

Bereskin & Parr

# Canada

**No keyword advertising case has reached the Canadian courts yet. However, a decision on ‘use requirements’ and various metatags decisions give indications of how the courts may approach keyword advertising cases**

An unsettled area of trademark law involves internet search engines selling trademarks as keywords for search enquiries. Competitors purchase trademarks as keywords, ensuring that their sponsored link appears high up in the search results, often ahead of the trademark owner’s website.

Companies around the world have sued search engines over this practice, alleging trademark infringement, passing off and unfair competition. The decisions have been inconsistent. For instance, in the US cases of *Rescuecom Corp v Google Inc* (456 F Supp 2(d) II 393 (NDNY 2006)) and *1-800-CONTACTS v When U.com* (415 F 3(d) III 400 (2nd Circuit 2005)), the courts held that keywords did not constitute trademark ‘use in commerce’ by either the search engine or the owners of the sponsored listings, since keywords were not placed on goods, packaging or advertisements, but rather were used internally, invisible to the public. However, in *GEICO* (77 USPQ (2nd BNA) 1841; 2005 US Dist LEXIS 18642) and *American Blinds* (2005 WL 832398 (ND Cal, March 30 2005)), the courts found that keywords did constitute use in commerce under the Lanham Act.

Over in Europe, French courts have found that keyword advertising creates a likelihood of confusion since the sponsored listing offered similar goods or services to those of the mark owners (*Société des Hotels Meridien v Sarl Google France* (RG 04/03772, Nanterre District Court, December 16 2004) and *Louis Vuitton Malletier v Société Google Inc* (RG 04/05745, Paris District Court, February 4 2005)). Conversely, several cases in the United Kingdom and Germany have found that keyword use does not infringe trademark rights. Legal inconsistencies between jurisdictions have led Google to adopt different policies regarding the sale of keywords inside and outside North America.

No keyword advertising case has reached the Canadian courts yet, so one can only

speculate on whether the cases would turn on whether:

- the keyword was ‘used’ as provided for under the Canadian Trademarks Act; and
- that ‘use’ created a likelihood of confusion.

At least three potential claims could be brought:

- infringement under Section 20 of the act;
- depreciation of goodwill under Section 22; and
- passing off, either at common law or under Section 7(b) of the act.

The ‘use’ requirements are defined in Canada in *Compagnie Générale des Etablissements Michelin – Michelin & Cie v National Automobile Aerospace Transportation and General Worker Union of Canada (CAW – Canada)* (71CPR (3rd) p). In that case, CAW distributed posters displaying Michelin’s registered corporate logo, known as ‘the Michelin man’, whose foot was raised ready to crush a Michelin worker.

Michelin sued for infringement and depreciation of goodwill under Sections 20 and 22. Section 20 states that it is a deemed infringement for any person not entitled to use a mark to sell, distribute or advertise goods or services in association with a confusing trademark.

Section 22 prohibits any person from using a trademark registered by another person in a manner that is likely to have the effect depreciating the value of the goodwill attaching thereto.

For the Section 20 claim, the court required that the alleged infringer make ‘use’ as a ‘trademark’ as those terms were statutorily defined. Section 2 defines a ‘trademark’ as “a mark that is used by a person for the purpose of distinguishing or so as to distinguish wares or services manufactured, sold, leased, hired or performed by him from those manufactured, sold, leased, hired or performed by others”.

Section 4(1) states that a trademark is used in association with goods if “at the time of the transfer of the property in or possession of the wares, in the normal course of trade, it is marked on the wares

themselves, or on the packages in which they are distributed, or it is in any other manner so associated with the wares that notice of the association is then given to the person to whom the property or possession is transferred”.

Use of a trademark in association with services occurs when “it is used or displayed in the performance or advertising of those services”.

Under Section 20, there must be both use of the mark on goods or services (ie, on a product or its packaging or in the performance or advertising of a service) and ‘use’ as a trademark (ie, for the purpose of distinguishing the source of those goods or services). For Section 22, there need only be use in association with a product or service, but not necessarily a use which distinguishes the source of the product or service.

Since the use of the registered logo was not for the purpose of distinguishing the union’s services, the infringement action under Section 20 failed. Furthermore, the Section 22 action failed because the court found CAW’s membership drive activities were non-commercial, whereas a ‘service’ under the act requires a commercial aspect. The flyer displaying the logo was not regarded as advertising, absent that commercial aspect.

The *Michelin* reasoning would be relevant to actions brought against keyword uses. Arguably, a Section 20 claim would be doomed since the use is not for the purpose of distinguishing the search engine’s or the sponsored site’s goods or services. A trademark is purchased as a keyword so a website gets the highest prominence in search results. Its true value is that users searching for the mark’s owner are likely to be misdirected to the sponsored link, thinking that the site is affiliated with the trademark owner. Therefore, the keyword is not intended to distinguish your products or services from a competitor’s, but rather to affiliate or associate their goods and services with yours.

