

Cases Addressing the Use of Another Party’s Mark as a Keyword to Generate Sponsored Links in Internet Search Engines

(Chart indicates whether an issue is discussed by the court –click on case name in chart to go to case summary)

Case Name & Citation	Holding	Other Key Points	Mark in Ad Text	Nominative	Descriptive	Initial Interest Confusion	Evidence Regarding Confusion	Actual Confusion	Intent to Confuse
<u>Argentina</u>									
Organizacion Veraz v. Open Discovery (May 28, 2009 - Federal Court of Appeals, Civil and Commercial Matters)	Court found that use of keyword constituted unauthorized use of the competitor’s trade-mark and that the plaintiff could prevent the use of its mark under the Unfair Competition Rules.	The Court found that the keyword use had been undertaken with the aim of attracting consumers seeking information regarding the trade-mark owner to the competitor’s web page and that such use may cause confusion or a mistake about the origin of the services.	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<u>Australia</u>									
Australian Competition and Consumer Commission v. Trading Post Australia Pty Ltd [2011] FCA 1086	The Court declared that the Trading Post violated the Act and required it to pay ACCC’s costs because Trading Post’s keyword advertising was likely to mislead and confuse consumers. The Court did not enter a judgment against Google because Google did not make the representations in the advertisements and it acted as a mere conduit of information.	Google adequately represented that Trading Post’s advertisements were in fact advertisements by including the word “sponsored,; referring to sponsored links as “Ads by Google,; and by placing links within a shaded rectangular box; Trading Post, and not Google, made the representations conveyed by Trading Post’s advertisements and Google merely communicated Trading Post’s representations without adopting or endorsing any	YES	N/A	N/A	N/A	YES	N/A	N/A

		of it; and Even if Google had made the representations, it would potentially have a defense under § 85(3) of the Act because it accepted the advertisements as completed documents in the ordinary course of its business and it did not know and had no reason to suspect that the publication of the ad would amount to a violation of the Act.							
Australian Competition and Consumer Commission v. Google Inc. , [2012] FCAFC 49	The Court set aside, in part, the judgment of the Federal Court and declared that Google had violated the Act for its role in publishing advertisements that included keyword terms that were likely to mislead consumers. The Court ordered that Google establish and implement a consumer law compliance program, and that Google pay ACCC’s costs of appeal and trial (with regards to “Harvey World Travel,” “Honda.com.au,” “Alpha Dog,” and “Just 4x4’s” Magazine advertisements).	Sponsored links were Google’s response to the user’s query; Even though it was the advertiser who selected the key words triggering the advertisement’s display, Google’s conduct and the nature of the AdWords program meant that Google was doing more than passing on the statements of the advertiser; and Google had not produced sufficient evidence to establish the Publisher’s Defense.	YES	N/A	N/A	N/A	YES	N/A	N/A
<i>Google Inc. v. Australian Competition and Consumer Commission</i> , [2013] HCA 1 (Austl.)	Google’s conduct was not misleading or deceptive by merely publishing or displaying misleading or deceptive advertisements in the form of “sponsored links”	Fact that Google’s employees suggested offending keyword and keyword insertion insufficient to hold Google liable	Yes	Not Discussed	Not Discussed	Not Discussed	No	No	No

<u>Austria</u>									
Wein & Co. v. Weinwelt, Supreme Court of Austria (Oberster Gerichtshof, 20 March 2007-17 Od 1/07, MMR 2007, 497)	The Court held that the use of a competitor's registered trademark (that is non-descriptive) as Google adword is a per se infringement because the appearance of the link above the search results, using the Plaintiff's mark as a header, created a danger of consumer confusion.	The court also rejected Defendant's argument that the mark "Wein & Co" is descriptive. While the word "Wein" is description, with the addition of the word "Co." plaintiff achieved a different meaning and therefore the word mark "Wein & Co." is protected, as is the company trade name "Wein & Co." Moreover, the protected mark is well-known and serves as reference for the source of the product and a specific company.	YES	NO	NO	N/A	YES	YES	YES
<u>Canada</u>									
Chocolat Lamontagne Inc. v. Humeur Groupe Conseil Inc. 2010 CarswellQue 7592, EYB 2010-177107, 2010 QCCS 3301, J.E. 2010-1521	Passing off action based on use of keyword and sponsored link indicating the Defendant was "alternative to" the Plaintiff. The court held that such advertising did not constitute unfair competition and the action was dismissed.	N/A	Yes	No	No	No	Yes	No	No

Private Career Training Institutions Agency v. Vancouver Career College (Burnaby) Inc., 2010 BCSC 765, aff'd, 2011 BCCA 69	Action by agency overseeing British Columbia career training institutions seeking injunction against use of business names of competitors in internet advertising dismissed.	<p>The injunction was sought on the basis of breach of bylaws prohibiting “false, deceptive or misleading” advertisements. The court held that the advertisements in question were not deceptive as the Defendant did not hold itself out as anyone other than who they are and did not use the business names or trade-names of competitors to misidentify themselves.</p> <p>The Court of Appeal specifically indicated that cases that deal with confusion in the trade-mark context are not of assistance in this case but nevertheless found that the trial judge had correctly focused on the definition of “misleading” in the context of the bylaws in question.</p>	No	No	No	Yes	Yes	Yes	No
<u>China</u>									
HTS (Beijing) S& T Co., Ltd, HTS(Beijing)Engineering and Equipment Co., Ltd vs. Protech(Beijing) Co., Ltd and Baidu (March, 2011,Beijing Chaoyang District People’s Court)	The court found Protech (Beijing) Co., Ltd liable for unfair competition because it purchased the plaintiff’s well-known trade name and seized the	Baidu found not liable since: 1. No evidence to indicate Baidu knew or should know the keyword was infringing; 2. Baidu had told the defendant the	N/A						

	plaintiff's opportunity to be found on the internet by the relevant public thus placing the plaintiff at a competition disadvantage. Baidu found not liable.	keyword should not infringe other's right; 3. Baidu had stopped the link in a timely fashion.							
Beijing Letao Culture Development Co., Ltd vs. Beijing Okbuy Information Technology Co., Ltd and Google(November, 2010, Beijing Haidian District People's Court)	The court found Beijing Okbuy Information Technology Co., Ltd was liable for unfair competition because it purchased the plaintiff's well-known trade name "Letao" as a keyword from Google which seized Letao's business opportunity. Google was found not to be liable as the evidence was not sufficient.	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Beijing Orient Qingruan Science and Technology Co., Ltd vs. Beijing Langde North Software Education Technology Co., Ltd.(July,2010, Beijing Haidian District People's Court)	Defendant found liable for unfair competition as a result of purchase of plaintiff's registered trademark "Qianruan International" as a keyword on Baidu. Baidu found not liable since the defendant was the real actor.	Court found purchase of trademark as a keyword could confuse customers and violated the principle of good faith.	N/A						
800APP v. Beijing Volitation Information Technology Company (May,2010, Beijing No.1 Intermediate People's Court)	Purchasing of trade-mark as keyword was infringement and defendant ordered to pay damages. Baidu found not liable	The Court found that the 800 APP ads which contained references to "XTools" was a deliberate attempt to confuse customers. Baidu found not liable as it had taken correct actions to sever the links and cease	N/A	N/A	N/A	N/A	N/A	N/A	yes

