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Running the Google gauntlet.

Using competitors' names in Google AdWords - is it illegal or just smart marketing? Kim Tunbridge outlines the lie of the law as it currently stands.

There's no doubt that you've heard about Google AdWords by now. The big question is whether you can legally register keywords relating to your competitors.

WHAT IS GOOGLE ADWORDS?

Google AdWords is a type of marketing and/or research tool that uses the Google search engine. A business can nominate a search keyword, and when a person puts that search keyword into the Google search engine, a sponsored advertisement for that business will pop up to the top or the right of the screen.

Usually businesses nominate a word that is related to their business. An issue arises, however, if a business were to choose a keyword that is the name of one of its competitors or is the name of a product or slogan of one of its competitors. Some would argue this is being smart. Others would argue that this is being misleading and infringing intellectual property rights.

This is the current debate.

WHAT HAS BEEN HAPPENING?

Certain businesses around the world have cottoned onto the idea that they can drive significant traffic to their websites by using their competitors' names, products and slogans as search keywords. In Australia, disputes have already arisen, but the furthest it has gone has been to the Australian Consumer and Competition Commission.

ACER V DELL

Acer accused Dell of registering the phrases 'Acer notebook' and 'Toshiba notebook'. Acer's

lawyers demanded that Dell stop the practice and hand over documentation on traffic generated by the advertising. The practice apparently ended after Acer sent cease and desist letters from its lawyers. There have since been claims from HP that Dell has registered 'Hewlett-Packard', 'Blackberry' and 'Palm'. Dell has stated that its intention had been to provide customers with choice and that it will not be using competitor brand names in new campaigns.

AAPT V TELSTRA

AAPT claimed that Telstra was using the trademark of 'AAPT' to advertise its mobile phone deals on Google AdWords. A Google search for 'AAPT' would typically result in an advertisement for Telstra Pre-Paid Plus appearing in the sponsored links. AAPT complained to Google. Telstra claimed that the keywords were purchased by its media buying agency without its knowledge or approval. Telstra has since withdrawn its registration of the search keyword.

STICKYBEEK V TRADING POST

Stickybeek claimed that the *Trading Post* purchased the keyword 'Stickybeek' on Google AdWords, and that this conduct misled users into believing that the *Trading Post's* auto-trader website was affiliated with Stickybeek's business of providing classified advertising for car dealers. Stickybeek contacted the ACCC. The ACCC wrote to the *Trading Post* and expressed concerns that the conduct was misleading and deceptive and that the *Trading Post* was representing that it was affiliated with or had the sponsorship or approval of Stickybeek. Such conduct would be in breach of the *Trade Practices Act*. The ACCC did not take any formal action against the *Trading Post*. The *Trading Post* agreed to stop

using the Stickybeek keyword, but did not admit any liability.

OVERSEAS CASES

Overseas, there has been significant legal action over the use of competitors' keywords as search terms. In France, Google was held to have violated trademark, unfair competition and advertising laws by showing advertisements for rivals of Louis Vuitton. When users searched for 'Vuitton', providers of counterfeit Vuitton products appeared in the search results.

In the US, Google was held to not be confusing customers where it allowed competing businesses to register 'GEICO' (the name and registered trademark of a large US insurance company) as a search term on Google AdWords. The court found that it would, however, be trademark infringement if the GEICO trademark was used in the heading or text of sponsored link advertisements.

TWO STREAMS OF THOUGHT

Based on the above cases, there appear to be two streams of thought as to whether using competitors' keywords on Google AdWords is illegal or not.

RESEARCH SERVICE

It has been argued that the Google search engine is a research service and that registration of competitors' keywords should be permitted. The purpose of registering such keywords would be to enable users to gather relevant information to their search query. Information on competitors and their products would merely be a form of comparative advertising. This stems from the theory that using a competitor's name might

only be the start of a search. The overall concept is that the Google search engine is intended to be for the convenience of users seeking information, not marketers selling products.

