

# PAY PER CLICK: KEYWORD ADVERTISING AND THE SEARCH FOR LIMITATIONS OF ONLINE TRADEMARK INFRINGEMENT LIABILITY

## INTRODUCTION

Search engines, led by the world's most prominent search engines, led by the world's most prominent search engine, Google,<sup>1</sup> are revolutionizing the way that the general public accesses all types of information and content. These free and efficient entities link consumers to specifically desired information within the unquantifiable wealth of information available on the Internet. Search engines are the key intermediaries that allow consumers to quickly and easily find desired information online, without which the process would be akin to finding a needle in a haystack. In addition to providing links to content hosted by third parties, Google also provides direct access on its own site to otherwise largely unavailable content and information. For instance, the Google Books program gives users free access to digitized copies of millions of books scanned by Google and its partners. And Google Maps allows users to search a highly detailed map of the world for the location of the nearest Starbucks or for directions to a friend's house, among many other helpful features.

Google and other search engines are able to provide these and many more services to users free of charge because they generate substantial revenues from their online advertising services. Google's AdWords program is the largest and most successful of these services, producing over \$21 billion in total advertising revenues in 2008.<sup>2</sup> Es-

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<sup>1</sup> Because of Google's unrivaled position in the search engine and keyword advertising market, this Note will specifically discuss Google's keyword advertising programs, and omit any specific discussion of programs offered by other competing search engines, like Yahoo! However, the law and analysis should apply equally to all of the various keyword advertising programs offered by search engines and other intermediaries.

<sup>2</sup> *2008 Financial Tables: Investor Relations*, GOOGLE, <http://investor.google.com/financial/2008/tables.html> (last visited Jan., 3 2011); *see also Inside the Mind of Google* (CNBC television broadcast Jan. 14, 2010), available at <http://www.hulu.com/watch/116372/cnbc-originals-inside-the-mind-of-google>

entially, Google sells advertisements based on the keywords searched by users. An advertiser purchases a keyword from Google and pays a price each time a user who searched for that keyword clicks on the advertiser's ad, which is displayed in a "Sponsored Links" section usually to the right or above the "organic" or "natural" search results.<sup>3</sup> For example, if "Joe's Pizza" wants to advertise its pizza shop online, it can register for a Google AdWords account and then bid on a price per click for the keyword "pizza."<sup>4</sup> Now, if a user runs a Google search for "pizza," Joe's Pizza's advertisement would be displayed in the sponsored links section of the search results page.<sup>5</sup>

Google's advertising programs significantly benefit all parties involved. Google generates large revenues to fund its diverse business operations. Advertisers can reach a larger and more diverse audience and are also able to more specifically and accurately target potential customers than was possible through traditional marketing methods, such as phone book, newspaper, or radio advertisements. Consumers also benefit in numerous ways. They are presented with more options for purchasing the goods or services they seek than they would be if only the organic search results were displayed because the organic results tend to favor the larger, more established seller.<sup>6</sup> For instance, if the consumer was again searching for "pizza" and was only given the organic results of his search (without the different sponsored links) he would likely see only large pizza chains at the top of his results, like Domino's or Pizza Hut. The use of keyword advertising allows a small shop, like Joe's Pizza, to display its website under the sponsored links heading along with the larger shops. This gives the consumer more choices when purchasing and allows him more easily to com-

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(explaining that Google's AdWords program brought in \$4 billion in profits (95% of total profits) in 2008).

<sup>3</sup> See *Gov't Emps. Ins. Co. v. Google, Inc.*, No. 1:04CV507, 2005 WL 1903128, at \*2 (E.D. Va. Aug. 8, 2005) (explaining how the Google AdWords program works).

<sup>4</sup> See *AdWords Help: What is Google AdWords?*, GOOGLE, <https://adwords.google.com/support/aw/bin/answer.py?hl=en&answer=6084> (last visited Jan., 3 2011); *Inside the Mind of Google*, *supra* note 2.

<sup>5</sup> The placement of an advertiser's ad within the Sponsored Links section depends on a number of factors, including the price paid per click, how relevant the target site is to the searched term, etc. The advertiser can also control when it wants its ad displayed, choosing for instance to display its ad based on the time of day that the term is searched for or on the location of the searcher. See *AdWords Help: What is Google AdWords?*, *supra* note 4; *Inside the Mind of Google*, *supra* note 2.

<sup>6</sup> See *Inside the Mind of Google*, *supra* note 2 (explaining how Google's algorithms naturally rank sites based on the number of links to and from a site, and therefore generally rank more established businesses higher than smaller businesses with less of an online presence).

pare the prices and products that he desires to purchase. Consumers also indirectly benefit from the use of keyword advertising programs which fund the search engines' businesses and, in turn, provide the many beneficial products and services free of charge to the public.

Of course, without some way for search engines to generate revenue, the free services they provide to the public would not be possible and thus, search engines have to charge advertisers for the use of keywords.<sup>7</sup> Despite these benefits to consumers and advertisers, a potential trademark problem arises when the keyword purchased by an advertiser is a registered trademark of another company. Regarding the "Joe's Pizza" example, assume Joe's bought the keyword "Pizza Hut," so that whenever a user searched for "Pizza Hut," along with a link to Pizza Hut's website, an advertisement for Joe's Pizza would also be displayed in the sponsored links section of the results page. This practice is fairly common for obvious reasons. Keyword advertising allows advertisers to very specifically identify and target potential customers based on the keywords they commonly enter. If the keyword "pizza" is effective at identifying a potential customer of Joe's Pizza, it is easy to see why the keyword "Pizza Hut" would also be an effective identifier. Joe's Pizza generally offers the same services as Pizza Hut, so perhaps the user would be interested in buying pizza from Joe's instead of from Pizza Hut. In recent years, this type of keyword advertising—where an advertiser buys a registered trademark of a competitor as a searchable keyword—has spawned litigation throughout the country. Courts have struggled to apply the principles of trademark law to these disputes and have come to a variety of inconsistent conclusions about whether the practice is legal, and if not, who should be liable—the search engine or the advertiser.

This Note analyzes the practice of buying and selling trademarks as keywords that trigger advertisements to illustrate why courts have struggled to come to consistent results. Essentially, because trademark law originally dealt with much simpler issues, its basic doctrines do not provide a clear resolution to the problem presented. This Note proposes a legislative solution, namely the creation of a statutory safe harbor to shield search engines and online advertisers from liability for the sale of certain nondeceptive advertisements triggered by trademarked keywords. Part I discusses some fundamentals of trademark law. Part II analyzes a variety of cases in which courts have dealt with trademark disputes on the Internet, and specifically disputes over the

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<sup>7</sup> Google charges advertisers in the AdWords program a price per click. Thus, advertisers pay nothing to have their ad displayed (what Google refers to as an "impression"), and instead only pay when a user clicks on the ad. *See AdWords Help: What is Google AdWords?*, *supra* note 4; *Inside the Mind of Google*, *supra* note 2.

sale and purchase of trademarks as keywords that trigger the display of advertisements. Part III discusses the scholarly reactions to what many see as the overprotection of trademarks on the Internet at the expense of consumers and shows why the solutions advocated are not optimal. Part IV proposes a more manageable solution to the problem in the form of a legislative safe harbor that classifies certain uses of trademarks as keywords as nondeceptive—that is, as conclusively not likely to confuse consumers—and therefore shields search engines and online advertisers from liability for the purchase and sale of the trademarks as keywords.

## I. THE NORMATIVE FOUNDATIONS OF TRADEMARK LAW

The normative goal of trademark law is to produce better-informed consumers.<sup>8</sup> To serve this goal, trademark law attempts to foster the flow of commercial information in markets by protecting against deceptive and inaccurate uses of trade symbols. By protecting trademarks, the law allows merchants to develop reliable shorthand identifications of their goods and services. This shorthand serves consumers because it lowers their search costs.<sup>9</sup> If a consumer has purchased and enjoyed a product from Brand X, she can repurchase the product quickly and easily if she can rely on Brand X's trademarks as source identifiers for its products. The consumer does not have to perform any further research into the product to determine that it is the

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<sup>8</sup> Stacey L. Dogan & Mark A. Lemley, *Trademarks and Consumer Search Costs on the Internet*, 41 HOUS. L. REV. 777, 782 (2004) [hereinafter Dogan & Lemley, *Trademarks and Consumer Search Costs*] (arguing how overly expansive protection of trademark rights “conflicts with...[trademark law’s] normative goal of producing better-informed consumers”).

<sup>9</sup> See *Qualitex Co. v. Jacobson Prods. Co.*, 514 U.S. 159, 163-64 (1995) (“In principle, trademark law, by preventing others from copying a source-identifying mark, ‘reduce[s] the customer’s costs of shopping and making purchasing decisions,’ for it quickly and easily assures a potential customer that *this* item—the item with this mark—is made by the same producer as other similarly marked items that he or she liked (or disliked) in the past. At the same time, the law helps assure a producer that it (and not an imitating competitor) will reap the financial, reputation-related rewards associated with a desirable product. The law thereby ‘encourage[s] the production of quality products,’ and simultaneously discourages those who hope to sell inferior products by capitalizing on a consumer’s inability quickly to evaluate the quality of an item offered for sale.”) (citation omitted); *Ty Inc. v. Perryman*, 306 F.3d 509, 510 (7th Cir. 2002) (“The fundamental purpose of a trademark is to reduce consumer search costs by providing a concise and unequivocal identifier of the particular source of particular goods.”); Dogan & Lemley, *Trademarks and Consumer Search Costs*, *supra* note 8, at 778.

product he seeks. Thus, trademark law ideally results in better-informed consumers and more competitive markets.<sup>10</sup>

However, the overprotection of trademark rights may lead to contrary results. If trademark holders are allowed to exercise their trademark rights to prevent the use of their marks in criticisms of their products or services or in comparisons of those products or services to competitors' products or services, trademark law would in effect be suppressing valuable information that is critical to an informed consumer and a functioning market.<sup>11</sup> To avoid overprotection, trademark law incorporates various rules to limit the scope of protection of trademark holders' rights. For instance, the controlling statute, commonly known as the Lanham Act, exempts truthful comparative advertising from suit for infringement,<sup>12</sup> and requires that the use of a trademark by a defendant in an infringement suit be likely to cause confusion in order to incur liability.<sup>13</sup> In the Internet context, the most important and controversial limitation imposed by trademark law to limit the scope of trademark holders' rights requires that a defendant use a mark in connection with goods or services to infringe.<sup>14</sup>

Despite these protections against the anticompetitive overprotection of trademarks, recent developments in trademark law have weakened these rules to the point that the information-facilitating goal of trademark law is threatened.<sup>15</sup> This Note examines the erosion and

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<sup>10</sup> Dogan & Lemley, *Trademarks and Consumer Search Costs*, *supra* note 8, at 778 (“[Trademark] law enables sellers to create their own reliable shorthand to identify their goods and reduces search costs for consumers. Trademarks thus have the potential to lead to better-informed customers and more competitive markets.”) (citing *Perryman*, 306 F.3d at 510 (explaining how trademarks contribute to consumer savvy and affect market choices)).

