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Keyword Advertising and Trademark Infringement

Best Practices to Protect Brands and Avoid Liability in Online Advertising

TUESDAY, AUGUST 27, 2013

1pm Eastern | 12pm Central | 11am Mountain | 10am Pacific

Today's faculty features:

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Keyword Advertising and Trademark Infringement: Protecting Brands and Avoiding Liability in Online Advertising

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KEYWORD ADVERTISING AND TRADEMARK INFRINGEMENT: Protecting Brands and Avoiding Liability in Online Advertising

WHO?

KEYWORD ADVERTISING AND TRADEMARK INFRINGEMENT: Protecting Brands and Avoiding Liability in Online Advertising

Internet Search Engines

Advertisers

Trademark Owners

Internet Users

KEYWORD ADVERTISING AND TRADEMARK INFRINGEMENT: Protecting Brands and Avoiding Liability in Online Advertising

WHAT?

KEYWORD ADVERTISING AND TRADEMARK INFRINGEMENT: Protecting Brands and Avoiding Liability in Online Advertising

Keyword advertising is paying for ad placement on the results page of a Web search engine

- ◆ If a search request includes a keyword, “Sponsored Links” (ads) are generated
- ◆ Contrast: Natural Search Results
- ◆ Advertisers place bids with search engines on “keywords” to have ads appear and for their placement.

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The advertisements consist of:

- ◆ a **title**, which is limited to approximately 25 characters;
- ◆ **text**, which appears directly below the title, and consists of two lines, limited to approximately 35 characters each; and
- ◆ a **link** to a “landing page,” which is usually a page on the advertiser’s website.

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WHERE?

KEYWORD ADVERTISING AND TRADEMARK INFRINGEMENT: Protecting Brands and Avoiding Liability in Online Advertising

The screenshot shows a Microsoft Internet Explorer browser window displaying a Google search for "bmw". The search results page shows several organic results and a sidebar of sponsored links. A green circle highlights the "Infiniti Official Site" sponsored link, which is a clear trademark infringement. Other organic results include the official BMW website and various BMW-related sites. The browser's address bar shows the search URL: <http://www.google.com/search?hl=en&q=bmw>.

Search Results:

- Sponsored Link:** [Infiniti Official Site](#) - Explore the latest Infiniti Vehicle G35 Coupe & Sedan, M, FX, & CX. www.infiniti.com
- Organic Results:**
 - Bmw** www.BMW.Ecmurds.com - BMW Research, Reviews & Latest Prices! Free Info.
 - BMW automobiles** - website of the **BMW AG**. The official **BMW AG** website: **BMW** automobiles, services, technologies and all about **BMW's** sheer driving pleasure. www.bmw.com/ - 42k - Jun 19, 2007 - [Cached](#) - [Similar pages](#)
 - BMW North America LLC: BMW North America**. The official **BMW** of North America Web site. Learn about all **BMW** Series and models and find out where to find the closest **BMW** center. www.bmwusa.com/ - Jun 21, 2007 - [Similar pages](#)
 - BMW Art - BMW Films - The Hire Film Series - BMW North America**. **BMW's** groundbreaking The Hire film series ignored conventions and created the phenomenon known as online films. The Web has never been the same since. ... www.bmwusa.com/unquely/bmw/bmw_art/films - 28k - [Cached](#) - [Similar pages](#) [More results from www.bmwusa.com]
- News results for bmw**
 - [Sick Montgomerie out of BMW Open](#) - 10 hours ago

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It's not just Internet websites.

Twitter Unveils Plans to Draw Money From Ads
By CLARE CAN MILLER
Published: April 12, 2010

Twitter will unveil on Tuesday a much-anticipated plan for making money from advertising, finally answering the question of how the company expects to turn its exponential growth into revenue.

[Enlarge This Image](#)



Kim White/Bloomberg News

Dick Costello of Twitter said users would not see ads they did not find useful.