MARKETING SERVICE

In the alternative, it has been argued that the Google search engine is being used as a marketing service for businesses and that the registration of competitors' keywords should be illegal. The purpose of registering competitors' keywords would be to take advantage of the goodwill and reputation that a competitor has built in the industry in order to redirect users to an alternative website. The end result would be that such conduct wastes the user's time and is misleading and deceptive conduct, passing off, trademark infringement and copyright infringement.

The overall concept is that the Google search engine is intended to be a marketing tool for businesses and that users know specifically what they are searching for.

SO WHAT IS THE LEGAL POSITION IN AUSTRALIA?

The legal position in Australia regarding the use of competitors' keywords as search terms in Google AdWords is not clear. In my view, this will be dependent on whether Australian courts regard the Google search engine as a research service (in a similar way to the US courts) or a marketing service (in a similar way to the French courts).

If the ACCC's approach to the Stickybeek and *Trading Post* dispute is anything to go by, it is likely that an Australian court will regard the

Google search engine as a marketing service and will find such conduct to be misleading and deceptive conduct, passing off, trademark infringement and/or copyright infringement.

This approach would be similarly supported in other Australian internet cases involving domain name registration of competitors' trademarks and cyberstuffing.

A recent case in Australia indicates that registering a competitor's registered trading name, whether intentionally or unintentionally, as a domain name will cause confusion and diversion of business. The court also indicated that it may be misleading and deceptive conduct if a business:

- ❖ falsely suggests a connection between its site and a known business or particular goods or services
- ❖ buys the domain name of a rival company and redirects traffic from that site to its site, or
- ❖ exploits reading or typing mistakes or abbreviations.

The general view is that cyberstuffing will also be misleading and will constitute trademark infringement and passing off. Cyberstuffing involves embedding metatags in a website in order to have the metatags picked up by search engines. If a company stuffs its website with metatags containing the names or trademarks of its competitors, it is likely that its website will always answer to search queries involving those other competitors' names and trademarks.

Arguably, the key legal differences between registering keywords of competitors in Google AdWords, and registering domain names of

competitors or cyberstuffing competitors' keywords in a website is that in Google AdWords:

- ❖ the registrant is not building a reputation or effectively 'trading' under the search term, and
- ❖ the registrant is nominating a search term on a search engine used by the public, not reproducing registered trademarks on a privately owned website.

We will have to see how an Australian court chooses to deal with this.

GOOGLE'S POSITION

Google's position on the issues surrounding Google AdWords is that it does not allow the use of trademarks as keywords if the trademark owner objects. Google also takes the position that the advertisers themselves are responsible for the keywords and ad content that they choose to use and that trademark owners should resolve disputes directly with advertisers.

Google does, however, have a complaints procedure that is limited to ensuring that an advertisement is not using a term corresponding to the trademarked term in the ad content or as a keyword trigger.

CONCLUSION

The legal position regarding the use of competitors' keywords on Google AdWords is yet to be determined. In the meantime, until the position of Google AdWords has become more clearly established in the Australian legal system, marketers would be wise to only use competitors' keywords with caution, and to carefully monitor the usage of their own keywords on Google AdWords. M

Avoid Marketing Redundancies

Marketers are aware of the problem of marketing redundancies, especially the obvious ones; those annoying duplicate records in mailing or telemarketing lists that sneak in to embarrass the marketer, infuriate the recipient and bleed the campaign budget. These duplicates occur with any regularly updated database and most experienced marketers put steps in place to minimize their effect.

The not so obvious marketing redundancies however are usually the ones which don't occur with

the same list, they are the redundancies which occur by marketing to the wrong people time and time again. This does not occur because people buy the wrong lists it occurs when direct

marketers buy lists as they need them and over the years cycle through the same list more than once. What is often missed is the fact that the same potential prospect can be marketed to for

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marketing is performed in isolation, that is to say direct marketing is done without referring to the previous campaign or existing customer lists to suppress or profile the prospects. Many

years, each time with no response, but each time a new list is purchased that prospect is there again ready to suck the profitability out of your campaign with their apathy toward your offerings. Of

course repetition is a key element of direct marketing but only when exercised in a controlled and quantifiable manner. By using DataTools software that allows you to easily exclude these non performing prospects from your campaign you can cut your campaign costs down to a fraction of what they are now and still improve results.

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