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Courts Continue to Question Whether Using the Trademarks Of Others to Trigger Search Engine Advertising Gives Rise to Trademark Liability



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When internet users type a phrase into a search engine, they are typically presented not only with results of the engine's search for websites related to the selected search term, but also with a num-

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ber of "sponsored links," usually placed above or alongside the other search results.

Courts have been thrust into evaluating how consumers perceive these sponsored results, because most search engines offer advertisers the ability to purchase particular keywords in order to trigger the appearance of sponsored links when consumers search for identical or related search terms.

Allegations that using a third party's trademark to trigger another company's search advertising infringes trademark rights have been litigated since 2004. As courts have become more familiar with the operation of search keywords, their analyses have become more consistent as to the threshold question of whether the purchase of a mark as a search keyword can even give rise to liability under the Lanham Act as a "use in commerce." At the same time, courts have become more nuanced in evaluating the ultimate question of whether this use of trademarks is likely to cause consumer con-

fusion, as courts continue to reach different conclusions under different sets of circumstances.

Given this level of uncertainty, and the stakes imposed on many businesses by the possibility of misdirected internet traffic, courts are likely to continue to evaluate a range of issues that affect the likelihood of confusion analysis. Important factors include what keywords are being purchased, how related they are to any asserted mark, the use of the mark in the resulting sponsored link advertisements, the appearance of sponsored link advertisements on a search results page and their proximity to the search terms and other elements of the page design, the ability of consumers to distinguish between paid and “organic” search results, and the intent of advertisers and programmers in connecting certain types of ads with certain types of searches.

In some cases, the issue of liability may also turn on whether the search ads are generated because the advertiser selected a particular trademark as a keyword, or whether the ad was generated as a result of the search engines’ own actions in connecting ads to search terms through a “broad match” program.

One Issue Resolved: ‘Use in Commerce’

Although courts historically were split on whether purchasing a mark as a keyword is a use in commerce under the Lanham Act, there seems to be a rapidly solidifying consensus that it is. For example, the Ninth Circuit recently held that “the use of a trademark as a search engine keyword that triggers the display of a competitor’s advertisement is a ‘use in commerce’ under the Lanham Act.” *Network Automation Inc. v. Advanced Systems Concepts Inc.*, 638 F.3d 1137, 1144, 97 USPQ2d 2036 (9th Cir. 2011) (81 PTCJ 606, 3/11/11).

The turning point in this debate may have been the Second Circuit’s similar conclusion in *Rescuecom Corp. v. Google Inc.*, 562 F.3d 127, 90 USPQ2d 1287 (2d Cir. 2009) (77 PTCJ 630, 4/10/09), which effectively reversed a half-decade’s worth of jurisprudence on the issue among the district courts of that Circuit. See also *Australian Gold Inc. v. Hatfield*, 77 USPQ2d 1968 (10th Cir. 2006) (71 PTCJ 408, 2/17/06) (finding a “violation of the Lanham Act” where “Defendants paid Overture.com to list Defendants in a preferred position whenever a computer use searched for Plaintiffs’ trademarks”).

In recent months, a number of district courts have also reached the same conclusion. See, e.g., *Binder v. Disability Group Inc.*, 97 USPQ2d 1629 (C.D. Cal. 2011) (81 PTCJ 431, 2/4/11) (“The use of the [Plaintiffs’ mark as] AdWords through Google constituted use in commerce in connection with the sale or advertising of Defendants’ services.”); *1-800 Contacts Inc. v. Lens.com Inc.*, 755 F. Supp. 2d 1151, 1170 (D. Utah 2010) (81 PTCJ 253, 12/24/10) (the purchase of “variations and misspellings of the mark” as a keyword “used to trigger a sponsored link for purposes of advertising and selling the services of Defendant” constituted use in commerce); *1-800Contacts Inc. v. Memorial Eye P.A.*, 95 USPQ2d 1226 (D. Utah 2010) (81 PTCJ 254, 12/24/10) (allegations that “Defendant purchased some keywords related to Plaintiff’s website and or trademark” were sufficient to plead a use in commerce).

Interestingly, there was one outlier in 2010. *College Network Inc. v. Moore Educational Publishers Inc.*, 38 Fed. App’x 403, 2010 WL 1923763 (5th Cir. May 12, 2010) was also a case that involved allegations (among others) that the purchase of trademarks as keywords

constituted infringement. The case proceeded all the way to trial and, after providing “jury instructions [that] assumed that the mark had been used in commerce,” the trial judge entertained and granted a motion for judgment as a matter of law that buying the plaintiff’s trademark was not a use in commerce under the Lanham Act. *Id.* at 413. On appeal, the Fifth Circuit declined to address the issue, instead “assuming without deciding that there was” use, and affirmed the jury verdict on other grounds, as discussed below. *Id.* at 414. Although the approach taken by the *College Network* trial court seems to fly in the face of the emerging consensus, the clear implication is that the Fifth Circuit has no appetite to buck the trend.