The advertising program, which Twitter calls Promoted Tweets, will show up when Twitter users search for keywords that the advertisers have bought to link to their ads. Later, Twitter plans to show promoted posts in the stream of Twitter posts, based on how relevant they might be to a particular user.

Several companies will run ads, including [Best Buy](#), Virgin America, [Starbucks](#) and Bravo.

"The idea behind Promoted Tweets is that we want to enhance the communications that companies are already

- RECOMMEND
- TWITTER
- COMMENTS (12)
- E-MAIL
- SEND TO PHONE
- PRINT
- REPRINTS
- SHARE



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HOW?

KEYWORD ADVERTISING AND TRADEMARK INFRINGEMENT: Protecting Brands and Avoiding Liability in Online Advertising

Advertiser Options

- ◆ “broad matches”
- ◆ “phrase matches”
- ◆ “exact matches”
- ◆ “negative matches”

Advertiser Options

Broad Match: where a user's search query contains all the keyword terms (or synonyms or close variations), in any order, even if the query contains other search terms.

Broad Match Modifier: same, but does not include synonyms

Advertiser Options

Phrase Matches: where a user's search query contains all the keyword terms (or close variations), in the same order, even if the query contains other search terms.

Advertiser Options

Exact Matches: where a user's search query contains only the specific keyword or keyword phrase (or a close variation), in the same order, without any other search terms.

Advertiser Options

Negative Keywords: where advertisers designate certain keywords that will exclude their advertisements from any search results that include the designated terms.

KEYWORD ADVERTISING AND TRADEMARK INFRINGEMENT: Protecting Brands and Avoiding Liability in Online Advertising

Search Engine Policies (US): Google AdWords

Google AdWords – Google will investigate use of a mark *within ad text*, but allows use of a mark in text:

- ◆ by resellers;
- ◆ by sellers of parts or compatible products;
- ◆ on websites providing information about or reviews or commentary on the branded goods; or
- ◆ descriptively in its ordinary meaning.

In US, Google will take no action against use of a trademark as a keyword.

See <https://support.google.com/adwordspolicy/answer/6118#adtext>

KEYWORD ADVERTISING AND TRADEMARK INFRINGEMENT: Protecting Brands and Avoiding Liability in Online Advertising

Search Engine Policies (**US**): BingAds

Microsoft will investigate use of trademarks *in ad text*, but allows use of a mark:

- ◆ by resellers of authentic goods;
- ◆ for informational purposes (such as reviews);
- ◆ in comparative advertising (supported by independent research; or
- ◆ in its ordinary dictionary meaning.

In US, Microsoft will not investigate use of mark **as a keyword**.

See <http://advertise.bingads.microsoft.com/en-us/editorial-intellectual-property-guidelines>

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WHY?

KEYWORD ADVERTISING AND TRADEMARK INFRINGEMENT: Protecting Brands and Avoiding Liability in Online Advertising

- ◆ For **consumers**, keyword advertising provides consumers with information about alternatives or related subjects.
- ◆ For **advertisers**, keyword advertising is more effective because targeted marketing is based on an expression of interest in the subject.
- ◆ What about the **search engines**....?

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For the search engines (sellers):

\$\$\$

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Advertising is the fuel that keeps the Internet running:

2002: \$6.0 Billion	2008: \$23.4 Billion
2003: \$9.6 Billion	2009: \$22.7 Billion
2004: \$9.6 Billion	2010: \$26.0 Billion ↓
2005: \$12.5 Billion	2011: \$31.7 Billion
2006: \$16.8 Billion	2012: \$36.6 Billion
2007: \$21.1 Billion	2013: \$??? ↑

Source: IAB Internet Advertising Revenue Report conducted by PricewaterhouseCoopers (PWC)

KEYWORD ADVERTISING AND TRADEMARK INFRINGEMENT: Protecting Brands and Avoiding Liability in Online Advertising

So, who could be against
keyword advertising?

