

First decision on unauthorised use of trade marks as keywords in Google AdWords scheme

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Recently, the High Court issued New Zealand's first substantive decision on the unauthorised use of trade marks as keywords in Google AdWords.

The court determined that the use of trade marks in this way was not, of itself, registered trade mark infringement, passing off or conduct in trade likely to mislead or deceive in breach of the Fair Trading Act 1986. *Intercity Group (NZ) Ltd v. Nakedbus NZ Ltd*, [2014] NZHC 124 (Feb. 12, 2014).

InterCity, New Zealand's largest long-distance bus company, owns the registered trade mark INTERCITY in Class 39. Nakedbus is InterCity's leading market competitor. Nakedbus habitually used the words "inter city" in its advertising and took the view that such use was descriptive for city-to-city bus services.

InterCity claimed that in purchasing the keywords "inter city" and 87 variants on the words for a Google AdWords campaign, and by using "inter city" in the resultant advertisements, Nakedbus was guilty of trade mark infringement, passing off, and misleading and deceptive conduct contrary to the Fair Trading Act.

The High Court held that Nakedbus's purchase of the keywords was "use in the course of trade" in terms of Section 89(1) of the Trade Marks Act 2002. However, as the purchase of the keywords was not seen or known or understood by consumers, it could not be "taken" as anything by consumers, let alone "taken as being use as a trade mark"; thus, there was no use of a sign "likely to be taken as being use as a trade mark" in terms of Section 89(2) of the Act, and hence no trade mark infringement.

Google's acts when, through its search engine, it provided for the Nakedbus advertisements to appear when consumers keyed "inter city" and the variants into a computer were similarly invisible to consumers and so also were not use of a sign "likely to be taken as being use as a trade mark" in terms of Section 89(2).

However, the Court held that the use of "inter city" in lines such as "inter city buses from \$1 – We'll beat any inter city fare" in the resultant advertisements was both "use in the course of trade" and "likely to be taken as being use as a trade mark" and therefore constituted trade mark infringement. The use was also held to be likely to mislead, deceive and confuse so as to make out the alternative trade mark infringement claim and the claims for passing off and breach of the Fair Trading Act.

Accordingly, while the use of a competitor's registered trade mark as a Google keyword is not, of itself, registered trade mark infringement in New Zealand, competitors still need to ensure that any keyword used in a resulting advertisement does not fall into a conventional trade mark infringement trap.

The decision has been appealed.

This article was written by John Glengarry (partner) and Ella Franklin (solicitor) for the International Trademark Association INTA bulletin (June 15, 2014 Vol. 69 No. 11).

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