<sup>11</sup> *Id.*

<sup>12</sup> 15 U.S.C. § 1115(b)(4) (2006) (allowing the good faith use of “descriptive” terms as a defense to an infringement claim); *Smith v. Chanel, Inc.*, 402 F.2d 562, 569 (9th Cir. 1968) (holding that “in the absence of misrepresentation or confusion as to source or sponsorship a seller in promoting his own goods may use the trademark of another to identify the latter’s goods”).

<sup>13</sup> §§ 1114(1), 1125(a)(1).

<sup>14</sup> *See* §§ 1114(1), 1125(a)(1) (limiting cause of action for trademark infringement to uses “in connection with” the sale or offering of goods or services “in commerce”); *see also* *1-800 Contacts, Inc. v. WhenU.com, Inc.*, 414 F.3d 400, 412 (2d Cir. 2005) (noting the three distinct elements of an infringement claim: “use,” “in commerce,” and “likelihood of confusion”); *DaimlerChrysler AG v. Bloom*, 315 F.3d 932, 936, 936-39 (8th Cir. 2003) (concluding that use of telephone number that translated into 1-800-MERCEDES did not constitute “use” of the mark for purposes of the Lanham Act when defendant “only licensed the phone number but did not advertise or promote Mercedes’ protected marks”).

<sup>15</sup> *See* Dogan & Lemley, *Trademarks and Consumer Search Costs*, *supra* note 8, at 777 (“In the online context, in particular, some courts have recently allowed trademark holders to block uses of their marks that would never have raised an eye-

misapplication of these requirements by courts in cases involving infringement suits against Internet search engines for their sale of trademarks as searchable keywords. In these cases, trademark holders sue search engines directly for infringement because the search engine has sold the plaintiff's trademark as a keyword to a third party, usually a competitor of the trademark holder. The result is that when a user searches for the trademark, the competitor's advertisement shows up in a "Sponsored Links" section on the search results page. For example, if a user is looking for a Valvoline location to have his oil changed, he could run a Google search for "Valvoline." If Jiffy Lube, a Valvoline competitor, has purchased the Valvoline trademark as a searchable keyword through Google's AdWords program, then the search results presented to the user would show Valvoline's website in the natural search results section, but also, in a "Sponsored Links" section, an advertisement for Jiffy Lube's competing services.

#### A. The Lowering of Consumer Search Costs as the Fundamental Normative Goal of Trademark Law

Trademark scholars widely agree that the goal of trademark law is to improve the quality of information available to consumers in the marketplace and thereby reduce consumer search costs.<sup>16</sup> That trademarks reduce consumer search costs is evident by a simple example. Suppose, for instance, that you enjoy Gatorade, the flavored, noncarbonated sports drink manufactured by Quaker Oats. If Quaker Oats did not use the trademarked brand name "Gatorade" to identify this product, then to order it a consumer would have to request "the flavored, noncarbonated sports drink made by Quaker Oats," instead of just being able to request it by its trade name. This would take longer

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brow in a brick-and-mortar setting—uses that increase, rather than diminish, the flow of truthful, relevant information to consumers."); Margreth Barrett, *Internet Trademark Suits and the Demise of "Trademark Use,"* 39 U.C. DAVIS L. REV. 371, 373 (2006) ("A number of courts and commentator have warned against the dangers of expanding the rights of trademark owners, both from the standpoint of efficient marketplace competition and from the standpoint of First Amendment interests. Others have expressed concerns, in particular, about the apparent expansion of trademark rights in the Internet setting.") (footnotes omitted).

<sup>16</sup> See, e.g., Mark P. McKenna, *The Normative Foundations of Trademark Law*, 82 NOTRE DAME L. REV. 1839, 1844 (2007) [hereinafter McKenna, *Normative Foundations*] ("It would be difficult to overstate the level of consensus among commentators that the goal of trademark law is—and always has been—to improve the quality of information in the marketplace and thereby reduce consumer search costs."). But see, Dogan & Lemley, *Trademarks and Consumer Search Costs*, *supra* note 8, at 799-801 (discussing alternatives to the search cost rationale for trademark law).

to say, would require the consumer to remember more about the product, and require the same of the store clerk from whom it was requested.<sup>17</sup> Using the brand name “Gatorade” decreases the amount of information that both the consumer and the salesman need to remember about the product in order to complete the transaction. Thus, the benefit of trademarks is analogous to the use of both a first and last name and initials to identify a person, so that instead of having to say “the president who came after Bill Clinton, not the one who came before him,” you can identify “George W. Bush, not George H.W. Bush.”<sup>18</sup>

Trademark law serves the goal of reducing consumer search costs by protecting the meaning behind the shorthand symbols (trademarks) that identify information about products and services sold in the marketplace. Thus, by protecting the meaning of these symbols, trademark law protects consumers in two ways. First, it protects consumers from being deceived into purchasing goods or services they do not desire. Second, it allows consumers to rely on the shorthand symbols as identifiers of the products and services with which they are familiar. Consumers then make decisions whether or not to purchase those products based on those symbols, thereby reducing the costs involved in searching for products in the marketplace.<sup>19</sup>

To serve its goal of reducing consumer search costs, trademark law must ensure that trademarks are not duplicated or otherwise infringed upon and that a single trademark serves as faithful shorthand for only one product or service. To allow multiple products to be sold under the same trademark would destroy the benefit created by use of the trademark as a product shorthand.<sup>20</sup> Thus, trademark law has stringent registration requirements defining the type of use required in

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<sup>17</sup> See William M. Landes & Richard A. Posner, *Trademark Law: An Economic Perspective*, 30 J.L. & ECON. 265, 268-69 (1987) (providing a similar example).

<sup>18</sup> See *id.* at 269 (providing a similar example).

<sup>19</sup> See *id.* at 269 (“[A] trademark conveys information that allows the consumer to say to himself, ‘I need not investigate the attributes of the brand I am about to purchase because the trademark is a shorthand way of telling me that the attributes are the same as that of the brand I enjoyed earlier.’”); McKenna, *Normative Foundations*, *supra* note 16, at 1844 (“By preserving the integrity of these symbols, trademark law benefits consumers in both a narrow sense (by protecting them from being deceived into buying products they do not want) and a broad sense (by allowing consumers to rely on source indicators generally and thereby reducing the costs of searching for products in the market).”) (footnote omitted).

<sup>20</sup> See Landes & Posner, *supra* note 17, at 269 (describing the market effects of allowing duplication of a trademark or brand name).

order for the law to protect a trademark.<sup>21</sup> Once recognized and protected by the law, trademarks work only if consumers can trust their accuracy, so the law protects established trademarks from confusing imitations or duplicates.<sup>22</sup> This protection ensures that both consumers and producers can rely on trademarks as accurate vocabulary for communications between them.<sup>23</sup> Both the buyers and the sellers benefit from being able to trust trademark vocabulary as reliable shorthand for the products or services being transacted.<sup>24</sup> Sellers benefit from being able to invest resources in the goodwill created by the product and its mark, and buyers benefit because they do not have to repeat research every time they desire to purchase the product.<sup>25</sup> This understanding of trademark law has led some scholars to characterize its aim as the promotion of truthful competition in the marketplace through the assurance of the accuracy and clarity of the language of trade.<sup>26</sup>

### B. The Dangers of the Overprotection of Trademarks

While the right amount of protection of trademarks can stimulate competition and provide benefits to consumers and producers alike, the overprotection of trademarks has the potential to harm competition rather than to facilitate it.<sup>27</sup> Overprotecting trademarks may be anti-competitive because it may allow mark owners “to erect substantial barriers to competition.”<sup>28</sup> Properly formulated, trademark law balances the interests of trademark owners and consumers to reduce consumer search costs by prohibiting deceptive uses, which increase

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<sup>21</sup> See generally 15 U.S.C. §§1051-1072 (2006) (statutory registration requirements).

<sup>22</sup> See generally 15 U.S.C. §§ 1114, 1125 (providing grounds for civil liability for trademark infringement).

<sup>23</sup> See Dogan & Lemley, *Trademarks and Consumer Search Costs*, *supra* note 8, at 787 (“[The trademark law] system works, of course, only if consumers can trust the accuracy of trademarks, and this is where the law comes in. By protecting established trademarks against confusing imitation, the law ensures a reliable vocabulary for communications between producers and consumers.”).

<sup>24</sup> *Id.* (“Both sellers and buyers benefit from the ability to trust this vocabulary to mean what it says it means.”).

<sup>25</sup> *Id.* at 788-89.