And on what basis....?

**Strategies for Keyword Advertisers
and
Strategies for Trademark Owners**

**KEYWORD ADVERTISING AND TRADEMARK INFRINGEMENT:
Protecting Brands and Avoiding Liability in Online Advertising**



**Strategies for Keyword Advertisers
(to Avoid Claims or Liability)**

Strategies for Keyword Advertisers

- ◆ Do nothing to suggest sponsorship or affiliation

Strategies for Keyword Advertisers

- ◆ Do nothing to suggest sponsorship or affiliation
- ◆ **Take advantage of search engines' safe harbors for trademarks in text (comparative advertising, re-sellers) – rationale should protect use of trademarks as keywords**

Strategies for Keyword Advertisers

- ◆ Do nothing to suggest sponsorship or affiliation
- ◆ Take advantage of search engines' safe harbors for trademarks in text (comparative advertising, re-sellers) – rationale should protect use of trademarks as keywords
- ◆ **Avoid free-riding/make sure keywords are relevant to your goods/services**

Strategies for Keyword Advertisers

- ◆ Do nothing to suggest sponsorship or affiliation
- ◆ Take advantage of search engines' safe harbors for trademarks in text (comparative advertising, re-sellers) – rationale should protect use of trademarks as keywords
- ◆ Avoid free-riding/make sure keywords are relevant to your goods/services
- ◆ **Select categories as keywords**

Strategies for Keyword Advertisers

- ◆ Do nothing to suggest sponsorship or affiliation
- ◆ Take advantage of search engines' safe harbors for trademarks in text (comparative advertising, re-sellers) – rationale should protect use of trademarks as keywords
- ◆ Avoid free-riding/make sure keywords are relevant to your goods/services
- ◆ Select categories as keywords
- ◆ **Use negative keywords**

Strategies for Keyword Advertisers

- ◆ Do nothing to suggest sponsorship or affiliation
- ◆ Take advantage of search engines' safe harbors for trademarks in text (comparative advertising, re-sellers) – rationale should protect use of trademarks as keywords
- ◆ Avoid free-riding/make sure keywords are relevant to your goods/services
- ◆ Select categories as keywords
- ◆ Use negative keywords
- ◆ **Don't use false or misleading comparative advertising or make false claims**

Strategies for Keyword Advertisers

- ◆ Do nothing to suggest sponsorship or affiliation
- ◆ Take advantage of search engines' safe harbors for trademarks in text (comparative advertising, re-sellers) – rationale should protect use of trademarks as keywords
- ◆ Avoid free-riding/make sure keywords are relevant to your goods/services
- ◆ Select categories as keywords
- ◆ Use negative keywords
- ◆ Don't use false or misleading comparative advertising or make false claims
- ◆ **Don't sell grey goods**

Strategies for Keyword Advertisers

- ◆ Do nothing to suggest sponsorship or affiliation
- ◆ Take advantage of search engines' safe harbors for trademarks in text (comparative advertising, re-sellers) – rationale should protect use of trademarks as keywords
- ◆ Avoid free-riding/make sure keywords are relevant to your goods/services
- ◆ Select categories as keywords
- ◆ Use negative keywords
- ◆ Don't use false or misleading comparative advertising or make false claims
- ◆ Don't sell grey goods
- ◆ **Don't use metatags**

Strategies for Keyword Advertisers

- ◆ Do nothing to suggest sponsorship or affiliation
- ◆ Take advantage of search engines' safe harbors for trademarks in text (comparative advertising, re-sellers) – rationale should protect use of trademarks as keywords
- ◆ Avoid free-riding/make sure keywords are relevant to your goods/services
- ◆ Select categories as keywords
- ◆ Use negative keywords
- ◆ Don't use misleading comparative advertising or make false claims
- ◆ Don't sell grey goods
- ◆ Don't use metatags
- ◆ **Bind sales agents, franchisees, etc. contractually**