		the advertising of those infringing ads in a timely fashion after it received notice, and had monitored its site to a reasonable degree.							
Beijing Shisanba Cosmetic surgery Hospital vs. Beijing Evercare Mcd.Institution and Baidu(2009,Beijing Chaoyang District People’s Court for frist instance; April 2010, Beijing No.2 Intermediate People’s Court for second instance)	Defendant competitor found liable for unfair competiton as a result of purchase of the plaintiff’s well-known trade name “Shisanba” as a keyword from Baidu which was found to confuse the public. Baidu also found liable for not reviewing the competitor’s keyword which was its obligation according to their contract.	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Baidu v. Shanghai Dazhong House Moving Logistics Co. (June, 2008; Shanghai Second Intermediate Peoples Court)	Baidu search engine sued on the basis of selling a trade-name as a keyword to competitors of the plaintiff. The Court held that Baidu had violated the trade-mark rights of the plaintiff.	N/A	No	Yes	No	No	No	No	No
Google v. Guangdong Gangyi Electrical Appliance Co. (May, 2008; Guangzhou Baiyun Basic Court for first instance. March,2010 ,Guangzhou Intermediate People’s Court for second instance)	Competitor purchasing keyword found to infringe rights of trade-mark owner and ordered to pay damages. Google found liable on appeal.	The first judgment held Google not liable since it did not have the ability to check or control information submitted by customers and had no obligation to examine legality of the information. Google had terminated the keyword advertising in question after the lawsuit had been initiated. The final decision held	No	No	No	No	No	Yes	No

		Google was liable since it does have the obligation of reviewing.							
Beijing Quannao Education Scientific Research Institute VS. Kunming Jingyingte Technology Development Co., Ltd.(December,2007, Beijing Haidian District People's Court)	Defendant found not liable for trademark infringement or unfair competition by using the plaintiff's registered trademark "Quannao" and "Quannao Speed Read" as keywords since the defendant's act was reasonable and legal. Baidu also found not liable since it had met the obligation to review the relevance of the keyword.	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<u>European Court of Justice</u>									
Interflora Inc. v. Marks & Spencer plc Flowers Direct Online Limited, opinion of advocate general Jaaskinen, September 22, 2011, Case C-323/09		The court also made comments regarding the factors that the referring court may take into account, including the fact that the commercial network of Interflora is composed of a large number of retailers varying greatly in size and profile.	No	No	No	N/A	N/A	N/A	N/A
Interflora Inc. v. Marks & Spencer plc Flowers Direct Online Limited, opinion of advocate general Jaaskinen, March 24, 2011, Case C-323/09		The advocate general was constrained by the findings in the prior keyword decisions of the ECJ.	No						
Portakabin BV v. Primakabin, BV (Case C-558/08 (8 July 2010)	Plaintiff's appeal from lower decision that defendant's keyword use was not used in relation to goods under the EC Directive was remanded to	N/A	Yes	Yes	No	Yes	No	No	No

	<p>the National Court for factual determination. The Court found that the keyword use by defendant of the plaintiff's trade-mark was "used in the course of trade" under the EC Directive and "use in relation to goods". However, the Court further found that such use could not adversely affect the function of the plaintiff's mark to indicate origin if the ad did not enable a "normally informed and reasonably attentive internet user or enabled them only with difficulty," to determine whether the goods originated with the plaintiff or the defendant. That was the factual issue for the National Court to determine.</p>								
<p>Eis.de GmbH v. BBY Vertriebsgesellschaft mbH (case C-91/09, Order dated 26 March 2010)</p>	<p>Article 5(1)(a) of First Council Directive 89/104/EEC of 21 December 1988 to approximate the laws of the Member States relating to trade marks must be interpreted as meaning that the proprietor of a trade mark is entitled to prohibit an advertiser from advertising, on the basis of a keyword identical with that trade mark which that advertiser has, without the consent of the proprietor, selected in connection</p>	<p>None</p>	<p>No</p>	<p>No</p>	<p>No</p>	<p>Not expressly addressed.</p>	<p>No</p>	<p>Not expressly addressed.</p>	<p>Not expressly addressed.</p>

	with an internet referencing service, goods or services identical with those for which that mark is registered, in the case where that advertisement does not enable an average internet user, or enables that user only with difficulty to ascertain whether the goods or services referred to therein originate from the proprietor of the trade mark or an undertaking economically connected to it or, on the contrary, originate from a third party.								
Google France v Louis Vuitton Malletier SA (Case C-236/08), Google France v Viaticum SA & Luteciel SARL (Case C-237/08) and Google France v CNRRH (Case C-238/08) (September 22, 2009)	Defendant lost in lower court and on appeal. French Supreme Court referred questions to ECJ, Advocate General issued advisory opinion (not binding on ECJ).	Advocate General (AG) found that Google did not infringe by allowing advertisers to select keywords corresponding to trademarks and the display of sponsored links did not itself constitute infringement. AG left open the issue of whether Google may be liable in tort under national law.	No	No	No	N/A	N/A	N/A	N/A
Google v. LVMH (c-36/08); Viaticum and Luteciel (c-237/08) and CNRRH, Tiger, Thone and Raboin (c-238/08), Decision of the Grand Chamber of the European Court of Justice	Court of Justice found that use of keywords by advertisers may constitute trademark infringement if it is not clear to an average internet user viewing the ad that the goods or services do not originate from the trademark owner, ISPs providing keyword advertising services are	N/A	Yes	No	No	No	No	No	No

	not liable for trademark infringement, and the hosting safe harbour provision of Article 14 may apply to ISP keyword advertising systems.								
Court of Justice of the European Union (First Chamber), reference from a preliminary ruling on the interpretation of Article 5(1) of First Council Directive 89/104/EEC, decision of March 25, 2010, Case C-278/08, Die Berg Spechte Outdoor Reisen und Alpinschule Edi Koblmüller GmbH v. Gunter Guni, trekking.at Reisen GmbH	Article 5(1) must be interpreted as meaning that the proprietor of a trademark is entitled to prohibit an advertiser from advertising, on the basis of a keyword identical with or similar to that trademark, which that advertiser has, without the consent of the proprietor, selected in connection with an internet referencing service, goods, or services identical with those for which that mark is registered, in the case where that ad does not enable an average internet user, or enables that user only with difficulty, to ascertain whether the goods or services originate from the proprietor or from a third party.		NO	NO	NO	N/A	N/A	N/A	N/A
<u>France</u>									
Cobrason v. Google France and Home Cine Solutions (Paris Commercial Court, 23 October 2008; Paris Appeal Court, 11 May 2011)	Appeals Court held that Home Cine Solutions and Google were liable for unfair competition and also held that Google had contributed to the confusion through its Adwords program by displaying Home Cine	N/A	Does not appear to be the case	No	No	Yes	No	No	Does not appear to be the case

	Solutions for Cobrason keywords.								
<u>S.A. Louis Vuitton Malletier e. Societe eBay International AG, Trib. gr. inst., Paris, February 11, 2010</u>	Court held that the eBay cannot be held liable for the reservation of keywords by their affiliates, but eBay has infringed the plaintiff's trademarks and committed acts of free-riding.	Plaintiff was award civil liability damages and eBay International was ordered to stop inifringing upon Plaintiff's rights.	Yes	No	No	No	Yes	Yes	Yes
Voyageur du monde, Terres d'aventures v. Google France, Google Inc., Google Ireland (Paris District court, January 7, 2009)	Google not liable for trademark infringement but liable for mislead advertising and for tort liability for failing to control infringing activities on its web site	N/A	No	No	Yes	N/A	N/A	N/A	N/A
Cobrason v. Google France, Google Inc., Home Cine Solutions (Paris Commercial court, October 23, 2008)	Google Inc. and Google France held liable for wrongful acts and misleading advertising; HCS held liable misleading advertising and for unfair competition for using competitor's mark as a keyword.	An appeal procedure seems to be ongoing.	No	No	No	N/A	N/A	N/A	N/A
Gifam and others v. Google France, Google Inc., Google Ireland (Paris court of appeal, February 1st, 2008)	On appeal, Google found liable for wrongful acts, trademark infringement, and misleading advertising but dismissed the claim of unfair competition.	Google found liable for trademark infringement for making available its keyword selection tool to advertisers. Google was not found liable for trademark infringement based on the display of commercial links	No	Yes	No	N/A	N/A	N/A	N/A
Gifam and others v. Google France (Paris District court, July 12, 2006)	Google found not liable for trademark infringement, but held	On the issue of tort liability, the Court stated that Google failed to	No	Yes	No	N/A	N/A	N/A	N/A

