

Bugnion SpA

The search for accomplice liability in Italy goes on

Calling for a unified stance on keywords advertising and trademarks, not only from Italian judges but courts worldwide, in order to give brand owners clarity

The Google AdWords service and keywords in general are a current hot topic in the internet domain. For many years consumers have found the Internet to be the best marketplace for all kinds of goods and services. In particular, search engines help consumers to locate products from particular brands among all those available in cyberspace. Within the internet labyrinth, consumers can find it hard both to find a specific website and to find specific products once they reach that website. Therefore, it is much easier for consumers to put words relating to their search (known as 'keywords') into a search engine and wait for the results to appear in order to make an informed choice.

Internet search engines, which obviously profit from their operations, sell keywords to businesses to enable those businesses to promote their products or services. When a specific keyword is put into a search engine, a sponsored link appears – thus, Google AdWords and other similar services function as 'phantom' helpers. Such keyword sponsorship encourages consumers to choose particular products when searching.

Companies often buy keywords that are not their own company, product or service name. It has been proven that generic keywords defining or describing products are the best way for a company to ensure that its own website appears at the top of the search results, making it easily reachable by consumers.

Apart from generic and descriptive elements, keywords may consist of trademarks themselves (the most searched-for keywords are well-known trademarks within a specific field). However, if the owner of the keyword is not the holder of rights in that trademark, this will lead to infringement, and possibly court action.

Within this legal minefield, on March 11 2009 the Court of Milan issued a much-

discussed ruling, building on the consistent practice of the European Court of Justice.

The case involved the use of the designations 'Sixt' and 'AVIS' in connection with car rental services. In May 2006 Win Rent SpA and AVIS Autonoleggio SpA, both Italian licensees of the trademarks SIXT and AVIS, instigated proceedings against, among others, Zanox de AG and Zanox Srl (also licensees of the SIXT mark), Google Italy Srl, Google Inc and Google UK Ltd on the grounds that each defendant was directly or concurrently liable for encroaching on existing IP rights through the unauthorised exploitation of trademarks.

One of Zanox's French partners had entered into an AdWords contract with Google Ireland for the trademark AVIS, as well as other keywords. In particular, according to the plaintiffs' claims, they had lost clients and profits because the defendants had misled clients in connection with car rental services. In other words, Zanox had bought AVIS as a keyword in order to direct consumers to the Sixt website (with which the defendants were affiliated).

Following a settlement between the plaintiffs and Zanox de AG and Zanox Srl, the action against Google was still pending.

Pursuant to Article 2598 of the Italian Civil Code, an act of unfair competition occurs when

- a party uses names or distinctive signs which may cause confusion with names or distinctive signs that are legitimately used by others;
- a party provides information on a competitor's products or activity which would damage such competitor, or takes advantage of a competitor's products or business; or
- a party directly or indirectly uses means which are not professionally fair and which will damage the business of others.

In addition, Article 21(2) of the Italian Code of Industrial Property prohibits:

- the use of a trademark that is contrary to the law or that is carried out in a way which may cause a risk of confusion in the marketplace with other signs that are known as distinguishing designations of others' companies, products and services;
- that such use mislead the public in connection with the nature, quality or source of goods and services due to the way or context in which it is used; or
- that the use of a trademark infringe another party's copyright or industrial property rights, or any third party's exclusive rights.

In addition, the plaintiffs also sought relief under Legislative Decree 74/1992 (now replaced by Legislative Decree 206/2005), which deals with false advertising.

The court was asked to consider two main issues:

- whether the defendants had actually breached the laws on trademark infringement, unfair competition and false advertising; and
- whether Google might be jointly liable for exercising a lack of adequate control over its services as it had failed to carry out its duty to monitor whether the services offered would lead to an infringement of IP rights.