Strategies for Keyword Advertisers

- ◆ Do nothing to suggest sponsorship or affiliation
- ◆ Take advantage of search engines' safe harbors for trademarks in text (comparative advertising, re-sellers) – rationale should protect use of trademarks as keywords
- ◆ Avoid free-riding/make sure keywords are relevant to your goods/services
- ◆ Select categories as keywords
- ◆ Use negative keywords
- ◆ Don't use misleading comparative advertising or make false claims
- ◆ Don't sell grey goods
- ◆ Don't use metatags
- ◆ Bind sales agents, franchisees, etc. contractually
- ◆ **Conduct a likelihood of confusion survey**

Strategies for Keyword Advertisers

- ◆ Do nothing to suggest sponsorship or affiliation
- ◆ Take advantage of search engines' safe harbors for trademarks in text (comparative advertising, re-sellers) – rationale should protect use of trademarks as keywords
- ◆ Avoid free-riding/make sure keywords are relevant to your goods/services
- ◆ Select categories as keywords
- ◆ Use negative keywords
- ◆ Don't use misleading comparative advertising or make false claims
- ◆ Don't sell grey goods
- ◆ Don't use metatags
- ◆ Bind sales agents, franchisees, etc. contractually
- ◆ Conduct a likelihood of confusion survey
- ◆ **Get a copy of Google's in-house report from *Rosetta Stone***

KEYWORD ADVERTISING AND TRADEMARK INFRINGEMENT: Protecting Brands and Avoiding Liability in Online Advertising



Strategies to Protect Brands

Strategies to Protect Brands

- ◆ Be careful in picking your fights

Strategies to Protect Brands

- ◆ Be careful in picking your fights
- ◆ **Take advantage of search engines' complaint procedures for trademarks in text**

Strategies to Protect Brands

- ◆ Be careful in picking your fights
- ◆ Take advantage of search engines' complaint procedures for use of trademarks in text
- ◆ **Avoid bringing cases involving the search engines' safe harbors**

Strategies to Protect Brands

- ◆ Be careful in picking your fights
- ◆ Take advantage of search engines' complaint procedures for use of trademarks in text
- ◆ Avoid bringing cases involving the search engines' safe harbors
- ◆ **Pursue keyword advertising activities accompanied by other “bad” behavior**

Strategies to Protect Brands

- ◆ Be careful in picking your fights
- ◆ Take advantage of search engines' complaint procedures for use of trademarks in text
- ◆ Avoid bringing cases involving the search engines' safe harbors
- ◆ Pursue keyword advertising activities accompanied by other "bad" behavior
- ◆ **Don't bother with "small operators"?**

Strategies to Protect Brands

- ◆ Be careful in picking your fights
- ◆ Take advantage of search engines' complaint procedures for use of trademarks in text
- ◆ Avoid bringing cases involving the search engines' safe harbors
- ◆ Pursue keyword advertising activities accompanied by other "bad" behavior
- ◆ Don't bother with "small operators"?
- ◆ **Get a reputation by being aggressive towards "small operators"?**

Strategies to Protect Brands

- ◆ Be careful in picking your fights
- ◆ Take advantage of search engines' complaint procedures for use of trademarks in text
- ◆ Avoid bringing cases involving the search engines' safe harbors
- ◆ Pursue keyword advertising activities with “plus” factors (see prior screen!)
- ◆ Don't bother with “small operators”?
- ◆ Get a reputation by being aggressive towards “small operators”?
- ◆ **Don't play both sides of the street (purchasing trademarks of others as keywords while objecting to use of your marks as keywords)**

