Search Engine Trade-Marketing: Why Trademark Owners Cannot Monopolize Use of Their Marks in Paid Search

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SEARCH ENGINE TRADE-MARKETING: WHY TRADEMARK OWNERS CANNOT MONOPOLIZE USE OF THEIR MARKS IN PAID SEARCH

I. INTRODUCTION

An April 2011 Google search for the keyword “Rosetta Stone” returned a sponsored search ad from Rosetta Stone for its language learning software. But Rosetta Stone was not the only one running ads triggered by its trademarked keyword. Google's search engine results page (SERP) also showed ads for three Rosetta Stone resellers (Amazon, eBay, and Barnes and Noble), two Rosetta Stone competitors (Livemocha and eLanguage), and one Rosetta Stone counterfeiter. The title of one of the competitor's ads was “Don’t Buy the Yellow Box.” Rosetta Stone had lost paid search control over its most important asset—its trademark.

This situation occurred because search engines and other keyword-based advertising providers allow advertisers to bid on others’ trademarks. It is common for competitors, resellers, affiliates, sellers of complementary products, counterfeiters, and critics to bid on others’ marks. As a result, many advertisers have sued search engines for trademark infringement. This Article argues that mark owners bring trademark infringement lawsuits against search engines in an effort to monopolize the goodwill associated with their brands. They want complete control over the use of their marks on the SERP. But trademark law does not give mark owners such a monopoly.

Consumers are increasingly influencing the SERP’s content. They create much of the content that appears in the organic search results, including reviews, recommendations, social chatter, and user-generated videos. And they influence the paid search (“sponsored”) results; the cost and position of paid search ads depends on the relevancy of those ads to consumers. As a result, consumers are contributing to a brand’s SERP goodwill. The rule

1. Screenshot on file with author.
2. This Article refers to the search engine results page as the “SERP,” which is the common terminology used in the search engine marketing industry.
that trademark law does not give mark owners the right to monopolize their marks\(^3\) applies with even more force on the SERP, where consumers exert substantial influence over which marks they want to see. The SERP also cannot insulate a trademark owner from its competition, even if competitors are free-riding on the mark owner's goodwill. Fair competition is a core value of trademark law.

Part II of this Article discusses bidding on others' trademarks in paid search\(^4\) and sets out the state of keyword advertising in trademark law, with emphasis on the Fourth Circuit's April 2012 decision in *Rosetta Stone Ltd. v. Google, Inc.*\(^5\) Part III argues that bidding on others' marks is not confusing to consumers, and trademark law does not give mark owners the ability to monopolize the SERP.\(^6\) Lastly, Part IV highlights recent innovation in keyword advertising\(^7\) and advocates against chilling this innovation.\(^8\)

II. OUR SEARCH-DRIVEN WORLD

Today's SERP is controlled in part by trademark owners. Mark owners buy paid search ads to promote their brands, and they also optimize their Web sites to achieve visibility in the organic search results.

The SERP is also controlled in part by consumers. Consumers create content around brands—including opinions, reviews, social chatter, and videos—that appear in the organic results. Consumers also influence the position and cost of paid search ads by indicating whether ads are relevant to their search queries. Relevant ads are less expensive for advertisers and will show up higher on the SERP; irrelevant ads are more expensive and will show up further down the SERP. Particularly irrelevant ads will

\(^3\) See Anti-Monopoly, Inc. v. General Mills Fun Grp., Inc., 611 F.2d 296, 300-01 (9th Cir. 1979).
\(^4\) See infra notes 31-49 and accompanying text.
\(^5\) See infra notes 50–106 and accompanying text.
\(^6\) See infra notes 116–142 and accompanying text.
\(^7\) See infra notes 227–229 and accompanying text.
\(^8\) See infra notes 230–231 and accompanying text.
not show up on the SERP at all, no matter how much the advertiser is willing to pay.

This Part (1) explores the current landscape of keyword advertising with an emphasis on the consumer-influenced content of today’s SERP, (2) discusses the ability of advertisers to bid on others’ trademarks in paid search, and (3) sets out the state of direct and secondary trademark infringement liability as applied to keyword-based advertising services.

A. The Keyword Advertising Landscape

Keyword advertising is the most popular way for brands to engage consumers on the Web. Ninety-two percent of searchers click on paid search ads. U.S. advertisers spent $18.7 billion on paid search ads in 2011, the highest of any online marketing medium. Marketers spent most of this money on Google, which held a 66.4 percent search market share as of February 2012.

In 2011, Google drove $36.5 billion in advertising revenue, most of this through its AdWords product. AdWords enables advertisers to bid on keywords that trigger sponsored advertisements on a cost-per-click (“CPC”) basis each time a searcher clicks on a sponsored ad. AdWords advertisers bid the amount they wish to pay per click, and Google ranks advertisers’ ads by combining the advertiser’s bid with relevancy factors called

9. See infra notes 12–29 and accompanying text.
10. See infra notes 31–49 and accompanying text.
11. See infra notes 50–106 and accompanying text.
“Quality Score.” Thus, Google’s advertising auction—as well as Bing’s—is not purely bid-based. Quality Score includes factors like the rate at which consumers click on an ad (“click-through rate”) and the quality of the landing page associated with the ad. Google’s Quality Score approach fosters paid search results that are more relevant to consumers—ads that have high quality scores can rank higher than less-relevant ads that have higher bids. Additionally, Google will not display ads that do not meet a certain Quality Score threshold because these ads are irrelevant to searchers. Google has placed high importance on Quality Score for top-sponsored paid search ads (the ads that show in the light-colored box above the organic results). To show in the top-sponsored box, an ad must meet a certain high Quality Score threshold. Google established its paid search dominance through relevancy, powered by the Quality Score approach.

And Google is constantly striving to make its search results more relevant. For example, Google updated its organic search algorithm in January 2011 to remove “content farms” from the organic results. Content farms are content-aggregation and scraper sites that provide consumers with low-quality, often irrelevant content. Google (and Bing) are also striving to make

17. Id. The search engines have not revealed the exact weight of Quality Score versus bid.
18. MORAN & HUNT, supra note 16, at 42.
19. Calculating Quality Score, supra note 16.
21. See Calculating Quality Score, supra note 16.
23. Id.
25. Id.
the SERP more relevant by making it more social. The SERP is increasingly being influenced by consumers and the content they create, which is called “earned content.” The SERP is amplifying consumer opinions by incorporating earned content—product reviews, user-generated videos, chatter from social networking sites, and Web page recommendations. For instance, Google’s +1 Button—announced in March 2011—allows searchers to “+1” (or “like”) paid or organic search results. Other searchers can then see when people—including their friends—have liked particular results, which may boost click-through for those results. According to Google, “[s]ometimes it’s easier to find exactly what you’re looking for when someone you know already found it.”

The Google +1 Button is word of mouth marketing on the SERP. Google also uses the +1 Button as a ranking signal for search results. For instance, if an organic search listing has a large number of +1s, Google may rank that listing higher in the results because consumers have verified that it is a useful page. In paid search, an ad that has a lot of +1s will likely garner more clicks. This will boost the ad’s Quality Score and, in turn, the ad’s positions within the paid search results. As +1 rolls out to the SERPs, it would also make sense for Google to include the number of +1s that an ad has as a factor in the ad’s Quality Score.

The SERP is also becoming the consumer’s own personal space. Search results are personalized based on location, search history, and Web-browsing history. When logged into Google, searchers can move results up and down, as well as delete results they do not deem relevant. Over time, searchers can create SERPs that are highly personalized and relevant. Thus, the SERP’s content is

28. See id.
increasingly being influenced by the “Web democracy”—the consumer. Brand owners have less control. There is no other marketplace where consumers exert such influence over the trademarks they wish to see.

B. Bidding on Others’ Trademarks in Paid Search

Since 2004, Google’s keyword policy has allowed U.S. advertisers to bid on others’ trademarks. Since 2009, Google has allowed advertisers to use others’ trademarks and in their ad copy in four situations: (1) the advertiser is a reseller of the trademarked product, (2) the advertiser sells components of the trademarked product, (3) the advertiser sells goods that are compatible with the trademarked product, or (4) the advertiser provides information on the trademarked product. Google also currently allows European advertisers to bid on others’ marks but not to use those marks in ad text (except in the United Kingdom and Ireland). In 2011, Microsoft—which controls Bing and Yahoo! Search—also started to allow advertisers to bid on others’ marks and use those trademarks in ad copy. The search engines hold the advertisers responsible for ensuring that they do not violate others’ marks. They also prohibit the advertising of counterfeit goods.

