GOOGLE ADWORDS/ADSENSE POLICY

On September 14, 2010, Google amended its AdWords/AdSense policy for Canada, the UK, Ireland and most of the rest of Europe. The policy change has limited the circumstances in which Google will investigate a complaint from a trade-mark owner that an advertiser is wrongfully using a trade-mark in a “Google advertisement”. The variations in trade-mark law between countries also makes this a difficult area for trade-mark owners.

GOOGLE’S ADVERTISING PROGRAMS

Google has two main advertising programs: AdWords and AdSense.

1. AdWords links advertisers with people searching on Google by the use of “keywords.” For a fee, Google links ads with keywords. When a keyword is entered into the Google search engine, the advertiser’s ad may be displayed in the right-hand or top column on the Google search results page, depending on the ad’s “rank.” The advertisement’s rank is determined by 1) the maximum amount per click that the advertiser is willing to pay Google, and 2) the Quality Score of the ad. Google receives a per-click payment from the advertiser when the link is clicked.

2. AdSense posts Google advertisements on various websites throughout the internet. Website owners agree to allow Google ads to be posted to their site, since they can earn passive per-click revenue from the ads. Google selects which Google advertisements are to be posted to the website by matching website content with, among other things, the advertisement’s chosen keywords. The advertiser pays Google a “per click” payment, and the site owner gets its share.

IMPACT ON TRADE-MARK OWNERS

Trade-mark owners have no control over the Google advertisement where their trade-mark appears. Therefore, an advertiser may use a direct competitor’s trade-mark as a keyword to divert traffic, and business, from that competitor. A seller of used or generic goods may wish to use a popular trade-mark to direct traffic to its site that sells sub-par or generic goods at a lower cost. A new business may wish to use a nationally-recognized trade-mark to direct people to its local, undeveloped business. The owner of a parked or undeveloped domain may wish to use a popular trade-mark to direct attention to a site that is being used exclusively to generate passive income from advertisements.

COMPLAINTS BY TRADE-MARK OWNERS

In the past, Google has agreed to investigate complaints by trade-mark owners, and in some circumstances Google has disabled the problematic keyword, or removed the mark from the ad. However, Google’s new policy significantly limits the circumstances in which it will investigate complaints by trade-mark owners. Whether Google will take any action whatsoever depends on whether the trade-mark is being used simply as a “keyword” or within the body of the Google advertisement itself - and the jurisdiction in which the trade-mark complaint arises.

TRADE-MARKS USED AS KEYWORDS

In most jurisdictions, including Canada and the United States, Google refuses to disable keywords that use a trade-mark without the trade-mark owner’s consent – and will not investigate any such complaints.

In EU and EFTA regions (including Ireland, France, Germany, Switzerland and the UK), in response to a complaint that a keyword
in association with ad text falsely implies affiliation with the trade-mark owner, Google will undertake a “limited investigation”. If Google deems it “confusing”, it will remove the impugned advertisement. However, unless it is “confusing,” Google expressly advises that it will not disable the impugned keyword - even where the advertisement is for competing products or services.

Currently, the only jurisdictions in which Google will in every case disable keywords that use a trade-mark without consent - irrespective of whether such use is “confusing” - are: Australia, New Zealand, Brazil, China, Hong Kong, Macau, North and South Korea and Taiwan.

TRADE-MARKS USED IN THE BODY OF THE GOOGLE ADVERTISEMENT

In many jurisdictions, if a trade-mark is being used in the body of the Google advertisement, the advertiser will be required to remove the trade-mark and will be prevented from using the trade-mark in ad text in the future. However, in the United States, Canada, the United Kingdom, and Ireland, Google expressly permits use of a trade-mark in the following circumstances, and in such circumstances will refuse to take any action whatsoever:

1. where the advertisement uses the trade-mark term in a “descriptive or generic way,” and not in reference to the trademark owner or the goods or services corresponding to the trade-mark.

2. where the advertisement uses the trade-mark in a “nominative manner,” that is, to actually refer to the trade-mark or its owner, namely the following:
   a. Resale of the trade-marked goods or services
   b. Sale of components, replacement parts, or compatible products corresponding to a trademark
   c. Informational sites

If the trade-mark is used outside the above circumstances, Google may require the advertiser to remove the trade-mark from the Google advertisement.

TRADE-MARK PROTECTION

The change in Google’s policy underlines the importance of a trade-mark owner actively policing the use of their trade-mark on the Internet. Google’s policy change in no way affects the trade-mark owner’s right to take legal action against an advertiser for the wrongful use or appropriation of its trade-marks. However, as Google is refusing to get involved in most circumstances, it likely does increase the costs associated with compelling an advertiser to stop using a trade-mark in its online advertisements. ▲

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