

Lawsuit: Google makes billions by failing to properly police rampant 'click fraud' on ads

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It may be hard to imagine that an ad offering "Welder b-tonis" - something with no connection to reality - would get clicks from potential customers.

But in a lawsuit claiming Google rakes in billions of dollars from fraudulent clicks, a business owner claims the hits on two nonsensical ads he created show that click fraud is rampant on Google ads.

Google declined to comment on the lawsuit.

Plaintiff Gurminder Singh of Vacaville, Calif., who is seeking class-action status for his suit, said he had been paying Google for online advertising since 2008, but early last year he began to suspect his ads were being "fraudulently manipulated" by third parties. An unusual number of clicks led to no "conversion," or follow-through, such as an online purchase or a call to a business, Singh claimed.

"Plaintiff's suspicions regarding the propriety of the clicks on his AdWords ads were based on an increase in a number of total clicks on each ad coupled with a decrease in the number of attendant conversions associated with the overall increase," the lawsuit said.

Singh said he had started advertising with Google

after he learned through his research that the Mountain View digital-advertising powerhouse "promises to protect consumers from fraudulent clicks."

Fake clicks are a problem for advertisers, who get charged by Google according to the number of times an ad is clicked.

Fraudulent clicks may originate from competitors hoping to drive up rivals' costs, or from the owners of websites publishing pay-per-click ads, who make more money the more those ads are clicked.

The lawsuit points toward "click farms" - groups of workers paid very little to click on ads - and "click bots," or software programs that do the clicking.

Google, Singh said in his complaint, told customers that it catches the "vast majority" of invalid clicks, and that fake clicks accounted for fewer than 10 percent of all AdWords hits.

However, he claimed, "Google has a very limited incentive to reduce third-party click fraud, because it, like the third-party website publisher, benefits from each additional click, even if such click is fraudulent."

Google's failure to deal with click fraud "has increased its profits by billions each and every year," Singh claimed.

To test whether there was substance behind his suspicions, Singh designed an experiment in which he twice created both a real ad and a gibberish ad and compared the number of clicks received.

Results for his ad touting "Excellent Graphic Designs Local USA Artist Designs Custom Made Wedding Invites" were compared to those from "Welder b-tonis Welders we'll take your left over B-tonis and produce nice designs."

The real ad got 68 clicks, the fake ad 64, delivering a fraudulent click rate of 48 percent, Singh claimed.

Google, on a web page about invalid clicks, says it uses automated systems to filter them out, and investigates any complaints from advertisers.

"Clicks that are deemed to be invalid by our online monitoring systems are discarded in real time and these discarded clicks are not charged to advertisers," Google says.

"When invalid activity is found through offline analysis and reactive investigation, we mark those clicks as invalid and issue credits to any advertisers affected by this activity."

Singh had filed the lawsuit in July. This month he learned that San Jose U.S. District Court Judge Beth Freeman wasn't going to allow his experiment as evidence. In a hearing May 11 in which Google sought to have the case dismissed, Freeman said she'd never had a case where a plaintiff introduced such an experiment, and that it wouldn't fly in any court, Law360 reported.

Google's lawyer, in attempting to get the case spiked permanently, said none of the company's statements were misleading or deceptive, and that the figure of 10 percent for invalid clicks was based on Google's historical experience, according to Law360.

But Freeman elected to give Singh another chance, saying that in an amended complaint he "could find out how many (invalid-click claims from advertisers) Google processes, and then compare those numbers to experts' estimates to try to determine if a significant portion of click fraud is being passed on to advertisers."

In 2006, Google settled a [class action lawsuit](#) by agreeing to pay up to \$90 million after claims it had, because of [click fraud](#), overcharged thousands of advertisers.

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