	liable for tort liability and misleading advertising.	control the infringing activity on its website and had a duty to ensure that keywords did not infringe trademarks, corporate names or domain names of third parties.							
Louis Vuitton Malletier v. Google France (Paris court of Appeal, June 28, 2006)	On appeal, Google found liable for trademark infringement, unfair competition, and misleading advertising.	Google ordered to pay EUR 200,000 in damages.	Yes with "replicas" or "fake"	No	No	N/A	N/A	N/A	N/A
Pierre Alexis v. Google and Tiger (Court of Nanterre, December 12, 2004; Court of Appeal of Versailles, March 23, 2006)	The Appellate Court confirmed that Google France and the other defendants infringed on the Plaintiff's mark through the sale and use of the Plaintiffs' mark as a keyword to generate other defendants' websites as a sponsored link for such keyword.	N/A	No	No	No	No	No	No	No
Viaticum v. Google France, (Versailles Ct. of Appeal, 2005)	Versailles Court of Appeals upheld lower court decision. Court ruled Google liable for infringement for the sale of plaintiff's marks as keywords to plaintiff's competitors.	Court held Google failed to conduct review regarding third party rights in keywords, and failed to put an immediate stop to keyword sales of plaintiffs' marks once it was notified of fraudulent use of the marks.	Yes	No	No	No	No	No	No
Hotels Meridien v. Google France (Nanterre Court (TGI), December 16, 2004)	The very use of trademarks as keywords is likely to confuse the consumer as to the source of the product. Search engine is responsible for	The search engine plays an active role in the choices made by the advertiser when it suggests keywords.	NO	YES	NO	YES	NO	YES	YES

	trademark infringement.								
Syndicat Français de la Literie v. Google France (Paris Civil Court, 12 December 2007) (Paris Civil Court of Second instance, 19th November 2011)	Search engine has no influence in the choice of keyword by the advertiser, therefore, there's no direct trademark infringement by the use of trademarks as keywords. Advertisers may be responsible when there's misleading advertising.	Search engine may be responsible if proved that it had direct influence in the choice of keywords of the advertiser. Search engine may also be responsible if it ignores notifications about the infringement by the owner of the used trademark.	NO	YES	NO	YES	NO	YES	YES
Amen v. Google, et al., Court of Paris (June 24, 2005)	Suggestion of keywords by the search engine is assuming and active role in proposing an even getting them to choose such terms as keywords. Therefore, the search engine has committed trademark infringement.	When the advertiser is a competitor to the claimant, the choice of that trade name is considered to be made with the aim of circumventing its clientele. Advertiser is responsible for trademark infringement and unfair competition.	NO	YES	NO	YES	NO	NO	YES
Kertel v. Google, Court of Paris, Dec. 8, 2005	Since search engine does not use the trademark for identical or similar products/services in a commercial manner, there is no trademark infringement.	Search engine's liability may be based on the common civil principle of fault (Section 1382 of the Civil Code) due to the lack of preliminary control to check whether chosen keywords do infringe third party rights.	YES	YES	NO	YES	NO	NO	YES
Atrya v. Google, et al., Court of Strasbourg, (July 20, 2007)	When search engines implement technical measures to check third parties rights they must be excluded of liability on all grounds. The use of trademarks as keywords, when the trademark's name is not itself reproduced, does not	The use of the protected trademark in keywords, invisible for internet users, has been considered as not raising a risk of confusion and not misleading the users as to the origin of the products/services concerned.	YES	YES	NO	YES	YES	YES	YES

	create confusion in the consumer's mind as to the source of the products.									
<u>Germany</u>										
Metaspinner Media GmbH v. Google Deutschland GmbH, District Court of Hamburg, Court No. 312 O 324/04 (2004)	Court held that the selection of the protected term as an AdWord was not a trademark use and that the third party AdWord advertisements did not infringe since the term did not appear in them and no Internet user would be confused.	Court noted that liability only comes into question with gross infringement that is not difficult to recognize or where the press company has been made aware of the infringement and take no action to remove.	No	Yes	No	No	No	No	No	No
Nemetschek AG v. Google, Inc., District Court of Munich, Case No.: 33 O 21461/03 (2003)	Court held that Google was not liable directly or as an indirect infringer for a third party trademark infringement.	Court noted that the operator of a search engine cannot be expected to check competitive or trademark claims between third parties using its own resources and then ensure the relevant entries are not made.	No	No	No	No	No	No	No	No
German Federal Court of Justice, Decision January 22, 2009, I ZR 139/07-PCB	Court held that using a term that is part of a protected trademark but that is also used by the public as a descriptive indication of the properties and characteristics of a good (here "pcb" as abbreviation of "printed circuit board) did not constitute infringement of a protected mark, even if the descriptive term could be confused with a protected trademark.		NO	NO	YES	N/A	N/A	N/A	N/A	N/A

German Federal Court of Justice, Decision of January 1, 2009 Beta layout GmbH- Federal Supreme court of Germany Case I ZR 30/07	Court held that using another company's mark as a keyword for "adwords" did not constitute IP infringement nor antitrust violations		NO	NO	NO	N/A	N/A	N/A	N/A
<u>India</u>									
Consim Info. Pvt. Ltd. v. Google India Pvt. Ltd, People Interactive Pvt. Ltd., Jeevansathi Internet Services Pvt. Ltd. and Times Business Solutions Ltd., O.A. Nos. 977 and 978 of 2009 in C.S. No. 832 of 2009 (High Court of Madras, September 17, 2009)	Applicant's interim injunction request granted and Respondent's were restrained from infringing and/or enabling others to use Plaintiff's registered trademarks as "Adwords," "Keyword Suggestion Tool," "keywords for internet searches," or as "meta tags."	N/A	Yes	N/A	N/A	N/A	N/A	N/A	Yes
<u>Israel</u>									
Dr. Dov Klein v. Proportion PMC Ltd. and Google Israel Ltd. (Tel Aviv Magistrate's Court, December 13, 2007)	The Magistrate's Court denied Google Israel's motion to strike out the trademark infringement claim on the merits.	Court ruled that at this stage, the plaintiff need only show a prima facie cause of action against the defendants, disregarding the <i>Matim Li</i> case and holding in accordance with the Supreme Court judgment in A.Sh.I.R. regarding the applicability of the unjust enrichment doctrine in IP matters.	Yes	No	No	No	No	No	No
Matim Li Large Sizes Fashion Chain Ltd. and Matim Li Stores 1997 Ltd. v. Crazy Line Ltd., Eran Levin and Google Israel Ltd., (Tel Aviv District Court, July 31, 2006)	Since the trademarks were not used in the ads themselves, but only as keywords for triggering the ads and there was no deception or risk of deception established, the court held there was no	The Court weighed "the need to protect the Petitioners' intellectual property" against "the need to protect competition and public accessibility to information wherever it is" and concluded that the	No	Yes	No	No	No	No	No

