

Use of Keyword Triggers Can Trigger Problems for “Contextual Marketing.”*

by

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Contextual marketing has become a linchpin of advertising strategy on the Internet. Stated simply, contextual marketing allows advertisers to generate targeted advertisements to individual computer users based on browsing habits using a variety of “search engine optimization programs” (aka “SEO” programs). One form of contextual marketing involves the generation of “sponsored links” by search engines when users type in specific “keywords.” For example, a computer user searching for information on “athletic shoes” will receive the “natural” search results, i.e., links generated by the particular algorithm used by the search engine, as well as series of “sponsored links,” i.e., links paid for by select advertisers to attract users to their particular websites. For “sponsored links,” advertisers pay search engines to generate their advertisements when users type in specific keywords. The sponsored links that appear are therefore not part of the “natural” search results.

Fair enough so far. But what happens when search engines sell advertisers keyword triggers comprised of third party trademarks such that the advertisers “sponsored links” appear close to the “natural results” that would, by definition, feature the website or websites of the owner of the trademark?

This issue forms the crux of a claim filed by American Airlines against Google in the Northern District of Texas. (American Airlines v. Google, No. 4-07CV-487-A (N. D. Tex., filed August 16, 2007).

This is not the first time courts have visited this issue. Indeed, beginning in 2003, American Blinds challenged Google over exactly this question, ultimately alleging that Google’s sale of certain keywords to advertisers to generate the ads of competitors infringed its trademark under the Lanham Act, among other claims. While the court granted Google’s Motion for Summary Judgment this year, it did so based on a technical trademark issue concerning the inherent protectability of the AMERICAN BLINDS mark. Significantly, the Court specifically denied Google’s motion with respect “to the extent that it is brought on the basis of an asserted absence of trademark use.” Google, Inc. v. American Blind & Wallpaper Factory, Inc., 2007 U.S. Dist. Lexis 32450 at *20 (N.D. Cal. 2007). The parties eventually settled.

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In a second case, insurance provider Geico also sued Google over its sale of keywords to generate sponsored links. Google's motion to dismiss the Lanham Act claims brought by Geico was denied in August 2004, Gov't Employees Ins. Co. v. Google, 330 F. Supp. 2d 700 (E.D. Va. 2004), as further explained at 77 U.S.P.Q.2d 1841 (E.D. Va. 2005). The parties settled before the court had an opportunity to reach the merits on those claims.

In another frequently cited case involving so-called "adware" programs, the Second Circuit ruled that adware provider Whenu.com did not commit trademark infringement by using trademarked terms to generate pop-up advertisements appearing contemporaneously with the appearance of the plaintiff's website. 1-800 Contacts, Inc. v. Whenu.com, Inc., 414 F.3d 400 (2d Cir. 2005). The facts of this case, however, differ from those raised in the Google cases in so far as it did not involve the generation of "sponsored links" in search results. Indeed, outside of the 2nd Circuit, courts have found that use of a third party's trademark to trigger online advertisements or sponsored advertisements does constitute trademark infringement. See 800 JR Cigar, Inc. v. GoTo.Com, Inc., 437 F. Supp. 2d 273 (D.N.J. 2006); Buying for the Home, LLC v. Humble Abode, LLC, 459 F. Supp. 2d 310 (D. N.J. 2006); and Edina Realty, Inc. v. The MLSOnline.com, 80 U.S.P.Q.2D 1039 (D. Minn. 2006). Courts are therefore split on whether the sale of keywords comprised of trademarked terms by search engines to generate sponsored links constitutes trademark infringement and related torts.

The American Airlines case may alter the landscape. In this case, American Airlines, like Geico and American Blinds before it, alleges that Google has infringed its marks by selling keywords comprised of its marks to advertisers, which keywords then trigger sponsored links of competitors and others along side the "natural" search results. This use of its marks, the complaint alleges, is likely to confuse or deceive consumers into believing that that the sponsored links, and the services they identify, are either sponsored by, or in some other manner associated with, American Airlines. American Airlines is also seeking relief for a range of other federal claims, including contributory and vicarious trademark infringement, trademark dilution, false representation, and related state claims, including tortious interference with contract.

In response to this complaint, Google filed a Motion to Dismiss on grounds that American Airlines had failed to state a claim. In particular, Google argued that its use of trademarked terms as keywords failed to constitute "trademark use," as required under law for a trademark infringement claim to proceed. The court rejected Google's motion in full in a two paragraph order issued on October 24, 2007. American Airlines, No. 4-07CV-487-A (Oct. 24, 2007) (order denying motion to dismiss). Google filed an Answer on November 7. *Id.* This case will now go forward on its merits, provided the parties do not settle.

The outcome of this case has major implications, not only for Google and other search engines, but for advertisers as well. In particular, a victory for American Airlines will buttress those arguing that use of trademarks as keywords to generate sponsored advertisements and other types of online advertising constitutes trademark infringement.

Although the courts are clearly divided on this issue, as noted above, a decision of this nature, which involves major corporate players, is sure to reverberate at all levels of commerce. Search engines and other companies that provide contextual marketing services will have to reconsider the extent to which they use third party trademarks as keywords given the potential liability. Advertisers will similarly have to reconsider the keyword advertising triggers they purchase from Google and other search engines. Indeed, advertisers have already been held liable for the purchasing keyword advertising triggers comprised of a competitor's trademark. See Edina Realty, supra. (defendant's summary judgment motion on trademark infringement claims denied where defendant purchased and used keywords comprised of plaintiff's mark to generate advertisements in Internet search results, *inter alia*).

It is also important to note that a decision favoring American Airlines would be generally consistent with practice in Europe, where the use of trademarks as keywords to trigger various forms of online advertisements has already been found to constitute trademark infringement in several cases. See, e.g., Societe Viaticum et Society Luteciel v. Google France, Tribunal de grande instance (T.G.I.) [ordinary court of original jurisdiction], Nanterre, October 13, 2003, affirmed, Cour de appel, Versailles (Versailles Court of Appeal), Chamber 12, Section 1, March 10, 2005, cited in Links and Law, *Adwords Lawsuits in France – Trademarks as Keywords Illegal*, <http://www.linksand-law.com/adwords-google-keyword-lawsuit-France.htm> (last visited December 10, 2007).

Even if this case settles before a decision is reached, the unsettled nature of U.S. law in this area - and the clear position of European courts that favor the rights of trademark holders on this question - creates continued risks for those who advertise online using contextual marketing programs or search engine programs such as Google's "AdWords." As companies develop their online marketing strategies, they should therefore take pains to understand the precise nature of the online advertising and search engine optimization programs they use to be certain that third party trademarks are not utilized to trigger sponsored links or other forms of online advertising such as pop-ups and banner ads. By so doing, they can minimize the risks of liability that can arise from such practices.