Strategies to Protect Brands

- ◆ Be careful in picking your fights
- ◆ Take advantage of search engines' complaint procedures for use of trademarks in text
- ◆ Avoid bringing cases involving the search engines' safe harbors
- ◆ Pursue keyword advertising activities accompanied by other "bad" behavior
- ◆ Don't bother with "small operators"?
- ◆ Get a reputation by being aggressive towards "small operators"?
- ◆ Don't play both sides of the street (purchasing trademarks of others as keywords while objecting to use of your marks as keywords)
- ◆ **Don't forget to use your resources to market your brand**

Strategies to Protect Brands

- ◆ Be careful in picking your fights
- ◆ Take advantage of search engines' complaint procedures (N/A resellers, information sites, complementary sites)
- ◆ Avoid cases involving the search engines' safe harbors for keyword advertising
- ◆ Pursue keyword advertising activities accompanied by other "bad" behavior
- ◆ Don't bother with "small operators"?
- ◆ Get a reputation by being aggressive towards "small operators"?
- ◆ Don't play both sides of the street (purchasing trademarks of others as keywords while objecting to use your marks as keywords)
- ◆ Don't forget to use your resources to market your brand
- ◆ **Avoid consumer confusion surveys.**

Strategies to Protect Brands

- ◆ Be careful in picking your fights
- ◆ Take advantage of search engines' complaint procedures (N/A resellers, information sites, complementary sites)
- ◆ Avoid cases involving the search engines' safe harbors for keyword advertising
- ◆ Pursue keyword advertising activities with “plus” factors (see prior screen!)
- ◆ Don't bother with “small operators”?
- ◆ Get a reputation by being aggressive towards “small operators”?
- ◆ Don't play both sides of the street (purchasing trademarks of others as keywords while objecting to use your marks as keywords)
- ◆ Don't forget to use your resources to market your brand
- ◆ Avoid consumer confusion surveys
- ◆ **Move to Utah?**



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Keyword Advertising and Trademark Infringement: Case Law Review

August 27, 2013

Keyword Advertising – Case Law

- Two major categories:
 - Keyword sellers/search engines
 - Keyword purchasers/competitors

“Sponsored Links” with Trademarks in Heading or Text May Create a Likelihood of Confusion

- *Government Employees Insurance Co. v. Google Inc.*, 77 U.S.P.Q. 1841 (E.D. Va. 2005)
 - After a bench trial, the District Court found that plaintiff GEICO had established a likelihood of confusion, “and therefore a violation of the Lanham Act, solely with regard to those Sponsored Links that use GEICO’s trademarks in their headings or text.” *GEICO*, however, does not address “whether Google itself is liable for the Lanham Act violations resulting from an advertisers’ use of GEICO’s trademarks in the headings and text of their Sponsored Links, as accomplished through Google’s AdWords program.” (The opinion was limited to an evaluation of the likelihood of confusion factors as applied to keyword ads.)
 - Case was settled.

Google Practice of Selling Trademarks as Keywords is “Use in Commerce”

- *Rescuecom Corp. v. Google, Inc.*, 562 F.3d 123 (2d Cir 2009)
 - The Second Circuit vacated a judgment that dismissed Rescuecom’s complaint against Google for failure to state a claim. The U.S. District Court for the Northern District of California had dismissed Rescuecom’s complaint because it found that Google’s practice of selling the RESCUECOM trademark as a keyword did not constitute “use in commerce” and without “use in commerce” there is no trademark infringement.

Key Findings from *Rescuecom*

- Google uses trademarks in commerce: “Google displays, offers, and sells Rescuecom’s mark to Google’s advertising customers when selling advertising services. In addition, Google encourages the purchase of Rescuecom’s mark through its Keyword Suggestion Tool. Google’s utilization of Rescuecom’s mark fits literally within the terms specified by 15 U.S.C. § 1127.” 562 F.3d at 129.
- Google argued keyword ads were similar to the placement of competing products next to each other in retail settings, the Second Circuit stated that: “[I]f a retail seller were to be paid by an off-brand purveyor to arrange product display and delivery in such a way that customers seeking to purchase a famous brand would receive the off-brand, believing they had gotten the brand they were seeking, we see no reason to believe the practice would escape liability merely because it could claim the mantle of ‘product placement.’” *Id.* at 130.