	trademark infringement.	keyword “use” of the petitioner’s trademarks by the first respondent was a permitted use.							
<u>Netherlands</u>									
Endless Webdesign v. Google Netherlands B.V. (Amsterdam District Court, August 24, 2006)	The Court ruled that Google did not infringe upon the Plaintiff’s trademarks by offering Adwords based on its broad-matching system.	N/A	Does not appear to be the case	Yes	Yes	No	No	No	No
<u>United Kingdom</u>									
Interflora Inc. v. Marks & Spencer plc, [2010] EWHC 925 (CH)	The Court modified its prior ruling referring questions to the European Court of Justice.	In light of the European Court of Justice decision in the Google France v. Louis Vuitton matter, the Court held that Google would not have been liable under the facts of the case at bar and Marks & Spencer could accordingly not be jointly liable in respect of any alleged acts of infringement by Google.	No	No	No	No	No	No	No
Interflora Inc. v. Marks & Spencer plc, [2009] EWHC 1095 (CH)	Interflora action against Marks & Spencer for infringement through using Google ad words containing INTERFLORA. The Court decided to refer a number of questions to the European Court of Justice and that decision is pending.	N/A	No	No	No	No	No	No	No
Victor Andrew Wilson v. Yahoo! UK Ltd and Overture Services Ltd (UK),	Court held that the defendants had not used	Even if defendants had “used” a term, it was only	No	Yes	No	No	No	No	No

UK High Court of Justice Chancery Division, Intellectual Property Division, [2008] EWHC 361 (Ch), Case No. 1HC 710/07	and therefore not infringed the plaintiff's trademark.	"spicy" and not "MR SPICY", and even if defendants have "used" the trademark, they didn't use it in respect of the goods or services for which is registered.								
Reed Executive v Reed Business Information [2004] EWCA Civ 159	The Court of Appeal overturned a finding of infringement.	With respect to keyword, the implicit use of a keyword in a search engine to cause a banner for the defendant's website to appear when a user searched using the plaintiff's trade-mark was found not to infringe in the particular case since there was no identity of services between the parties and the trade-mark was not used alone on its website other than as part of a copyright notice. The Court also noted that had there been significant deception of consumers, the defendant's actions would constitute infringement notwithstanding that it was using its own name.	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<u>United States</u>										
<u>1st Circuit</u>										
Hearts on Fire Co., LLC v. Blue Nile, Inc. (D. Mass, 3/27/09)	Defendant's motion to dismiss denied.	Court found that defendant's use of the mark as a keyword constituted use under the Lanham Act.	No	No	No	Yes (claim was allowed to proceed)	N/A	N/A	N/A	N/A
Boston Duck Tours, LP v. Super Duck Tours, LLC	514 F. Supp. 2d 119 (D. Mass. 2007) - Court	1 st District Court case did not address keywords.	No	According to District	According to District	Yes	Yes	Yes	Yes	Yes

<p>514 F. Supp. 2d 119 (D. Mass. 2007) (granting preliminary injunction) clarified by 2007 U.S. Dist. LEXIS 94681, 527 F. Supp. 2d 205 (D. Mass. Dec. 5, 2007), rev'd, 531 F.3d 1 (1st Cir. 2008)</p>	<p>enjoined Super Duck Tours from using the term DUCK TOURS or a cartoon duck as a trademark or service mark in association with sightseeing tours in the greater Boston area and use of DUCK or DUCKS in a two-word or three-word trademark in conjunction with either BOSTON or TOURS. 2007 U.S. Dist. LEXIS 94681 - Court found that use of sponsored links was fair use. 531 F.3d 1 (1st Cir. 2008) - Court found that the term "duck tours" was generic and district court erred in granting the preliminary injunction.</p>	<p>2nd District Court case discussed keyword use. Appeal's court did not discuss keywords.</p>		<p>Court "Yes"</p>	<p>Court "No" According to Appeal's Court "Yes"</p>				
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2nd Circuit

<p>Fragrancenet. com, Inc. v. Les Parfums, Inc., 2009 WL 4609268, 672 F. Supp. 2d 328 (E.D.N.Y. Dec. 8, 2009)</p>	<p>Plaintiff sued defendant for infringing Fragrancenet and Fragrancenet.com trade-marks through purchase and use of the trade-marks as keywords. The defendant brought a motion to dismiss the pleading which the Court denied.</p>	<p>Defendant argued plaintiff's trade-marks were not protectable because they are generic and lack distinction. The Court held that those questions are fact specific inquiries inappropriate for determination on a motion to dismiss.</p>	<p>No</p>	<p>No</p>	<p>Yes</p>	<p>N/A</p>	<p>N/A</p>	<p>N/A</p>	<p>N/A</p>
<p>Romeo & Juliette Laser Hair Removal, Inc. v. Assara I LLC 2009 WL 750195 (S.D.N.Y. Mar. 20, 2009)</p>	<p>Action by plaintiff alleging use of unregistered trade-mark as a keyword where the advertisement in question and the website of the defendant included the</p>	<p>N/A</p>	<p>Yes</p>	<p>No</p>	<p>No</p>	<p>No</p>	<p>No</p>	<p>No</p>	<p>No</p>

	trade-mark infringed its rights. Both parties sought summary judgment, the defendant arguing that purchase of a keyword was merely an “internal utilization”. However, the Court found that due to the use of the trade-mark in both the advertisement and the website it was not “internal utilization” and the Court denied both the plaintiff and defendant’s motion for summary judgment.								
Rescuecom Corp. v. Google Inc. 562 F.3d 123 (2d Cir. 2009)	Reversing grant of Defendant's motion to dismiss, 2d Circuit finds sale of trademarks as keywords constitutes use in commerce	Court stated that search engine’s sale of trademark-bearing keywords constitutes use of the trademark.	No	No	No	N/A	N/A	N/A	N/A
Sellify, Inc. v. Amazon.com, Inc. 2010 WL 4455830 (S.D.N.Y. 2010)	Amazon not liable vicariously or directly for infringement as a result of associates buying others’ trade marks as keywords and linking to Amazon from adverts. Nor was Amazon liable for contributory infringement, as it did not have particularized knowledge of the infringements, and once it was informed broke off contractual relations with the infringer.	Court remarked that a reasonable user of the internet would not interpret linking from an advert to a website as a firm indication of an agency relationship between the advertiser and the website.	NO	NO	NO	N/A	N/A	N/A	N/A
Tiffany (NJ) Inc. v. eBay, Inc. 576F. Supp. 2d 463 (S.D.N.Y. July 14,	The court held that eBay’s activities did not	The court held that the purchase of keywords by	Yes	Yes	No	No	No	No	No

2008)	constitute trademark infringement, dilution and other claims as alleged by Tiffany in connection with Tiffany's marks.	eBay/affiliates constituted "use", but such use was protected by the nominative fair use doctrine.							
Site Pro-1 v. Better Metal, LLC, 506 F Supp 2d 123 (May 9, 2007)	Defendant's Motion to Dismiss granted.	Defendant used Plaintiff's trademark in "metadata" or "metatags" of its website and purchased a "sponsored search" from Yahoo!.com that utilized Plaintiff's trademark in the search algorithm. In the past the 2 nd Circuit has not found "metadata" or "metatags" or the purchase of a "sponsored search" to be considered trademark use. The Court in this case was persuaded by the reasoning in Merck & Co., Inc. v Mediplan Health Consulting, Inc., 425 F Supp 2d 402 (S.D.N.Y. 2006); Rescuecom Corp. v. Google, Inc., 456 F Supp 2d 393 (N.D.N.Y. 2006); and 1-800 Contacts v. WhenUCom, Inc., 414 F3d 400 (2d Cir. 2005).	No	No	No	Plaintiff argues yes. Court disagreed.	No	Unknown	Yes
Rescuecom Corp. v Google, Inc., 2006 WL 2811711, 2006 US Dist LEXIS 70409 (N.D.N.Y. 2006)	The District Court dismissed the case on the grounds that Google's sale of Rescuecom's mark as a keyword did not constitute use of the mark by Google.	Court noted that without "use" of the plaintiff's mark, there can be no infringement on that mark, even where there is evidence of confusion.	No	Yes	No	No	Yes	No	No