A Section 22 claim, which requires only use in association with a product or service (not necessarily a competitive one), might fare better. It could be argued that selling trademarks as keywords is using them in

the performance or advertisement of the search engine's internet search services. Courts in other jurisdictions have been supportive of this position by noting that Google offers, as part of its services, a keyword suggestion tool which promotes trademarks that work well as keywords.

Even if the mark owner establishes use in association with services, it still must show that this use has the effect of depreciating the mark's goodwill. Arguments could be made that a likelihood of depreciation can be assumed because the trademark owner has lost control over use of its mark. In addition, its association with the sponsored listing could connect it with a lower quality of goods or services, or possibly diminish the ability of the owner to expand use of the mark to any unrelated goods or services sold by the sponsored site.

Perhaps the strongest action would be for passing off, which could introduce the concept of initial interest confusion into Canadian law. A useful analogy can be drawn from cases involving trademarks used as metatags. Metatags are coding statements which describe the contents of a webpage and are used by search engines to index a page so that searchers for the kind of information on that page can find it. Like keywords, metatags are not easily visible, but assist users in finding relevant websites. Metatag cases suggest that passing off actions may succeed in respect of keywords.

In *British Columbia Automobile Association v Office and Professional Employees International Union* ((2001) BCJ No 151), the plaintiff had registered the marks BCAA and CAA. The defendant, representing British Columbia Automobile Association's (BCAA) striking workers, registered the domain name 'www.bcaastrike.com' and used these marks in metatags for its website discussing the strike. BCAA, relying in part on passing off, argued that the metatags intentionally diverted users from BCAA's site to the wrong site, causing confusion. Reviewing the metatags used on the defendant's site, the court dismissed the passing off claim as the plaintiff had not established a misrepresentation leading to a deception that its website was affiliated with or endorsed by BCAA's website. However, the court stated that, on different facts, metatag use could cause deception sufficient to find passing off.

In fact, the court found, *obiter*, that an earlier version of the union's website using different metatags containing the marks was deceptive and amounted to passing off.

In a similar case, *United Food and*



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Jill Jarvis-Tonus is a partner with Bereskin & Parr and a registered Canadian trademark agent. Ms Jarvis-Tonus's practice focuses on copyright and trademark matters, including registration, trademark oppositions, assignments of rights, due diligence work and licensing – particularly in the entertainment, publishing and software industries. In recent years, Ms Jarvis-Tonus has worked on copyright and trademark matters relating to new media products and internet services, including the drafting of website agreements and other internet-related contracts, the selection and protection of domain names, the infringement of copyrights and trademarks on the internet, and privacy law concerns.

*Commercial Workers International Union and Sicurdur (COB Members for Democracy)* ((2005) BCJ No 3144), the plaintiff union owned the registered trademark UFCW and the domains 'ufcw.com' and 'ufcw.ca'. The defendant registered 'UFCW.net' as a forum for people to discuss the union and used a metatag 'UFCW' to attract users to its website. The union sued for passing off. The court noted that for passing off one must show:

- the existence of goodwill;
- deception of the public due to a misrepresentation; and
- actual or potential damage.

The court found that these metatags did not cause deception, stating: "it is obvious neither the descriptors nor the keywords describing the defendant's website ... nor the content of the website itself could mislead the public about an affiliation between the

plaintiff and the group known as Member for Democracy." However, the decision implies that if, on different facts, these three components can be proven, a passing off action could succeed in respect of metatags and, arguably, keywords.

Finally, in *Pandy v Field of Webs.com Ltd* ((2007) OJ No 2739), the defendants – initially web developers for the plaintiff – sold pyjamas online in competition with the plaintiff. The plaintiff, owner of the domain name 'jumpinjammerz.com', sued, in part, because the defendant used metatags including these words. By the time this action was heard, such metatag use had ceased and the issue was moot. However, the judge stated, *obiter*, that if it had been necessary he might have made an order restraining the use of the phrase 'jumpinjammerz' as a metatag in association with the defendant's website, given that the phrase was not descriptive of pyjamas. He stated that an arguable case could be made that its use as a metatag was for the purpose of diverting or luring members of the public to a site that was not connected with the business known as Jumpinjammerz. Accordingly, in principle, on the right facts, the judge would have accepted a passing off claim, rooted in the concept of initial interest confusion.

These metatag cases, scarce as they are, provide a glimpse of how Canadian courts could approach the sale of trademarks as keywords. Of course, by the time a case is heard, the rapid evolution of internet sales practices may have moved on, making the issue moot. [WTR](#)