

EXPERTS' FORUM | Legal

Are Your Trademarks Being Sold by Search Engines?

Search engines, such as Google, deliver users both a list of websites and a list of ads triggered by the users' search terms. For example, a seller of cooking ingredients might pay Google to run its ad whenever a user enters a query containing keywords such as "herbs" or "spices."

A dispute arises when these search engines sell keywords that are trademarks without the permission of the trademark owner. Rescuecom Corp. is one company that has mounted a legal challenge to Google's practice of selling third party trademarks for advertising purposes.

The New York-based computer services franchising business claims that Google is damaging it by displaying competitors' ads when users enter the trademark "Rescuecom" into Google's search engine. In a lawsuit filed against Google in New York District Court, Rescuecom alleged that Google, and Rescuecom's competitors who purchase the ads, are profiting without authorization from the Rescuecom trademark.

The company claims the practice can also confuse potential customers and franchisees, leading them to incorrectly assume that Rescuecom is associated with a competitor, resulting in lost business. Google responded with the defense that its use of Rescuecom's trademark was internal and did not constitute the "use in commerce" that is required for trademark infringement.

Google does not display anyone's trademark but its own, and both search terms and keywords are kept in a proprietary database, not visible to the general public. The lower court was persuaded by Google's defense and dismissed the case, reasoning that trademark infringement can only occur when the infringed mark is displayed.

In a landmark case that is likely to confirm and expand a growing trend among district courts

throughout the country, the Second Circuit Court of Appeals disagreed with the lower court's decision in *Rescuecom Corp. v. Google Inc.*, in April. It held that the promotion and sale of third party trademarks as keywords for ads linked to searches, as in Google's AdWords program, constitutes use of the marks in commerce under the federal Trademark Act, also known as the Lanham Act.

The Second Circuit panel reversed the dismissal of the complaint by the lower court, and remanded the case for further proceedings. "Use in commerce" has long been considered a threshold criteria for establishing whether keyword-triggered advertising using a competitor's mark constitutes trademark infringement or dilution. However, district courts throughout the country have been split on this issue. The Second Circuit has now become the first appellate court to rule against Google directly on a keyword advertising case.

The trademark policies of search engines like Google will no-doubt evolve as the law struggles to keep-pace with technological innovation. These changes will likely bring advertisers into compliance with the law and ultimately help them avoid litigation.

A business that does not want its trademarks used by competitors should provide third parties with constructive notice of its trademark rights by ensuring that all of its marks are federally registered. Companies who purchase keywords that incorporate registered trademarks owned by third parties run the risk of violating the Lanham Act, in view of the recent *Rescuecom* decision. However, *Rescuecom Corp.* and other plaintiffs must still prove a likelihood of confusion, or trademark dilution, before they can prevail at trial.



KYLE PETERSON
Attorney
Patterson, Thuente,
Skaar & Christensen
peterson@ptslaw.com
<http://www.ptslaw.com>