

Use of registered marks in search advertising

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The growth of internet services has enhanced the importance of search advertising. The service, rendered by internet search engine operators, allows a company to prominently display its website among the results obtained in searches for a list of keywords. The issue became legally significant when companies started to include third parties' trademarks among their keywords, as a tool to attract consumers.

Brazilian case law has strongly pointed out that this conduct is illicit. The decisions, however, sometimes fail to state clearly the legal grounds determining such illicitness. Most decisions considered the behavior an act of unfair competition, citing the reproduction of the registered trademark as a mere element of lack of fairness. Only in few cases, the decision recognized expressly that the use in question also (and mainly) constitutes a trademark infringement.

São Paulo State Court of Justice has appropriately recognized trademark infringement as the main legal ground to characterize the conduct as illicit. Precedent decisions have been confirmed in the recent judgement of appeal n. 1007078-04.2016.8.26.0152 by the Second Specialized Chamber, devoted to Corporate Matters, in which the Court relies primarily on trademark infringement as the main grounds, as follows:

The website used by appellant to sustain that the trademark "Neocom" is generic cannot be upheld given that such analysis is legally reserved to the National Institute of Industrial Property, who considered the expression eligible for registration. Without the appropriate nullity action to void such registration, to be filed before Brazilian Federal Courts, its effects cannot be overlooked. Therefore, while the registration remains valid, the appellee's trademark remains protected.

In the following paragraph, as a subsidiary ground, the Court mentions the repression to acts of unfair competition:

In addition, even if this were not the case, there would still be an act of unfair competition established by the appellant's conduct, aimed at creating potential confusion between the companies and before consumers.

The relevance of the matter is not negligible. Trademark infringement and unfair competition are different specific grounds, both presenting requirements that are not similar at all. Their application to each matter will depend on the factual background observed. Therefore, **to consider the use of registered trademarks as keywords to search advertising a mere act of unfair competition would limit without legitimate reasons the scope of protection granted by the registration**, given that the trademark would only be opposable in cases of direct competition (in the same market, in the same geographic area, at the same time).

On the other hand, recognizing that such use may also constitute a trademark infringement returns to trademark owners the full scope of protection originally granted by the issuance of a valid registration, that is, its opposability against any third party acting on the same market, regardless of a direct competition, as set on the precedents of the Court of Justice of the European Union. In such cases, it would only be necessary to analyze the existence of an illegitimate legal consequence: an undue profit of the infringer (parasitism), a damage to the trademark's distinctive character (dilution) or a damage to the reputation of the trademark (tarnishment).

The consolidation of this thesis will guarantee to trademark owners a broader and more effective protection of their rights, in increasingly recurring cases of violations perpetrated by means of search advertising keywords.

Should you need additional information or advice, please reach out to your regular point of contact in our firm or write us at mail@kasznarleonardos.com