to pull down the Ads has not been prompt and it has disregarded DRS’s complaints of restricting the use of trademarks, which has enabled Advertisers to place offending Ads that infringe DRS’s trademarks.

174. In a given case, if it is found that Google has actively participated in the infringement of the trademarks by use of the trademark as keywords and had taken no remedial steps on being made aware of the same, an action for holding Google contributorily liable for infringement may be permissible. Google’s policy to permit the use of trademarks as keywords heightens the level of its responsibility to take steps that such use does not amount to infringement. It is difficult to accept that Google has no responsibility if the Ads prioritized by it on the basis of use of trademarked terms as keywords, are found to be infringing the trademark.

175. In *Inwood Laboratories, Inc. v. Ives Laboratories, Inc.*⁵⁷, the US Supreme Court decided the issue whether the manufacturer of a brand

⁵⁷456 U.S. 844 (1982)



name prescription drug is entitled to an injunction in terms of the Lanham Act, which prohibits other manufacturers of generic drugs from packaging the drug *in capsules of the same colour* as used for the brand name prescription drug.

176. Ives Laboratories Inc. (Ives) had instituted an action in the Federal District Court, *inter alia*, under § 32 of the Lanham Act against Inwood Laboratories Inc. (Inwood) alleging that Inwood and several other drug manufacturers had induced pharmacists to mislabel a drug manufactured by them, to pass off as that of Ives'. Ives had, accordingly, sought for injunctive relief and damages. The District Court found in favour of Inwood and other manufacturers and stated that though the “*knowing and deliberate instigation of such a practice would justify holding defendants equally with the pharmacists as infringers*”, however, Ives had not made a substantial case to justify preliminary relief and further, it had not proved that Inwood and other manufacturers had “*conspired with the pharmacists or counseled or suggested that they disregard the doctors' orders*”. Thereafter, the US Court of Appeals reversed the said decision of the Federal District Court and rejected its findings. The Court of Appeals held that the evidence was “*clearly sufficient to establish a § 32 violation*”. The matter was carried to the US Supreme Court. The US Supreme Court held that the Court of Appeals had erred in setting aside the District Court's findings of fact. The Supreme Court, while considering the issue, *inter alia*, held as under:-



“If a manufacturer or distributor intentionally induces another to infringe a trademark, or if it continues to supply its product to one whom it knows or has reason to know is engaging in trademark infringement, the manufacturer or distributor is contributorily responsible for any harm done as a result of the deceit.”

177. The said test was thereafter, applied by the US Court of Appeal for the Second Circuit in the case of *Tiffany (NJ) Inc. v. eBay Inc.*⁵⁸ In the said case, Tiffany had alleged that eBay, on account of its advertising and listing practices, indulges in trademark infringement, trademark dilution and false advertising, as eBay's website is used to sell counterfeit Tiffany merchandise. The Court held that “...*For contributory trademark infringement liability to lie, a service provider must have more than a general knowledge or reason to know that its service is being used to sell counterfeit goods. Some contemporary knowledge of which particular listings are infringing or will infringe in the future is necessary.*”

178. In the case of *Perfect 10, Inc. v. Google Inc.*⁵⁹, the US Court of appeal for the Ninth Circuit held as under:

“Google could be held contributorily liable if it had knowledge that infringing Perfect 10 images were available using its search engine, could take simple measures to prevent further damage to Perfect 10's copyrighted works, and failed to take such steps.”

⁵⁸600 F.3d 93 (2d Cir. 2010)

⁵⁹508 F.3d 1146 (9th Cir. 2007)



179. In *Rescuecom Corp. v. Google Inc.*²⁹, the US Court of Appeals had also made observations to the effect that a claim for contributory infringement may be maintainable.

180. It is not necessary for us to consider this aspect in any detail at this interlocutory stage. The same would be a matter of trial provided DRS has laid a foundation for the action of contributory infringement in its pleadings and it produces evidence to establish the same.