<sup>26</sup> *Id.* at 789 (“Trademark law, in other words, aims to promote rigorous, truthful competition in the marketplace by preserving the clarity of the language of trade.”).

<sup>27</sup> See Barrett, *supra* note 15, at 450 (explaining the potential anticompetitive effects of the overprotection of trademarks); Dogan & Lemley, *Trademarks and Consumer Search Costs*, *supra* note 8, at 778 (discussing the harmful effects of the overprotection of trademarks).

<sup>28</sup> Barrett, *supra* note 15, at 450.

search costs, while permitting other uses that facilitate the flow of truthful and useful information to consumers.<sup>29</sup> For example, trademark law traditionally allows the use of another's mark to critique or compare the mark owner's products because these uses are not deceptive and provide valuable information to consumers about the mark owners' products in the form of comparable products and services or critiques of the owner's products.<sup>30</sup>

Overprotection of trademarks can upset the balance by suppressing this type of information which is essential to consumers in a properly functioning market.<sup>31</sup> It can further hurt competition in the marketplace by allowing trademark owners to use litigation and the threat of litigation as a weapon against potential competitors, thus negatively affecting the marketing of new competing products.<sup>32</sup> Some commentators have noted the potential of harm to First Amendment interests that can also result from the overprotection of trademark rights.<sup>33</sup> The argument is that because trademarks serve such a significant role in our discourse as reliable shorthand, not only for individual products but also as metaphors and images that are vividly representative of non-commercial ideas, allowing trademark owners to overly restrict their use can harm the public's interest in free and open communica-

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<sup>29</sup> *Id.* (“[T]rademark law strikes a careful balance to ensure that genuinely deceptive (and more recently, dilutive) uses of marks, which increase consumer search costs, are prohibited, while uses to critique or compare the mark owners’s [sic] products and thus enhance the flow of useful information to consumers are permitted.”).

<sup>30</sup> *Id.*

<sup>31</sup> *Id.* (“Overprotection...lead[s] to the suppression of information essential to a properly functioning market.”) (footnote omitted); *see also* Dogan & Lemley, *Trademarks and Consumer Search Costs*, *supra* note 8, at 778 (“If trademark holders were allowed, say, to prevent the use of their marks to critique the trademark holders’ products or to compare them to others, trademarks would become tools for suppressing information that is critical to a functioning market.”).

<sup>32</sup> *See* Barrett, *supra* note 15, at 450 (“Threats of lawsuits to enforce ‘property like’ trademark rights may also provide a potent weapon against commercial competitors, disrupting the marketing of new, competing products.”) (footnote omitted); *see also* Jessica Litman, *Breakfast with Batman: The Public Interest in the Advertising Age*, 108 *YALE L.J.* 1717, 1730 n.77 (1999) (“Extending enhanced legal protection to trade symbols imposes significant costs of its own. If we put to one side the expense involved in judicial resolution of trademark law disputes, we still need to confront the fact that litigation over trade symbols and advertising can be a powerful weapon to deploy against a commercial competitor. Wielded with skill, it can accomplish delay in the introduction of promising new products, the abandonment of effective advertising campaigns, massive expenditures on legal counsel, and persistent impediments to securing favorable financing. Where products seem roughly competitive, a little well-placed litigation can tilt the playing field.”).

<sup>33</sup> *See* Barrett, *supra* note 15, at 450-51.

tion.<sup>34</sup> Finally, in the Internet context, overprotection of marks is particularly troublesome because the problems of overprotection are compounded with the danger of interfering with the development of efficient search and marketing technologies that will ultimately foster a more competitive market and further lower consumer search costs.<sup>35</sup>

## II. TRADEMARK LAW AND ONLINE MARKETING: THE PROBLEM OF TRADEMARK-BASED KEYWORD ADVERTISEMENTS

Much has been written about the perceived problems of the expansion of trademark rights at the expense of consumers in a variety of Internet contexts.<sup>36</sup> Because of the rapid development and evolution of the Internet, courts have struggled to define the boundaries of trademark infringement online. Each time courts appear to reach a consensus for analyzing trademark disputes in a certain type of online practice, the practice becomes somewhat obsolete and a new technique for marketing one's goods and services is developed. Early practices that implicated trademark concerns on the Internet include: cybersquatting, where an individual registers a domain name consisting of another's trademark before the trademark owner registers it and then ultimately sells the domain to the mark owner for a substantial profit;<sup>37</sup> and metatagging, where an individual uses another's trade-

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<sup>34</sup> See Alex Kozinski, *Trademarks Unplugged*, 68 N.Y.U. L. REV. 960, 972-73 (1993) (“[T]rademarks play a significant role in our public discourse. They often provide some of our most vivid metaphors, as well as the most compelling imagery in political campaigns. Some ideas—‘it’s the Rolls Royce of its class,’ for example—are difficult to express any other way. That’s no accident. Trademarks are often selected for their effervescent qualities, and then injected into the stream of communication with the pressure of a firehose by means of mass media campaigns. Where trademarks come to carry so much communicative freight, allowing the trademark holder to restrict their use implicates our collective interest in free and open communication.”); see generally Pierre N. Leval, *Trademark: Champion of Free Speech*, 27 COLUM. J.L. & ARTS 187 (2004) (providing background information regarding the interplay between trademark protection and First Amendment interests).

<sup>35</sup> Barrett, *supra* note 15, at 452; see also Dogan & Lemley, *Trademarks and Consumer Search Costs*, *supra* note 8, at 831 (discussing concern that overprotection of trademarks in the Internet context has the potential to negatively affect the development of efficient search technology and other new methods of advertising that will decrease consumer search costs); Eric Goldman, *Deregulating Relevancy in Internet Trademark Law*, 54 EMORY L.J. 507, 509 (2005) (“Without limits, trademark law has the capacity to counterproductively destroy the Internet’s utility for everyone.”).

<sup>36</sup> See generally Barrett, *supra* note 15; Dogan & Lemley, *Trademarks and Consumer Search Costs*, *supra* note 8; Goldman, *supra* note 35.

<sup>37</sup> See Barrett, *supra* note 15, at 396 (discussing the phenomenon of cybersquatting).

marks in the text of his website's metatags in order to be listed as a search result when a user searched for the trademark.<sup>38</sup>

Online marketing practices have evolved rapidly to the point that metatagging and cybersquatting are now basically obsolete.<sup>39</sup> Today, the most significant Internet marketing tools are the keyword advertisement programs offered by a variety of search engines, most notably Google AdWords.<sup>40</sup> Accompanying its rise in significance has been litigation of trademark infringement disputes arising from Google's sale of trademarks as searchable keywords.<sup>41</sup> Further complicating the matter is that Google offers another program, its Keyword Suggestion Tool, that works in tandem with its AdWords program to suggest to advertisers which keywords to purchase, including trademarks owned by competitors.<sup>42</sup> This program improves the effectiveness of advertising by helping advertisers identify which keywords are most likely to place their advertisements before interested users.<sup>43</sup> Several questions arise in these cases, but the question most vexing to courts thus far has been whether the suggestion, sale, and purchase of a trademark as a searchable keyword by Google or by the advertiser constitutes a "use in commerce" sufficient for infringement liability.<sup>44</sup>

#### A. The Debate Over the Requirement of a "Use In Commerce" For Trademark Infringement Liability

Congress codified United States trademark law in the Trademark Act of 1946, which is commonly known as the Lanham Act.<sup>45</sup> The

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<sup>38</sup> See *id.* at 423-24 ("Metatags consist of HTML code integrated into a website, which is invisible to website visitors but can be read by search engines. The metatags are meant to communicate the contents of a website to Internet search engines by means of a short description and 'keywords.'") (footnote omitted).

<sup>39</sup> Congress enacted legislation to specifically combat cybersquatting. See 15 U.S.C. § 1125(d) (2006). Further, search engines no longer rely on metatags in formulating search results. Barrett, *supra* note 15, at 424.

<sup>40</sup> AdWords produced over \$21 billion in total revenues for Google in 2008. 2008 Financial Tables: Investor Relations, *supra* note 2.

<sup>41</sup> See, e.g., *Rescuecom Corp. v. Google, Inc.*, 562 F.3d 123 (2d Cir. 2009); *Soilworks, LLC v. Midwest Indus. Supply, Inc.*, 575 F. Supp. 2d 1118 (D. Ariz. 2008); *Boston Duck Tours, LP v. Super Duck Tours, LLC*, 527 F. Supp. 2d 205 (D. Mass. 2007), *rev'd in part on other grounds*, 531 F.3d 1 (1st Cir. 2008); *Buying For the Home, LLC v. Humble Abode, LLC*, 459 F. Supp. 2d 310 (D. N.J. 2006); *Google, Inc. v. Am. Blind & Wallpaper Factory, Inc.*, No. C 03-05340 JF, 2005 WL 832398 (N.D. Cal. Mar. 30, 2005); *Gov't Emps. Ins. Co. v. Google, Inc.*, 330 F. Supp. 2d 700 (E.D. Va. 2004).

<sup>42</sup> See *Rescuecom*, 562 F.3d at 126.

<sup>43</sup> *Id.*

<sup>44</sup> See *id.* at 127-31 (discussing whether Google's sale of a trademarked keyword constitutes a "use in commerce" sufficient for infringement liability).

