
Gray Reed Attorney Publishes Article on Internet Marketing

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Travis Crabtree, a Member of Gray Reed & McGraw, published "Courts' Inability to Keep Pace Leaves Little Legal Guidance for Online Marketers" in the March 2009 issue of Visibility Magazine, which focuses on online marketing strategy.

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Courts' Inability to Keep Pace Leaves Little Legal Guidance for Online Marketers

By Travis Crabtree

The legal system is built to work slowly. The pressing issues of the day are meant to develop before they become ripe for judicial fodder. For internet marketing, however, by the time the law catches up, the industry has moved on to the next trend. As a result, there is little legal guidance for some of the most rudimentary online marketing practices.

Trademark is the thing

In online advertising, trademark is king. A trademark is a particular word, symbol, or phrase, used to identify a particular product in a distinguishing manner. Mercedes-Benz and its symbol is a perfect example. Rather than having to research, consumers expect a certain standard with a Mercedes Benz automobile. Another manufacturer cannot simply call their automobile a Mercedes-Benz or put the logo on the car without running afoul of trademark law.

In the online world, when someone plugs in Mercedes-Benz to a search engine, other high end manufacturers or used car companies also fight for the consumer's attention. Just how far can the people wanting the Mercedes-Benz traffic go without violating trademark law.

According to the law, meta tags are still all the rage

The law's inability to keep up is demonstrated by the recent spat of cases dealing with trademarked terms in the meta tags. Recently, a federal court of appeals ruled using a competitor's trademarked name in the meta tags was unlawful. In that case, the defendant used a competitor's trademarked name in its meta tags to promote its website and attempt to improve its organic search results. The court determined putting a competitor's name in the meta tags was a "use in commerce" because the trademarked term was "part of [the] effort to promote and advertise its products on the Internet to purposefully "influence" the search engine and increase traffic through organic results.

Less than a month later, a federal judge in Milwaukee determined keyword meta tags do not constitute trademark infringement finding search engines rarely rely on keyword meta tags when ranking search results. Rather than addressing the use in commerce question, the court simply reached the conclusion meta tags matter very little. Neither decision clarifies the status of the law, but they may be an indication that the law will start to swing towards ruling some old-school internet marketing tricks are just that are old school and ineffective and therefore not worth litigation.

The real fight is pay-per-click

A more important legal quagmire involves bidding on competitor's terms to trigger pay-per-click ads. Recently, a federal judge in Minnesota found the purchase of a trademarked term as part of a Google AdWords program constitutes a use in commerce.

The very brief opinion first looked at prior holdings that found no use in commerce which reasoned the practice was analogous to an individual's private thoughts about a trademark. The court suggested the triggering of pay-per-click ad would be no different if the consumer's mere thought of Mercedes-Benz also triggered a personal thought about Lexus.

The judge then studied the slight majority of opinions finding a use in commerce when the terms generate advertising even when the customer never sees the mark. The court concluded: "This approach adheres to the plain meaning of the . . . definition of use in commerce. The language used in the definition suggests that a use in commerce is not limited to affixing another's mark to one's own goods but also encompasses any use of another's mark to advertise or sell one's own goods and services." By using the mark to generate a sponsored link, the court determined the plaintiff did just that.

There still must be consumer confusion

Use in commerce is only the first part of a trademark infringement claim. A plaintiff must also show consumer confusion. The cases only deal with the initial prong and allow the plaintiff to develop the case to prove consumer confusion as these cases progress. In fact, there does not appear to be any cases ruling one way or the other on consumer confusion.

The courts generally look at the following factors to determine whether there is a likelihood of confusion: (1) the strength of the mark; (2) the proximity of the goods; (3) the similarity of the marks; (4) evidence of actual confusion; (5) the similarity of marketing channels used; (6) the degree of caution exercised by the typical purchaser; and (7) the defendant's intent.

Before courts consider consumer confusion, most online marketing cases settle confidentially such as the cases against Google. Google has lost similar cases in Europe. In the United States, Google has not “lost” a case and continues the practice of allowing bidding on trademarked terms.

The trademark owner usually argues that inclusion of the competitor's pay-per-click advertisement under a Sponsored Link or similar moniker makes it appear the competing site is somehow approved or affiliated with the trademark holder. As consumers become more sophisticated about search engine results, plaintiffs will have a harder time proving confusion. Some believe consumers even benefit. If the consumer types in Mercedes-Benz, does the consumer want the company website or research on high end automobiles?

The only clear rule

The only clear no-no is including the trademarked term visibly in the actual website. Other behind the scene uses are as clear as mud. While the courts may be trending slightly toward finding a use in commerce, there still do not appear to be cases where the evidence also established consumer confusion. Most likely, the practice will continue although the risk of expensive protracted litigation could hinder the practice for companies without vast resources for a legal defense. The search engines, however, make too much money to stop unless ordered to do so.

The law defines use in commerce as:

the bona fide use of a mark,

(1) on goods when...

- it is placed in any manner on the goods or their containers or the displays associated therewith or on the tags or labels affixed thereto, or if the nature of the goods makes

such placement impracticable, then on documents associated with the goods or their sales, and

- the goods are sold or transported in commerce, and

(2) on services when it is used or displayed in the sale or advertising of services and the services are rendered in commerce.