S&L Vitamins v Australian Gold, 521 F. Supp. 2d 188 (E.D.N.Y. 2007)	The court held that by purchasing keywords and sponsored links and using the Marks in its metadata, the competitor (re-seller of trademark owner's products) had not "used" the marks in the trademark sense and thus does not provide an independent basis for a trademark infringement claim.	The analysis was the same as that found in <i>FragranceNet.com</i> (case was decided in same district). The court finds that the competitor here actually sells the trademarked products.	Yes	Yes	No	No	No	No	No
Hamzik v. Zale Corp., 2007 US Dist. LEXIS 28981 (N.D.N.Y. 2007)	Court dismissed the trademark infringement claims relating to material on defendant's websites since no rings were labeled "dating rings" (the trademark) on the site itself. The court allowed the trademark infringement claim relating to keyword purchase to survive. False advertisement claim was dismissed since plaintiff failed to identify statements made by defendant regarding its goods or those of another person that are literally false or likely to deceive or confuse customers	Court distinguished the other cases (that held keyword purchase did not constitute trademark use) because those cases did not involve allegations that the defendant in those cases did not place the marks in question on goods, displays, ads or associated materials. In this case, the sponsored link ads included the phrase "dating ring"	Yes	No	No	No	No	No	No
FragranceNet.com, Inc. v. FragranceX.com, Inc., 493 F. Supp. 2d 545 (E.D.N.Y. 2007)	Court held that since there was no "use" of plaintiff's trademark visible to the public as required under Lanham act and state law, the plaintiff's claims (based on defendant's use of plaintiff's trademark as	Although court acknowledges the split among Circuit Courts on whether use of a trademark as a search engine keyword or metatags constitutes "use" sufficient to state a claim for trademark	No	Yes	No	No	No	No	No

	a keyword in Google and as a metatag on its website) could not survive a motion to dismiss.	infringement, the court follows the Second Circuit in <i>1-800 Contacts, Inc.</i> as binding precedent.							
Site Pro-1 v. Better Metal, 506 F. Supp. 2d 123 (E.D.Ny. 2007)	Court granted Motion to Dismiss for Failure to state Claim.	N/A	No	No	No	Plaintiff argued yes. Court said there was no initial interest confusion.	No	No	Probably but not addressed by the Court.
Merck & Co., Inc. v. Mediplan Health Consulting, Inc., 2006 WL 800756 (S.D.N.Y. 2006)	Court granted dismissal of those claims based on the purchase of sponsored links from Google and Yahoo, holding that the purchases did not constitute a use in commerce under the Lanham Act.	The court noted as “significant” the fact that each defendant actually sold ZOCOR on its website, as well as generic replacements	Yes	Yes	No	No	No	No	No
1-800 Contacts, Inc. v. WhenU.com, Inc., 414 F.3d 400 (2d Cir. 2005)	Second Circuit found there was no “use” of the trademarks and overturned District Court’s decision. A company’s internal use of a trademark in a way that doesn’t communicate it to the public, does not violate the Lanham Act.	Court distinguished <i>GEICO</i> , noting that the marks themselves are not sold – only categories including the marks are sold in the pop-up ad context.	No	No	No	No (but was discussed in District Court)	No	No	No
CJ Products LLC v. Snuggly Plushez LLC, 809 F. Supp. 2d 127 (E.D.N.Y. Aug. 22, 2011)	Court granted the preliminary injunction because Defendants’ use of the mark as a keyword was substantially similar to Plaintiff’s registered mark and there was evidence of actual consumer confusion.	The Court rejected Defendants’ argument that the use of the keyword advertising was either a permissive, descriptive use or advertising protected by the First Amendment	YES	N/A	Discussed and rejected	YES	YES	YES	YES

3rd Circuit

J. G. Wentworth v. Settlement Funding LLC 2007 WL 30115 (E.D. Pa 2007)	Defendant’s motion to dismiss fro failure to state a claim granted because although there was trademark use, the use did not create likelihood of confusion.	Court disagree with Ninth Circuit’s decision in Brookfield Communications, Inc. v. W. Coast Entm’t Corp, 174 F.3d 1036 (9 th Cir. 1999)	Yes	No	No	Yes	No	No	No
800-JR Cigar, Inc. v. GoTo.com, Inc., et. al., 437 F. Supp.2d 273 (D.N.J. 2006)	The court held in favor of JR, finding that GoTo made trademark use of JR marks in 3 ways: (1) trading on the value of the marks by accepting bids on those marks (2) steering potential JR customers to JR’s competitors (3) marketing JR marks to JR competitors through its Search Term Suggestion Tool.	The court relied on <i>GEICO v. Google, Inc.</i> Like Google, GoTo sold search terms to its advertisers and gave prominence in search results to the highest bidder. This situation was found to be distinguishable from the pop-up advertising context, where trademark terms only appeared internally.	Yes	No	No	No	No	No	Yes
Buying for the Home, LLC v. Humble Abode LLC, et al., 459 F. Supp.2d 310 (D.N.J. 2006)	Humble Abode’s motion to dismiss Buying’s trademark infringement claim was dismissed. Court held that while Humble Abode’s use of Buying mark was not a traditional “use in commerce,” it still qualified under the Lanham Act because Humble Abode’s alleged use was “in commerce” and “in connection with any goods or services.”	Court noted the differing conclusions in similar claims depending on whether the court evaluated whether a defendant’s alleged use of the mark constituted a trademark use generally or whether they looked more specifically at the definition of “use in commerce” as defined by Lanham Act.	Yes	No	No	No	No	No	No
World Entertainment Inc. v. Brown, 2011 WL 2036686 (E.D. Pa. May 20,	Court ordered monetary damages, attorney’s fees,		N/A	N/A	N/A	N/A	N/A	N/A	YES(taken as true

2011	and injunctive relief because Defendants knowingly infringed upon WE's mark in promoting, advertising and using Google adwords to endorse their new venture.								from the complaint for default judgment)
AmeriGas Propane, L.P. v. Opinion Corp., No 12-713, 2012 WL 2327788 (E.D. Pa, June 19, 2012)	The Court dismissed Plaintiff's claim of contributory infringement because it did not allege another entity infringed its trademark rights or that Defendant knew about this infringement. However, the Court found Defendant used Plaintiff's trademarks when it placed the marks in its website text, subdomain name, and metadata in connection with the sale of advertisements to Plaintiff's competitors, and that such actions could result in initial interest confusion. Finally, the Court allowed Plaintiff to proceed despite the CDA because Defendant may have controlled the Google AdWords adwerisments on its website and additional information was needed on how the AdWords program actually worked.		Yes	Yes	No	Yes	No	No	No
4th Circuit									
Rosetta Stone Ltd. V. Google Inc., Decision of the District Court of the Eastern District of Virginia (August 3,	The Court granted summary judgment in defendant's favor, finding that Google's auctioning	Court found defendant's use of plaintiff's marks in its search engine ad program was functional	Yes	Not discussed	No	No	Yes, but survey found flawed	Yes, but found to be "de minimis"	No