Rescuecom (cont.)

- *Rescuecom* leaves open the question of whether the trademark owner could establish a likelihood of confusion: “We have no idea whether Rescuecom can prove that Google’s use of Rescuecom’s trademark in its AdWords program causes likelihood of confusion or mistake.” *Id.*

District Court Finds Google's Use of Trademarks as Keywords is a Functional Use

- *Rosetta Stone Ltd. v. Google Inc.*, 2010 WL 3063152 (E.D. Va. Aug. 3, 2010).
 - Google obtains a very favorable decision.
 - The U.S. District Court for the Eastern District of Virginia granted summary judgment in Google's favor on all counts, dismissing claims against Google for trademark infringement under federal law and Virginia common law, contributory trademark infringement under federal law, vicarious trademark infringement under federal law and trademark dilution under the federal law. In addition, the court found Google's use of trademarks as keywords to be functional.
 - In reaching its decision, the court notes that 70% of U.S. Internet searches use Google's search engine.

Key Findings from District Court in *Rosetta Stone*

- Google had no intent to infringe: “Web users do not visit Google’s website to buy Google products because Google does not sell any products. Any argument that Google is trying to palm off its goods as those of Rosetta Stone’s is, therefore, unfounded.”
- If there is any confusion, Google is not causing the confusion: Witnesses testified that after clicking on Sponsored Links and purchasing items, the witnesses knew they were not purchasing the items directly from Rosetta Stone. “Thus, none of the Rosetta Stone witnesses were confused about the source of their purchase but only as to whether what they purchased was genuine or counterfeit. They were not confused by the Sponsored Links, but by the confusing nature of the websites from which they purchased.”

Key Findings from District Court in *Rosetta Stone* (cont.)

- The functionality doctrine protects Google’s use of Rosetta Stone’s trademarks as keyword triggers:
 - “If Google is deprived of the use of the Rosetta Stone Marks, consumers would lose the ability to rapidly locate potentially relevant websites that promote genuine Rosetta Stone products at competitive prices. Consequently, because the Court is persuaded that Google’s particular use of the trademark keywords as triggers for paid advertisements is functional, and no prohibition exists otherwise, the Court holds the functionality doctrine prevents a finding of infringement.”

Fourth Circuit Corrects District Court's Mistakes

- *Rosetta Stone Ltd. v. Google Inc.*, 676 F.3d 144 (4th Cir. 2012)
 - The Fourth Circuit revives the majority of Rosetta Stone's suit.
 - Affirmed summary judgment for vicarious infringement saying that there was no evidence Google acted jointly with advertisers to control counterfeit products.
 - Vacated and remanded the direct infringement, contributory infringement and dilution claims.

Fourth Circuit on Direct Infringement

- District Court improperly discounted evidence that countered a summary judgment finding:
 - Testimony of five consumers who mistakenly bought counterfeit software was not *de minimis* evidence because Rosetta Stone presented evidence of more than 250 complaints and the District Court only allowed five consumers to testify;
 - Google’s amended AdWords policy permitting trademarks in the link itself coincided with an uptick of sponsored links to counterfeit sites;
 - Internal Google study showing consumer confusion remains high;
 - Google’s in-house attorney’s inability to identify legitimate sites
- Evidence existed to support an intent to confuse, actual confusion and the lack of sophistication of search engine users/purchasers.
- District Court looked at the evidence as it would during a bench trial.
- Potential that Google’s use is nominative fair use.
- Lacks clear concept of what constitutes “use in commerce.”

Fourth Circuit on Contributory Infringement

- Applicable standard: “...defendant must supply its product or service to ‘identified individual’ that it knows or has reason to know are engaging in trademark infringement.”
- Rosetta Stone’s spreadsheet with 200 listings for counterfeit products is enough to overcome summary judgment.