Many types of advertisers can benefit from bidding on others’ trademarks (called “paid search conquisting” in the search engine marketing industry). These advertisers include

31. Id. at *10.
35. Intellectual Property Guidelines, supra note 33; What Is Google’s AdWords and AdSense Trademark Policy?, supra note 34.
competitors, resellers, affiliates, complementary product sellers, counterfeiters, critics, and parodists. For example, retailer $A$ could implement a Google conquering campaign to gain market share from its competitor, retailer $B$. In an effort to divert retailer $B$'s consumers to its own Web site, retailer $A$ could bid on retailer $B$'s trademarked keywords. The keywords could trigger ad copy that features a compelling “50% off” offer for retailer $A$’s products. Many of the visitors to retailer $A$’s site from the conquering campaign may be first-time (new-to-file) customers. Some may buy the retailer’s products. While retailer $A$ sold legitimate goods, other paid search advertisers employ similar conquering strategies to sell counterfeit goods.\(^{36}\)

Affiliates also commonly bid on others’ trademarks. An affiliate generates Web traffic, leads, or sales for a brand in exchange for commissions. The affiliate is under contract with the brand and agrees to certain terms such as not bidding above the brand in paid search. For example, an affiliate like Groupon will bid on “Gap coupons” when Gap is offering a Groupon, and Gap would allow that. But other affiliates can be problematic for brand owners. An affiliate may violate its contract with the trademark owner by bidding above the mark owner. Other sites may pose as affiliates of a brand when they really are not. To illustrate, at the start of 2011, travel aggregator\(^{37}\) SmartFares.com was bidding on the “Southwest Airlines” keyword.\(^{38}\) But Southwest does not sell through affiliates.\(^{39}\) SmartFares was trying to bait searchers interested in Southwest’s flights to buy flights from airlines that SmartFares was affiliated with.

Paid search conquering is not always about driving sales or commissions. In February 2011, the American Society for the

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37. Travel aggregators are Web sites like Cheapflights.com or Kayak.com that aggregate airline fares, hotel rates, or car rental rates from multiple online travel agencies (OTAs) like Delta.com. The aggregator displays results from various OTAs on one screen for the user. The aggregator then charges the OTA a commission for a sale.
38. Screenshots on file with author.
Prevention of Cruelty to Animals (ASPCA) was showing paid search ads keyed to the “Purina dog food” keyword. The ads said, “Get The Latest Details On Pet Food Recalls. Keep Your Pet Safe.” The ads linked to a page on the ASPCA’s site that informed potential Purina customers that Purina had been recalled in the past for causing severe—often-fatal—kidney problems in dogs.

C. Issues for Trademark Owners

Because of Google’s large market share, many trademark owners feel compelled to bid on their marks—thus paying for clicks—to protect their goodwill. Some trademark owners would not bid on their brand names if others could not conquest; from a search engine marketing perspective, it is not always necessary to bid on a brand.

The Rosetta Stone example illustrates this issue. If conquestors were not allowed to bid on Rosetta Stone’s mark, Rosetta Stone may not have to bid on the “Rosetta Stone” keyword because RosettaStone.com ranks one, two, and three in organic search for the keyword. Google created a competitive paid search market for the keyword, which would not have existed if not for conquesting. Google can sit back and collect click costs from Rosetta Stone, the resellers, the competitors, and the counterfeiters. There is no doubt that Google generates more revenue by allowing conquesting. Conquesting has contributed to Google’s consistently large year-over-year advertising revenue growth rates.

Additionally, if an advertiser is not the only one competing on its brand keywords, that advertiser may have to increase bids to maintain position. However, most conquestors could not achieve

40. Screenshot on file with author.
43. See supra note 1 and accompanying text.
44. See 2011 Financial Tables, supra note 15.
high enough quality scores to compete (i.e. rank above) a trademark owner who is in the auction for its trademarked terms. Highly relevant resellers—like Amazon or eBay—are the most likely to inflate CPCs when bidding against a trademark owner.

In addition to raising advertising costs, many advertisers are offended that conquestors can free-ride on their trademarks to boost visibility. Free-riders include competitors, rogue affiliates, and counterfeiters. For example, software counterfeiters bid on the “Rosetta Stone” keyword.45 When Rosetta Stone identifies an infringing ad, it sends the search engine a take-down notice.46 Rosetta Stone claims that it takes the search engines between one day and one month to remove the infringing ads;47 however, search engines would likely dispute that delay. In the meantime, the counterfeiters transact with consumers who click on the ads.48 When an infringing ad is removed, counterfeiters create new ads associated with new counterfeiter domains, mostly offshore to avoid U.S. law enforcement.49

Because of these concerns, advertisers have sued keyword-based advertising services.

D. Trademark Infringement Lawsuits Against Keyword-Based Advertising Services

In the early days of keyword advertising, Playboy sued Netscape for using the “Playboy” keyword to trigger paid search ads for Playboy’s competitors.50 In Playboy Enterprises v. Netscape Communications Corporation, the Court of Appeals for the Ninth Circuit held that Netscape’s use of Playboy’s mark could confuse consumers even though Netscape only used the mark internally to

46. Id.
47. Id. at 3.
48. Id.
49. Id.
trigger the ads (i.e. consumers could not see the mark). Thus, Netscape could be liable for direct trademark infringement.

However, the Court of Appeals for the Second Circuit went in a different direction than the Ninth Circuit in the early cases. In 1-800 Contacts, Inc. v. WhenU.com, Inc., the Second Circuit created a "trademark use" requirement in keyword cases. Under the trademark use doctrine, a party cannot face liability for trademark infringement unless it "'use[d]' a mark as a brand in connection with the offering of goods and services," thus "causing the public to see the protected mark and associate the infringer's goods and services with those of the mark holder." In 1-800 Contacts, WhenU.com—an early keyword-based advertising service—used the 1800contacts.com URL as a keyword to internally trigger pop-up advertisements for 1-800 Contact's competitors. The court held that this did not constitute trademark use because the internal keyword could not be seen by consumers.

Four years later, the Second Circuit reversed course in Rescuecom Corp. v. Google, Inc. Here, Google unsuccessfully relied on 1-800 Contacts's trademark use requirement. Unlike in 1-800 Contacts, the court found that Google "used" the RESCUECOM trademark even though Google, like WhenU.com, only used the trademark internally—invisible to consumers—to trigger paid search ads for Rescuecom's competitors. The court found that Google took a more active role than WhenU.com did because Google promoted the sale of Rescuecom's trademark through its Keyword Suggestion Tool. Google's ad-serving platform also differed from WhenU.com; unlike Google,

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51. Id. at 1024.
52. See generally 1-800 Contacts, Inc. v. WhenU.com, Inc., 414 F.3d 400, 407–08 (2d Cir. 2005).
55. 1-800 Contacts, 414 F.3d at 409.
56. Id.
58. Id. at 129.
59. Id.
WhenU.com’s ads popped up in a separate window. Thus, on Google, consumers were less able to differentiate the ads from the site content they were looking for. The Rescuecom court held that the Lanham Act contains no “use” threshold. It also held that Google’s use did not need to be visible to consumers for Google to be eligible for infringement. The relevant inquiry was whether Google’s practice of selling keywords was likely to cause consumer confusion.

After Rescuecom, the trademark use doctrine is dead in keyword cases—at least in the Second Circuit. Because keyword-based advertising services could no longer rely on the doctrine, the door was open for other trademark infringement lawsuits, like Rosetta Stone. Under the confusion standard, Google is forced to litigate case by case and fact by fact.

Rosetta Stone sued Google in 2010 for trademark infringement and contributory trademark infringement for allowing advertisers to use its keywords to trigger paid search ads. In some instances, the ad copy and URLs included the ROSETTA STONE mark. These ads diverted people searching for “Rosetta Stone” to counterfeiters, competitors, and resellers. Some searchers even purchased counterfeit Rosetta Stone software through the ads. The United States District Court for the Eastern District of

60. Id. at 128.
61. Id. at 132.
62. Id. at 129.
63. Rescuecom, 562 F.3d at 131.
64. However, the trademark use doctrine is alive in European keyword cases. In Google France v. Louis Vuitton Malletier, the European Court of Justice (ECJ) held that Google did not use the LOUIS VUITTON mark “in the course of trade.” Joined Cases C-236/08 to C-238/08, Google France v. Louis Vuitton Malletier, 2010 ECR I-02417, ¶ 56 (Mar. 23, 2010). Thus, Google is absolutely immune from trademark infringement in conquering cases in the European Union’s twenty-seven countries, where trademark infringement law has been harmonized. However, Google’s advertisers may still be liable for trademark infringement.
66. Id.
Virginia granted Google's motion for summary judgment on the trademark infringement claim; however, in April 2012, the Court of Appeals for the Fourth Circuit vacated the order and remanded the case for further proceedings. 69

The district court did not focus on whether Google "used" the ROSETTA STONE mark. Rather, it focused on whether Google used the mark in a manner likely to confuse ordinary consumers as to the source or sponsorship of the goods. 70 Five consumers testified that they searched for "Rosetta Stone" and then bought counterfeit software through conqueting ads. 71 Yet, the district court rejected the consumers' testimony because the consumers knew "they were not purchasing the products directly from Rosetta Stone." 72 Moreover, consumers "were not confused by the Sponsored Links, but by the confusing nature of the websites from which they purchased." 73 Even though the consumers were misled into clicking on the ads, the district court rejected Rosetta Stone's argument that this initial interest confusion constituted trademark infringement. 74 Initial interest confusion is confusion that is dispelled before an actual sale occurs. 75