As a result, the focus of these cases has shifted from the issue of use in commerce to the issue of whether consumers are likely to be confused by the practice.

The Continuing Debate Over Likelihood of Confusion

On the issue of likelihood of confusion, there is a more robust diversity in the results that courts are reaching.

Some courts, for example, have held that there is a “strong likelihood of confusion” in the use of a trademark as a search engine keyword. See, e.g., *Binder*, 2011 WL 284469, at *4. Indeed a number of courts have held that the likely irreparable harm caused by this confusion justifies an injunction preventing third parties from buying their marks as keywords. See, e.g., *World Entertainment Inc. v. Brown*, No. 09-5365, 2011 WL 2036686 (E.D. Pa. May 20, 2011) (enjoining defendant from using keywords “containing plaintiffs’ CTO trademark, or any mark incorporating plaintiffs’ CTO trademark, colorable imitations thereof or any confusingly similar mark”); *Quidgeon v. Olsen*, No. 10-cv-1168, 2011 WL 1480537 (C.D. Ill., April 19, 2011) (enjoining defendant from using plaintiff’s mark, “or any similar or confusing variations thereof,” as keywords for Internet search engines); *Partners for Health and Home L.P. v. Yang*, 98 USPQ2d 1462 (C.D. Cal. 2010) (80 PTCJ 693, 9/24/10) (granting preliminary injunction enjoining the purchase of hyphenated and non-hyphenated versions of mark as keywords); *Skydive Arizona Inc. v. Quattrocchi*, 2010 WL 1743189 (D. Ariz. April 29, 2010) (enjoining defendant from using “Skydive Arizona” mark, as well as “Skydiving Arizona” and “Arizona Skydiving” as search keywords).

In other cases, courts found the likelihood of confusion caused by search engine sponsored links to be at least a close enough issue of fact to allow cases to proceed beyond the summary judgment or motion to dismiss stage. See, e.g., *Soaring Helmet Corp. v. Nanal Inc.*, No. C09-0789JLR, 2011 WL 39058 (W.D. Wash. Jan. 3, 2011) (denying defendant’s motion for summary judgment of non-infringement in connection with use of mark “vega helmets” as search keyword); *Pensacola Motor Sales Inc. v. Eastern Shore Toyota LLC*, No. 3:09cv571/RS-MD, 2010 WL 3781552 (N.D. Fla. Sept. 23, 2010) (refusing to adopt, on summary judgment, defendant’s “factual argument” that “the internet ‘keywords’ or ‘ad words’ they purchased do not constitute a misrepresentation or cause confusion under the Lanham Act”).

And in one case, the court found the likelihood of confusion to be so self-evident that it affirmatively granted summary judgment in favor of the trademark

owner. See *Storus Corp. v. Aroa Marketing Inc.*, 87 USPQ2d 10332 (N.D. Cal. 2008) (75 PTCJ 484, 3/7/08).

Not all courts have followed this trend. In fact, one reason that the Fifth Circuit was able to avoid the “use in commerce” issue in *College Network Inc. v. Moore Educational Publishers Inc.*, was that the jury had looked at the likelihood of confusion issue and concluded that the defendant did not infringe. 38 Fed. App’x at 413. Importantly, both the Fifth Circuit in *College Network* and the Ninth Circuit in *Network Automation* strongly repudiated a line of cases that previously held that in the internet context, a trademark owner could establish a likelihood of confusion based on three factors alone: the similarity of the marks, the relatedness of the goods and services, and the parties’ simultaneous use of the internet as a marketing channel.

In *Network Automation*, the Ninth Circuit admonished the district court for relying on so-called internet “troika” factors. 638 F.3d at 1148-49. “[I]t makes no sense,” the Ninth Circuit concluded “to prioritize the same three factors for every type of potential online commercial activity” because “emerging technologies require a flexible approach.” *Id.* at 1142, 1148. The onus, therefore, will be on plaintiffs to show factually that an overall review of the traditional likelihood of confusion factors applied by courts support their arguments as to the confusion allegedly caused by the use of trademarks as keywords.

In yet another case, *Rosetta Stone Ltd. v. Google Inc.*, 730 F. Supp. 2d 531, 97 USPQ2d 1855 (E.D. Va. 2010) (80 PTCJ 512, 8/13/10), the court granted summary judgment for the search engine, finding no actionable confusion as a matter of law. As of the writing of this article, the case remains pending on appeal before the Fourth Circuit and may further affect how the issue is treated by future courts.

The Evolving Initial Interest Confusion Doctrine

Another point of dispute is whether confusion is even actionable if it is dispelled at the speed of a mouse-click.

