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Avoiding Liability when using Keyword Advertising

The British Columbia Court of Appeal (“**BCCA**”) in *Vancouver Community College v Vancouver Career College (Burnaby) Inc.*, [2017 BCCA 41](#) has reversed a lower court [decision](#) involving whether the use of keywords in online advertising constitutes passing off. The Court found that merely purchasing another person’s trademark as a keyword for advertising does not constitute passing off, but if your resulting sponsored link has nothing in it to distinguish you from the owner of that trademark, then confusion can result and you can be liable for passing off.

This decision involves two post-secondary education institutions; the plaintiff, Vancouver Community College (a public institution) and the defendant Vancouver Career College (a private institution). The plaintiff asserted common law trademark rights in “VCC”. The defendant used the domain name VCCollege.ca for its website and purchased “VCC” as a keyword for the Google and Yahoo search engines. Users who searched for “VCC” received a sponsored link to the defendant’s website which displayed the domain name VCCollege.ca. The defendant’s website did not display “VCC” and a user who clicked through to the defendant’s site would likely realize that the website was that of the defendant and not the plaintiff. Nevertheless, the plaintiff alleged, *inter alia*, passing off of its common law trademark VCC and at the lower Court filed evidence that users (such as students and prospective students) had in fact been confused when searching for the term “VCC” and were directed to the defendant’s site (which was not their intention).

The test for a successful passing off claim requires that a plaintiff prove (i) goodwill in its trademark; (ii) a likelihood of confusion; and (iii) damages. Of particular interest in this decision is the moment of time when confusion ought to be assessed. At the trial level, the Court took the approach of assessing confusion at the time that the user clicked through to the landing page of the defendant. The trial Court acknowledged that consumers may have initially been misled to the defendant's website by searching for the term VCC and clicking on the sponsored link. However, as the landing page was likely to make it clear that it was not the website of the plaintiff, the Court found there was not a sufficient likelihood of confusion. As a result, the passing off claim failed at the trial level.

However, on appeal, the BCCA concluded that the proper time for assessing confusion was at the earlier stage, when the search engine results page displayed the sponsored link of the defendant. At paragraph 55, Saunders J.A. noted the following:

The issue before us in relation to the component of confusion is whether the judge erred in principle as to the moment for assessing confusion. In my view, while the judge correctly referred to the first impression test, he erred in delaying its application to the searcher's arrival at the landing page, a moment well past the moment of first impression; the conclusion that the first impression does not occur until the searcher has reached a website by clicking on a search result, cannot be sustained on the authorities before us.

The BCCA opined that this is consistent with the accepted test for confusion previously recognized by the courts. That test is often attributed to the Supreme Court of Canada ("SCC") decision in *Veuve Clicquot Ponsardin v. Boutique Cliquot Ltée.*, 2006 SCC 23. There, the SCC stated that "[t]he test to be applied is a matter of first impression in the mind of a casual consumer somewhat in a hurry who sees the [name] at a time when he or she has no more than an imperfect recollection of the [trademarks] and does not pause to give the matter any detailed consideration or scrutiny, nor to examine closely the similarities and differences between the marks." (at para

20). The SCC has also noted in *Masterpiece Inc., v. Alavida Lifestyles Inc.*, 2011 SCC 27, that the “[t]he likelihood of confusion is still premised on the first impression of consumers *when they encounter* the marks in question (emphasis in original) (para 70).

As a result, the BCCA concluded that a misrepresentation by the defendant had occurred at the time the user encountered the sponsored link. The sponsored link provided by the defendant on the search engine results page displayed the domain name VCCollege.ca with no other content that would distinguish the defendant’s college from the college of the plaintiff. Having accepted there was significant goodwill in the plaintiff’s common law trademark VCC, and as damages were inferred from the interference with the plaintiff’s goodwill, the claim for passing off was successful.

As a side note, both levels of court agreed that the mere purchasing of a competitor’s trademark as a keyword for advertising was not sufficient to constitute a component of passing off as that step alone does not deliver a message to a consumer (see BCCA decision at para 72).

The takeaway from this decision is that companies purchasing keywords which are arguably confusingly similar to those of their competitors should consider using content to distinguish their sponsored links from their competitors.

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[a cautionary note](#)

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