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Keyword Advertising and Trademark Infringement

Best Practices to Protect Brands and Avoid Liability in Online Advertising

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Today's faculty features:

Mitchell H. Stabbe, Partner, Edwards Wildman Palmer, Washington, D.C.

Katrina G. Hull, Michael Best & Friedrich, Milwaukee

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Edwards Wildman

Keyword advertising trademark infringement litigation: an uphill battle

Trademark owners which believe that keyword advertising is causing them damage will face a number of hurdles if they opt for litigation

Keyword advertising is the fuel that drives internet search engines. However, many brand owners object to the practice of providing consumers who conduct a search for their goods or services with sponsored links promoting the products of others, including their competitors. Trademark owners contemplating an infringement claim against search engines or advertisers solely on the basis that their marks are purchased or sold as keywords face an increasingly difficult burden.

One hurdle has been removed

In order to prevail on a Lanham Act trademark infringement claim, the plaintiff must prove that the defendant has used the plaintiff's mark in interstate commerce and that the use is likely to cause consumer confusion as to the source. Where the plaintiff's mark appears in the title or text of the sponsored link, the first element can easily be shown (eg, see *Hearts on Fire Co, LLC v Blue Nile, Inc*, 603 F Supp 2d 274, D Mass 2009; *Storus Corp v Aroa Mktg, Inc*, 2008 US Dist LEXIS 11698, ND Cal, February 15 2008).

Where the mark is simply used by the search engine's algorithm to generate sponsored links, for several years courts were divided as to whether this constituted 'use' of the mark. Defendants often filed motions to dismiss such complaints on the basis that, as a matter of law, there was no trademark use, resulting in quick victories without the necessity of discovery or trial. Now, however, it seems settled that the sale or purchase of a trademark as a search engine keyword to trigger the display of sponsored links, without more, constitutes "use in commerce" under the act (see *Rescuecom Corp v Google, Inc*, 562 F3d 123, 2d Cir 2009)).

The resolution of such cases has now turned to the fact-intensive question of

whether trademark use is likely to cause consumer confusion, which is determined based on a list of non-exclusive factors. The weight to be given to any factor varies on a case-by-case basis.

One factor is the degree of care exercised by the average internet user. Typically, courts have found that consumers on the Internet exercise a low degree of care. Thus, in keyword advertising cases, this factor has usually favoured the plaintiff. Nevertheless, in cases based primarily on the act of buying or selling trademarks as keywords, plaintiffs have had little success (eg, see *Montana Camo, Inc v Cabela's, Inc*, 2011 WL 744771, D Mont, February 23 2011 (granting summary judgment); *College Network, Inc v Moore Educ Publishers, Inc*, 2010 WL 1923763, 5th Cir, May 12 2010 (affirming jury verdict for defendant); *But cf Binder v Disability Grp, Inc*, 772 F Supp 2d 1172, CD Cal 2011 (ruling against advertiser after bench trial)).

In a defendant's recent appeal from a preliminary injunction order, the Court of Appeals for the Ninth Circuit held that, in keyword advertising cases, four factors are most significant, including buyers' degree of care on the Internet. Distinguishing its own precedents, the court held that it was erroneous to conclude that this factor weighed in the plaintiff's favour "based on a conclusion reached by our court more than a decade ago" (*Network Automation, Inc v Advanced Sys Concepts, Inc*, 638 F3d 1137, 1153, 9th Cir 2011)). Rather, the court held that "the default degree of consumer care is becoming more heightened as the novelty of the Internet evaporates and online commerce becomes commonplace" (*id* at 1152, citing *Toyota Motor Sales, USA, Inc v Tabari*, 610 F3d 1171, 1179, 9th Cir 2010 ("In this age . . . , reasonable, prudent and experienced [I]nternet consumers

are accustomed to . . . exploration by trial and error . . . , ready to hit the back button whenever they're not satisfied with a site's contents"))).

Although this ruling is not controlling in other circuits, it has already been followed or cited approvingly by other courts (eg, see *CollegeSource, Inc v AcademyOne, Inc*, 2012 US Dist LEXIS 153197, ED Pa, October 25 2012; *Morningware, Inc v Hearthware Home Prods, Inc*, 2012 US Dist LEXIS 121333, ND Ill, August 27 2012)).

Thus, assuming that more courts adopt this reasoning, plaintiffs will face a greater uphill burden in proving that keyword advertising, in and of itself, is likely to cause consumer confusion.

Other infringing activities support keyword advertising complaints

In contrast, courts are more likely to grant relief where defendants have engaged in other types of trademark misuse that are infringing.

