

# Client Alert

A report  
for clients  
and friends  
of the firm     January 2005

## Federal Judge Issues Trademark Ruling On Keyword-Triggered Advertising

Defendant Google Inc. ("Google") won a major legal victory last month when a federal judge ruled from the bench that the Internet search engine could continue its practice of selling ads triggered by searches using the trademarks and company names of others. *Government Employees Insurance Co v. Google Inc.*, E.D. Va., No. 1:04cv507 (LMB/TCB), bench ruling 12/15/04. The court stated its written ruling would be forthcoming in the next few weeks.

The recent decision of Judge Leonie Brinkema rejected a claim by auto insurance giant GEICO Corp. ("GEICO") which argued that Google should not be allowed to sell ads to rival insurance companies that appear whenever GEICO's name is typed into the Google search engine. Judge Brinkema ruled from the bench on the third day of trial that Google's advertising policy of selling hyperlinks and advertising on its search results page does not violate federal trademark laws. Google is not yet in the clear, however, since Judge Brinkema's ruling did find that Google's sponsored Web links that display "GEICO" violate the Lanham Act and the case is currently proceeding on that basis of liability.

When a Google user enters a particular search term, the results page displays a list of websites generated by Google's search engine using objective criteria next to a column of "Sponsored Links." Many of the Sponsored Links displayed websites of GEICO competitors. In the suit, GEICO alleged that Google's practice of selling advertising that is linked to its competitor's trademarks both directly violates

the Lanham Act and contributes to third party violations. GEICO argued that the display of rival ads next to search results confuses consumers and that Google should not be permitted to sell ads to rival insurance companies that appear whenever GEICO's name is typed into the Google search box. However, Judge Brinkema stated, "There is no evidence that that activity alone causes confusion." In granting summary judgment, Judge Brinkema concluded that survey evidence presented by plaintiff's expert, Dr. Gary Ford, failed to show confusion from advertisements that did not contain the term "GEICO." But the court did find that GEICO's survey "does establish that those sponsored sites that contain 'GEICO' either in the title or in the text are likely to confuse for purposes of the Lanham Act" and denied Google's motion to dismiss the infringement claims arising from those advertisements that use "GEICO" in such ways.

The court has not yet ruled whether Google is liable for those advertisements, but limited its ruling to a finding that "this particular group of sponsored [links] does violate the Lanham Act." The court further limited the scope of its ruling, pointing out that "there's been no finding that Google is liable at this point." The court will address whether Google is contributorily liable for the Lanham Act violations if the case continues.

This one ruling does not settle the issue of potential trademark violations through keyword-triggered advertising. In fact, Google is defending a similar suit in California, where American Blind & Wallpaper Factory Inc. has challenged Google's sales of sponsored advertising based on search terms that include trademarks. *Google Inc. v. American Blind & Wallpaper Factory Inc.*, No. 5:03-cv-5340, N.D. Cal., complaint filed 11/26/03 (67 PTCJ 132, 12/12/03); hearing 9/17/04 (68 PTCJ 589, 9/24/04).

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**Proskauer Rose LLP has one of the leading Trademark and False Advertising Practices in the country. For more information about this practice area, contact:**

**Brendan J. O'Rourke**

212.969.3120 – [borourke@proskauer.com](mailto:borourke@proskauer.com)

**Marci Ballard**

212.969.3989 – [mballard@proskauer.com](mailto:mballard@proskauer.com)

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