Whether Trademarks Used in Keyword Searches Constitutes Infringement

Over the past few years, Internet search engines, such as Google or Yahoo, have generated large revenues by selling advertising through sponsored links or pop-up ads. For example, businesses pay a fee to Google to have their advertisements "pop-up" when certain keywords or search terms have been entered. Disputes over this process have arisen due to the fact that the search engines are selling the ads to businesses that are purchasing rivals' trademarks as search terms. However, whether this act constitutes trademark infringement or fair use is unclear.

Keyword Advertising

Often businesses want to advertise their goods or services on the internet in order to maximize their profits. A common method of advertising over the internet is through "keyword advertising." Internet users often find what they are looking for by entering keywords on search engine sites, such as Google or Yahoo. Since keywords have the power to drive search traffic to particular websites, advertisers bid on certain keywords related to their business. The search engine then sells those words to advertisers and either their sponsored links appear next to search results or their text ads "pop-up" when those terms are entered as keyword searches. Inherent in this process, search engines end up selling some trademarks of a rival business as keywords.

Search Engine Policies on Keyword Advertising

Several search engines, such as Overture Services (i.e., Yahoo's commercial division), Netscape, and Google, have engaged in search-related advertising since it has produced significant profits. However, the particular policies of each search engine regarding keyword advertising vary.

Google's initial policy on keyword advertising was to "screen" for trademarks and to prevent advertisers from purchasing distinct marks of a rival. However, Google did sell words that it considered to be "descriptive" or "generic" terms. Then, in April 2004, Google changed its policy to stop policing for trademarks in selling keywords to advertisers under its AdWord program. As a result, Google has had to endure several trademark infringement actions, both domestically and internationally, with mixed outcomes. Presently, outside the U.S. and Canada, Google does not permit the use of a business' trademarks to trigger a rival's advertisement.
Trademark Infringement

The cornerstone of a trademark infringement action is that the infringement is likely to cause consumer confusion. Trademark owners must show that the consuming public would be confused, misled or deceived as to the origin of another's goods or services caused by the use of their trademark (or a confusingly similar mark).

Factors that courts typically consider in determining whether there is a likelihood of confusion include:

1. The degree of similarity between the marks and of the goods and services;
2. The strength (or distinctiveness) of the plaintiff's mark;
3. Any evidence of actual confusion by consumers;
4. The intent of the defendant in adopting its mark;
5. The physical proximity of the goods or services in the retail marketplace;
6. The degree of care likely to be exercised by the consumer; and
7. The likelihood of expansion of the product lines.

Lawsuits filed against search engines engaging in keyword advertising claim that the misuse of their trademarks to trigger rival's ads or sponsored links confuses the public as to the source of goods or services.

International Infringement Cases Against Google

Google has changed its policy regarding its keyword advertising outside the U.S. and Canada. This change has likely come from Google losing trademark infringement actions in Europe. Two French courts ruled against Google for trademark infringement in using its AdWord program. Le Meridien Hotels and Resorts and Louis Vuitton filed separate actions against the search engine alleging infringement for allowing rivals' text ads to appear using their trademarks as keywords. Google was ordered to cease the infringement and pay fines. Google lost an appeal in the Louis Vuitton case in 2006 and was ordered to pay additional damages.

Domestic Infringement Cases Against Google

Google has battled trademark infringement cases throughout the United States as well. In May of 2004, Geico Insurance Co. filed suit against Overture, Inc. and Google claiming they infringed its trademark by selling ads linked to keyword search results. Geico alleged that the search engines allowed the word "Geico" to trigger rivaled ads in violation of U.S. federal trademark laws. Overture and Geico settled before judgment.

In December of 2004, a Virginia District Court judge dismissed one of Geico's claims against Google, based on use of Geico's trademark to trigger "sponsored links" but the case will continue regarding the pop-up ads. Similar cases are pending against Google and other search engines elsewhere in the U.S. However, the issue has yet to be
resolved as U.S. law remain unclear about the policing that search engine's must perform to prevent trademark infringement.

In 2007, Judge Jeremy Vogel of the U.S. District Court for the Northern District of California weighed dismissing a similar case filed by American Blind & Wallpaper Factory Inc., citing the Geico case. The judge noted that federal case law is ambiguous. The U.S. Second District found in a 2005 decision in 1 800 Contacts v. WhenU that the plaintiff had no trademark claim when WhenU’s pop-up ad system delivered ads from rivals of the contact lens store. However, a ruling in the U.S. Ninth District in the case of Playboy v. Netscape had found in favor of trademark holders.

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