WHETHER GOOGLE IS ABSOLVED OF ANY LIABILITY BY VIRTUE OF SECTION 79 OF THE IT ACT

181. It is Google's case that since it is an intermediary, as defined under Section 2(w) of the IT Act, it is exempted from any liability under Section 79 of the IT Act. Section 79 of the IT Act reads as under:

“79. Exemption from liability of intermediary in certain cases.—(1) Notwithstanding anything contained in any law for the time being in force but subject to the provisions of sub-sections (2) and (3), an intermediary shall not be liable for any third party information, data, or communication link made available or hosted by him.

- (2) The provisions of sub-section (1) shall apply if—
- (a) the function of the intermediary is limited to providing access to a communication system over which information made available by third parties is transmitted or temporarily stored or hosted; or
 - (b) the intermediary does not—
 - (i) initiate the transmission,
 - (ii) select the receiver of the transmission, and



- (iii) select or modify the information contained in the transmission;
 - (c) the intermediary observes due diligence while discharging his duties under this Act and also observes such other guidelines as the Central Government may prescribe in this behalf.
- (3) The provisions of sub-section (1) shall not apply if–
- (a) the intermediary has conspired or abetted or aided or induced, whether by threats or promise or otherwise in the commission of the unlawful act;
 - (b) upon receiving actual knowledge, or on being notified by the appropriate Government or its agency that any information, data or communication link residing in or connected to a computer resource controlled by the intermediary is being used to commit the unlawful act, the intermediary fails to expeditiously remove or disable access to that material on that resource without vitiating the evidence in any manner.

Explanation.—For the purposes of this section, the expression —third party information means any information dealt with by an intermediary in his capacity as an intermediary.”

182. Whilst it is undisputed that an intermediary is not liable for any third-party information, data or communication link available or hosted by it in terms of Section 79(1) of the IT Act, the said exemption is not available if the function of the intermediary is not limited to merely providing access to the communication system over which information made available a by third-party is transmitted or hosted. The safe harbour is also not available to the intermediary if he selects the receiver of the transmission. Further, the exemption is provided if the intermediary observes due diligence while discharging its duties under the IT Act.



183. Sub-section (3) of Section 79 of the IT Act also makes it amply clear that restriction of liability is not available where an intermediary has conspired, abetted, aided or induced the commission of an unlawful act. The limitation of liability under Section 79(1) of the IT Act is lifted if an intermediary fails to expeditiously remove or disable access to the material on receiving actual knowledge that the information controlled by the intermediary is being used to commit an unlawful act.

184. In the facts of the present case, the allegations of infringement are in relation to the Ads Programme which is run by Google. *Prima facie*, Google is an active participant in use of the trademarks of proprietors and was selecting the recipients of the information of the infringing links.

185. Undisputedly, the trademarks are monetized by Google by using the same as keywords for displaying the paid Ads on the SERP. In one sense, Google effectively sells the use of the trademarks as keywords to advertisers. *Prima facie*, it encourages users for using search terms, including trademarks, as keywords for display of the Ads to the target audience. Given the aforesaid allegations, it is difficult to accept that Google is entitled to exemption under Section 79 of the IT Act from the liability of infringement of trademarks by its use of the trademarks as keywords in the Ads Programme. It can hardly be accepted that Google can encourage and permit use of the trademarks as keywords and in effect sell its usage and yet claim the said data as belonging to third parties to avail an exemption under Section 79(1) of the IT Act. Prior to 2004, Google did not permit use of trademarks as keywords.



However, Google amended its policy, obviously, for increasing its revenue. Subsequently, it introduced the tool, which actively searches the most effective terms including well known trademarks as keywords. It is verily believed that in the year 2009 Google estimated that use of trademarks as keywords would result in incremental revenue of at least US Dollar100 million.⁶⁰ Google is not a passive intermediary but runs an advertisement business, of which it has pervasive control. Merely because the said business is run online and is dovetailed with its service as an intermediary, does not entitle Google to the benefit of Section 79(1) of the IT Act, in so far as the Ads Programme is concerned.