These holdings did not stand on appeal as the Fourth Circuit held that "a reasonable trier of fact could find that Google intended to cause confusion in that it acted with the knowledge that confusion was very likely to result from its use of the marks." 76 In analyzing source confusion, the Fourth Circuit focused not on Google's policy of allowing advertisers to bid on others' trademarks, but Google's policy of allowing advertisers to use

69. Id. at *12, *74.
70. See Rosetta Stone, 730 F. Supp. 2d at 541–45.
71. Id. at 543.
72. Rosetta Stone, 730 F. Supp. 2d at 543.
73. Id. at 544.
74. Id.
75. See Brookfield Commc'ns, Inc. v. W. Coast Entm't Corp., 174 F.3d 1036, 1062 (9th Cir. 1999) ("Although ... consumers know they are patronizing [defendant's site] rather than [plaintiff's site], there is nevertheless initial interest confusion in the sense that, by ... divert[ing] people looking for [plaintiff's mark] to its web site, [defendant] improperly benefits from the goodwill that [plaintiff] developed in its mark.").
others’ marks within the ad copy.77 The court stated, “Indeed, internal studies performed by Google [prior to 2009, when Google revised its policy to allow some ads to use trademarks in the ad copy] suggested that there was significant source confusion among Internet searchers when trademarks were included in the title or body of advertisements.”78

The Fourth Circuit also held that the district court erred in rejecting the testimony of the consumers that had purchased counterfeit Rosetta Stone software through sponsored links.79 Although the consumers were not confused as to the source of their purchases, the Fourth Circuit noted that they were confused as to the sponsorship of the goods, which could constitute infringement.80 The Fourth Circuit quoted one of the consumers: “What attracted us to this particular [counterfeiter sponsored link from bossdisk.com domain] was that they presumed to be a Rosetta Stone reseller.”81 Additional evidence that the district court erred in rejecting included (1) testimony by two of Google’s in-house attorneys that “they were unable to determine without more research which sponsored links were authorized resellers of ROSETTA STONE products,”82 (2) a consumer confusion survey prepared for Rosetta Stone by an expert that indicated that seventeen percent of consumers “are likely to be confused as to the affiliation, endorsement, or association of the websites linked to those ‘sponsored links’ with Rosetta Stone,”83 and (3) a Google internal study that “even well-educated, seasoned Internet consumers are confused by the nature of Google’s sponsored links and are sometimes even unaware that sponsored links are, in actuality, advertisements.”84

Additionally, the Fourth Circuit overruled the district court’s holding on the functionality doctrine. The district court held that the functionality doctrine protected Google’s use of the ROSETTA

77. See id. at *22–24.
78. Id. at *23.
79. Id. at *26.
80. Id. at *27.
82. Id at *31.
83. Id. at *32–33.
84. Id. at *36.
STONE mark as a keyword and immunized Google from trademark infringement.85 A product feature is functional “if it is essential to the use or purpose of the article or if it affects the cost or quality of the article.”86 The functionality doctrine prevents a trademark owner from “inhibiting legitimate competition by . . . control[ling] a useful product feature.”87 The district court found that keywords—like “Rosetta Stone”—“have an essential indexing function” as they enable Google to match search results with users’ queries.88 However, the Fourth Circuit held that the functionality doctrine did not apply in this case: “The functionality analysis below was focused on whether Rosetta Stone’s mark made Google’s product more useful, neglecting to consider whether the mark was functional as Rosetta Stone used it. . . . Clearly there is nothing functional about Rosetta Stone’s use of its own mark.”89 The district court in Rosetta Stone erred in applying the functionality doctrine to Google, the defendant. Under Qualitex Co. v. Jacobson Products Co., the functionality doctrine bars protection of a useful product feature of the producer’s—not the defendant’s—product.90 Likewise, in Playboy, the Ninth Circuit rejected Netscape’s argument that its use of Playboy’s trademarks to trigger ads was functional.91 There, the court stated, “that the marks make defendants’ computer program more functional is irrelevant.”92 The fact that keywords make Google’s algorithm more functional is similarly irrelevant.

88. Id. at 546.
91. Playboy, 354 F.3d at 1031.
92. Id. (emphasis in original).
E. Contributory Infringement and Search Engines

Rosetta Stone also brought a contributory trademark infringement claim against Google.93 To analyze a contributory trademark infringement claim against a search engine, we must start with the Supreme Court’s decision in Inwood Laboratories, Inc. v. Ives Laboratories, Inc. from 1982. In Inwood, the United States Supreme Court held that a manufacturer or distributor is liable for contributory trademark infringement if it (1) “intentionally induces another to infringe” or (2) “continues to supply its product to one whom it knows or has reason to know is engaging in trademark infringement.”94

Tiffany Inc. v. eBay Inc. extended the Inwood standard to online intermediaries who do not actually manufacture or distribute goods or services.95 In Tiffany, third parties were selling counterfeit Tiffany goods on eBay.96 Because Tiffany filed complaints, eBay had “generalized” knowledge that its platform could be used to engage in trademark infringement through counterfeiting.97 But the court held that this generalized knowledge was not enough; the law required more “specific” knowledge of individual instances of actual infringement beyond those addressed after eBay learned of them.98 “Contributory liability may arise where a defendant is (as was eBay here) made aware that there was infringement on its site but (unlike eBay here) ignored that fact.”99 The Rosetta Stone district court later used this standard to determine that Google was not liable for contributory infringement: “Like Tiffany, Rosetta Stone fails to show that Google knew of the [counterfeiting] activity by its AdWords advertisers.”100 However, the Fourth Circuit vacated the district court’s order granting summary

93. Rosetta Stone, 730 F. Supp. 2d at 548.
95. See generally Tiffany Inc. v. eBay Inc., 600 F.3d 93 (2d Cir. 2010).
96. Id. at 97.
97. Id. at 107.
98. Id.
99. Id. at 110 n.15.
100. Rosetta Stone, 730 F. Supp. 2d at 548 (refusing to recognize that the Keyword Suggestion Tool directed or influenced advertisers to bid on Rosetta Stone’s marks).
judgment in favor of Google on contributory infringement, noting that "the Tiffany court did not view the evidence through the lens of summary judgment; rather, Tiffany involved an appeal of judgment after a lengthy bench trial. . . . the [Tiffany] district court [unlike the Rosetta Stone district court] appropriately weighed the evidence sitting as a trier of fact]." 101

Opponents of paid search conquesting argue that Google is contributorially liable for trademark infringement because it suggests—through its Keyword Suggestion Tool—that advertisers bid on the trademarks of their competitors to attract consumers. 102 However, although its order was vacated, the Rosetta Stone district court concluded that "the mere existence of a tool that assists advertisers in optimizing their advertisements does not, in itself, indicate intent to induce infringement." 103

Additionally, the Rosetta Stone district court found that Google does not induce its advertisers to infringe because it informs them that "they are responsible for the keywords selected and for ensuring that their use of the keywords does not violate any applicable laws." 104

In holding that eBay and Google were not contributorily liable, both the Second Circuit in Tiffany and the Rosetta Stone district court emphasized that private market forces—not the enforcement of trademark law—would best control counterfeiters. The Tiffany court found that private market forces give eBay and those operating similar businesses a strong incentive to minimize the counterfeit goods sold on their websites. eBay received many complaints from users claiming to have been duped into buying counterfeit Tiffany products sold on eBay. . . . The risk of alienating

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103. Rosetta Stone, 730 F. Supp. 2d at 547.
104. Id. at 548.
those users gives eBay a reason to identify and remove counterfeit listings.\textsuperscript{105}

Similarly, the \textit{Rosetta Stone} district court found that

it is in Google's own business interest . . . not to confuse its users . . . Google's success depends on users finding relevant responses to their inquiries . . . . Even if it is true that Google stands to profit financially from higher click-through rates, its long term financial loss would far exceed its immediate gains if it provided search services without regard to possible counterfeiting operations. If Google intentionally confuses its users and deprives them of a positive experience, traffic at its website will decrease, causing it to lose revenue.\textsuperscript{106}

With the death of the trademark use doctrine in \textit{Rescuecom} and the rejection of the functionality doctrine in \textit{Rosetta Stone}, the primary issues in keyword cases are now consumer confusion and contributory infringement. In holding that a trier of fact could possibly find that Google's keyword policy—or at least the use of others' trademarks within ad copy—confuses consumers, the Fourth Circuit, in \textit{Rosetta Stone}, opened the door even wider than \textit{Rescuecom} for lawsuits against keyword-advertising platforms. As outlined in the next Part, these lawsuits should fail.