In its decision the court stated that the use of the trademark AVIS as a keyword in order to bring up the Sixt sponsored link resulted in linking Sixt's website to an existing registered trademark, and thus exploited the notoriety of the AVIS trademark. Not only did such action misdirect consumers, but it also infringed the plaintiffs' rights in the AVIS trademark

by using it in relation to Sixt's services. In fact, there was no doubt that by clicking on the sponsored link that appeared through a search for AVIS, consumers were sent to Sixt's website, thus leading to confusion between the two designations.

The court did not rule on the issue of false advertising, instead holding that it was adequate to decide on the issues of trademark infringement and unfair competition, both of which had been established.

Turning to the issue of Google's joint/vicarious liability, the court – while stating that Google's AdWords service was not illegal *per se* – issued no ruling against the Google defendants because of their lack of standing. Google Ireland, which entered into a contract with the defendants' representative, was the only one of the Google branches to have standing in court; Google Italy Srl, Google Inc and Google UK Ltd were not bound. The outcome if Google Ireland had been brought to trial will never be known.

Despite the judgment, Google's joint liability is still being widely discussed as Google fails to impose any substantial restrictions on businesses regarding their choice of which AdWords to purchase. However, Google has limited its control and liability in this regard thanks to the numerous disclaimers that it sets down when companies subscribe to the service. The fine distinction between Google's lack of responsibility on the one hand, and its duty of control and supervision over the AdWords on the other, remains unresolved. By the same token, no clear solution has been reached in relation to the extent of Google's duty of control and the actions required to avoid infringement being carried out through its service.

Further issues involving Google's potential responsibility focus on how the AdWords service works. Not only is the choice of keyword unrestricted, but it also allows many parties to purchase the same keywords, meaning that the question of which services appear at the top of the search results is decided by various factors – namely, the price paid for each click, the number of clicks and the quality of the advertising message, which is evaluated by Google itself (according to the European Court of Justice ruling in C-236,237,238/08 (March 23 2010)).

The keywords issue can be considered alongside the problem of metatags, which are visible only in HTML coding, so do not appear in the text. In both cases, the main instances of wrongdoing are trademark infringement and unfair competition.



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However, as a trademark is invisible when used as a metatag, this could infer a lack of infringement, even if it has been clearly defined as an invisible trademark infringement. Such features have not always been clear to the Italian judiciary which, in some cases, has stated that the invisible use of metatags did not infringe trademark rights since the main purpose was not to distinguish products and services.

The first decision on the use of meta tags was issued by the Court of Rome on January 18 2001. At issue was an accusation of trademark infringement due to the improper use of metatags using other parties' trademarks, thus violating Article 2598(3) of the Civil Code. Not only did this constitute infringing use, but it also caused consumers to be misdirected. The issue was also addressed in terms of a loss of profits by the plaintiff, which saw a fall in advertising.

All the relevant legislation defines the use of metatags as an advertising function. According to Article 2(a) of Legislative Decree 147/2005, an 'advertisement' is any kind of message which is transmitted with the purpose of promoting goods and services. In addition, metatags are defined as a form of subliminal advertising, thus violating Article 5.3 of Legislative Decree 145/07, which states that advertising messages must be clearly identifiable by consumers as such.

Search engines are currently involved in consumers' final choices since, whether or not the consumer is aware of it, they influence the consumer's decision-making process. As a result, IP experts and practitioners are still awaiting a clear decision on the liability of search engines for infringement and in particular Google, provider of the AdWords service. In this vein, the European Court of Justice recently decided not to take a position. In fact, Paragraph 114 of C-236,237,238/08 states that "in order to verify if the responsibility of the service provider is limited to Article 14 of Directive 2000/31, the role played by such providers must be taken into account, especially if it is neutral".

Such statements cloud the overall issue by relying on case-by-case evaluations, leaving it up to the national courts to set their own positions. The Italian judges seem unsure of their role in such a key issue, which seems to be as broad in scope as the Internet itself, rather than a regional issue. As such, a unified stance by the courts worldwide is needed. [WTR](#)