186. We concur with the *prima facie* view of the learned Single Judge that the said benefit would be unavailable to Google if its alleged activities are found to be infringing DRS's trademarks.

GOOGLE INDIA'S APPEAL

187. Mr. Kathpalia, learned senior counsel advanced submissions on behalf of Google India as well. He submitted that Google India had no control over the Ads Programme and therefore, the learned Single Judge had erred in issuing directions to Google India as well.

⁶⁰ Email by Google's project manager (Baris Glutekin) produced on record of the case of *Rosetta Stone vs Google* 676 F.3d 144 (US court of appeal for the 4th Circuit) and referred in an article *Trademarks as Search Engine Keywords: Much Ado About Something?*, 26 HARV. J.L. & TECH. 481 (2013) by David J. Franklyn & David A. Hyman.



188. Undisputedly, there is a strong link between Google and Google India. Google India is an Indian subsidiary of Google. Google India also claims to be a reseller for the Ads Programme. Thus, *prima facie*, it is difficult to accept that Google India has no responsibility in ensuring compliance with the directions issued under the impugned judgment. Having stated the above, we are also of the view that the directions issued under the impugned judgment, insofar as Google India is concerned, must be read to mean that Google India shall do whatsoever is possible within its power to ensure the compliance of the said directions considering that it is Google India's case that it has no role in operating the Ads Programme.

CONCLUSION

189. As noted at the outset, Google has confined the scope of the appeal to assail the directions issued in paragraph 127 of the impugned judgment, to the extent that the same were based on the finding that use of trademarks as keywords in the Ads Programme amounts to the use of the trademarks under the TM Act. As held above, we find no infirmity with the said conclusion and hold that Google's use of the trademarks as keywords does amount to use in advertising under the TM Act.

190. We also find no infirmity with the conclusion of the learned Single Judge that if it is found that Google has infringed DRS's trademark or is contributorily liable for the same, the benefit of safe harbour under Section 79(1) of the IT Act would not be available to it.



191. The prayers made in the applications (IA 21153/2011 and 4474/2014) filed by DRS which were disposed of by the impugned judgment, were in wide terms. DRS had sought directions to the effect that Google be restrained from using or permitting the use of DRS's registered trademarks or any other similar marks as keywords. The Learned Single Judge has not granted interim relief in such wide terms; the relief granted to DRS is in terms of the following directions as set out in paragraph 127 of the impugned order:

“127. I must state here that the plaintiff can seek protection of its trademarks which are registered in view of Section 28 of the TM Act, but cannot have any right on surnames / generic words like Packers or Movers individually. Having said that in view of my above discussion, the applications are liable to be allowed, subject to final determination of the suit in the following manner:

- (I) The defendant Nos.1 and 3 shall investigate any complaint to be made by the plaintiff to them alleging use of its trademark and its variations as keywords resulting in the diversion of traffic from the website of the plaintiff to that of the advertiser.
- (II) The defendant Nos. 1 and 3 shall also investigate and review the overall effect of an Ad to ascertain that the same is not infringing / passing off the trademark of the plaintiff.
- (III) If it is found that the usage of trademark(s) and its variation as keywords and / or overall effect of the Ad has the effect of infringing / passing off the trademark of the plaintiff then the defendant Nos.1 and 3 shall restrain the advertiser from using the same and remove / block such advertisements.”

192. We do not consider it apposite to interfere with the aforesaid directions.



CAVEAT

193. Before concluding, it is clarified that any observations made by this Court in these proceedings are in the context of examining whether any interference with the impugned judgment is called for on the grounds as urged. The views expressed are *prima facie* and solely for considering the present appeals.

194. The appeals are disposed of in the aforesaid terms. All pending applications are also disposed of.

VIBHU BAKHRU, J

AMIT MAHAJAN, J

AUGUST 10, 2023
GSR/RK/Ch