2010)	of plaintiff's trademark terms to others and use of the trademark terms in its Adwords program to trigger third party advertisements did not constitute direct, contributory, or vicarious infringement.								
Market America v. Optihealth Products, Inc., et al., 2008 WL 5069802 (M.D.N.C. November 21, 2008)	Defendant's Motion to Dismiss for lack of personal jurisdiction and transfer of case to New York, both denied.	Plaintiff asserts Defendants (1) violated section 43(a) of the Lanham Act (unauthorized use of trademarks similar to Plaintiff's; (2) cyber squatting; (3) violation of North Carolina Unfair and Deceptive Trade Practices Act; and (4) common law unfair competition. Only issue before the Court was whether there was personal jurisdiction and if the case should be transferred to New York.	No	Possibly if trademark was ruled generic.	No	Yes	Yes	Unknown	Yes
GEICO v. Google, Inc., 2005 US Dist LEXIS 18642, 2005 WL 1903128, 77 U.S.P.Q.2d 1841 (E.D. Va. 2005)	Court ruled on Google's motion for judgment as a matter of law that: (1) GEICO did not produce sufficient evidence to establish that the mere use by Google of the GEICO mark as a keyword violates the Lanham Act; (2) GEICO failed to produce sufficient evidence to establish that ads not referencing GEICO in their text violate the Lanham Act; but (3) GEICO did present sufficient evidence on	Court found GEICO's survey failed to reveal whether the confusion was caused by references to GEICO in the ads or by ads' mere references to insurance. But, survey was enough to show initial interest confusion where GEICO's marks appeared in the heading or text of the ad. However, Court did not rule on whether Google itself is liable for the Lanham Act violations resulting from advertisers' use of GEICO's trademarks	Yes	No	No	Yes	Yes	Yes	No

	whether ads that appear when a user searches on GEICO's trademarks and do reference those marks in their headings or text violate the Lanham Act.	through Google's Adwords program.							
Government Employees Insurance Company v Google, Inc., 330 F. Supp 2d 700 (E.D. Va. 2004)	Motion to dismiss granted at to the state claims of tortious interference and denied to all Lanham Act claims and state law claims of unfair competition.	Court found Plaintiff sufficiently alleged that defendants used plaintiff's marks in commerce through sale to advertisers.	No	No	No	No	No	Possibly, (depends on findings during discovery)	No
U-Haul Intern., Inc. V. WhenU.com, Inc. 279 F.Supp.2d 723 (2003, E.D.V.A.)	WhenU's motion for summary judgment granted because: (1) pop-up advertisement was not "use in commerce" of U-Haul's trademark; (2) pop-up advertising scheme did not interfere with U-Haul's right to display copyrighted work; and (3) pop-up advertising scheme did not constitute derivative work.	The court found that U-Haul failed to establish that WhenU used its marks in commerce because: "(1) WhenU's pop-up window is separate and distinct from U-Haul's web site, (2) WhenU does not advertise or promote U-Haul's trademarks through the use of U-Haul's URL or 'U-Haul' in its SaveNow directory, and (3) the SaveNow program does not hinder or impede Internet users from accessing U-Haul's web site in such a manner that WhenU 'uses' U-Haul's trademarks."	No	Possibly (in its "use" discussion, the court notes that use in comparative advertising does not violate the Lanham Act)	No	No	No	No	No
WashingtonPost.Newsweek Interactive Co. Et al. V. The Gator Corporation, 2002 WL 31356645 (E.D.Va) July 16, 2002	Plaintiff's Motion for Preliminary Injunction granted. Defendant enjoined from: 1. causing its pop-up advertisements to be displayed on any website owned by or affiliated	The court opinion did not have any details. Based on the prior filing made in WashingtonPost.Newsweek Interactive Co.et al. v. The Gator Corporation, 2002 WL 1586760 (E.D.Va.) July 12, 2002 it appears many of the records were sealed.	No	No	No	Maybe	Unknown	Unknown	Unknown

	<p>with Plaintiff, with permission.</p> <p>2. altering or modifying or causing alteration or modification of any website owned by Plaintiff.</p> <p>3. infringe on Plaintiff's copyrights and trademarks.</p> <p>4. making designations of origin, descriptions, representations that Plaintiff is the source or sponsor of Defendant's advertisers, services or products.</p>	<p>Also see WashingtonPost.Newsweek Interactive Co. et al. v. The Gator Corporation, 2002 WL 31319973 (E.D.Va.) Sept 17, 2002 where Defendant claims Plaintiff had unclean hands.</p>							
Rosetta Stone Ltd. V. Google, Inc. 676 F. 3d 144 (4 th Cir. 2012)	Court reversed summary judgment in Google's favor because Plaintiff put forth sufficient evidence that Google may have directly and indirectly infringed and diluted its trademarks, and Google did not establish a fair use of defense.		YES	YES	YES		YES	YES	YES
<u>5th Circuit</u>									
College Network, Inc. v. Moore Educational Publishers, Inc., 2010 WL 1923763 (5th Cir. 2010)	Fifth Circuit affirmed the district court's conclusion that appellee's use was not a "use in commerce".	Fifth Circuit's list of non-exhaustive likelihood of conduction factors must reach a "probability of confusion" not mere possibility.	No	No	No	No	Yes	Yes	No
Mary Kay Inc. v. Weber, 601 F.Supp.2d 839 (N.D. Tx 2009)	Defendant's motion for summary judgment on	First sale doctrine applied	Yes	Yes	No	N/A	Yes	Yes	Not enough

	basis of first sale doctrine denied								evidence to determine
Mary Kay Inc. v Weber, 2009 WL 3147888 (N.D. Tx 9/29/09)	Plaintiff's motion following jury verdict for entry of permanent injunction. Defendant only allowed to use mark to inform consumers that defendant's store (as a separate entity) sells Plaintiff's products	N/A	Yes	Yes	No	N/A	N/A	N/A	N/A
Bayer Corp. V. Custom School Frames, LLC 259 F. Supp. 2d 503 (N.D. La. 2003)	Court permanently enjoined and restrained Defendant from using Defendant's trademark ADVANTAGE in connection with importation, sale, distribution, advertising or promotion of any products or services, including using the mark in metatags, other computer code, or in connection with the retrieval of data or information (including w/o limitation the use of such terms as keyword or keywords in pay-for placement or pay-for rank search engines.	Court found: 1. That the use of Plaintiff's ADVANTAGE mark in metatags for Defendant's website created initial interest confusion. 2. Court also found that use of Plaintiff's ADVANTAGE mark in metatags for its website also constitutes an appropriation of goodwill and creates initial interest confusion. 3. Defendant's registration of ADVANTAGE as a search term and code with Internet search engines also leads to confusion.	Yes	No	No	Yes	Unknown	Unknown	Yes
FPX, LLC v. Google, 276 F.R.D. 543; 2011 WL 4783373 (E.D. Tex. 2011)	Court denied class certification because of lack of commonality amongst the Plaintiff's under an initial interest confusion theory and individualized		YES	N/A	YES	YES	N/A	N/A	N/A

	determinations of various trademark doctrines would predominate the action.								
6th Circuit									
King Pharms., Inc. V. ZymoGenetics, Inc. 2009 WL 4931238 (E.D. Tenn. Dec. 10, 2009)	Defendant, who sold a competing product to Plaintiff's, used the name of Plaintiff's product as a keyword using Google's AdWords program, so that a consumer searching for Plaintiff's product would get search results with sponsored links to Defendant's product and links to Defendant's website, and ceased doing this activity when Plaintiff filed suit, could not establish that it had suffered irreparable harm without an injunction.	Plaintiff claimed that it had lost customers due to Defendant's marketing practices, however, because Defendant ceased the activity and agreed not to use the keyword in the future, Defendant prevailed.	N/A						
T.D.I. Int'l, Inc. V. Golf Preservations, Inc., 2008 U.S. Dist. LEXIS 7427 (E.D. Ky. 2008)	Court denied defendant's motion to dismiss, citing the uncertain state of the law on whether the purchase of a keyword constituted use.	Court also noted that while the trademark claims primarily related to defendant's keyword purchase, plaintiff had also explicitly alleged that defendant had otherwise used the plaintiff's mark in a manner violating the Lanham Act.	Yes	No	No	No	No	No	No
Bitchin Kitchin v. Bitchin Kitchin MARTHA ELIZABETH, INC. AND MARTHA RAPP V. B360 MEDIA INC. ET AL. Case No. 1:10 cv 1244 U.S. District Court for the Western District of Michigan, Southern Division, 2011 U.S.	Despite evidence of infringement-even intentional infringement-the court held that the "extraordinary remedy" of an injunction barring defendants against the continued broadcast of	The court did enjoin the defendants from using the "Bitchin Kitchen" mark for uses other than as the title of their television program. Reference to the significance of key words	YES	N/A	N/A	N/A	YES	YES	YES