In *J.G. Wentworth S.S.C. L.P. v. Settlement Funding LLC*, No. 06-0597, 2007 WL 30115 at *7 (E.D. Pa. Jan. 4, 2007), the court distinguished a line of cases holding that the use of a trademark to lure potential customers is actionable “even if confusion as to the source of the goods is dispelled by the time any sales are consummated,” finding that this type of “initial interest protection does not apply” in keyword cases. “[D]ue to the separate and distinct nature of the links created on any of the search results pages in question, potential consumers have no opportunity to confuse defendant’s services, goods, advertisements, links or websites for those of plaintiff.” *Id.* at *8.

The court took a radically different approach in *Morningware Inc. v. Hearthware Home Products Inc.*, 673 F. Supp. 2d 630 (N.D. Ill. 2009). Relying on Seventh Circuit precedent, the court concluded that although consumers may not be confused when they reach a competitor’s website by following a sponsored link, “if a user searches for the [asserted trademark] in Google,” and a competitor’s “advertisement appears, and that the website advertisement thus ‘misleads and/or confuses consumers,’” the result is actionable initial interest confusion. *Id.* at 637 (“That consumers who are misled to Equitrac’s website are only briefly confused is of little or no consequence.”) (quoting *Pro-*

matek Industries LTD v. Equitrac Corp., 300 F.3d 808, 812-13, 63 USPQ2d 2018 (7th Cir. 2002) (64 PTCJ 409, 8/30/02)).

A third approach is exemplified by the court’s decision in *Hearts on Fire Co. LLC v. Blue Nile Inc.*, 603 F. Supp. 2d 274 (D. Mass. 2009). There, the court denied a motion to dismiss the plaintiff’s keyword trademark claims on various grounds, but warned that to meet its burden, plaintiff would need to demonstrate that any initial interest “confusion must be more than momentary.” *Id.* at 287.

As a result, the question of what constitutes actionable confusion, let alone whether such confusion is likely, remains open to different interpretations.

Liability for ‘Broad Match’ Ads

An additional issue is the potential for liability when search engine advertisers choose generic terms as their selected keywords, but search engines themselves connect their ads to searches for brand terms, either because their algorithms recognize the subject matter as related, or because the generic term is part of a larger trademark term.

For example, Google offers advertisers a variety of different ways to implement the keywords on which advertisers bid, but its default setting is “broad match,” which presents the advertiser’s sponsored link when users search for terms that Google’s algorithms consider to be relevant to the keyword, its plural form, synonyms, or variations of the keyword, unless advertisers take affirmative steps to stop their ads from appearing in response to particular kinds of searches (such as designating “negative match” keywords). To date, only two courts have directly addressed the use of “broad match” keywords.

In *Rhino Sports Inc. v. Sport Court Inc.*, 2007 WL 1302745 (D. Ariz. May 2, 2007), the court concluded that a former trademark defendant did not violate an order preventing it from buying the trademark of a competitor as a keyword, when it turned out that the advertiser had merely chosen the generic terms “courts” and “basketball court,” and the search engine had itself “broad matched” the ad to the trademark term. The court observed that the trademark owner had failed to provide any authority for the proposition that the advertiser had used the trademark without “some actual use of the mark at issue, either as a keyword, in a metatag, or in the ad text itself.” *Id.* at *5. The court concluded that, since Rhino Sports had not used Sport Court’s mark, Rhino Sports had not violated the injunction. *Id.*

In *1-800 Contacts Inc. v. Lens.com Inc.*, 755 F. Supp. 2d at 1173-74, the court reasoned that because a search for trademark terms is likely to yield broad match search results, there can be no additional confusion from the fact that the defendant’s ads appeared as a result of an intentional selection of the trademark as a keyword. *Id.* The court observed that “[i]mposing liability under such circumstances would elevate ‘use’ over consumer confusion.” *Id.* at 1174.

Significantly, although the court focused on the fact that a consumer could not tell what keyword triggered the sponsored link, the *Lens.com* court did not impose an obligation on the purchaser of keywords to institute negative keywords. Doing so would ensure that the sponsored link would *not* appear whenever a consumer entered the exact mark as a search term, but the court

concluded that “[w]ere Plaintiff actually able to preclude competitor advertisements from appearing on a search-results page anytime its mark is entered as a search term, it would result in an anti-competitive, monopolistic protection, to which it is not entitled.” *Id.*

Navigating the Developing Landscape

Although the still-developing case law in this area presents both advertisers and trademark owners with considerable uncertainty, recent decisions do present some guideposts. For example, in cases in which the advertiser does not use the plaintiff’s trademark in the text of sponsored links, plaintiffs will want to develop evidence that consumers are likely to be confused regardless, through the placement of links on the page or

other cues that sponsored links are affiliated with the trademark owner. Owners of descriptive marks will want to develop evidence that when consumers enter the disputed term into a search engine, a significant number really are looking to find the trademark owner.

To avoid potential liability entirely, advertisers would be well advised to avoid purchasing their competitors’ trademarks as keywords, or using those marks in their sponsored links. They should further consider applying their competitors’ marks as “negative match” keywords. The advertiser often will be able to reach its target audience through the use of “broad match” generic keywords, even where it excludes searches specifically for the competitors’ mark.