III. THE TRADEMARK OWNER, THE CONSUMER, AND THE SERP

Trademark owners sue search engines in an effort to monopolize the goodwill of their marks on the SERP. However, trademark law does not allow trademark owners the right to monopolize use of their marks on the SERP, especially because searchers are increasingly determining exactly which trademarks they want to see. Furthermore, trademark law does not protect mark owners

\textsuperscript{105} \textit{Tiffany}, 600 F.3d at 109.
\textsuperscript{106} \textit{Rosetta Stone}, 730 F. Supp. 2d at 542.
from SERP competition, even if competitors are free-riding on mark owners’ goodwill.107

This Part argues that finding search engines liable for trademark infringement impermissibly gives mark owners more rights than trademark law entitles them.108 It then determines that search engine practices—including (1) allowing advertisers to use others’ trademarks to trigger ads (and use those trademarks in ad copy),109 (2) suggesting keywords through the Keyword Suggestion Tool,110 (3) displaying brands in proximity to each other,111 and (4) not clearly differentiating between paid and organic results112—should not trigger trademark infringement liability. Lastly, this Part evaluates the theory of potential liability for search engines113 and discusses concerns around not using trademark law to regulate conquesting, including (1) information overload114 and (2) Google’s power over mark holders.115

A. Finding Search Engines Liable for Trademark Infringement Gives Mark Owners a Monopoly

In enacting the Lanham Act in 1946, Congress justified protecting trademarks to (1) “protect the public” so that it gets the product it asks for and wants and (2) ensure that the investment a trademark owner makes in the mark is protected from “misappropriation by pirates and cheats.”116 Trademark law is thus

107. See infra notes 116–119 and accompanying text.
108. See infra notes 116–226 and accompanying text.
109. See infra notes 150–162 and accompanying text.
110. See infra notes 163–165 and accompanying text.
111. See infra notes 166–181 and accompanying text.
112. See infra notes 182–196 and accompanying text.
113. See infra notes 202–213 and accompanying text.
114. See infra notes 197–201 and accompanying text.
115. See infra notes 214–226 and accompanying text.
“designed to protect consumers from being misled”\textsuperscript{117} not to further “perpetuate product monopolies”\textsuperscript{118} or maximize profits for mark owners.\textsuperscript{119}

Rosetta Stone sued Google to stop counterfeiters from bidding on its mark.\textsuperscript{120} It does have a problem with counterfeiters; an April 2011 Google search for “Rosetta Stone” returned an ad from one offshore counterfeiter.\textsuperscript{121} But Rosetta Stone and its amici are concerned about much more than counterfeiters.\textsuperscript{122} The Google search for “Rosetta Stone” also returned ads for two of Rosetta Stone’s competitors (Livemocha and eLanguage).\textsuperscript{123} The title of Livemocha’s conquering ad was “Don’t Buy the Yellow Box.”\textsuperscript{124} In reality, Rosetta Stone and its amici want complete control over their trademarks on the SERP; they want to eliminate the counterfeiter’s ad along with the competitors’ ads (and perhaps the resellers’, aggregators’, and affiliates’ ads). In his seminal article, \textit{Advertising in the Public Interest}, trademark scholar Professor Ralph Brown nicely summed up this motivation, which is rooted in unjust enrichment: “Plaintiffs come into court with moral accusations of unfair competition, which are in fact often aimed at the elimination of competition.”\textsuperscript{125}

\textsuperscript{117} Anti-Monopoly, Inc. v. General Mills Fun Grp., Inc., 611 F.2d 296, 301 (9th Cir. 1979) (quoting HMH Publ’g Co. v. Brincat, 504 F.2d 713, 716 (9th Cir. 1974)).

\textsuperscript{118} Id. (citing Smith v. Chanel, Inc., 402 F.2d 562, 566–69 (9th Cir. 1968)).

\textsuperscript{119} Stacey L. Dogan & Mark A. Lemley, \textit{The Merchandising Right: Fragile Theory or Fait Accompli?}, 54 EMORY L.J. 461, 484 (2005).

\textsuperscript{120} See Rosetta Stone, 730 F. Supp. 2d at 539.

\textsuperscript{121} Screenshot on file with author.

\textsuperscript{122} See Rosetta Stone, 730 F. Supp. 2d at 539 (“Rosetta stone alleges that . . . Google is helping [conquestors] misdirect web users to websites of companies that (i) compete with Rosetta Stone, (ii) sell language education programs from Rosetta Stone’s competitors, (iii) sell counterfeit Rosetta Stone products, or (iv) are entirely unrelated to language education.”).

\textsuperscript{123} Screenshot on file with author.

\textsuperscript{124} Id.

\textsuperscript{125} Ralph S. Brown, Jr., \textit{Advertising and the Public Interest: Legal Protection of Trade Symbols}, 57 YALE L.J. 1165, 1206 (1948). Brown also noted that, if unchecked, “the drive for monopoly advantage . . . would no doubt patent the wheel, copyright the alphabet, and register the sun and moon as exclusive trade-marks.” Id.
Rosetta Stone’s motivation is reminiscent of Tiffany’s in *Tiffany v. eBay*. Tiffany claimed that it wanted to stop counterfeit Tiffany sales on eBay, but it really wanted to stop all Tiffany sales on eBay in order to monopolize its resale market. But trademark law’s first sale doctrine[^126^] does not allow Tiffany to monopolize its resale market. Similarly, Rosetta Stone wants to monopolize the SERP, eliminating all competition—counterfeiters, competitors, and resellers—but trademark law does not give it that right.

Consider a brand that is not susceptible to counterfeiting, such as Ford Motor Company, which joined in an amicus brief in favor of Rosetta Stone in the *Rosetta Stone* case[^127^]. Ford wants to stop its competitors from using its goodwill to drive consumers to their websites[^128^]. Ford would argue that it has invested heavily in its trademark, and therefore is entitled to all the goodwill of the mark. But Ford’s customers have also invested in its mark—Ford has built its goodwill with its customers’ money, participation, and collaboration[^129^]. Consumers do not just buy brands anymore, “they join them.”[^130^] A valuable trademark is thus the result of “mutual investment by producers and consumers.”[^131^] Trademark law gives brands incentive for investing in goodwill, but it does not give them all of the value derived from that goodwill.[^132^]

[^126^]: See *Louis Altman & Malla Pollack, 4 Callmann on Unfair Competition, Trademarks and Monopolies* § 22:45 (4th ed. 2011). “Once the trademark-holder has sanctioned the release of the goods into the stream of commerce, however, [its] right of control is exhausted, and the subsequent sale of that item cannot serve as the basis for an infringement suit.” Id.

[^127^]: See generally Brief for Carfax, Inc. et al., *supra* note 42.

[^128^]: See generally *id*.


[^132^]: Dogan & Lemley, *supra* note 62, at 791. “Legal protection for trade symbols, in the absence of confusion, diserves competition and thus the consumer. It arrogates to the producer the entire value of cultural icons that we should more appropriately treat as collectively owned.” Id. See also Litman, *supra* note 121, at 1719.
The rule that trademark law does not give mark owners the right to monopolize their marks\textsuperscript{133} applies with even more force on the SERP, where consumers exert substantial influence over which trademarks they wish to see. The SERP’s content is not entirely controlled by trademark owners.\textsuperscript{134} On the SERP, a brand’s goodwill comes from the brand’s own paid and organic results, but it also comes from consumer word-of-mouth like social media chatter, Facebook “Likes,” reviews, Google +1s, and user-generated videos. Additionally, in paid search, consumers exert influence over ads. If a consumer sees a conquering ad he deems irrelevant, he does not click on it. If a conqueror dupes a consumer into clicking on an ad, that consumer quickly bounces from the landing page. The ad’s Quality Score then suffers and it falls down—or even off—the SERP. But if a consumer sees a conquering ad he deems relevant, he clicks on it and does not bounce from the landing page, and the ad’s Quality Score improves.

Quality Score is revolutionary in advertising because it gives some control back to consumers. In 1948, Ralph Brown wrote

[W]hat is the position of the customer in a world ruled by advertising? From the time he picks up his morning paper until he switches off the radio at bedtime he is bombarded with literally thousands of trade symbols. He goes to work in a public conveyance papered with them. His way is lined with billboards and shop windows proclaiming them. He checks the date from an advertiser’s calendar, winnows a harvest of leaflets from his mail, closes the window against a sound truck and perhaps escapes for a few hours. Then on his return home he exposes himself to a stupefying flow of persuasion from the radio. When he ventures into a store to perform the act of buying, myriads of symbols, attached to exhortations, pleas, reminders, and threats, stir uneasily in his subconscious, while

\textsuperscript{133} See Anti-Monopoly, 611 F.2d at 300–01.

\textsuperscript{134} See supra notes 26–31 and accompanying text.
hundreds more dance before his eyes from packages, posters, and animated displays. Is he confused? Undoubtedly. 135

Minus the sound trucks, Brown's story of unavoidable trademarks and inevitable confusion rings much truer today. But the SERP is changing that. Brown wrote that "the foundation of free choice . . . is an adequate presentation of alternatives." 136 Consumers search for trademarks on Google, see an adequate presentation of alternatives, and indicate to Google whether each alternative is relevant. Google then uses these searcher cues—click-through rates, +1s, landing page bounce rates—to create a more relevant page for the next search. Thus, today's SERP allows consumers to break through the "stupefying flow" of trademarks that they are exposed to every minute of every day, parsing out what is relevant and what is not. Over time, searchers build SERPs that are highly relevant to their specific needs. Consumers control their SERPs; they do not need trademark law's help. Over-aggressive trademark law could exclude conquering ads that consumers deem relevant.

