

The risk of buying keywords that are competitors' trademarks

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Search engine advertising, if not done properly, can expose a company to liability for trademark infringement. Today's business environment demands effective use of the Internet to drive sales. Companies must have a website to compete, but what good is a website if no one can find it?

In addition to utilizing social media and search engine optimization, companies increase the likelihood that consumers will find their websites through search engine advertising. According to a recent survey, Internet advertising revenue in the U.S. last year was more than \$31 billion, a 22 percent increase from 2010, with more than 46 percent of that revenue from search advertising.

Most consumers who are looking to find a product or service first turn to a search engine such as Google, Bing or Yahoo. Their search results are divided into organic results, which appear in the middle of the page, and paid results or sponsored ads, which appear at the top and right side of the page. Companies can set up an account with the search engine company and create short advertisements that consist of a few words and a link to a website.

Advertisers often bid on certain keywords so that when a search engine user types that keyword as a search term, the company's ad will appear in the "sponsored ads" section of the search results page. If the user clicks on the link in the sponsored ad, the company pays the search engine the price it bid for that keyword.

Obviously, some keywords are more

valuable than others and cost more per click.

One legal question continues to arise: Does the purchase of a keyword that is the trademark of a competitor to trigger a sponsored ad constitute trademark infringement? For example, can the Coca-Cola Co. purchase the keyword Pepsi so that when a consumer types Pepsi into a search engine, he or she will see a Coca-Cola sponsored ad and a link to the coca-cola.com website?

A related question is whether the search engine is liable for selling that trademarked keyword. Not surprisingly, numerous lawsuits have been brought by trademark owners over the past decade against competitors who purchased trademarked keywords, as well as against the search engines for selling keywords that are trademarks.

The key issue in search engine advertising cases is whether the purchase or sale of trademarked keywords is likely to cause confusion among consumers. Courts have generally resolved this issue in favor of the trademark owner where the ad itself uses the trademark owner's trademark in a misleading way.

Case outcomes have not been as clear where the text of the ad does not include the mark. Then the question is whether a consumer who types in a specific trademark search query and then sees a sponsored ad that displays the trademark of a competing company will be confused into believing that ad originates with the trademark owner or is somehow affiliated with or sponsored or endorsed by the trademark owner.

A user also sees search results in a list format, possibly including the trademark owner's link as well as the competitor's key-

word advertisement. As such, the consumer is unlikely to take an advertisement at face value, but instead look at the results delivered as a whole and make an informed decision on where to go.

Last year, the Ninth Circuit recognized the limitation of this analogy and the increasing sophistication of search engine users in *Network Automation v. Advanced Systems Concepts*. Whether initial interest confusion remains a viable theory in the context of the search engine advertising cases remains to be seen.

Here are some practical tips to consider when your company engages in search engine advertising:

1. The safest option is to avoid purchasing keywords that are trademarks of a competitor.
2. If you decide to use a competitor's trademark in search advertising, make sure that there is nothing misleading about the text of the ad and the website to which it links.
3. When evaluating whether to contest a competitor's purchase of your company's trademark as a keyword, make sure that you are not doing the same; evaluate the real harm, and whether the ad itself is likely to cause confusion.

An expanded column taking a look at cases concerning keywords and trademarks is available at westfaironline.com.

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