

PUBLICATION

Purchasing Internet Keywords – Buyer Beware

April 14, 2010

A consumer's first introduction to your business will often be through your website after an on-line search. Accordingly, improving the quantity and quality of traffic to a website through search engine results – known as search engine optimization – is an important part of any effective advertising strategy. A competitor, however, can subvert even the best search engine optimization by purchasing internet key words from search engine providers – such as Google and Yahoo!.

Perhaps the best known internet keyword program is Google Adwords. The Google Adwords program generates ads that are displayed along with search results when searches on www.google.com are conducted using the designated keywords – hence the term "Adword." The Adwords ads appear alongside or above the search results. A purchaser of a particular Google Adword pays an activation fee, per click fee and per impression fee for use of the Adword.

For example, if you owned the trademark "Ziggy's Pizza" for your pizza parlor, your closest competitor, Joe's Pizza, might purchase the Adwords "Ziggy's Pizza." After Joe's Pizza paid the necessary fees to Google to ensure that each time a consumer conducts a search for "Ziggy's" and "pizza" on www.google.com, an ad for Joe's Pizza appears at the top of the results page – above the actual link to the Ziggy's Pizza website. If Joe's Pizza desired, the ad even could mention that there is a coupon on its website and draw away Ziggy's Pizza customers.

Although this may appear to be a clever way to compete in the market, it is not without significant risk. There are a growing number of cases indicating that use of a third party's trademark in this manner may result in exposure to claims for trademark infringement and unfair competition under a United States law known as the Lanham Act.

The Lanham Act provides protection against trademark infringement and a wide range of activities generally called "unfair competition." Generally, trademark infringement occurs when an unauthorized person or entity uses a registered trademark in interstate commerce (i.e. crossing state lines) in way that is likely to cause confusion, mistake or deception.

The Lanham Act's protection, however, is not limited to registered marks. It also provides protection against unfair competition – including the unauthorized use of unregistered trademarks. Generally, unfair competition is established under the Lanham Act if a party uses in interstate commerce any word term, name, or symbol, or any false designation of origin, false or misleading description of fact, or false or misleading representation of fact, which is likely to cause confusion, or to cause mistake, or to deceive. One such cause of action that falls within the rubric of unfair competition is infringement of a common law (i.e. non-registered) trademark, which occurs when one represents that one's goods are those of another, usually a competitor, or substitutes their goods for those of another.

To find that a competitor's use of an internet keyword subjects it to Lanham Act liability for either trademark infringement or unfair competition, a court must find (1) a use of a trademark or other designation of origin in commerce and (2) a likelihood of confusion resulting from such use. The use of internet keywords may meet these requirements. An increasing number of courts have found that the use of internet keywords is a use in

commerce sufficient to support a claim. The likelihood of confusion analysis requires the consideration of the following factors: (1) the similarity between the plaintiff's mark and the alleged infringing mark; (2) the relatedness of the goods; (3) the likelihood of expansion of the product lines; (4) strength of the plaintiff's mark; (5) the marketing channels used; (6) the likely degree of care exercised by the purchaser; (7) the infringer's intent in selecting the mark; and (8) evidence of actual confusion. Therefore, if an analysis of these factors leads to the conclusion that consumers are likely to be confused, a court will find a purchaser of a competitor's trademark as an internet keyword liable for trademark infringement and/or unfair competition. The penalty could be an award of actual damages, the defendant's profits, increased damages up to three times actual damages, and, in exceptional cases, attorney's fees.

Given the potential exposure to liability, if your business is considering the purchase of internet keywords, choose carefully. Choose generic terms that describe your business's goods or services and/or your general location and avoid a competitor's trademark, even if the competitor has not registered its mark. For example, Joe's Pizza might select the internet keywords "best pizza Nashville" or "top pizza Nashville." These types of generic terms avoid claims for trademark infringement and unfair competition and will still give you that prime placement at the top of search results.

Conversely, if you find that a competitor is using your trademark as an internet keyword, you should consult with your intellectual property attorney promptly to discuss your options. There are a variety of remedies available including contacting Google directly, sending a cease and desist letter, or filing a lawsuit to enjoin your competitor from using your trademarks. The longer that you wait to take action, the fewer remedies you will have. Courts often only grant requests for temporary injunctions when a movant requests such relief promptly after learning of the wrongful use of a trademark. The availability of a temporary injunction often is your best leverage to bring a swift resolution. Your intellectual property attorney will be in the best position to advise you of your options with your business objectives in mind.

Mr. Miller is an attorney in our Nashville office.