

## Legal Issues in 'IP & the Internet'

Topic: Whether Use of Trademark as a keyword by an Intermediary would amount to Trademark Infringement?

## Relevant Provisions

### ❖ Section 2 (1) (m) , Trade Marks Act, 1999–

*“ (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; ”*

## Relevant Provisions (Contd.)

### ❖ Section 29(7), Trade Marks Act, 1999–

*“(7) A registered trade mark is infringed by a person who applies such registered trade mark to a material intended to be used for labeling 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.” (emphasis supplied)*

## Relevant Provisions (Contd.)

### ❖ Section 79 (1), Information Technology Act, 2000–

*“(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.”*

## Relevant Judicial Decisions

- ❖ **Amway India Enterprises Pvt. Ltd. v. 1MG Technologies Pvt. Ltd. & Anr., [CS (OS) 410/2018 , Delhi High Court]**

*“Further, if the use by the seller is detrimental to the reputation of the mark, the mark is stated to be infringed. Use of a mark in meta-tags or in advertising without the consent of the proprietor is also violative of trademark rights of the owner. Section 29(6) is categorical that if a person uses a mark or affixes the mark on the packaging, puts the product in the market or stocks them or offers them for sale or even uses the mark in advertising, it would constitute infringement. To be able to use the mark for purposes such as packaging, offering for sale, selling, use in advertising, etc., consent of the proprietor would be required.” (emphasis supplied)*

## Relevant Judicial Decisions (Contd.)

### ❖ **DRS Logistics (P) Ltd. and Ors. vs. Google India Pvt. Ltd. and Ors., [CS (COMM) 1/2017, Delhi High Court]**

*“Even if Google under the misrepresentation policy investigates an infringing Ad but only after a complaint, there is no doubt that the usage of trademark as keyword results in diversion of the traffic from the website of the trademark owner to the webpage of the advertiser which causes prejudice to the owner of the trademark in terms of goodwill and credibility with respect to the services and should be investigated by Google. In a way the advertiser through oblique motives is cashing upon the goodwill of the trademark owner for his own benefit and through which process Google is earning revenue and as such is equally liable for the omissions and commissions of the advertiser. It also follows that when the use of trademark as a keyword constitutes infringement / passing off which amounts to violation of rights accrued in favour of the proprietor under the provisions of the TM Act then on the same analogy that Google investigates advertisements which are prohibited under law, Google should also investigate the advertisements in this case as well.” (emphasis supplied)*



## Relevant Judicial Decisions (Contd.)

### ❖ Google LLC v. DRS Logistics (P) Ltd. & Ors., [FAO(OS)(COMM) 2/2022 , Delhi High Court]

*“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.” (emphasis supplied)*

## Relevant Judicial Decisions (Contd.)

### ❖ Google LLC v. DRS Logistics (P) Ltd. & Ors., [FAO(OS)(COMM) 2/2022 , Delhi High Court](Contd.)

*“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...” (emphasis supplied)*



## Relevant Judicial Decisions (Contd.)

### ❖ Google LLC v. DRS Logistics (P) Ltd. & Ors., [FAO(OS)(COMM) 2/2022, , Delhi High Court] (Contd.)

*“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...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” (emphasis supplied)*

## Relevant Judicial Decisions (Contd.)

### ❖ Google LLC v. DRS Logistics (P) Ltd. & Ors., [FAO(OS)(COMM) 2/2022, Delhi High Court] (Contd.)

*“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.” (emphasis supplied)*

## Relevant Judicial Decisions (Contd.)

- ❖ **Policybazaar Insurance Web Aggregator & Anr. v. Coverfox Insurance Broking Pvt. Ltd. & Ors., [CS(COMM) 259/2019, Delhi High Court]**

*“It may be true that use of such keywords may have added to the cost of advertisement for the plaintiffs and may even result in additional hits on the website(s)...the same itself is not sufficient to find the defendants guilty of infringing the registered trade marks of the plaintiffs or passing off the same. In my prima facie view by mere appearance of the website(s)...as advertisements or as sponsored link is not sufficient to hold that the internet user will be confused thereby.” (emphasis supplied)*

## Conclusion

- ❖ With respect to intermediaries, the Courts have clarified that the protection granted to intermediaries under Section 79 may not act as a blanket protection to absolve intermediaries from liability that stems out of third-party information, data or communication if the role of the intermediary is beyond providing access.
- ❖ Power over selecting the receiver of the information may put a heavier liability on intermediaries with respect to third-party information on their platforms.
- ❖ Intermediaries may be found to have conspired, abetted, aided or induced the commission of an unlawful act upon failure 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.

**Thank you!**  
**Questions?**

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