<sup>45</sup> 15 U.S.C. §§ 1051-1141 (2006).

infringement provisions are located in sections 32<sup>46</sup> and 43.<sup>47</sup> Section 32 imposes liability on anyone who “without the consent of the registrant ... use[s] in commerce any reproduction ... [or] copy ... of a registered mark ... in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive.”<sup>48</sup> Section 43 imposes liability on “[a]ny person who, on or in connection with any goods or services, ... uses in commerce any word, term, name, symbol, or device ... which ... is likely to cause confusion.”<sup>49</sup> Thus, the initial issue litigated in many of the keyword advertisement cases has been whether Google’s suggestion and sale, or an advertiser’s purchase, of a trademark as a keyword meets this “use in commerce” requirement.<sup>50</sup> Only if this requirement is met will a court then analyze whether the use of the trademark was likely to confuse consumers, and was therefore an infringing use.<sup>51</sup>

Courts and scholars have struggled with defining what type of use of a trademark would meet the “use in commerce” requirement, resulting in a lack of consistency in the opinions of different courts confronted with the issue.<sup>52</sup> At the heart of the debate is whether the definition of “use in commerce” provided in section 45 of the Act applies to all uses of the term throughout the Act, including the infringement provisions, or if it is only meant to apply to the provisions that set the standards and circumstances under which a mark owner can register the mark and receive the benefits of protection of the mark provided by the Act.<sup>53</sup> Section 45 provides in part that “a mark shall be deemed to be in use in commerce ... on services when it is used or displayed in the sale or advertising of services and the services are rendered in commerce....”<sup>54</sup>

Some courts have found that the section 45 definition applies to all uses of the term in the Act, while others have found that it only

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<sup>46</sup> § 1114.

<sup>47</sup> § 1125.

<sup>48</sup> § 1114 (1)(a) (emphasis added).

<sup>49</sup> § 1125 (a)(1) (emphasis added).

<sup>50</sup> See, e.g., *Rescuecom*, 562 F.3d at 127-31.

<sup>51</sup> See, e.g., *Gov’t Emps. Ins. Co. v. Google, Inc.*, 330 F. Supp. 2d 700, 704 (E.D. Va. 2004) (finding that Google’s sale of plaintiff’s trademark as a keyword was a sufficient “use in commerce” to sustain a trademark infringement cause of action); *Gov’t Emps. Ins. Co. v. Google, Inc.*, No. 1:04CV507, 2005 WL 1903128, at \*3-7 (E.D. Va. Aug. 8, 2005) (analyzing whether Google’s sale of plaintiff’s trademark as a keyword was likely to cause consumer confusion and therefore to constitute trademark infringement).

<sup>52</sup> See *Rescuecom*, 562 F.3d at 131-41 (discussing the debate and different interpretations of the “use in commerce” language for infringement liability).

<sup>53</sup> *Id.*

<sup>54</sup> § 1127.

applies to the registration provisions.<sup>55</sup> The debate is critical for keyword advertising and other trademark disputes in the Internet context because if a narrow section 45 definition applies to all uses of the term throughout the Act, then the type of use of another's mark that is sufficient for infringement liability is a very limited and specific type of use, and thus the bar is set very high for plaintiffs alleging infringement. If the definition does not apply to the infringement provisions, then the "use in commerce" requirement can be met by some other less clearly defined type of use, and could encompass a much broader array of uses of another's mark, at the extreme, allowing plaintiffs to bring infringement suits based on a seemingly limitless variety of trademark uses, as long as that use was somehow commercial.

### B. Inconsistency in the Courts

Without a clear answer to the question of whether the Section 45 definition applies to the infringement provisions, and if not, what exactly is a "use in commerce," courts have reached inconsistent results as to whether the sale or purchase of a trademark as a searchable keyword in a keyword advertising program was sufficient for infringement liability. Courts in the First,<sup>56</sup> Second,<sup>57</sup> Third,<sup>58</sup> Fourth,<sup>59</sup> Eighth,<sup>60</sup> and Ninth<sup>61</sup> Circuits have found the sale or purchase of

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<sup>55</sup> Compare *U-Haul Int'l, Inc. v. WhenU.com, Inc.*, 279 F. Supp. 2d 723, 727-29 (E.D. Va. 2003) and *Wells Fargo & Co., v. WhenU.com, Inc.*, 293 F. Supp. 2d 734, 746-47 (E.D. Mich. 2003) (finding the section 45 definition applies to all uses of the term "use in commerce" in the Act) with *Rescuecom*, 562 F.3d at 131-41 (arguing that the section 45 definition should only apply to the registration provisions, and not to the infringement provisions).

<sup>56</sup> See, e.g., *Hearts On Fire Co. v. Blue Nile, Inc.*, 603 F. Supp. 2d 274 (D. Mass. 2009) (interpreting "use in commerce" when defendant bought plaintiff's trademark as keyword); *Boston Duck Tours, LP v. Super Duck Tours, LLC*, 527 F. Supp. 2d 205 (D. Mass. 2007) (interpreting "use in commerce" when defendant purchased plaintiff's trademark through Google AdWords), *rev'd in part on other grounds*, 531 F.3d 1 (1st Cir. 2008)).

<sup>57</sup> See, e.g., *Rescuecom*, 562 F.3d 123.

<sup>58</sup> See, e.g., *800-JR Cigar, Inc. v. GoTo.com, Inc.*, 437 F. Supp. 2d 273 (D. N.J. 2006) (analyzing "use in commerce" when search engine suggested plaintiff's trademark as keyword for plaintiff's competitors, accepted bids for the trademark as keyword, and ranked paid keywords above other search results); *Buying For the Home, LLC v. Humble Abode, LLC*, 459 F. Supp. 2d 310 (D. N.J. 2006) (determining "use in commerce" for keyword purchase).

<sup>59</sup> See, e.g., *Gov't Empls. Ins. Co. v. Google, Inc.*, 330 F. Supp. 2d 700 (E.D. Va. 2004) (finding "use in commerce" when Google allowed advertisers to buy plaintiff's trademark as search term and to pay for advertising linked to the trademark).

<sup>60</sup> See, e.g., *Edina Realty, Inc. v. TheMLSonline.com*, No. Civ. 04-4371JRTFLN, 2006 WL 737064 (D. Minn. Mar. 20, 2006) (finding "use in commerce" when defendant bought plaintiff's trademark as keyword).

trademarks as searchable keywords sufficient to meet this requirement, while courts in the Second,<sup>62</sup> Fourth,<sup>63</sup> and Sixth<sup>64</sup> Circuits have found it insufficient. Arguably, the courts have exhibited a trend toward an understanding that the suggestion and sale of trademarks as keywords does meet the threshold “use in commerce” requirement, whether the court uses the section 45 definition or not.<sup>65</sup> However, the lack of consensus has resulted in wasteful litigation and the increased possibility that search engines will receive conflicting decisions regarding their keyword advertising programs. Thus, the sale of trademarks as keywords in one jurisdiction could be legal, while in another, the very same practice could amount to trademark infringement.

### III. BRINGING CLARITY TO THE USE IN COMMERCE CONFUSION: SCHOLARLY PROPOSALS

Because of the lack of consensus among courts, scholars have advocated a variety of solutions to what many of them see as the problem of overprotection of trademarks on the Internet and the question of whether and what type of a “use in commerce” is required for

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<sup>61</sup> See, e.g., *Soilworks, LLC v. Midwest Indus. Supply, Inc.*, 575 F. Supp. 2d 1118 (D. Ariz. 2008) (finding “use in commerce” where defendant purchased plaintiff’s trademark as keyword from Google); *Google, Inc. v. Am. Blind & Wallpaper Factory, Inc.*, No. C 03-05340 JF, 2005 WL 832398 (N.D. Cal. Mar. 30, 2005) (finding “use in commerce” when Google sold plaintiff’s trademark).

<sup>62</sup> See, e.g., *1-800 Contacts, Inc. v. WhenU.com, Inc.*, 414 F.3d 400 (2d Cir. 2005) (finding no “use in commerce” when defendant’s software generated pop-up ads based on trademarks entered as search terms by the user); *Site Pro-1, Inc. v. Better Metal, LLC*, 506 F. Supp. 2d 123 (E.D.N.Y. 2007) (determining no “use in commerce” when defendant purchased sponsored advertisement from Yahoo! based on plaintiff’s trademark); *Merck & Co. v. Mediplan Health Consulting, Inc.*, 425 F. Supp. 2d 402 (S.D.N.Y. 2006) (concluding no “use in commerce” when defendant purchased plaintiff’s trademark as keyword). These cases are arguably superseded by *Rescuecom*, 562 F. 3d 123.

<sup>63</sup> See, e.g., *U-Haul Int’l v. WhenU.com, Inc.*, 279 F. Supp. 2d 723 (E.D. Va. 2003) (declining to find “use in commerce” for pop-up software that generated pop-up advertisements based on trademarks entered as search terms).

<sup>64</sup> See, e.g., *Wells Fargo & Co. v. WhenU.com, Inc.*, 293 F. Supp. 2d 734 (E.D. Mich. 2003) (finding no “use in commerce” for pop-up software that generated pop-up advertisements based on trademarks entered as search terms).

<sup>65</sup> The Court of Appeals for the Second Circuit, in *Rescuecom* factually distinguished its previous holding in *1-800 Contacts* to find that Google’s recommendation and sale of *Rescuecom*’s trademark to a competitor was a “use in commerce” sufficient to survive a motion to dismiss. *Rescuecom*, 526 F. 3d at 127-31. To that point, the Second Circuit was the only circuit court to find that keyword based advertising did not constitute a “use in commerce” and advocates of the narrow Section 45 definition of “use in commerce” considered the *Rescuecom* decision as a big victory for their argument.

trademark infringement liability. There are essentially three competing views: (1) the view that a very narrow type of “use in commerce,” based largely on the section 45 definition, is required for infringement advocated by the trademark use scholars;<sup>66</sup> (2) the view that the section 45 definition does not apply to the infringement provisions and therefore a much broader range of uses is sufficient for infringement liability;<sup>67</sup> and (3) the view that while a specific type of use is required, based again largely on the section 45 definition, diligent enforcement of this requirement by courts would still not provide any meaningful guidance and consistency in determining what real world uses meet this requirement.<sup>68</sup> As discussed below, each view leads to a different proposed resolution of the perceived problem of the over-protection of trademark rights on the Internet, but ultimately each offered solution is less than optimal for a variety of reasons.