Furthermore, trademark law does not provide mark owners the right to exclude SERP competition. Giving trademark owners absolute control over their marks on the SERP can stifle competition by erecting barriers to entry. 137 In a number of circumstances, competitors have the right to use others' trademarks to divert consumer attention to their own products. 138 For instance, in Smith v. Chanel, Inc., the Ninth Circuit allowed a knock-off perfume manufacturer to advertise, "[w]e dare you to try

135. Brown, supra note 125, at 1196.
136. Id. at 1182.
137. Dogan & Lemley, supra note 53, at 788.
138. Id. at 796 (citing Saxlehner v. Wagner, 216 U.S. 375, 379–80 (1910) (allowing the defendant to use the plaintiff's trademark "to tell the public what they are doing and to get whatever share they can in the popularity of the [trademarked product] by advertising that they are trying to make the same article and think they can succeed")). "Trademark law requires more than likelihood of diversion—it requires likelihood of confusion." Id. at 822.
to detect any difference between Chanel #5 . . . and Ta’Ron’s 2nd Chance . . . .”

Additionally, “brand spillover” has always existed; third parties regularly increase profits by taking advantage of others’ goodwill. To illustrate, Ford—through television commercials, sponsorships, billboards, or online display ads—may spur a consumer to search on Google for “Ford trucks.” But in a market economy, that search does not give Ford the right to that consumer. Ford is entitled to no more than the right to continue to compete against its rivals. Paid search conquering fosters this competition by informing the “Ford trucks” searcher that a Chevy may be a better fit in terms of price or quality. The SERP cannot insulate Ford from its competitors, even if its competitors are free-riding on its goodwill; “this unjust enrichment instinct runs counter to the core values of trademark law, which make the value of fair competition paramount.”

Free-riding is nothing more than competition. When a trademark owner’s interest in protecting goodwill conflicts with a competitor’s interest in market access, competitor and consumer interests prevail.

B. Consumers Are Not Confused on the SERP

Keywords cases must be decided under the consumer confusion standard because (1) Rescuecom killed the trademark use doctrine and (2) in Rosetta Stone, the Fourth Circuit rejected the district court’s functionality holding.

Because search engines are not protected by trademark use or functionality, we must accept a reactive view of trademark law, which “relegates trademark law to the role of discerning and

139. Smith v. Chanel, Inc., 402 F.2d 562, 563, 569 (9th Cir. 1968).
141. Dogan & Lemley, supra note 53, at 783.
142. Id. at 792 (citing Kellogg Co. v. Nat’l Biscuit Co., 305 U.S. 111, 122 (1938) (“Kellogg Company is undoubtedly sharing in the goodwill of [Shredded Wheat]; and thus is sharing in a market which was created by the skill and judgment of [the plaintiff] and has been widely extended by vast expenditures in advertising persistently made. But that is not unfair.”)).
protecting extant consumer understanding. Trademark use theorists, on the other hand, hold a proactive view, which employs trademark law "to influence the norms that govern consumers' shopping habits." The reactive view leaves open the possibility that search engines could be liable for trademark infringement if they caused or intended to cause reasonable consumer confusion. However—despite the Fourth Circuit's language in Rosetta Stone—search engines do not cause that confusion.

If an advertiser bids on another's mark to provide consumers with accurate information, the consumer is not confused. Consumers are not confused by referential use, comparative advertising, gripe, or parody. Conquestors may succeed in diverting consumers, but trademark law does not protect against diversion. For instance, the ASPCA's ability to show ads for the "Purina dog food" keyword provided consumers with accurate information about the Purina recall. If the ASPCA's goal was to divert consumers from Purina, those consumers were likely glad to be diverted because the ASPCA gave them valuable information that they otherwise may not have discovered. Even if some consumers are confused, trademark law tolerates some confusion. To infringe, a use must confuse a reasonable amount of prudent, experienced web-shoppers.

Some conquestors—like counterfeiters, resellers, affiliates, and some competitors—bid on others' trademarks not only to divert consumers, but also to confuse them. However, this confusion is an issue between the trademark owner and the conqueror, not the search engine. In the case of search engines, courts should focus only on what happens on the SERP. On the SERP, search engines (1) use keywords—perhaps suggested by the Keyword Suggestion

144. Id. at 1604.
145. See generally id.
146. Dogan & Lemley, supra note 53, at 820.
147. Id.
148. See supra notes 39–41 and accompanying text.
149. Toyota Motor Sales, U.S.A., Inc. v. Tabari, 610 F.3d 1171, 1176 (9th Cir. 2010).
Tool—to trigger ad copy, (2) display brands in proximity to each other, and (3) present organic and paid results in some kind of manner.

C. Keywords and Copy

Focusing on the “reasonably prudent consumer,” keywords and copy—at most—can only spur initial interest confusion. The initial interest confusion doctrine originated offline but expanded online at the turn of the century. The Supreme Court has never considered the doctrine, but others courts have found initial interest confusion actionable on the Web. In Planned Parenthood Federation of America v. Bucci, the Federal District Court for the Southern District of New York found initial interest confusion actionable because “Internet users who seek [the] plaintiff’s web site [may] expend time and energy accessing defendant’s web site.” However, initial interest confusion should have no bearing in keyword cases. First, initial interest confusion should have never been applied to the Web in the first place. As stated in Bihari v. Gross, “[t]he harm caused by a misleading billboard on the highway is difficult to correct. In contrast, on the information superhighway, resuming one’s search for the correct website [only requires] one click of the mouse and a few seconds of delay.” The Planned Parenthood holding is

150. Id. “Unreasonable, imprudent and inexperienced web-shoppers are not relevant.” Id.
faulty because the mere seconds it takes a searcher to click on a counterfeiter’s conqueting ad is not sufficient “time and energy” to be legally cognizable.

Second, “because the *sine qua non* of trademark infringement is consumer confusion, when [a court] examine[s] initial interest confusion, the owner of the mark must demonstrate likely confusion, not mere diversion.”¹⁵⁶ What happens on the SERP is no more than diversion. If a searcher is diverted by a conqueting ad and unknowingly purchases a counterfeit product, it is the landing page that confused the consumer to a cognizable level, not the search ad. In *Playboy*, the concurrence likened the experience of viewing clearly-labeled paid search ads to shopping at a physical store:

> I walk into Macy’s and ask for the Calvin Klein section and am directed upstairs to the second floor. Once I get to the second floor, on my way to the Calvin Klein section, I notice a more prominently displayed line of Charter Club clothes, Macy’s own brand, designed to appeal to the same people attracted by the style of Calvin Klein’s latest line of clothes. Let’s say I get diverted from my goal of reaching the Calvin Klein section, the Charter Club stuff looks good enough to me, and I purchase some Charter Club shirts instead. Has Charter Club or Macy’s infringed Calvin Klein’s trademark, simply by having another product more prominently displayed before one reaches the Klein line? Certainly not.¹⁵⁷

The *Playboy* concurrence and the Ninth Circuit in *Network Automation, Inc. v. Advanced Systems Concepts, Inc.* emphasized that the initial interest confusion doctrine should not apply to

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¹⁵⁷. *Playboy*, 354 F.3d at 1035 (Berzon, J., concurring).
situations where the consumer should know that a paid search ad is not associated with the trademark holder.158

Today’s Internet consumer is sophisticated enough to not need the protection of the initial interest confusion doctrine, even when it comes to confusion as to sponsorship (which the Fourth Circuit was concerned about in Rosetta Stone). The Ninth Circuit illustrated why initial interest cannot cause confusion as to sponsorship in Toyota Motor Sales, U.S.A., Inc. v. Tabari:

[R]easonable, prudent and experienced internet consumers are accustomed to such exploration by trial and error. They skip from site to site, ready to hit the back button whenever they’re not satisfied with a site’s contents. They fully expect to find some sites that aren’t what they imagine. . . . [C]onsumers don’t form any firm expectations about the sponsorship of a website until they’ve seen the landing page—if then.159

Based on these theories, Tabari held that it was unlikely that reasonably prudent consumers would be confused into thinking the domain name “buy-a-lexus.com” was associated with Lexus—“[c]onsumers who use the internet for shopping are generally quite sophisticated about such matters.”160 The Fourth Circuit’s decision in Rosetta Stone stands in direct conflict to Tabari. In Tabari, the Ninth Circuit held that reasonably prudent consumers would not be confused into thinking that “buy-a-lexus.com” was associated with Lexus;161 in Rosetta Stone, the Fourth Circuit held that reasonably prudent consumers could be confused into thinking that bosdisk.com—the site where one of the consumers who testified had purchased counterfeit Rosetta Stone software—was associated with Rosetta Stone.162 Furthermore, the Fourth Circuit focused

158. Network Automation, 638 F.3d at 1147; Playboy, 354 F.3d at 1034–35.
159. Toyota Motor Sales, 610 F.3d at 1179 (emphasis added).
160. Id. at 1178.
161. Id. at 1178.
only on the sponsorship confusion caused by the conquisting ad, not the landing page. The fact is—without going to a landing page—even sophisticated searchers generally do not quickly scan search engine listings and make a definitive decision as to weather a reseller/affiliate/distributor/aggregator/counterfeiter is associated with a trademark holder. If a searcher ends up thinking that bossdisk.com is associated with Rosetta Stone, it is because bossdisk.com’s landing pages convinced him, not the conquisting ad. Conquesting ads do not confuse as to sponsorship, even if those ads contain trademarks in their copy.