Dist. LEXIS 49702; 100 U.S.P.Q.2d (BNA) 1799 (2011)	their television program under the title “The Bitchin Kitchen” was not appropriate. The court deemed that the defendant’s FirstAmendment rights of freedom of expression to create titles for artistic works might otherwise be impermissibly impaired.	came up as a factor in the Court’s consideration of the Seventh Frisch Factor relating to the question of whether the defendant’s continued use and development of the mark “Bitchin Kitchen,” despite their knowledge of plaintiff’s trademark supported an inference of intentional infringement.							
Wells Fargo & Co. V. WhenU.com, Inc., 293 F.Supp.2d 734 (E.D. Mich. 2003)	Plaintiffs’ motion for preliminary injunction denied.	N/A	No	No	No	No	Yes	No	No
<u>7th Circuit</u>									
Habush v. Cannon, 09-CV-18149 (Wis. Cir. Ct. June 8, 2011)	Summary judgment in favor of Defendant	This is not a trademark infringement case; the Plaintiff alleged a violation of right of publicity. Court found use by defendant was not unreasonable.	No	No	No	No	No	No	No
Bernina of America Inc. v. Fashion Fabrics International Inc. (dba AllBrands), 57 USPQ 2D 1881 (N.D.iii. 2001)	Plaintiff’s motion for a temporary restraining order against use of the plaintiff’s trade-mark on the defendant’s website and in meta tags granted.	The Court noted that defendant had failed to state that it is not an authorized dealer nor affiliated with the plaintiff. Further the defendant was posting news on the plaintiff and the Court felt that the defendant’s website was itself misleading and therefore granted the injunction.	Used on website and in meta tags.	No	No	N/A	N/A	N/A	N/A
<u>Morningware Inc. v. Hearthware Home Products, Inc. 673 F. Supp.2d 630 (2009 N.D. Ill)</u>	Defendant’s motion to dismiss for failure to state a claim denied in respect of Plaintiff’s action for	Despite the fact that there was no use of the Plaintiff’s trade-mark in the link or ad text, the court refused to	No	No	No	Yes – pled but not proven	No	No	No

	unfair competition, product disparagement, deceptive trade practices, common law unfair competition and commercial disparagement as a result of keyword advertising by the Defendant using the Plaintiff's trade-mark and trade-name.	strike the false designation claim on the basis that the Plaintiff had sufficiently alleged a likelihood of initial interest confusion.							
Standard Process, Inc. V. Total Health Discount, Inc. 559 F. Supp. 2d 932 (E.D. Wis. 2008)	The court generally denied the summary judgment motion of Defendant based on Defendant's purchase of Plaintiffs trademark as a keyword.	The court merely ruled on the motion for summary judgment and applied the standards related thereto in connection with the keyword issue. Accordingly, the court did not make any substantive determination on whether such act constitutes trademark infringement.	Not clear from the case	No	No	Cites to the <i>Promatek</i> case, but not determined	Not evident at this stage	Not evident at this stage	At this stage, the court appears to be leaning in that direction
Vulcan Golf v. Google, 552 F. Supp. 2d 752 (N.D. Ill. 2008)	The court denied the motion to dismiss for failure to state a claim as to the trademark, federal unfair competition, ACPA and dilution claims.	The claim that the parking companies "transacted in and improperly profited from" domain names similar to Vulcan Golf's mark sufficiently alleges that the parking companies use the domain names to survive a motion to dismiss.	No (although, case is about use of a mark in a domain name)	No	No	No	No	No	No
International Profit Associates, Inc. V. Paisola, et. Al., 461 F.Supp.2d 672 (N.D. Ill. 2006)	The Court granted a limited temporary restraining order, finding that IPA had shown a likelihood of success on at least some of its claims, including a trademark infringement claim	Court found that while the Seventh Circuit was silent on the issue of whether use of a trademark as a keyword is use "in commerce", othe courts had held that purchasing a trademark term as a keyword meets the use	Yes	No	No	No	No	No	No

		requirement.							
Promatek Industries v Equitrac Corp, 300 F3d 808 (7 th cir 2002)	Plaintiff sued defendant for trade-mark infringement as a result of use of plaintiff's trade-mark as a meta tag on defendant's website. Lower court issued preliminary injunction without a hearing ordering defendant to place language on defendant's website, including a link to plaintiff's website. Appeal dismissed.	The Court noted that defendant and plaintiff were competitors and that initial interest confusion was actionable under the Lanham Act in the 7 th Circuit in refusing the defendant's appeal. The Court found that the defendant's use of the plaintiff's mark as a meta tag misappropriated the plaintiff's goodwill	No	No	No	Yes	N/A	N/A	Alleged
DeVry/Becker Educ. Dev. Corp. V. Totaltape, Inc. 2002 U.S. Dist. LEXIS 1230 (N.D. Ill. Jan. 25, 2002)	Plaintiff's motion to re-open action and for rule to show cause in a case where by settlement agreement, the defendant had agreed to cease using the plaintiff's trade-mark in defendant's URLs, computer addresses, meta tags or on its website dismissed. The Court offered an order clarifying the rights and duties of the parties and ordered the defendant to permanently cease using the plaintiff's marks as keywords.	The plaintiff claimed the defendant was using its trade-marks as keywords in a URL address. The defendant claimed its use of the plaintiff's marks did not violate the settlement agreement and the Court denied to re-open the case for a show of cause.	Yes	No	No	N/A	N/A	N/A	N/A
Quidgeon v. Olsen, No. 10-1168 (C.D. Ill. April 19, 2011)	Court granted a permanent injunction because Plaintiff suffered a loss of goodwill due to Defendant's actions and it denied Plaintiff's requests for monetary damages because he failed to prove he suffered losses or that Defendant's sales	Specifically, Plaintiff produced evidence that showed he had received complaints about Defendant's quality of work, lost business at a trade show based on confusion of identity, and that he generally lost business due to customers'	YES	N/A	N/A	N/A	YES	N/A	N/A

	arose from use of the mark.	belief that the two entities were associated. The Court found that this loss of goodwill was sufficient to award an injunction.							
<u>8th Circuit</u>									
Fair Isaac Corporation and myFICO Consumer Services Inc. v. Experian Information Solutions Inc.; Trans Union, LLC; VantageScore Solutions, LLC; Does 1 through X, 2009 WL 4263699 (D. Minn. 2009)	U.S. District Court affirmed jury decision. Court ruled in favor of defendants on keyword advertising claims and passing off claims.	Jury found trademark had not acquired secondary meaning. Plaintiff could not prevail in this case since claim was based on an invalid, non-distinctive trademark not entitled to protection.	No	No	Yes	No	Yes	No	No
Hysitron, Inc. V. MTS Systems Corp. 2008 WL 3161969 (D. Minn. Aug. 1, 2008)	Defendant's motion for a partial summary judgment denied. The defendant claimed that the mere act of buying the plaintiff's mark for use in Google's ad words program did not constitute use and was, in any event, not likely to cause consumer confusion. It further argued that it had discontinued use of the plaintiff's marks as ad words.	The District Court described the majority view that it accepted to be that use of a competitor's trademark to create a sponsored link or other advertising constitutes use by the defendant of the trademark in commerce. The Court felt additional discovery was required to deal with the issue of likelihood of confusion and actual harm and rejected the summary judgment application.	No	No	No	N/A	N/A	N/A	N/A
Edina Realty, inc. V. Themlsonline.com, 2006 U.S. Dist. LEXIS 13775, 80 U.S.P.Q.2D 1039 (D. Minn. 2006)	Court held that defendant's purchase of the search terms was a "use in commerce" based on the plain meaning of the Lanham Act. Court also rejected defendant's normative fair use defense.	Court relied on <i>Brookfield Communications, Inc. v. W. Coast Entm't Corp</i> , 174 F.3d 1036 (9 th Cir. 1999).	Yes	Yes	No	No	No	No	No
<u>9th Circuit</u>									