#### A. Trademark Use Theory: “Use in Commerce” Requires a Prototypical Trademark Use for Infringement

First, the trademark use scholars argue that infringement requires a very particular type of use, based largely on the section 45 definition of “use in commerce.”<sup>69</sup> They assert that what is required is essentially the prototypical trademark use: attaching a trademark to a good or service “in a manner that invites consumers to associate the mark with the goods or services the user is offering for sale or distribution.”<sup>70</sup> To be liable under this theory, the “defendant must directly present consumers with the allegedly infringing mark in a way that allows consumers to rely on the mark to identify goods or services being offered by the defendant and to distinguish them from the goods or services of others.”<sup>71</sup> Restated succinctly: “[t]he use must be a trademark use—a use that permits consumers to identify the source of the user’s goods or services....”<sup>72</sup> The trademark use scholars argue that if courts properly applied the existing trademark use requirement, they would large-

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<sup>66</sup> See, e.g., Stacey L. Dogan & Mark A. Lemley, *Grounding Trademark Law Through Trademark Use*, 92 IOWA L. REV. 1669, 1675-77 (2007) [hereinafter Dogan & Lemley, *Grounding Trademark Law*].

<sup>67</sup> See, e.g., Graeme B. Dinwoodie & Mark D. Janis, *Confusion Over Use: Contextualism in Trademark Law*, 92 IOWA L. REV. 1597, 1609-15 (2007).

<sup>68</sup> See Mark P. McKenna, *Trademark Use and the Problem of Source*, 2009 U. ILL. L. REV. 773, 773-78 (2009) [hereinafter McKenna, *Trademark Use*].

<sup>69</sup> See Dogan & Lemley, *Grounding Trademark Law*, *supra* note 66, at 1675-77.

<sup>70</sup> Barrett, *supra* note 15, at 395.

<sup>71</sup> *Id.*

<sup>72</sup> *Id.*

ly resolve the problem of overprotection of marks on the Internet.<sup>73</sup> Under this theory then, for example, if Blimpie buys the trademark “Quiznos” as a keyword from Google, this does not constitute true “trademark use” by Blimpie, or by Google, because neither are identifying themselves as Quiznos. Rather, Blimpie has another association—it sells competing goods—which trademark law does not reach.

Use theorists see the trademark use requirement as a limiting device to control the infringement actions, serving the dual purpose of preventing interference with consumers’ ability to rely on trademarks for product information, while not overly interfering with the free flow of marketplace information to consumers.<sup>74</sup> They highly value the free flow of commercial information to consumers in the marketplace and are thus leary of an overactive role for infringement suits.<sup>75</sup> The rationale behind this line of thinking is that consumers ultimately benefit when the marketplace for commercial information is relatively free flowing. The more information available to consumers, the better off the consumers are. Thus, use theorists support the sale of trademarks as keywords by search engines because they see the practice as ultimately benefiting consumers by providing them with additional valuable information, including, for instance, price and product comparisons, information about companion goods, and links to competing vendors. Use theorists argue that the trademark use requirement should encourage this type of use by the search engines by limiting infringement liability, thus facilitating the delivery of the additional commercial information to consumers, lowering their search costs, and thereby serving the fundamental goal of trademark law.

#### B. The “Use in Commerce” Requirement Encompasses a Much Broader Array of Uses and Use Is Only One Factor to Consider in Determining Infringement Liability

Some scholars argue that the “use in commerce” language in the infringement provisions is not bound by the definition of “use in

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<sup>73</sup> See Dogan & Lemley, *Trademarks and Consumer Search Costs*, *supra* note 8, at 837-38; Barrett, *supra* note 15, at 450-56.

<sup>74</sup> Barrett, *supra* note 15, at 378-79 (“The trademark use requirement tailors the infringement cause of action to ensure that it effectively serves its purpose—preventing interference with consumers’ ability to rely on marks for product information—without interfering unduly with the free flow of useful marketplace information to consumers.”) (footnote omitted).

<sup>75</sup> See Dogan & Lemley, *Trademarks and Consumer Search Costs*, *supra* note 8, at 778-83 (discussing with concern recent developments in trademark law which threaten its information facilitating function); Barrett, *supra* note 15, at 450 (arguing that overprotection on the Internet upsets the balance between deceptive use and use that fosters the flow of information to consumers).

commerce” in section 45 and therefore a much broader array of uses of another’s trademark can lead to infringement liability.<sup>76</sup> These scholars argue that the section 45 definition of infringement was meant to apply only to the registration provisions.<sup>77</sup> As support, they note that although the section 45 definition has been continually the focus of litigation, most of the cases involve the establishment of trademark rights, whether to assert claims based on unregistered trademarks, or to register a mark.<sup>78</sup> In these cases, the definition became a litigated issue because for a firm to assert rights based on a trademark, it must have used the trademark in commerce in accordance with the section 45 definition.<sup>79</sup> They argue that the inclusion of “use in commerce” language in the infringement provisions was largely a way for Congress to tie its regulation of trademarks, and its creation of a cause of action in federal courts, to interstate commerce to avoid any constitutional jurisdictional problems.<sup>80</sup> Thus, while a defendant must use plaintiff’s trademark to incur infringement liability, the type of use required is not the narrow type contained in the section 45 definition, which is only meant to define what type of use is needed to get the protections of the Act. Instead, courts should analyze each infringement case using a contextual balancing approach, where the nature of the defendant’s use of plaintiff’s mark is but one factor to consider.<sup>81</sup> Under this approach, Google and other alleged infringers could not rely on motions to dismiss based on plaintiff’s failure to allege a particular type of infringing use, but instead would have to litigate the dispute to its end, with the court focusing mainly on the likelihood that defendant’s use of plaintiff’s mark would confuse consumers.

The proponents of this understanding of the “use in commerce” language have a slightly different understanding of how trademark law serves the goal of lowering consumer search costs. They generally agree that “[t]rademark law is intended to foster accurate and helpful

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<sup>76</sup> See Dinwoodie & Janis, *supra* note 67, at 1609-15 (criticizing the view that the section 45 “use in commerce” definition limits the types of uses of a trademark that are sufficient for infringement liability).

<sup>77</sup> See *id.* at 1609-10.

<sup>78</sup> *Id.* at 1610.

<sup>79</sup> *Id.* (“[A] firm must use a mark (not merely conceive of it) in order to assert rights, and that use generally must be ‘in commerce.’”).

<sup>80</sup> *Id.* at 1610 (“Absent this [use in commerce] limitation, Congress might lack authority to enact federal trademark legislation by virtue of the Supreme Court’s opinion in *The Trademark Cases*. Strictly speaking, remedying that constitutional defect simply required Congress to link federal trademark law to interstate commerce.”) (footnote omitted).

<sup>81</sup> *Id.* at 1621.

information,” but “emphasize that [it] has never been based on the notion that the maximum amount of information flow is optimal for consumers.”<sup>82</sup> Essentially, they argue that trademark use theorists rely too heavily on the assumption that more information is always better for the consumer. Instead, they argue that with the rise of the Internet, there is a risk of information overload, and thus the reliability of the information presented to consumers is of paramount importance.<sup>83</sup> Therefore, more policing of trademarks is required to ensure that consumers receive reliable, non-confusing information.<sup>84</sup> Under this view, a narrowly construed “use in commerce” requirement, as advocated by the trademark use theorists, would disserve consumers because it would not allow trademark law to police the continually developing online marketing world to ensure that consumers receive reliable information. The proper way to deal with the new marketing technologies and schemes would not be to shut off trademark law from having any say in their development, but instead to let courts work out a case-by-case understanding of the proper balance between the interests of trademark holders and consumers.

C. A Middle Ground: A Specific “Trademark Use” Is Required for Infringement Liability, but the Trademark Use Requirement Cannot Serve as the Limiting Mechanism that Use Theorists Desire

The middle ground position in the trademark use debate argues that a specific trademark use—using a mark as an indicator of source of one’s goods or services—is required for liability under the Lanham Act, but cannot consistently serve as a limiting mechanism that use theorists desire.<sup>85</sup> Under this view, courts cannot consistently utilize the trademark use requirement as a threshold to liability because trademark use can only be considered from the perspective of consumers—that is, only by determining whether consumers are likely to view the defendant’s use as indicative of the source of defendant’s goods or services.<sup>86</sup> This inquiry into the consumer’s understanding is inherently highly contextual and therefore incapable of serving as the limiting mechanism that its advocates seek.<sup>87</sup>

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<sup>82</sup> *Id.* at 1622.

<sup>83</sup> *See id.* (arguing for more supervision of information passed to consumers via Internet intermediaries to ensure that consumers receive accurate and helpful information without suffering from information overload).

<sup>84</sup> *Id.*

<sup>85</sup> *See generally* McKenna, *Trademark Use*, *supra* note 68.

<sup>86</sup> *Id.* at 773.

<sup>87</sup> *Id.*

Essentially, this view argues that while a trademark use is required for infringement liability, and always has been as its present-day advocates suggest, the use of the doctrine as a mechanism for limiting the scope of liability and for creating predictability is impossible because there is no adequately clear standard or definition by which courts could distinguish trademark uses from non-trademark uses.<sup>88</sup> Most of the definitions advocated by use theorists lack specificity and instead focus generally on use that promotes one's goods or services or indicates the source or sponsorship of goods or services.<sup>89</sup> These non-specific definitions are "the best [scholars] can hope for because the only trademark use limitation in the Lanham Act is a functional one: the infringement provisions implicitly limit liability to uses by the defendant that indicate the source of its products or services."<sup>90</sup> These definitions cannot consistently help courts avoid protracted litigation by acting as a threshold motion to dismiss question because the only way for a court to determine whether the use in question is sufficient for liability is to examine whether the "evidence suggests consumers are likely to view the defendant's use as one that indicates the source of the defendant's products or services."<sup>91</sup> Thus, the determination of whether a use is a trademark use cannot be made without resorting to a context-heavy examination of consumer understanding of the use, and thus cannot serve as the limiting mechanism that the trademark use theorists desire.<sup>92</sup>

Proponents of this view agree with use theorists that there is a problem of overprotection of trademarks on the Internet, but find that the problem is deeper than a question of whether a particular use is a sufficient trademark use. The problem in modern trademark law, they argue, is that almost every significant doctrine limiting trademark rights depends on consumer understanding, which is unpredictable and unstable.<sup>93</sup> The instability is particularly a problem because the relevant consumer understanding is of the "source" of a good or ser-

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<sup>88</sup> *Id.* at 775.