Fourth Circuit on Dilution

- Fame standard: fame must be established prior to the diluter's first use of the mark.
- District Court truncated the dilution analysis—once Rosetta Stone establishes a prima facie case of dilution, Google must then demonstrate fair use.

Key Findings from Fourth Circuit

- Functionality defense restored to previous boundaries.
 - Focus on the trademark not on the infringer's use of the mark.
- Reminders about what is and is not appropriate at the summary judgment.
 - District Court should not have made inferences for or against either party..
- Potential circuit split in the making.
 - Ninth Circuit: Internet users are accustomed to using search engines and are able to distinguish sponsored links. If they cannot, then it is “sensible agnosticism.”
 - Fourth Circuit: When even seasoned internet users are confused, it cannot be said that consumer sophistication favors Google, but rather there is evidence of “quintessential actual confusion.”
- To prove dilution, Rosetta Stone must prove that its mark was famous as of 2004 when Google first allowed bidding on trademarks.

Rosetta Stone v. Google Post Script

- In October 2012, the parties filed a stipulation of voluntary dismissal, and issued the following joint statement:

“Google and Rosetta Stone have agreed . . . to meaningfully collaborate to combat online ads for counterfeit goods and prevent the misuse of trademarks on the Internet.”

Take Away from the *Google* Cases

- None of the *Google* cases address whether an advertiser is liable for purchasing the keyword and using the keyword to generate the advertisement.
- After *Rosetta Stone* the law may have become more friendly to trademark owners whose marks are being sold and used as keywords.
 - Barring settlement, the ultimate fate will be determined by a jury.
- Ultimate question is still unanswered: Does the sale of keywords alone make the seller liable for confusion or dilution?

Take Away from the *Google* Cases

- Policies meant to curb infringement may not be enough.
 - Could mean more litigation for Google.
- No clear answer as to what constitutes “use in commerce”
 - *Rosetta Stone*: District Court found Google conceded use and it was not raised on appeal.
 - *Rescuecom*: Second Circuit concluded that Google’s practice constitutes use.
- Future cases will likely focus on the likelihood of confusion analysis, although what facts are required to show confusion is still unknown.

Competitor Keyword Cases

- Courts have been conflicted about whether a sufficient likelihood of consumer confusion exists from a “Sponsored Link” or “Sponsored Ad” to support a finding of liability.
- *J.G. Wentworth S.S.C. LP v. Settlement Funding, LLC*, 2:6-cv-0597 (E.D. Penn. Jan. 4, 2007), grants the keyword buyer’s motion to dismiss because the advertisements themselves did not incorporate plaintiff’s marks. Because each party’s advertisement had separate and distinct links on the search results page, the court also rejected “initial interest confusion” as a theory of liability.

Competitor Keyword Cases

- *Hearts on Fire Company v. Blue Nile Inc.*, 603 F. Supp. 2d 274 (D. Mass. 2009), denies a motion to dismiss a keywords advertising case because of the potential for initial interest confusion. Sponsored advertisements are not always seen as an alternative to the trademarked product that a consumer initially searched for on the Internet. That said, when the distinction between Internet vendors is clear, no initial interest confusion exists.
- *Binder v. Disability Group, Inc.*, CV 07-276 (C.D. Cal. Jan. 25. 2011), awards \$300,000 in damages to a law firm because its competitor purchased the law firm's trademarked name, Binder & Binder, from Google to generate a "Sponsored Links" advertisement. The purchasing of the keywords equaled trademark infringement and false advertising; however, the plaintiff offered survey evidence of actual confusion.

Ninth Circuit Sets New Standard for Competitor Keyword Advertising

- *Network Automation, Inc. v. Advanced Systems Concepts, Inc.*, 2:10-cv-00484 (9th Cir. March 8, 2011) reverses a preliminary injunction that had prohibited a software company from purchasing the name of its competitor's product as a keyword in search engine results.

