

ON THE LIABILITY OF AN INFORMATION INTERMEDIARY FOR VIOLATION OF THE RIGHT TO A TRADEMARK ABROAD

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Abstract. The article analyzes issues arising in Russian and foreign judicial practice when considering cases on the liability of an information intermediary for violating exclusive rights on the Internet.

Keywords: intellectual rights, exclusive right, means of individualization, trademark, Internet, information intermediary, liability.

As Internet users increasingly resort to using one of the most effective methods of searching by keywords, by using search engines that rank information so that the most relevant information is first, the desire of website owners to improve business efficiency by “buying” keywords, which allows for the formation of a connection between the site and the entered keywords, is growing. This phenomenon can be defined as “sponsored search”.

Russian judicial practice in this category of cases is only in its infancy and development. At the same time, this category of disputes is quite common in foreign judicial practice.

In the United States, such a practice is considered as aiding and abetting the violation of trademark rights (contributory infringement).

In France, three lawsuits were filed in arbitration courts against Google due to the fact that the plaintiffs had claims against the ads displayed by the AdWords contextual advertising system used by the Google search engine.

In the first case, the plaintiff was Louis Vuitton Malletier, which discovered that when its trademarks were entered as search keywords, Google search engine results returned offers for copies and imitations of Louis Vuitton products. This situation arose as a result of Google selling keywords that were the plaintiff's trademarks to unscrupulous competitors, which is why a trademark infringement claim was filed, which was upheld at first instance and on appeal. In another case, joined by the court with the above dispute, the plaintiffs against Google were a travel company and its tour operator (Viaticum SA and Luteciel SARL)¹. A search for the travel company's

¹ Womack R. Information intermediaries and optimal information distribution //Library & Information Science Research. – 2002. – T. 24. – №. 2. – P.155.

trademarks in the search engine returned advertisements from third parties, who placed links to their Internet pages under the said trademarks².

Google's lawyer argued that using a keyword to display an advertisement cannot be considered a trademark infringement because consumers ultimately benefit from being shown more information in response to their query. At the same time, Internet users are smart enough not to be confused by being shown advertisements from multiple advertisers in response to their query. Google, continuing to insist that there was no illegal use of someone else's trademark, especially by a company providing advertising and contextual search services, turned to the European Court for clarification. The following questions were put to the European Court for resolution: 1) can owners of protected trademarks prohibit third parties from reserving their trademarks as keywords for contextual advertising and from presenting contextual advertisements for such keywords in relation to the same or similar goods; 2) does Google's sale of trademarks for contextual advertising to third parties who are not the copyright holders constitute use of these trademarks; 3) if the sale of trademarks for contextual advertising is not the use of these marks, is the contextual advertising provider liable for the illegal or unfair actions of advertisers who reserve other people's marks for their advertising? As a result, the court formulated its position on the first question as follows: actions of advertisers that mislead consumers about the origin of goods/services are subject to prohibition. At the same time, advertisers whose advertisements clearly indicate that the advertised goods and services have no relation to the owner of the protected mark may be recognized as violators of the right to a trademark. Regarding the second question, it was summarized that the actions of Google do not constitute the use of the plaintiffs' trademarks, which in turn excludes its liability for the violation of trademark rights. On the third question, the court determined that an Internet provider of contextual advertising is exempt from liability for the actions of its advertisers if it does not exercise control over or influence the content of advertisements by keywords. However, he is not liable until he is notified by the trademark owner of the illegal actions of the advertisers.

In continuation of the problem under consideration, the European Court of Justice in the case of *Die BergSpechte Outdoor Reisen, Alpinschule Edi Koblmüller GmbH v. Günter Guni, trekking.at Reisen GmbH* made an important methodological conclusion that the use of keywords by an advertiser in a search engine that are similar or identical to trademarks constitutes the use of trademarks in the course of trade.

The following case should be considered: *Interflora Inc., Interflora British Unit v. Marks & Spencer plc, Flowers Direct Online Ltd.*, a civil dispute that arose in England and was heard by the Court of Justice of the European Union in 2011. The essence of

² Drake M. S., Thornock J. R., Twedt B. J. The internet as an information intermediary //Review of Accounting Studies. – 2017. – T. 22. – P.576.

this dispute is that Interflora Inc. accused Marks & Spencer plc. of illegally using the “Interflora” trademark in keywords when placing advertisements in the Google AdWords system. The defendant used a large number of spelling variations of the above-mentioned mark with minor errors and in different combinations: “Interflora Flowers”, “Interflora Delivery”, “Interflora.com”, “interflora co uk”, etc., which allowed its advertisement to appear first among the sponsored links³. At the same time, there was no mention of Interflora Inc. in the text of the advertisement itself. or its websites, but contained information that the defendant offers flower delivery services identical to the plaintiff's services, of excellent quality. The defendant referred to the fact that in this case there was no misleading of consumers regarding the provider of the flower delivery service, and the use of words identical to the plaintiff's designation was made by him solely on the basis of freedom of competition. When considering this dispute, the court indicated that Art. 5 (1) (a) of the First EU Council Directive of 21 December 1988 89/104/EEC, Art. 9 (1) (a) of the EC Council Regulation of 20 December 1993 No. 40/94 should be interpreted in such a way that the owner of a trademark is entitled to prevent a competitor, by using a keyword that is identical to the trademark, in the absence of the consent of the owner (in relation to those goods and services for which the mark is registered) from having a negative impact on one of the functions of the trademark. The court also emphasized that certification of the origin of goods (services) is not the only function of a trademark, since its commercial component is also important - the use of the mark for advertising purposes and to gain reputation and maintain consumer loyalty (investment function).