<sup>89</sup> *Id.* ("Dogan and Lemley, for example, do not specifically define trademark use but focus on uses 'to promote [a party's] own products or services' or 'to indicate the source or sponsorship of [the party's] products or services.'") (citing Dogan & Lemley, *Grounding Trademark Law*, *supra* note 66, at 1682).

<sup>90</sup> *Id.*

<sup>91</sup> *Id.* at 775-76.

<sup>92</sup> *See id.* at 776 ("Indeed, precisely because trademark use is not separable from consumer understanding, proponents cannot articulate the doctrine without lapsing into claims about the likelihood of confusion...[Thus], trademark use is simply likelihood of confusion by another name, and it suffers from all the same problems trademark use advocates claim the doctrine solves.").

<sup>93</sup> *Id.*

vice. “Source” is “an extraordinarily vague concept capable of encompassing almost any imaginable relationship between parties.”<sup>94</sup> To take the position to the extreme, almost any use of another’s trademark could lead to infringement liability if the consumer’s understanding were so inclined.<sup>95</sup>

Under this view, Google can have an infringement suit arising from its AdWords program dismissed only if it can show that consumers understood that Google was not using the trademark to promote its own services or to indicate source or sponsorship of its services. More specifically, to decide whether to grant a motion to dismiss for failure to allege a trademark use, the court must determine whether consumers are likely to perceive Google’s use of the mark as an indication of the source of its services or as indicative of a sponsorship or affiliation relationship.<sup>96</sup> The question is whether the purchasers of the trademark as a keyword from Google are likely to believe that Google’s use of the trademark indicates a sponsorship or affiliation between the mark holder and Google; or whether consumers who search for the trademark understand that Google in generating its search results was using the trademark in some way that indicates a source, sponsorship, or affiliation relationship between it and the trademark owner. Because this determination cannot be separated from the perspective of consumers, it cannot serve as a threshold requirement separable from the evidence-heavy likelihood of confusion analysis.<sup>97</sup>

Advocates of this view argue that the trademark use debate shows a fundamental inadequacy of modern trademark theory. They argue that its focus on consumer understanding, which is “highly contextual and ill-suited to early resolution” in a dispute, “mean[ing] the trademark use determination is likely to be fairly unpredictable from an ex ante position” and inherently unstable.<sup>98</sup> To resolve the problem, a “fundamental rethinking of the purposes of trademark law” is re-

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<sup>94</sup> *Id.*

<sup>95</sup> *See id.* at 776-77 (“[I]magine consumers came to believe that no one could legally use the ‘Nike’ mark in any way without Nike’s permission.... Operating under such a belief, consumers who encountered an article in [a newspaper] entitled ‘Nike Releases New Cross-Training Line’ might well expect that the [newspaper] had licensed the use of the Nike mark. If the newspaper did not license use of the Nike mark, these consumers would be confused about Nike’s sponsorship or affiliation with the [newspaper] and the paper’s use would therefore infringe Nike’s rights.”) (footnotes omitted).

<sup>96</sup> *See id.* at 812.

<sup>97</sup> *Id.* at 816.

<sup>98</sup> *Id.* at 821.

quired.<sup>99</sup> No such rethinking has been suggested thus far, but proponents of this view argue that the current search costs rationale and focus on consumer understanding and likelihood of confusion need to be wholly reworked in order to “develop a richer theoretical basis for protecting source indicators and a better understanding of the alleged harms suffered by consumers and producers when consumers are confused” by uses of trademarks.<sup>100</sup>

#### D. Criticism of the Offered Solutions

Each of the approaches offered above are not optimal for a variety of reasons. The trademark use theorists essentially argue that the limiting mechanisms that are needed to properly restrict the expansion of trademark rights on the Internet already exist in the law and therefore all that is required is that courts properly enforce these already existing limiting mechanisms, mainly the trademark use requirement.<sup>101</sup> This theory and solution is unworkable in reality for several reasons. First, there is no consensus, and actually a highly contested debate, about whether the trademark use requirement exists at all, and even if it does, whether it exists in the form that the use theorists propose.<sup>102</sup> Second, some argue that even though the trademark use requirement exists largely in the form that use theorists propose, it cannot function as the limiting mechanism that use theorists desire because it cannot be separated from the context-heavy consumer understanding perspective.<sup>103</sup> Finally, whether the use theorists have the better historical or analytical legal argument about the existence and function of the trademark use requirement, courts have not been overly accepting of their view.<sup>104</sup> Instead, the trend in courts is away from recognizing the trademark use requirement as the desired limiting mechanism.<sup>105</sup> Thus, even if use theorists have the better argument, it is unlikely, based on *stare decisis* and the diverse nature of our federal courts system, that courts will uniformly adopt their position anytime in the foreseeable future, barring a favorable Supreme Court decision. For the use theorists, some other limiting mechanism is necessary.

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<sup>99</sup> *Id.* at 824.

<sup>100</sup> *Id.*

<sup>101</sup> *See, e.g.,* Dogan & Lemley, *Trademarks and Consumer Search Costs*, *supra* note 8; Barrett, *supra* note 15.

<sup>102</sup> *See, e.g.,* Dinwoodie & Janis, *supra* note 67; *Rescuecom Corp. v. Google, Inc.*, 562 F.3d 123 (2d Cir. 2009).

<sup>103</sup> *See* McKenna, *Trademark Use*, *supra* note 68.

<sup>104</sup> *See* discussion *supra* Section II.B; *Rescuecom*, 562 F.3d 123.

<sup>105</sup> *See* discussion *supra* Section II.B; *Rescuecom*, 562 F.3d 123.

Others argue that the trademark use requirement is met by a much broader range of uses than those found in the section 45 definition of “use in commerce” and that the solution to the perceived problem of overprotection of trademark rights on the Internet is to allow the courts to work through each dispute using a case-by-case, likelihood of confusion analysis.<sup>106</sup> Again, even if this group has the better of the historical and analytical arguments about the existence and function of the trademark use requirement, its solution is not optimal for several reasons. First, litigating trademark infringement disputes is very costly, and that cost is increasing.<sup>107</sup> Second, because of the diverse nature of the federal court system and the inherent unpredictability involved in the typical likelihood of confusion analysis,<sup>108</sup> allowing each case to be decided independently across jurisdictions could, and has, lead to a patchwork of inconsistent results. This inconsistency creates undesirable instability and uncertainty for search engines, advertisers, and trademark holders alike. Without uniformity across jurisdictions,<sup>109</sup> all parties attached to the trademark dispute, which because it arises out of online behavior is inevitably cross-jurisdictional, are unable to predict or determine what their legal rights and liabilities are, and therefore are unable to confidently mold their behavior to those standards. Finally, if one accepts the idea that producing better-informed consumers and reducing consumer search costs is the fun-

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<sup>106</sup> See Dinwoodie & Janis, *supra* note 67.

<sup>107</sup> See SALVATORE ANASTASI & KEVIN ALAN WOLFF, AMERICAN INTELLECTUAL PROPERTY LAW ASSOCIATION, REPORT OF THE ECONOMIC SURVEY 22 (2005). The average total cost of a trademark infringement suit where less than \$1,000,000 was at risk was \$230,000 in 2001, \$298,000 in 2003, and \$300,000 in 2005. The average total cost of a trademark infringement suit where between \$1,000,000 and \$25,000,000 was at risk was \$502,000 in 2001, \$602,000 in 2003, and \$700,000 in 2005. The average total cost of a trademark infringement suit where more than \$25,000,000 was at risk was \$1,001,000 in 2001, \$1,006,000 in 2003, and \$1,250,000 in 2005. *Id.*

<sup>108</sup> See Ann Bartow, *Likelihood of Confusion*, 41 SAN DIEGO L. REV. 721, 770-796 (2004) (criticizing how some judges use the analysis by generally characterizing consumers as unintelligent and thus easily confused); Barton Beebe, *An Empirical Study of the Multifactor Tests for Trademark Infringement*, 94 CALIF. L. REV. 1581 (2006) (examining and criticizing the significant variation between the likelihood of confusion tests that exist in each federal circuit); McKenna, *Trademark Use*, *supra* note 68, at 816-19 (criticizing the likelihood of confusion analysis). See also *Gov't Emps. Ins. Co. v. Google, Inc.*, No. 1:04CV507, 2005 WL 1903128, at \*5-7 (E.D. Va. Aug. 8, 2005) (The court recognized that parties commonly introduce results of customer or potential customer surveys to prove a likelihood or the absence of confusion, then went on to criticize the methodology used in plaintiff's survey. This shows how the likelihood of confusion analysis can easily turn into a battle of competing customer surveys created by the opposing parties.).

<sup>109</sup> Obviously, uniformity can only be forced upon different jurisdictions by a Supreme Court decision or congressional legislation.

damental normative goal of trademark law, as the vast majority of trademark scholars do,<sup>110</sup> then the practice of selling non-deceptive advertisements based on trademarks as keywords should be encouraged, not discouraged, by the law. The case-by-case litigation approach would discourage the practice, which is ultimately beneficial to consumers seeking information about products and services online and is not unfairly detrimental to trademark holders.