For example, in *Fin Express LLC v Nowcom Corp* (564 F Supp 2d 1160 (CD Cal 2008)), in addition to using keywords that incorporated the plaintiff's marks, the defendant registered domain names that incorporated the plaintiff's marks, linked some of the domain names to a misleading press release to divert business from the plaintiff and used the marks in metatags and HTML code. The district court did not find that the keyword advertising was likely to create consumer confusion, merely holding that "the practice of keying may initially confuse consumers into clicking on [the defendant]'s banner advertisement" (*id* at 1177). Nevertheless, the court found that the "common thread throughout all of this conduct is that [the defendant] continues to misappropriate and profit from [the plaintiff's] goodwill" and summarily

enjoined the defendant from engaging in all of the challenged conduct (*id* at 1179). See also *Australian Gold, Inc v Hatfield*, 436 F3d 1228, 10th Cir 2006; *CJ Prods LLC v Snuggly Plushez LLC*, 809 F Supp 2d 127, EDNY 2011; But cf *Consumerinfo.com, Inc v One Tech, LP, et al*, Civ No CV-09-3783-VBF, CD Cal, January 12 2011, ECF No 722 (issuing jury verdict for defendant on keyword advertising claim)).

Likelihood of confusion: a jury question?

In the keyword context, it is not uncommon for courts to deny summary judgment on the grounds that the issue of likelihood of confusion is a question of fact for the jury (eg, see *Lovely Skin, Inc v Ishtar Skin Care Prods, LLC*, 2012 WL 379930, D Neb, February 6 2012; *Soaring Helmet Corp v Nanal, Inc*, 2011 WL 390585, WD Wash, January 3 2011; *Pensacola Motor Sales v Eastern Shore Toyota, LLC*, 2010 WL 3781552, ND Fla, September 23 2010). A recent decision of the US Court of Appeals for the Fourth Circuit may further limit the availability of summary judgment in such cases.

In *Rosetta Stone Ltd v Google, Inc* (676 F3d 144 (4th Cir 2012)), the plaintiff contended that Google was liable for trademark infringement for permitting the operator of a website selling counterfeit products to purchase its mark as a keyword. The trial court considered evidence submitted to support the claim of a likelihood of confusion, focusing on three factors:

- the defendant's intent;
- actual confusion; and
- the sophistication of the consumer public.

It concluded (and the court of appeals agreed) that the other factors were of little or no probative value. The district court viewed the evidence as being extremely weak and found it insufficient for a trier of fact to rule in the plaintiff's favour. It therefore granted summary judgment for Google. On appeal, the court of appeals reversed, stating that the district court viewed the evidence as if it were the ultimate decider of fact, rather than deciding whether there was sufficient evidence that could support a verdict for the non-movant. Specifically, the Fourth Circuit focused on one or two items of evidence that could support each of the three factors, as well as inferences that could be made from the evidence, and concluded that, viewed in the light most favourable to the non-moving party, there were material questions of fact that needed to be decided by a trier of fact (*id* at 160).



Mitchell H Stabbe
Partner
MStabbe@EdwardsWildman.com

Based in Washington DC, Mitchell Stabbe has 30 years of experience in trademark law. In addition to his trademark clearance, prosecution and policing practice, he counsels clients on the ever-evolving interplay between trademarks and the Internet, including the new gTLD programme. Mr Stabbe recently won his 50th favourable decision in a Uniform Domain Name Dispute Resolution Policy proceeding.



Danielle Gorman
Legal intern
DEGorman@EdwardsWildman.com

Danielle Gorman is a third-year law student at the Benjamin N Cardozo School of Law and acquisitions editor of the *Cardozo Arts & Entertainment Law Journal*.

Rather than take the case to trial, the parties settled in October 2012.

The Fourth Circuit's approach suggests

that, even if most of the evidence favours a party, little factual evidence will be needed to avoid summary judgment in a trademark infringement action based on keyword advertising. If followed by other courts, the Fourth Circuit's approach will raise the bar for a summary judgment motion brought by either party in a keyword advertising case, potentially resulting in more cases being taken to trial.

What other litigation options are available to a trademark owner?

A trademark owner may also pursue false advertising claims in appropriate cases. In *TrafficSchool.com, Inc v Edriver Inc* (653 F3d 820, 829, 9th Cir 2011), the court states that: "To succeed ..., a plaintiff must show that a statement made in a commercial advertisement or promotion is false or misleading, that it actually deceives or has the tendency to deceive a substantial segment of its audience, that it's likely to influence purchasing decisions and that the plaintiff has been or is likely to be injured by the false advertisement". The court of appeals affirmed the ruling after a bench trial that the defendant's purchase of 'dmv' to trigger sponsored links for its website, combined with other actions, constituted false advertising under the Lanham Act because it was likely to confuse consumers into believing that that the website was sponsored by the state Department of Motor Vehicles. That said, some courts have held that the mere purchase of keywords is insufficient to support a false advertising claim because "the purchasing of a sponsored link is not a statement of fact" (eg, see *Montana Camo, Inc v Cabela's Inc*, 2011 WL 744771, D Mont, February 23 2011; *Heartbrand Beef, Inc v Lobel's of New York, LLC*, 2009 WL 311087, SD Tex, February 5 2009).

Conclusion

Trademark owners which believe that keyword advertising is causing them damage will face a number of hurdles if they opt for litigation. In particular, they should consider carefully whether the facts will support a trademark infringement claim and whether they are prepared to incur the time and potentially considerable expense of litigation. [IWR](#)