Such use:

- has a negative impact on the function of the trademark to certify the origin of goods (services) in the event that: the owner of the mark does not consent to such use of the designation belonging to him; the advertisement appears on the page immediately after the Internet user enters the corresponding foreign trademark in the search bar; from the text of the advertisement, it is impossible for an ordinary Internet user to clearly determine whether the person who posted it is a commercial partner or competitor of the copyright holder.

- does not have a negative impact on the advertising function, since it does not limit the ability of the copyright holder to conduct a more effective advertising policy in order to get ahead of competitors' advertisements in the search results; - has a negative impact on the investment function of a trademark if it significantly hinders the right holder from acquiring or maintaining its business reputation. At the same time, from the standpoint of fair competition, the right holder has no right to demand a ban on third parties using an identical designation in similar situations if the only consequence

³ Bushee B. J. et al. The role of the business press as an information intermediary //Journal of accounting research. – 2010. – T. 48. – №. 1. – P.19.

of such use will be the need for the right holder to take additional measures to maintain its reputation in order to attract consumers and strengthen their loyalty⁴.

In addition, the copyright holder has the right to seek protection of his rights in cases where a third party, using without permission keywords identical to someone else's trademark: 1) receives an unfair advantage from the distinctive properties or reputation of someone else's trademark, thereby taking away potential customers, 2) creates a risk of dilution or weakening of someone else's trademark (for example, when such use of a trademark contributes to its transformation into a generic designation), 3) commits actions that discredit the reputation of the trademark owner. It seems that the above court decision can be considered as a guideline in the formation of judicial practice in considering disputes on the use of other people's trademarks in Russia, since it sets out and analyzes the criteria for such use. In addition, in light of the consideration of this issue, it is necessary to analyze the recent decision of the Federal Court of Australia of 3 April 2012, adopted in the case of the Australian Competition and Consumer Commission against Google, in which the court found the latter guilty of misleading consumers by allowing advertisers to use third-party trademarks as their keywords.

One of the main procedural differences between this court decision and the above-mentioned decisions of the European Court is that in this case, the plaintiff is not represented by the trademark owners, but by the state commission, which demonstrates the special approach of the state to the protection of consumer rights.

There are also other differences in this dispute: the subject of the proceedings in the European Court was the right to a trademark, during the assessment of the infringement of which the issues of the impact of the defendant's actions on the functions performed by the trademark, as well as their effect on the weakening or dilution of the trademark were examined, while the Australian court focused on determining to what extent such a practice negatively affects the free choice of consumers and distorts market competition. Thus, the European Court examined the guilt of the purchasers of keywords, and the Australian court - the Internet intermediary (Google)⁵. When making a decision, the Australian court considered that the main active role in this action belongs to the Internet intermediary, since the user, accessing the Google search service, expects to receive links to resources relevant to his request, and the system generates a search result that also contains sponsored links. Thus, it is the search engine, and not the customer of the keywords, that convinces the user that the results presented most closely match his expectations. The user, in turn, has the right to

⁴ Rose F. The economics, concept, and design of information intermediaries: A theoretic approach. – Springer Science & Business Media, 2012.

⁵ Hayne C., Vance M. Information intermediary or de facto standard setter? Field evidence on the indirect and direct influence of proxy advisors //Journal of Accounting Research. – 2019. – T. 57. – №. 4. – P.1011.

conclude that the presented results contain the information he is interested in, while their links direct the user to competitors' resources.

In considering Google's claim that the advertiser must ensure that the text of the advertisement corresponds to the keywords and, accordingly, must bear responsibility for the advertising options, keywords, content, information and links, the court recognized that such an attempt to evade responsibility by shifting it to the advertiser does not relieve the search engine itself of responsibility, since it is the search engine that forms the list for the request.

Based on the above, as noted above, the Federal Court of Australia found Google guilty of misleading Internet users by allowing competitors to use other people's trademarks as keywords.

Thus, analyzing the above-mentioned judicial acts, it is possible to formulate an approach according to which violations of trademark rights can be committed both by information intermediaries (Internet intermediaries) selling trademarks as keywords and by purchasers of keywords. At the same time, in the actions of Internet intermediaries, under certain circumstances, violations of competition protection and consumer rights legislation may be revealed, while in the actions of purchasers of keywords - violations of trademark rights and competition protection legislation.

Thus, the domestic law enforcement agency followed a path different from international and foreign practice. Nevertheless, in light of the ongoing harmonization of Russian legislation and relevant practice, it would be necessary to take into account the practice of the European Court. Also, when considering this category of cases, it is necessary to pay attention to the fact that a trademark performs not only an individualizing function, but also other ones, in particular - protective, advertising, etc⁶.

Based on the above, in our opinion, the use of trademarks as keywords in search engines should be considered as one of the possible options for using a trademark in relation to the provisions of Art. 1484 of the Civil Code of the Russian Federation. In this case, in disputes about the use of a trademark as keywords in search programs, the question should be raised about the liability of both the person using the trademark, who by his actions misleads Internet users, captures potential consumers of the trademark owner and gains his own benefit at the expense of his business reputation, and the information intermediary, who, by providing competitors with the opportunity to use other people's trademarks as keywords in the absence of due diligence, contributes to the violation of the rights of the trademark owner and the interests of consumers.

⁶ Anand A., Subrahmanyam A. Information and the intermediary: Are market intermediaries informed traders in electronic markets? //Journal of Financial and Quantitative Analysis. – 2008. – T. 43. – №. 1. – P.28.

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