Finally, some argue that the trademark use requirement does exist as the use theorists propose, but that it cannot serve the limiting function they desire because of fundamental inadequacies in modern trademark law.<sup>111</sup> Thus, to solve the problem of overprotection of trademark rights on the Internet and elsewhere, a fundamental reworking of trademark law, from its intellectual underpinnings (based currently on the search costs rationale) to its analytical methods (based currently on consumer understanding) is necessary.<sup>112</sup> Even while proposing this solution, its proponent acknowledges its main problem—it would be a significant undertaking and no one has advocated any real replacement for the current trademark law regime.<sup>113</sup> To fundamentally rework an entire body of law, which has existed in its current codified form for more than 60 years and in the common law for much longer, is an ambitious task, one which is unlikely to occur any time soon. Besides the unrealistic aspect of the undertaking, it is arguably undesirable to discard so many years of law for a new untested and undeveloped scheme. The basic functions and theories of trademark law have remained relatively unchanged for such a long period of time because of their practicality and success. Fundamentally changing them would not be the wisest solution. Instead, a more modest, restrained approach to the specific problem is more desirable. After all, the current problem has arisen only because courts have struggled to apply the traditional trademark concepts and doctrines to a new medium and method of marketing. Thus, a narrow congression-

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<sup>110</sup> See McKenna, *Normative Foundations*, *supra* note 16, at 1844 (“It would be difficult to overstate the level of consensus among commentators that the goal of trademark law is—and always has been—to improve the quality of information in the marketplace and thereby reduce consumer search costs.”).

<sup>111</sup> See McKenna, *Trademark Use*, *supra* note 68, at 796-97 (“Unfortunately, [the] implicit trademark use requirement cannot serve the limiting function proponents desire because the question of whether a particular use denotes source can be determined only by reference to consumer understanding.”).

<sup>112</sup> See *id.* at 821-28.

<sup>113</sup> *Id.* at 824 (framing the need for a revised approach, but declining to provide a concrete resolution).

al response is the best immediate solution to the problems that have arisen.<sup>114</sup>

#### **IV. PROPOSED SOLUTION: SAFE HARBOR TO SHIELD SEARCH ENGINES AND ONLINE ADVERTISERS FROM LIABILITY FOR THE PURCHASE AND SALE OF TRADEMARKS AS KEYWORDS THAT TRIGGER THE DISPLAY OF NONDECEPTIVE ADVERTISEMENTS**

The Court of Appeals for the Second Circuit recently requested that Congress study and resolve the debate regarding what “use in commerce” means, and what its function is, in the infringement provisions of the Lanham Act.<sup>115</sup> In an attempt to resolve the confusion surrounding the trademark use requirement and the inconsistency in the federal courts regarding its application, Congress could study the problem and choose to adopt one of the proposals of the three competing camps discussed in Part III. Each argument is compelling but as discussed above, choosing which group has the best historical and analytical argument may not entirely solve the problem.<sup>116</sup> Because the controversial trademark use requirement cannot functionally serve as a pre-trial mechanism to limit infringement liability in keyword advertising cases, Congress should enter the fray and affirmatively classify certain uses of trademarks as keywords as non-infringing—that is, as not likely to confuse consumers.

Congress should create a new statutory safe harbor that immunizes search engines and online advertisers from liability for the sale and purchase of trademarks as keywords that trigger nondeceptive advertisements. With the right safe harbor, Congress can properly balance the interests of trademark owners in protecting the integrity of their mark and consumers in reducing their search costs by conclusively protecting the use of trademarks as keywords that trigger nondeceptive advertisements. This would facilitate the flow of truthful and useful information to consumers, while leaving open the possibility for infringement liability for uses of trademarks as keywords that trigger deceptive advertisements. The proper safe harbor can serve the fundamental goal of trademark law—to improve the quality of commercial information in the marketplace and thereby reduce consumer

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<sup>114</sup> See *Rescuecom Corp. v. Google, Inc.*, 562 F.3d 123, 140-41 (2d Cir. 2009) (discussing possible interpretations for the “use in commerce” definition in dictum and suggesting that Congress is better suited to resolve the ambiguity).

<sup>115</sup> *Id.*

<sup>116</sup> See discussion *supra* Section III.D.

search costs<sup>117</sup>—and can serve as the pre-trial limiting mechanism that the trademark use requirement cannot.

### A. The Reasoning Behind Internet Safe Harbors

Congress has immunized Internet intermediaries from liability for content posted or sent through their systems by third parties in a variety of contexts.<sup>118</sup> The logic behind the immunizations is clear: the intermediaries process hundreds of millions of data transfers each day and link to billions of items of third party content. The only way they can quickly and efficiently process that mass of data is to automate the process. Thus, although some of the content hosted or linked to by these intermediaries may be illegal,<sup>119</sup> Congress has determined that the possibility of holding the intermediaries liable every time a third party posted questionable content is undesirable because the resulting threat of liability and efforts to defend against liability would incapacitate the Internet.<sup>120</sup>

Missing from Congress' various grants of immunization is a safe harbor shielding Internet intermediaries from liability for trademark infringement arising out of keyword advertising programs.<sup>121</sup> To fill this gap, Congress should amend the Lanham Act to shield search engines and online advertisers from liability for nondeceptive uses of trademarks in online advertising programs like Google AdWords. But

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<sup>117</sup> See McKenna, *Normative Foundations*, *supra* note 16, at 1844 (describing the conventional wisdoms about trademark law and its overall objectives).

<sup>118</sup> See, e.g., 15 U.S.C. § 1114(2)(B)-(C) (2006) (limiting remedies for trademark infringement in narrow circumstances—where violation is part of paid advertisement in newspaper, magazine, or other similar periodical or in an electronic communication—to injunction); 17 U.S.C. § 512 (2006) (immunizing intermediaries from liability for copyright infringement based on copyrighted content posted by third party users); 47 U.S.C. § 230 (2006) (immunizing intermediaries from liability for all causes of action other than intellectual property). See also Mark A. Lemley, *Rationalizing Internet Safe Harbors*, 6 J. ON TELECOMM. & HIGH TECH. L. 101 (2007) (discussing the differences among various safe harbors for Internet intermediaries and advocating for a uniform approach).

<sup>119</sup> For instance, Internet Service Providers (ISPs) may infringe patents, copyrights or trademarks, or defame others, or violate child pornography laws, or any number of other possible illegal acts. See Lemley, *supra* note 118, at 101.

<sup>120</sup> Lemley, *supra* note 118, at 101-02; see Frank Pasquale, *Copyright in an Era of Information Overload: Toward the Privileging of Categorizers*, 60 VAND. L. REV. 135 (2007) (arguing that search engines and other Internet intermediaries deserve special legal protections from liability to third parties because they help society deal with the problem of information overload through the automatic sorting of content).

<sup>121</sup> For example, 15 U.S.C. § 1114(2)(B)-(C) provides a limited protection from damages, but only applies in narrow circumstances and still allows injunctions against the Internet intermediary.

how can Congress distinguish between deceptive and nondeceptive uses? As one commentator has noted, it is nearly impossible to make this distinction from an ex ante perspective because any determination of whether a use is deceptive (or likely to confuse consumers) must be made from the perspective of consumers.<sup>122</sup> Nevertheless, by applying lessons from early keyword advertising cases, Congress can draw a fair and reasonable line that separates uses which may lead to infringement liability from those that may not.

#### B. Building a Safe Harbor to Immunize Certain Uses of Trademarks as Keywords

Congress should immunize search engines and online advertisers from infringement liability for the sale and purchase of trademarks as keywords when the triggered ads do not display trademarks of third parties. Written decisions in keyword advertising cases rarely directly confront and analyze the likelihood of confusion issue,<sup>123</sup> however some courts have discussed the issue enough to give Congress guidance about what is likely to confuse (to be deceptive to consumers). For instance, several early cases involved pop-up advertisement software, which used an internal directory to compile common keywords, including trademarks. When downloaded onto a user's computer, the program displayed pop-up advertisements based on the user's Internet activity and a term in the software's directory. In those cases, the courts found that because, among other reasons, the software did not display the trademarks in the advertisements, the software provider was not liable for infringement.<sup>124</sup> The pop-up ad cases are factually distinguishable from the Google AdWords cases because the pop-up ad software only used the trademarks in an internal directory, and did not sell the trademarks as keywords.<sup>125</sup> However, these distinctions relate to the issue of whether the use of the trademark is a sufficient "use in commerce" to trigger infringement liability and do not have any bearing on whether the displayed advertisement is deceptive or likely to confuse. Thus, the logic underlying the distinction between

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<sup>122</sup> See McKenna, *Trademark Use*, *supra* note 68, at 773.

<sup>123</sup> It appears that only one keyword advertising case discussed the merits of the likelihood of confusion analysis created by a keyword advertising program in depth. See *Gov't Emps. Ins. Co. v. Google, Inc.*, No. 1:04CV507, 2005 WL 1903128, \*3-7 (E.D. Va. Aug. 8, 2005).

<sup>124</sup> See, e.g., *1-800 Contacts, Inc. v. WhenU.com, Inc.*, 414 F.3d 400, 410-12 (2d Cir. 2005); *Wells Fargo & Co. v. WhenU.com, Inc.*, 293 F. Supp. 2d 734, 757-61 (E.D. Mich. 2003); *U-Haul Int'l, Inc. v. WhenU.com, Inc.*, 279 F. Supp. 2d 723, 727-29 (E.D. Va. 2003).

<sup>125</sup> *1-800 Contacts*, 414 F.3d at 408; *Wells Fargo*, 293 F. Supp. 2d at 762; *U-Haul Int'l*, 279 F. Supp. 2d at 728.

advertisements that display another's mark, and those that do not, can be used as guidance for Congress.