Not only does the initial interest confusion doctrine risk allowing mark owners to monopolize the SERP, but its applicability to search engines is highly questionable. Thus, the doctrine should not be used in keyword cases.

D. The Keyword Suggestion Tool

There is no doubt that some AdWords advertisers—like counterfeiters and rogue affiliates—engage in direct trademark infringement. But Google does not engage in contributory infringement because it does not, per Inwood, “intentionally induce” or continue to supply its service to advertisers it knew or had reason to know were infringing.163

However, trademark owners have argued that the Google Keyword Suggestion Tool constitutes inducement because it directs or influences advertisers to bid on others’ marks.164 When considering the operation of the Keyword Suggestion Tool in practice, this argument falls apart. The Keyword Suggestion Tool suggests keywords related to an advertiser’s product that the advertiser may want to bid on to engage consumers. These suggestions can include the trademarks of the advertiser’s competitors. For sophisticated search engine marketers, the Keyword Suggestion Tool is just one of many inputs in building a robust paid search keyword list. Other inputs include customer

163. See Inwood Labs, 456 U.S. at 854.
164. See, e.g., Rosetta Stone, 730 F. Supp. 2d at 550 (rejecting the notion that the Keyword Suggestion Tool directed or influenced others to bid on Rosetta Stone’s marks).
research, social listening data, competitive research, third-party keyword generation tools, native site search query lists (i.e. what consumers search for when on the advertiser’s site) and lists of keywords that drive organic search traffic.

Once an advertiser combines all of these inputs, it may decide to bid on a competitor’s mark. The Keyword Suggestion Tool should not, and does not, influence this decision. Bidding on a competitor’s trademark is a calculated, strategic decision that could spur a bidding war or put the advertiser’s own marks at risk. Notwithstanding size or sophistication, no advertisers blindly bid on others’ trademarks just because the Keyword Suggestion Tool told them to. Many advertisers do not want to initiate a bidding war with a competitor because CPCs could rise, ultimately costing both parties. The only party that wins in a bidding war is Google. Thus, a brand may make a decision to bid on another’s mark—perhaps to establish itself in a new industry, increase visibility in a new market, or counter-bid on a competitor—but this is a highly calculated and potentially dangerous decision that is made outside the Keyword Suggestion Tool.

Furthermore, the Keyword Suggestion Tool argument is especially weak when applied to counterfeiters. Counterfeiters do not need the tool to suggest that they bid on the brand they are counterfeiting. They are pretending to be that brand! Additionally, even if the tool was to suggest that a counterfeiter bid on a keyword like “fake Louis Vuitton,” this does not implicate consumer confusion. A consumer searching for “fake Louis Vuitton” is looking for fake Louis Vuitton and obviously wants to see search results from counterfeiters. This is unjust enrichment by the counterfeiter, but “unjust enrichment instinct runs counter to the core values of trademark law.”

E. The Display of Brands in Proximity to Each Other

Trademark law should not coddle consumers. Consumers use search engines to comparison shop, which includes evaluating

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165. Dogan & Lemley, supra note 53, at 783.
different brands. They are sophisticated enough to distinguish between different brands on the SERP, and "[i]f they see trademarks that overlap, they will adapt and deal with that environment."\textsuperscript{167}

Consumers understand retail shelf space, and Google is a digital shelf. Consumers are not confused about Advil's relationship with Tylenol when they see the two brands beside each other on a drugstore shelf. They understand product proximity on physical store shelves because the law has long permitted it.\textsuperscript{168} The context of the SERP is different from the physical store shelf,\textsuperscript{169} but from the consumer's perspective, the SERP "replicate[s] the experience of consumers learning about competitive options from the side-by-side in-store display of competitive products."\textsuperscript{170} Additionally, "there is no reason to believe that consumers have a clearer understanding of retailing practices than of online intermediation."\textsuperscript{171} For instance—unbeknownst to consumers—one brand may be paying the drugstore to be placed in a certain position on the shelf.

Of course, the SERP may confuse some inexperienced searchers. But these inexperienced searchers are outliers and thus irrelevant.\textsuperscript{172} Additionally, courts have often discounted evidence of actual confusion in trademark cases "because [the evidence] was unclear or insubstantial."\textsuperscript{173} Even if a trademark owner can prove that a few consumers (perhaps those that testified in Rosetta Stone) are actually confused by the proximity of brands on the

\textsuperscript{167.} Id. at 439.  
\textsuperscript{168.} Id. at 439–40.  
\textsuperscript{169.} Graeme B. Dinwoodie & Mark D. Janis, Lessons from the Trademark Use Debate, 92 Iowa L. Rev. 1703, 1720 (2006) ("Courts should not automatically assume that proximity in the offline environment and proximity in the offline environment have the same effects. The context is different, and there are great risks in taking analogies too seriously.").  
\textsuperscript{170.} Goldman, supra note 140, at 399.  
\textsuperscript{171.} Id. at 410–11. Furthermore, "consumers often do not actually understand retailers' merchandising practices any better than they understand keyword triggering, either because the practices are relatively recent or unknown—such as slotting fees and category management—or because consumers simply do not think about them." Id. at 411 (footnote omitted).  
\textsuperscript{172.} See Toyota Motor Sales, 610 F.3d at 1176.  
\textsuperscript{173.} AMF, Inc. v. Sleekcraft Boats, 599 F.2d 341, 352 (9th Cir. 1979).
SERP (or as to sponsorship), it should not matter because trademark law tolerates some confusion.

Professors Stacey Dogan and Mark Lemley note that courts “must keep in mind that they are more than enforcers of existing norms—they are norm creators, in the sense that the rules they develop will determine practices on the Web and whether the Internet realizes its potential as a vast clearinghouse of information and content.”174 By finding no confusion in shelf placement cases, courts created the norm that different brands could be placed in proximity on store shelves.175 As a result, stores are not forced to separate different brands into different aisles, and consumers have an efficient means by which to shop—the ability to view and compare all the brands in a product category in one place.176 And those consumers are not confused. By finding no confusion in keyword cases, courts can reflect the norm that the SERP is used to compare brands side by side.

Trademark owners also regularly pay to appear in close proximity to their competitors in print ads, print directories, television ads, and even on the same NASCAR.177 “Physical proximity creates an association between the concepts, but not necessarily an association as to source.”178 If trademark owners can pay to appear next to each other offline, they should be able to do the same online.179 Physical proximity of brands does not confuse reasonable consumers. Thus, the Lanham Act “should not be stretched to cover matters that are typically of no consequence to purchasers.”180

174. Dogan & Lemley, supra note 53, at 784 (emphasis added).
175. Lemley & McKenna, supra note 166, at 439–40.
177. With all the ads on a NASCAR, how could some of the advertisers not be competitors?
179. See id. at 1392.
In *Rosetta Stone*, the Fourth Circuit focused on evidence that searchers buying counterfeit Rosetta Stone software through sponsored links believed that the counterfeiter was a Rosetta Stone affiliate or reseller. Counterfeiters, rogue affiliates and unauthorized resellers can create initial interest confusion as to sponsorship on the SERP by including others’ trademarks in their ad copy. However, this is against Google policy. Google allows advertisers to use others’ trademarks in their ad copy only if the advertiser is actually a reseller of the trademarked product (not to mention, Google does not allow advertising from counterfeiters). Google’s policy is not intended to—and does not actually—create confusion as to sponsorship; the counterfeiter evades Google’s policies and creates this confusion. Therefore, if Google is liable at all, it should only be liable for contributory infringement. And Google is not liable for contributory infringement because it does not intentionally induce infringers or continue to supply its services to known infringers.

**F. The Presentation of Search Results**

Professors Graeme Dinwoodie and Mark Janis note that trademark law could be valuable in regulating the way search engines present results. They argue that “regulating the presentation of results by a search engine goes more directly to the core of trademark law; the effect on consumers is less attenuated than in addressing sales policies and practices by search engines.” Professors Dinwoodie and Janis suggest that paid search conquering would be less likely to confuse consumers if search engines clearly differentiated between paid and organic results. The Fourth Circuit, in *Rosetta Stone*, suggested the same thing: “The evidence also includes an internal Google study reflecting that even well-educated, seasoned Internet consumers are confused by the nature of Google’s sponsored links and are

183. *Id.*
184. *Id.*
sometimes even unaware that sponsored links are, in actuality, advertisements.\textsuperscript{185}

There is no doubt that Google is increasingly making its top-sponsored paid results look more like organic results. Top-sponsored paid results are the ads—up to three—that appear above the organic search results, as opposed to the other paid search ads that appear on the right side. Making top-sponsored ads look like organic listings can confuse consumers into clicking on the ads. This boosts click revenue for Google. In 2011, Google made a number of changes to its top-sponsored ads to make them look—in some cases—identical to organic results. Google lowercased paid search display URLs to match organic search URLs, allowed top-sponsored advertisers to use longer paid search ad titles to match organic search titles, lightened the top-sponsored box’s color, and changed the box’s right-side label from “Sponsored Listings” to the less noticeable “Ads.”\textsuperscript{186} But this issue is beyond the scope of trademark law. Google is making all top-sponsored ads look like organic results: (1) ads keyed to others’ trademarks, (2) ads keyed to trademark owners’ own marks, and (3) ads keyed to generic keywords. As of January 2011, only two percent of U.S. searches for the fifty largest global brand names returned conquisting ads.\textsuperscript{187} Thus, consumer confusion as to whether a listing is an ad or an organic result is much more likely to occur for ads keyed to trademark owners’ own marks or generic keywords.

