

## **Intellectual Property, Taiwan**

### **Use of competitor's trademark in keyword advertising deemed nonactionable**

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#### **Introduction**

Keyword advertising is a popular way for companies to increase their online exposure. Offered by search engine service providers, it involves the use of keywords in search terms which trigger the appearance of specific ads on search engine results pages. To ensure that ads remain relevant for web users, companies can employ a 'keyword insertion' feature, which updates the keywords that cause their ads to appear. However, the question remains as to whether a company's use of a competitor's trademark as a keyword in their keyword advertising constitutes trademark infringement.

#### **Current practice**

Under Taiwan's current practice, determining whether the use of a competitor's trademark in keyword advertising constitutes trademark infringement depends on how the mark is used. In general, the courts deem the use of a trademark non-actionable if it does not appear in the ad itself (ie, someone using the search terms would not assume that the ads belongs to the trademark owner). However, even if a competitor's trademark is not used in a company's ad, its use as a keyword in keyword advertising might be considered a violation of the Fair Trade Act.

#### **District court decision**

In a recent trademark infringement case, the Taipei District Court upheld the established case law on this issue.

The complainant, a manufacturer of female undergarments, alleged that:

- the defendant, a competitor, had purchased one of its trademarks to use in keyword advertising; and
- the trademark had triggered the appearance of the defendant's website and sales ads on a search engine results page.

However, the defendant argued that:

- it had not used the keyword insertion feature in its keyword advertising; and
- using a competitor's trademark in keyword advertising does not constitute trademark use.

In its decision, the Taipei District Court held that:

- the defendant had not used the complainant's trademark in its ad;
- the ad that had appeared in search results contained words such as "ad"; and
- search engine users would not have assumed that the ad belonged to the complainant.

The court further suggested that, even if the ad had caused initial interest confusion and directed users to click the link, they would be able to identify that the website belonged to the defendant because it did not contain the complainant's trademark.

As the use of the trademark could not be seen by search engine users, the court held that its use in keyword advertising was non-actionable and that the defendant was not liable for trademark infringement.

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