

The Intersection of Online Advertising and Trademark Law

Issues arising in the Use and Enforcement of Trademark Rights in Internet-Enabled Commerce

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Issues to Be Covered

1. Does the offer of trademarked terms as advertising keywords infringe the rights of trademark owners?
2. How should search engines deal with search advertisers that offer infringing works or counterfeit goods?
3. Where do the U.S. and EU rules overlap on these issues, and where do they diverge?

Background

The issues of what constitutes “use” of a trademark in online advertising, and who should bear the responsibility for policing trademark misuse online (and the associated liability if that policing is ineffective) are both currently under debate in courts and legal communities around the world, and are both inextricably intertwined with one another. Numerous courts around the world are wrestling with these questions in a myriad of contexts, leading to uncertainty and a split in business practices in various jurisdictions – both within Europe and across the United States.

To provide a bit more context, the currently-pending appeals below address various facets of these issues. The decisions that are reached in these cases will have a significant impact on the manner in which business is conducted online in the future.

- 1.) Rescuecom Corporation v. Google, Inc. (before the U.S. Court of Appeals for the 2nd Circuit). What constitutes “use in commerce” under the Lanham Act in the U.S.? A decision here could have significant impact on the current split between the various circuits in the U.S.
- 2.) Google Inc. v Louis Vuitton Malletier (before the European Court of Justice). Three questions are under consideration which will affect future trademark decisions across the EU. (1) If a search engine uses a TM as a keyword to trigger an ad for a competitor of the TM owner, can this create infringement liability for the search engine? (2) Does it matter if the TM is famous mark? (3) Can a search engine qualify for the safe haven under the E-Commerce Directive?
- 3.) Tiffany (NJ) Inc. and Tiffany and Company v. eBay Inc. (before the U.S. Court of Appeals for the 2nd Circuit). What is the scope of nominative fair use in the U.S., and who ultimately is responsible for stopping infringement of a trademark? The District Court held for eBay, placing ultimate policing responsibility on Tiffany as the trademark owner, and emphasizing the importance of nominative fair use in its decision.