A conquisting ad is also the least likely to confuse a consumer as to whether the listing is paid or organic. For example, a May 2011 search for the generic keyword “language learning” returned a top-sponsored paid search ad (from the Pimsleur brand) that looked remarkably like an organic search listing.\textsuperscript{188} A searcher

\textsuperscript{185.} Rosetta Stone, 2012 U.S. App. LEXIS 7082 at *36 (emphasis added).
\textsuperscript{188.} Screenshot on file with author.
could very well think that the Pimsleur ad was an organic listing. But, if Pimsleur were bidding on its competitor's trademarked keyword ("Rosetta Stone"), consumers would be less likely to think that the Pimsleur ad was an organic listing. First, Pimsleur's conquering ad is unlikely to become eligible to display in the top three sponsored ads above the organic results. For an ad to display above the organic results, it must exceed a certain Quality Score—or relevancy\(^\text{189}\)—threshold.\(^\text{190}\) It is possible that the conquering ad could exceed that threshold but, normally, the threshold is only exceeded by the brand itself, an authorized affiliate, or a reseller with a strong Quality Score (like Amazon).\(^\text{191}\) Consumers are not likely to click on competitor (or counterfeiter) conquering ads at high enough rates to deem the ads exceedingly relevant. Thus—even if Pimsleur were the only advertiser bidding on "Rosetta Stone"—the Pimsleur conquering ad would theoretically only display to the right of the organic search results.\(^\text{192}\) Right-side Google ads are much more clearly defined as ads, and consumers know from experience that right-side listings are always ads. Secondly, a reasonably prudent consumer may wonder why his "Rosetta Stone" query returned a listing for Pimsleur; the obvious answer is that the Pimsleur listing is an ad and not an organic

\(^{189}\) See supra notes 22–23 and accompanying text.

\(^{190}\) Improvements to Ad Quality, supra note 22.

\(^{191}\) For a rare example of conquering ads showing in the top-sponsored results, see Craig Greenfield, *Genuine Strategies to Outsmart Paid Search Counterfeiters*, eMARKETING & COMMERCE (June 16, 2011), http://www.emarketingandcommerce.com/blog/genuine-strategies-outsmart-paid-search-counterfeiters (showing a screenshot of counterfeiters occupying the top three paid search positions for a "coach bags" query).

\(^{192}\) This being said, counterfeiters do attempt to "game" Quality Score to increase relevancy and serve in the top-sponsored listings. A counterfeiter could try to evade Google by using another site's domain name in its ad URL, potentially piggybacking on that domain's Quality Score. To illustrate, in September 2011, a Rosetta Stone counterfeiter was using the URL of electronic retailer Fry’s ("Frys.com") in its ad. Although the ad URL was "Frys.com," anyone who clicked on the ad was redirected to the counterfeiter's site, JustRosetta.com. The ad served in the top-sponsored listings presumably due to Fry's Quality Score. Of course, this is against Google's policies, but the counterfeiter was able to slip by Google undetected. Screenshots on file with author.
result. This is less apparent when a search for “Pimsleur” or “language learning” returns a Pimsleur listing, which is more relevant to the searcher’s query.

Of course, there are outliers such as the inexperienced searcher who does not understand that right-side listings are ads or the unauthorized conqueror that somehow gains a high enough Quality Score to show in the top-sponsored box. But keyword courts should take a cue from the Supreme Court’s decision in *Wal-Mart Stores, Inc. v. Samara Brothers, Inc.* 193 In *Samara*, the Court held that “given the *unlikelihood* of inherently source-identifying design” it would not be worth allowing suit based on alleged inherent distinctiveness. 194 The Court stated that in order to preserve competition, product design courts—in close cases—“should err on the side of caution.” 195 Likewise, keyword courts should not allow unlikely or close cases to chill healthy SERP competition. Liability based on outliers threatens to limit consumer choice on the SERP and curb innovation in the space.

Google’s unclear differentiation between top-sponsored ads and organic listings is an irrelevant issue to trademark law and conquistng. However, it is relevant to non-conqusting ads, which make up the large majority of ads. Because clear differentiation is beyond conquistng, it is outside the scope of trademark law and should be addressed by the Federal Trade Commission (“FTC”) or the Lanham Act’s false advertising provisions. 196

**G. Easing Concerns Around Not Using Trademark Law to Regulate Conquistng**

Trademark owners and scholars have raised a number of concerns around not using trademark law to regulate conquistng. The two primary concerns are (1) information overload that may

194. *Id.* at 214 (emphasis added).
195. *Id.* at 215.
increase consumer search costs and (2) allowing Google too much power over trademark owners. These concerns do not justify the risk of giving trademark owners a monopoly on the SERP. Additionally, market forces, not potential liability, are most likely to deter search engines from confusing consumers.

**H. Paid Search Conquesting Does Not Cause Information Overload**

Trademark use theorists, who are in favor of complete immunity for search engines, argue that conquesting fosters more information about products, and more information is always better for consumers. Those who oppose the trademark use doctrine argue that trademark law’s primary purpose is not more information—“its core focus is on the nature and quality of the information for which it facilitates production.” Thus, use theory opponents suggest that unregulated conquesting could cause information overload that increases consumer search costs.

On the SERP, more information is not better for consumers. But unregulated conquesting does not cause information overload. Search engines, like trademark law, are not predicated on the notion that more information is better. Search engines, like trademark law, strive to promote the flow of relevant, helpful information—the only information that matters to consumers. Google uses consumers to regulate SERP information volume. For example, imagine if the Yankees attempted to sell t-shirts by bidding on the “Red Sox” trademark. “Red Sox” searchers—presumably Red Sox fans—would consider the Yankees’s ad to be irrelevant at the very least, and perhaps even offensive. They would not click on it. Even if consumers were diverted into clicking on the Yankees’s ad because they thought it was a Red Sox ad, they would quickly bounce from the Yankees’s landing page (and maybe go take a shower). Consequently, the ad’s Quality Score—which incorporates click-through and landing page bounce rates—would be so poor that Google would stop

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199. Id.
displaying the ad. In this extreme example, consumer cues indicated that the additional information on the SERP (i.e. the Yankees’s ad) was not relevant or helpful, so the information was eliminated via Quality Score. In the short-term, the SERP gave consumers more choice (i.e. the Yankees’s ad). But soon after, consumer relevancy cues narrowed that choice. Consumers do not need trademark law to help narrow their SERP choices.

Landing page quality is a particularly important aspect of Quality Score that helps keep consumers in control of SERP information volume. If consumers bounce from a counterfeiter’s landing page because they realize the page is fake, the counterfeiter’s ad will suffer. Clicks will either become too expensive for the counterfeiter to efficiently advertise, or Google will stop displaying the ad altogether. Not to mention, Google will stop displaying the ad anyway when it realizes it is from a counterfeiter.

Google’s Quality Score approach, which rewards relevancy, aligns with the Tiffany and Rosetta Stone district court approaches that private market forces will control conqueror listings, not trademark law. Google cannot risk alienating its consumers by giving them a SERP full of irrelevant listings; if it does, Google will lose search share and revenue. So, through Quality Score and other relevancy indicators like the +1 Button, Google gives control to the consumer. If the consumer indicates that an ad is irrelevant, it becomes harder and more expensive for that ad to maintain rank, and the ad may even fall off the SERP.

On the SERP, consumers regulate the amount of information they wish to see. Trademark law therefore should not interfere with consumers’ decisions regarding information from conquerors. Holding search engines liable for providing consumers with information that they want—and getting rid of information that they do not want—does not align with protecting consumers.


