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US: TRADE MARKS

Keyword advertising and trade mark infringement

The continuing growth and popularity of the internet has created a wealth of new opportunities for trade mark owners seeking to market their goods or services online. The reliance of internet users on search engines to locate providers of particular products has led to an explosion in search engine advertising in recent years.

Generally speaking, search engine advertising is the practice of purchasing advertising linked to search terms inputted by an internet user so that when a particular search term is entered, the results page will display links to websites of paid advertisers. The sequence and positioning of such links is then based not on some neutral or objective criteria but, rather, on the fees paid by the advertiser to the search engine provider.

Search engine advertising enters the purview of trade mark law when advertisers purchase keyword-triggered sponsored links from search engines which consist of a competitor's registered trade mark rather than just a generic term. For example, a company pays the search engine so that when an internet user inputs a search for the trade mark of such company's competitor, the search will produce links for

the company instead of the trade mark owner.

Trade mark owners have taken issue with the possible competitive disadvantages that may be fostered and the loss of revenue that may be suffered due to a competitor's ownership and use of keyword advertising triggered by a search for a particular trade mark. Brand owners have turned to the courts to protect their proprietary rights. Trade mark owners have claimed that such keyword purchases and advertising constitute unfair competition and trade mark infringement and several US courts have upheld this position. Thus far, however, there has not been a consensus among US courts as to whether keyword advertising constitutes "use" of a third party's trade mark in commerce for purposes of supporting a claim for trade mark infringement.

In view of the potential claims and unpredictable judicial results, companies should consult with trade mark counsel prior to initiating a keyword advertising programme to assess the potential risks involved. On the other hand, brand owners that may be injured by this form of advertising should be vigilant in monitoring the internet; and should confer with counsel if and when such activities are identified.

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