As noted previously, courts have increasingly found that Google's sale of a trademark as a keyword is a sufficient "use in commerce" to trigger infringement liability,<sup>126</sup> but in order for Google or the advertiser to ultimately be found liable for infringement, the plaintiff must show actual or likely confusion.<sup>127</sup> In perhaps the only Google AdWords case to have an opinion written on the likelihood of confusion, *GEICO v. Google*, the court found that although the sale of the trademark as a keyword constituted a sufficient "use in commerce" for infringement liability,<sup>128</sup> the plaintiff failed to show a likelihood of confusion when the plaintiff's marks were not used in the headings or text of the displayed advertisement.<sup>129</sup> The plaintiff relied on surveys to demonstrate a strong likelihood of confusion caused by any use of its trademarks in the AdWords program. The court however found that a likelihood of confusion existed only when the plaintiff's trademarks were actually displayed in the advertiser's ad.<sup>130</sup> Thus, the court implicitly drew the very line between use that is likely to confuse and use that is not likely to confuse advocated in the proposed safe harbor.

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<sup>126</sup> See discussion *supra* Section II.B.

<sup>127</sup> See 15 U.S.C. § 1125(a)(1)(A) (To constitute infringement, a use of a trademark must be "likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, . . . or as to the origin, sponsorship, or approval of . . . goods [or] services.").

<sup>128</sup> *Gov't Emps. Ins. Co. v. Google, Inc.*, 330 F. Supp. 2d 700, 705 (E.D. Va. 2004) ("GEICO has alleged that the advertisers made 'use in commerce' of the trademarks by using the marks as source identifiers in the advertising links posted on Google's search results page. This is sufficient to state a claim for . . . trademark infringement.").

<sup>129</sup> *Gov't Emps. Ins. Co. v. Google, Inc.*, No. 1:04CV507, 2005 WL 1903128, at \*7 (E.D. Va. Aug. 8, 2005) (further clarifying the previous *GEICO* decision and finding that GEICO "failed to establish a likelihood of confusions stemming from Google's use of GEICO's trademark as a keyword . . . to violate either the Lanham Act or Virginia common law").

<sup>130</sup> See *id.* (finding that plaintiff failed to show a likelihood of confusion by Google's use of plaintiff's mark as a keyword, but finding that the advertiser's display of plaintiff's marks in the sponsored link, triggered by the keyword, established a likelihood of confusion); see also *Hearts on Fire Co. v. Blue Nile, Inc.*, 603 F. Supp. 2d 274, 287-89 (D. Mass. 2009) (The court discussed, with skepticism, initial interest confusion when plaintiff's marks are not displayed in an advertisement because an Internet consumer who is initially confused can easily click the "back" button to return almost instantly to the search results list to find the initially sought product or website.); *Site Pro-1, Inc. v. Better Metal, LLC*, 506 F. Supp. 2d 123, 127-28 (E.D.N.Y. 2007) (noting significantly that the plaintiff's mark was not displayed in the sponsored search result linking to defendant's website, but ultimately dismissing on the grounds that the purchase of plaintiff's mark as a keyword was not a sufficient "use in commerce" to support an infringement claim).

By drawing a definitive line marking the boundary between absolutely non-infringing use of a trademark as a keyword in an advertising program (use which is conclusively not likely to confuse) and other uses which may potentially be infringing (uses which may be likely to confuse), the safe harbor can act as the limiting mechanism that the trademark use requirement cannot. With the safe harbor, search engines, online advertisers, and courts can predictably rely on motions to dismiss for early resolution of infringement suits which do not allege the use of the plaintiff's trademark in the displayed advertisement. The safe harbor would provide a degree of stability and predictability by recognizing that certain types of advertisements are not likely to confuse consumers and thereby eliminating the unpredictable likelihood of confusion analysis from this less dangerous class of keyword advertising cases.<sup>131</sup>

The safe harbor would not overly immunize advertisers or search engines, as the more dangerous uses would not be conclusively protected. For instance, if an advertiser displayed a plaintiff's trademark in an ad, the plaintiff would have a chance at trial to show that consumers were actually or likely to be confused by the use of his trademark in the advertisement. Defendants in such cases may have legitimate defenses for such uses such as a comparative advertising defense.<sup>132</sup> However, if there is no legitimate defense and the advertisement was likely to confuse consumers, there is no search cost rationale for protecting such a use because search costs are increased when consumers are confused.<sup>133</sup>

Drawing the line to immunize the use of trademarks as keywords only if the third party's trademark is not displayed in the ad properly balances the interests of the trademark holder and of consumers, benefiting all parties affected by the keyword advertising programs. Courts benefit because the safe harbor will provide a pre-trial limiting me-

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<sup>131</sup> For criticisms of the unpredictable and instable likelihood of confusion analysis, *see generally* Beebe, *supra* note 108; Bartow, *supra* note 108.

<sup>132</sup> Courts have long recognized a comparative advertising defense as a subset of the affirmative defense of classic fair use or nominative fair use. *See, e.g.,* Moseley v. V Secret Catalogue, Inc., 537 U.S. 418, 431 (2003) (recognizing that comparative advertising falls within the "fair use" doctrine); G.D. Searle & Co. v. Hudson Pharm. Corp., 715 F.2d 837, 841 (3d Cir. 1983) ("The use of a competitor's trademark for purposes of comparative advertising is not trademark infringement 'so long as it does not contain misrepresentations or create a reasonable likelihood that purchasers will be confused as to the source, identity, or sponsorship of the advertiser's product.'") (quoting SSP Agric. Equip., Inc. v. Orchard-Rite Ltd., 592 F.2d 1096, 1103 (9th Cir. 1979) (citation omitted)).

<sup>133</sup> *See* Dogan & Lemley, *Trademarks and Consumer Search Costs*, *supra* note 8, at 786-88 (describing how trademarks reduce consumer search costs, but noting that trademarks work only if consumers can rely on the accuracy of the marks).

chanism that allows for early resolution of a large number of the keyword advertising cases.<sup>134</sup> The trademark holder is ensured that the search engine and advertiser are not immunized if his mark is used to trigger a competitor's advertisement in which his mark is displayed—a practice that would be dangerously likely to confuse consumers. This adequately protects his trademark from being deceptively and misleadingly used by a competitor without overly restricting the free flow of commercial information to consumers. Consumers also benefit in multiple ways because they are protected from the most dangerously deceptive type of keyword advertisements, but can still benefit from all of the advantages that stem from the less deceptive ads, like being able to easily compare competing products and prices. Online advertisers benefit by definitively knowing where the line is between safe, non-infringing, advertisements and those that may lead to infringement liability. Thus, the advertiser can confidently display non-deceptive ads, without worrying about potential unpredictable and costly litigation over the advertisement. Search engines similarly benefit by the predictability provided by the safe harbor. Search engines can confidently continue their advertisement programs without overly disabling their effectiveness, thus ensuring that the search engines' have a continuing source of revenue to fund their varied business operations. Finally, and perhaps most importantly, the safe harbor ensures that the overprotection of trademarks will not unduly interfere with the continuing development of efficient search and marketing technologies that will ultimately foster a more competitive market and further lower consumer search costs.<sup>135</sup>

#### IV. CONCLUSION

Online keyword advertising programs efficiently allow advertisers to target potential consumers. Similarly, the programs deliver to consumers a greater supply of relevant commercial information than was possible before the Internet, allowing consumers to quickly and easily

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<sup>134</sup> The safe harbor would likely cause search engines to conform their behavior (i.e., not allowing advertisers to display competitors' trademarks in their advertisements). For example, Google has already begun to bar the use of third party trademarks in AdWords ads in at least some cases. *See Gov't Employees Ins. Co. v. Google, No.*, 2005 WL 1903128, at \*1 n. 3.

<sup>135</sup> *See Barrett, supra* note 15, at 452; Dogan & Lemley, *Trademarks and Consumer Search Costs, supra* note 8, at 831 (discussing concern that overprotection of trademarks in the Internet context has the potential to negatively affect the development of efficient search technology and other new methods of advertising that will decrease consumer search costs); Goldman, *supra* note 35, at 509 (“Without limits, trademark law has the capacity to counterproductively destroy the Internet's utility for everyone.”).

compare competitors' products and services on any number of characteristics, such as price, style, and quality. The keyword advertising programs serve the fundamental normative goal of trademark law which is to produce better-informed consumers by fostering the free flow of commercial information in markets by protecting against deceptive and inaccurate uses of trade symbols, and thereby reducing consumer search costs.<sup>136</sup>

The keyword advertising programs, however, present a potential trademark law problem when the keywords used to trigger advertisements are trademarks owned by third parties. Courts have struggled to deal with a number of issues arising out of litigation over advertisements based on trademarks as keywords,<sup>137</sup> and scholars have advocated a variety of approaches to resolve these trademark issues with the goal of preserving the information-facilitating and search costs lowering functions that the keyword advertising programs provide.<sup>138</sup> Each of the proposed solutions is less than optimal for a variety of reasons.<sup>139</sup> The best solution is for Congress to create a statutory safe harbor to immunize search engines and online advertisers from infringement liability for the purchase and sale of trademarks as keywords that trigger nondeceptive ads, which do not display trademarks owned by third parties.<sup>140</sup> By protecting this innocuous, non-deceptive type of advertisement, while retaining the possibility of infringement liability for more dangerously deceptive advertisements (that display another's trademarks), the safe harbor can ensure that the benefits provided to both consumers and advertisers are preserved, while also protecting trademark holders from having their marks unfairly abused by competitors. The safe harbor properly balances the interests of trademark owners and consumers to reduce consumer search costs by protecting the integrity of trademarks from the most dangerously deceptive uses, while facilitating the flow of truthful and useful commercial information to consumers by immunizing less deceptive uses.

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<sup>136</sup> See discussion *supra* Section I.

<sup>137</sup> See discussion *supra* Section II.B.

<sup>138</sup> See discussion *supra* Section III.

<sup>139</sup> See discussion *supra* Section III.D.

<sup>140</sup> See discussion *supra* Section IV.

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