201. See supra notes 26–31 and accompanying text.
I. The Theory of Potential Liability

Professors Dinwoodie and Janis have advocated for potential liability as a proactive disciplinary tool for search engines.202 Similarly, Professor Greg Lastowka has argued that “the mere knowledge that trademark law stands ready to curb abusive index practices may have an ameliorate effect on the commercial conduct of Google and other search engines.”203 But the threat of potential liability in keyword cases has not deterred Google. In fact, we have seen just the opposite. In April 2009, Rescuecom was decided, killing the trademark use doctrine and opening Google to potential liability under the consumer confusion standard.204 But Google was not deterred. A month later, Google changed its trademark bidding policy to allow advertisers to use competitors’ trademarks in ad copy.205 And in September 2010, it liberalized its trademark policy in Western Europe.206

Proponents of potential liability argue that market forces alone cannot serve to discipline search engines.207 While potential liability could help, it is evident in Google’s situation that market forces are a stronger deterrent. Google’s biggest worry is not litigation. Rather, it worries that advertisers are shifting budgets to Bing because Bing is gaining search market share.208 It worries that people are now spending more time on Facebook than Google,209 and that Facebook is primed to become the next great advertising platform. To stay relevant, Google must deliver the

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203. Lastowka, supra note 152, at 1409.
204. See generally Rescuecom Corp. v. Google, Inc., 562 F.3d 123 (2d Cir. 2009).
205. DE SARLO, supra note 187, at 1.
206. Id.
207. See Dinwoodie & Janis, supra note 169, at 1719.
most relevant search results. If Google presents results in a way that confuses or frustrates users, it will lose market share. If it loses market share, it will lose advertisers. And if it loses advertisers, it will lose money. In its quests to index all of the world’s information and dominate advertiser wallet share, Google has always pushed the boundaries of intellectual property law without fear. 210 For instance, consider an April 2012 Google job posting for Trademark Counsel:

20th century laws don’t always solve 21st century problems, and Google Legal crafts innovative approaches for tackling some of the toughest legal challenges of the information age. . . . Our innovative services raise challenging questions that demand creative and practical answers. We provide those answers by working at the crossroads of the law and new technology. 211

Google has even made top-sponsored ads look increasingly like organic results to boost revenue 212 despite the FTC’s recommendation that search engines clearly delineate between ads and organic results. 213 Google is not only transforming the Web, it


212. See supra note 186 and accompanying text.

is transforming the law. Google will stop pushing the legal boundaries of keyword advertising if the market or its consumers tell it to, not when threatened with liability.

J. Google’s Power over Advertisers Is Not an Issue for Trademark Law

Rosetta Stone argued that Google changed its trademark policy to help third parties misappropriate Rosetta Stone’s marks, thus increasing Google’s revenue. Many trademark owners feel compelled to bid on their marks to protect against conquerors. This transfers wealth from the trademark owners to Google. Conquesting can also inflate CPCs, which makes Google richer. But just because Google makes more money does not mean that it is liable for trademark infringement. If advertisers are being held hostage by Google’s 66.4 percent search market share, that is an issue for antitrust law, not trademark law.

Some advertisers complain that Google is extorting them. But Google only created the medium. The advertisers’ consumers use the medium in droves because it provides the most relevant answers to their queries. Thus, the responsible advertiser must follow its consumer to Google the same way it follows its consumer to Facebook, Twitter, YouTube, NYTimes.com, the Super Bowl, the newspaper, or the local grocery store. This all costs the advertiser money. And depending on consumer demand recommends that if your search engine uses paid placement, you make any changes to the presentation of your paid-ranking search results that would be necessary to clearly delineate them as such, whether they are segregated from, or inserted into, non-paid listings.”).

215. See supra notes 42–43 and accompanying text.
216. See supra note 44 and accompanying text.
217. Rosetta Stone, 730 F. Supp. 2d at 542 (“[E]vidence that Google stands to make more money under its current trademark policy, absent more, cannot meet [the plaintiff’s] burden of proving that Google used the [plaintiff’s marks] with intent to confuse the buying public.”).
218. comScore, supra note 14.
219. That being said, Microsoft controls the rest of the search market, and it has the same trademark policies. See Intellectual Property Guidelines, supra note 33.
for the medium, the advertiser will encounter more competition, thus higher advertising prices. For instance, it costs more to run a commercial during the NBA Playoffs than the PBA Playoffs (assuming the PBA has playoffs). Google paid search costs more than Twitter paid search. Of course, advertisers would like to rely less on Google, but for the time being their consumers do not give them that choice. This is not Google’s problem; it is the advertiser’s challenge.

Search engine advertisers need to help themselves rather than expect trademark law to do the work. To illustrate, an advertiser could conduct a test to determine if bidding on its brand name makes financial sense. The advertiser may find that it is paying for paid search clicks when, in the absence of ads keyed to its brand name, consumers would just click at the same rate on the advertiser’s “free” organic listing. This advertiser could then employ paid search monitoring tools—like AdGooroo—which alert the advertiser when someone else is bidding on its brand. If alerted, the advertiser can give notice of infringement by a counterfeiter to the search engine, throw a rogue affiliate out of its affiliate program, or defend against a critic or competitor.

Opponents of conquesting may respond that this places responsibility on brand owners to police their marks online. But responsible brand owners—large and small—should police their marks online, no matter how difficult that may be. This allows brand owners to not only uncover infringement, but also determine what consumers are saying about their brands. Consumer insights can influence marketing and customer service strategies.

Additionally, search engines should, and do, police the SERP to provide consumers with the most relevant results. Google takes sufficient means to prevent infringing ads. It prohibits advertisers from violating third-party intellectual property rights. It evaluates all ads that contain trademarks before pushing the ads live. It has technological means by which to check landing

222. See Rosetta Stone, 730 F. Supp. 2d at 542.
And it removes infringing ads upon the request of trademark owners.

Still, some infringing ads make their way to the SERP. Consider some of the evidence "relevant" to contributory infringement as cited by the Fourth Circuit in *Rosetta Stone*:

"Rosetta Stone notified Google of approximately 200 instances of [counterfeiter ads]. Rosetta Stone contends that even after being notified of these websites, Google continued to allow Sponsored Links for other websites by these same advertisers." To illustrate: (1) Rosetta Stone notified Google of counterfeiter ads, (2) Google removed the ads and blocked the domains, (3) the same counterfeiter set up on different domains and ran new ads, and (4) the Fourth Circuit stated that Google’s failure to remove the new ads was relevant to Rosetta Stone’s contributory infringement claim. In other words, the Fourth Circuit suggested that Google may have to actively seek out counterfeiters by somehow determining exactly who registered a domain and then banning that registrant from AdWords. This is not only (likely) impossible, but completely irrational because all the counterfeiter has to do is register domains under various fake names. If Google is burdened by this (or by strict notice and takedown) to avoid contributory liability, it has no choice but to over-enforce through automation or to stop allowing conquesting completely. This would possibly disallow non-infringing, valuable ads like the ASPCA’s Purina recall ad.

Search engine marketing is not easy. Trademark owners must devise strategies to maximize consumer engagement while minimizing advertising costs. But they do not have the right to employ trademark law to monopolize SERP goodwill. And because search engine practices do not confuse consumers, trademark owners cannot rely on courts to stop conquestors.

223. See id.
226. See supra notes 39–41 and accompanying text.
IV. PRESERVING THE FUTURE OF SEARCH

We live in a search-driven world. And where there is search, there is a market for keyword advertising. We are currently in the midst of a fundamental shift in how consumers find things online. Consumers are moving away from traditional search engines to social networking sites. They now spend more time on Facebook than they do on Google. Social networking sites help consumers find and evaluate brands through friend recommendations and reviews. And where consumers go, keyword advertising has followed. Facebook enables advertisers to trigger ads based on keywords—including likes and interests—contained in user profiles. Twitter allows advertisers to run “Promoted Tweets” triggered by users’ Twitter Search keywords. Keywords within YouTube Search trigger video ads. More sophisticated keyword advertisers are following searchers from the SERP to other sites. With capabilities like Yahoo! search retargeting, an advertiser can cookie a consumer who searches for a particular keyword (perhaps its competitor’s trademark) on Yahoo! and later target a display ad at that consumer while he browses a page on Yahoo!’s network.

Trademark law’s goals are to prevent consumer confusion and encourage competition, which spurs innovation. In the keyword context, trademark law should not be used to restrict competition and innovation, especially in the absence of consumer confusion. Trademark law should reflect the societal norm that, through search, advertisers sell things in proximity to each other and unconfused consumers find those things. Overly-aggressive trademark law should not seek to change this norm. The threat of direct or contributory liability for keyword-based advertising services chills innovation against the best interests of consumers.

227. Schroeder, supra note 209.
229. See id.
As stated by the Supreme Court in *Samara*: “Competition is deterred, however, not merely by successful suit but by the plausible threat of successful suit.”

Innovation in the keyword advertising space is also beneficial to trademark owners. For instance, as keyword advertising progresses into its next generation, mark owners will be able to better diversify their keyword advertising budgets. As Facebook and Twitter develop viable, efficient keyword-advertising platforms, trademark owners could be less reliant on Google. Competition between keyword-advertising platforms would lower CPCs and give Google less control over mark owners.

V. CONCLUSION

After *Rescuecom*, the trademark use doctrine is dead. The functionality doctrine is misplaced as applied to defendants, the search engines. And the initial interest confusion doctrine is inadequate. That leaves trademark owners who wish to monopolize use of their marks on the SERP with two options: (1) show that search engine practices confuse—not divert—a reasonable number of prudent, experienced web-shoppers or (2) prove that Google is liable for contributory infringement. But Google’s policies do not cause confusion. And Google is not helping advertisers to infringe; it is working against infringement.

Given the lack of consumer confusion—and the importance of encouraging competition and innovation—the game of allowing trademark owners to sue search engines in an effort to monopolize the SERP is not worth the candle. The Fourth Circuit should not have needlessly extended this game.

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