- The *Network Automation* analysis identifies four factors as the most relevant to keyword advertising cases
 - The strength of the mark;
 - The evidence of actual confusion;
 - The type of goods and degree of care likely to be experienced by the purchaser; and
 - The labeling and appearance of the advertisements and the surrounding context on the screen displaying the results page.

***Network Automation* “Context” Factor likely to be “Key” in Keywords Advertising Cases if Adopted by Other Courts**

- “Here, even if Network has not clearly identified itself in the text of its ads, Google and Bing have partitioned their search results pages so that the advertisements appear in separately labeled sections for ‘sponsored’ links. The labeling and appearance of the advertisements as they appear on the results page includes more than the text of the advertisement, and must be considered as a whole.”
- *J.G. Wentworth* applied a similar rationale in focusing on the separateness of each party’s advertisements.
- *Hearts on Fire* also looked somewhat at the context in distinguishing between ads that may create initial interest confusion and those that clearly offer a generic alternative to a trademarked product.
- Damages award in *Binder* does not necessarily conflict with *Network Automation* because the plaintiff in *Binder* presented evidence of actual confusion—one of the “most relevant” factors.

Tenth Circuit Focuses on “Actual Confusion” Factor

- *1-800 Contacts, Inc. v. Lens.com, Inc.*, (10th Cir. July 16, 2013) affirms summary judgment dismissal of Lanham Act claims for direct liability and vicarious liability, but reverses summary judgment on contributory liability claim.
- Analysis of initial-interest confusion, and the determinative factor was the absence of initial-interest confusion:
 - “Initial-interest confusion occurs when a consumer in search of plaintiff’s product ‘is *lured* to the product of a competitor.’”

Tenth Circuit Focuses on “Actual Confusion” Factor

- The statistics:
 - Defendant’s use of the nine challenged keywords yielded 1,626 “impressions” for the Defendant over eight months.
 - Of the 1,626 impressions, 25 Internet users clicked on defendant’s advertisement.
 - Court: “initial-interest confusion occurred *at most* 1.5% of the time that a Lens.com ad was generated” by plaintiff’s trademark as the keyword.
 - Defendant’s affiliates had even click rates below 1%: 3,163 out of 448,000 (about .7%) and 1,445 out of 242,864

Contributory Infringement Claim Survives

- One of defendant's affiliates purchased a keyword advertisement that also featured plaintiff's trademark in the advertisement text.
- Defendant claimed that didn't know which of its 10,000 affiliates purchased the advertisement.
- Court found enough evidence to defeat summary judgment on contributory liability claim because plaintiff had a means to communicate effectively with unknown affiliate that purchased the offending advertisement.

So Where Are We Now?

- Are keyword advertising suits against Google and other search engines done?
- Are competitor keyword advertising lawsuits done?
 - Following *Network Automation/1-800 Contacts*, absent actual confusion such as in the *Binder* case, purchasers of keywords likely will not be liable for trademark infringement.
- Does keyword advertising harm trademark owners?
 - Recent study claims keyword advertising *helps* trademark owners.

So Where Are We Now?

- FTC updated 2002 guidance to search engines:
 - “[F]ailing to clearly and prominently distinguish advertising from natural search results could be a deceptive practice.”
 - Emphasized the need for visual cues, labels, or other techniques to effectively distinguish advertisements from the organic search results.
 - Recommended that disclosures used to identify advertisements are noticeable and understandable to consumers.
 - Sent to the general-purpose search engines AOL, Ask.com, Bing, Blekko, DuckDuckGo, Google, and Yahoo!, and 17 of the most heavily trafficked search engines that display advertisements.

So Where Are We Now?

- The next frontier for similar disputes:
 - Shopping websites like Amazon.com
 - Social media advertisements generated by user posts
 - Mobile applications
 - Voice assistants on mobile devices