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Blakes Bulletin

Intellectual Property

Keyword Advertising Not Misleading in Canada

SHELDON BURSHTEIN

In the first Canadian decision to deal substantively with keyword advertising, *Private Career Training Institutions Agency v. Vancouver Career College (Burnaby) Inc.*, the British Columbia Supreme Court held that keyword advertising involving the use of competitors' trade names is not misleading advertising.

It is important to note that this case arose in connection with an administrative law provision relating to misleading advertising and therefore did not involve the vexing question of trade-mark "use" so this decision is not likely to be the final word on keyword advertising in Canada.

KEYWORD ADVERTISING

Search engines, such as Google, Yahoo! and Bing, enable a website operator to attempt to increase traffic to its website through the use of keyword advertising. A website operator may contract with a search engine to "buy" a keyword as a trigger for a "sponsored link" to the operator's website for display in the search results when an Internet user enters a search query containing the keyword.

For example, Blakes might purchase the term "Canadian lawyer" so that a search for that term would result in a sponsored link to the Blakes website. Sponsored links are displayed along with other "organic" search results. If the user selects one of the sponsored links, the website operator is charged a fee by the search engine.

Where a keyword is a generic term, such as "shoes" or "lawyer," no trade-mark issues are raised. However, website operators sometimes choose the trade-marks or trade names of their competitors as keywords. It is this practice that has given rise to numerous disputes regarding keyword advertising.

Courts in multiple jurisdictions have been asked to determine whether a keyword advertiser or a search engine is liable for the violation of trade-mark rights where the advertiser buys a trade-mark or trade name of another person as a keyword from the search engine operator. Courts have reached differing results, even in the same country.

In assessing any such liability, a key question is whether the search engine or the advertiser "uses" the trade-mark of the plaintiff. The question is crucial because the "use" of a mark that is identical to, or confusing with, the mark of another is generally required for a finding of trade-mark infringement or other violation of trade-mark rights, and the term "use" is specifically defined in the trade-mark laws of most jurisdictions.

THE CASE

Private Career Training Institutions Agency (PCTIA) is a regulatory body of the province of British Columbia created by the provincial *Private Career Training Institutions Act* (the Act) to oversee career-training institutions that operate in the province. A bylaw under the Act prohibits misleading advertising by such institutions and requires that they use their registered operating names in advertising.

Vancouver Career College (Burnaby) Inc. (VCC) provides a variety of post-secondary educational services through various career-training colleges registered with PCTIA. As a member of PCTIA, VCC is obliged to comply with the Act and the bylaws made thereunder. VCC purchased the business names of its competitors as keywords to trigger sponsored links to VCC's websites when such names were searched.

In response to complaints from competitor institutions regarding VCC's keyword advertising, PCTIA developed a guideline interpreting the bylaw. The guideline states that the use of another institution's trade-mark, logo or business name, or anything confusingly similar, by a registered institution in any metatag, keyword, or any similar medium for advertising purposes constitutes false, deceptive or misleading activity within the meaning of the bylaw and is prohibited.

When PCTIA received complaints that students claimed they had been misled by the keyword advertising of VCC, PCTIA sought an order prohibiting VCC from using

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the business names of other member institutions in VCC's Internet advertising. The issue before the court was whether VCC's use of the trade names of others as keywords was false, deceptive or misleading and therefore breached the bylaw.

PCTIA argued that the court must consider the issue from a consumer protection perspective rather than as a competitive trade dispute. The core of PCTIA's argument was that the bylaw was enacted to protect potential students by prohibiting institutions from engaging in advertising that has the capacity to be deceptive or misleading.

VCC denied that its keyword advertising practice was false, deceptive or misleading, and argued that its Internet advertising is a modern day version of the accepted marketing practice of placing an advertisement in close proximity to a competitor's advertisement in traditional media, such as telephone directories.

KEYWORD ADVERTISING NOT MISLEADING

There is no definition in the Act, the bylaw or the guideline of "deceptive" or "misleading." The court said that, although no Canadian court had opined on the propriety of keyword advertising that uses the trade-marks or trade names of competitors, resort could be had to Canadian trade-mark jurisprudence to glean what is meant by the term "confusing" or "misleading" in the context of alleged improper advertising.

Prior case-law defined "mislead" as: (i) convey a deceptive act or practice to lead astray; (ii) cause to go in the wrong direction; and (iii) cause to have a wrong impression about someone or something. However, the court focused on the trade-mark concept of confusion even though the bylaw makes no reference to the term "confusion."

The court stated that the overriding consideration regarding the likelihood of confusion is the totality of the surrounding circumstances. It said that consumers are not generally completely devoid of intelligence or totally unaware or uninformed as to what goes on around them and can navigate among organic and sponsored listings.

The court touched on several United States decisions that held that keyword advertising with the trade-mark of another person did not incur liability. However, the court did not consider the group of United States cases that addressed issues differently.

The court accepted that it must not lose sight of PCTIA's consumer protection mandate. However, the court was not persuaded that VCC's keyword advertising would lead a potential student astray. The court said that keyword advertising is no different than placing an advertisement close to a competitor's advertisement in traditional media.

The court found that the VCC did not hold itself out in its Internet advertisements as anyone else or reference the trade names of its competitors to misidentify itself. The court concluded VCC's use of its competitors' trade names as keywords was not designed to mislead anyone and was not false, deceptive or misleading. Consequently, the court held that VCC did not breach the bylaw.

LOOKING FORWARD

While the case looked at keyword advertising from the perspective of misleading advertising, it may be instructive on the approach a Canadian court might adopt to keyword advertising in the context of allegations of trade-mark infringement or passing off.

Even if the use of another's trade-mark is held to constitute trade-mark use in Canada, in light of the court's holding that an Internet user would not be misled by sponsored links displaying advertisements of a person other than the owner of a trade name keyed into a search, a Canadian court may find there is no confusion.

Therefore, Canadian trade-mark law may prove to be consistent with recent decisions of the European Court of Justice and the United States Second Circuit Court of Appeals, which did not impose liability for keyword searching with the trade-marks of others as long as there is no misrepresentation by the advertiser.

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