Montana Camo, Inc. V. Cabela's Inc., 2011 WL 744771 (D. Mont. Feb. 23, 2011)	Summary judgment in favor of Defendant; Plaintiff did not allege sufficient facts to support claim of likelihood of confusion	Plaintiff merely made a "conclusory statement" concerning the likelihood of confusion.	Not mentioned	No	No, although Defendant was a retailer carrying Plaintiff's products	No	No	No	No
Consumerinfo.com, Inc. V. One Techs LP, CV-09-3783-VBF (MANx) (C.D. Cal. Jury verdict Jan. 12, 2011)	Jury verdict; jury awarded damages to Plaintiff but not on keyword claims; damages were for cybersquatting claims	Claims included cybersquatting/ domain name and dilution claims; jury did not find that Defenadnt's use of keywords was likely to cause consumer confusion; also found no dilution because Defendant began using terms as keywords before Plaintiff's marks became famous.	Yes, of some ads	No	No	No	No	No	No
Network Automation v. Advanced Systems Concepts, No. 10-55840 D.C. No. 2:10-cv-00484-CBM-CW	District Court erred in granting preliminary injunction without considering the sophistication of consumers and labeling or overall appearance in determining whether sponsored links triggered by keyword searched were likely to cause consumer confusion.	Ninth Circuit emphasized the flexibility of the <i>Sleekcraft</i> test for likelihood of confusion.	No	No	No	No	N/A	No	No
Binder v. Disability Group, Inc. [need cite] C.D. Cal. 2011	Action for trade-mark infringement, false advertising, and unfair competition based on defendant using plaintiff's trade-mark in a keyword advertising campaign. Defendant found to be liable and ordered to pay just under \$300,000 plus	The Court calculated lost profits based on the plaintiff's average revenue per case and calculations based on average "click to submission ratio" and submission to retention ratio. The Court also found personal liability on the	No	No	No	No	Yes	Yes	Yes

	costs to the plaintiff.	part of the individual who directed the keyword advertising campaign.							
Jurin v. Google Inc., Decision of the District Court of the Eastern District of California (September 9, 2010)	Google's Motion to Dismiss the claims of False Designation and Breach of Contract for failure to state a claim was granted.	Without showing of direct competition (which Google as a search engine operator is not), Jurin cannot sustain a claim for false advertising. As to the breach of contract claim, Google was not contractually bound to disable keywords in response to a trademark complaint. Google's policy merely states that it may investigate use in ad text only. Accordingly, Jurin failed to allege any conduct constituting breach of contract.	Non-issue	No	No	N/A	N/A	N/A	N/A
Soilworks LLC v Midwest Industrial Supply, Inc., 2008 WL 3286975 (D. Ariz. Aug. 7, 2008)	Summary judgment for plaintiff on liability granted.	Court rejected deceptive test stated in <i>Designer Skin</i> .	No	No	No	Yes	No	No	Yes
Finance Express LLC v. Nowcom Corp, 564 F. Supp. 2d 1160 (C.D. Cal 2008)	Plaintiff's motion for preliminary injunction granted.	N/A	No	No	Yes	Yes	No	No	Yes
Designer Skin, LLC v. S & L Vitamins, Inc., 560 F. Supp. 2d 811 (D. Ariz. 2008)	Summary judgment for defendant granted.	Defendant sold genuine products bearing Plaintiff's mark; however, Plaintiff's policies prohibited resale over the Internet. Court stated that mere use in metatags and keywords does not result in initial interest confusion; the plaintiff must show these uses are deceptive.	No.	Yes	No	No	No	No	No

Storus Corp. v. Aroa Marketing, Inc., 2008 WL 449835 (N.D. Cal. 2008)	Court granted Storus' motion for summary judgment against Aroa on basis that where the three <i>Sleekcraft</i> factors weigh against the defendant, a finding of likelihood of confusion is proper unless the remaining factors weigh strongly against a likelihood of confusion.	Court finds that three <i>Sleekcraft</i> factors are the most important in the Internet context: (1) similarity of the marks; (2) relatedness of the goods/services; and (3) the parties' simultaneous use of the web as a marketing channel.	Yes	No	No	Yes	Yes	No	No
Rhino Sports, Inc. V. Sport Court, Inc., 2007 U.S. Dist. LEXIS (D. Az. 2007)	In regards to plaintiff's contempt motion that defendant had violated the injunction, Court held that defendant had not "used" the SPORT COURT mark and did not violate the injunction. In regards to defendant's motion to modify the injunction to eliminate prohibition on use of "sport court" in Adwords, Court held that a modification of the injunction was not warranted.	Court held that there has been no change in the law of the 9 th Circuit for purposes of defendant's motion.	No	Yes	No	Yes	No	No	No
Picture It Sold, Inc. V. ISOLD IT, LLC, 2006 WL 2467552 (9th Cir. 2006)	Court held that the search results from Google and Yahoo! Submitted by Picture It Sold did not support its claim that I Sold It had used or purchased advertising on the phrase "picture it sold".	Picture It Sold contains two same words, "it" and "sold", and I Sold It could purchase advertising on those words and its advertisement would show up in a search for "picture it sold" without quotation marks.	Yes	Yes	No	No	No	No	No
Google Inc. V. American Blind & Wallpaper Factory, Inc., Case C 03-5340 (N.D. Cal. 2007)	Court granted Google's motion for summary judgment on ABWF's claims pertaining to the marks AMERICAN	With regard to Google's allegation of unclean hands, the court denied Google's motion concluding that there is a	No	No	Yes	Yes	No	No	No

	BLIND and AMERICAN BLINDS, holding that ABWF failed to provide sufficient evidence of secondary meaning. On the issue of likelihood of confusion, the court concluded that ABWF had produced sufficient evidence to withstand Google's motion for summary judgment.	significant public interest in determining whether the AdWords program violates trademark law.							
The Nautilus Group, Inc v. Icon Health and Fitness, Inc., 2006 WL 3761367 (W.D. Wash. 2006)	Order granting Defendant's motion for summary judgment dismissing Plaintiff's dilution claims on basis purchase of competitor's trademark as a keyword does not constitute use of the mark in commerce.	Both federal and state dilution claims dismissed Defendant's "sponsored link" invited comparison between plaintiff's and defendant's product; the title of the "sponsored link" – "Compare CrossBow to Bowflex"	Yes	Yes	No	n/a	n/a	n/a	n/a
Google Inc. V. American Blind & Wallpaper Factory, Inc. Et. Al., 2005 WL 832398 (N.D. Cal. 2005)	Court held only that it was inappropriate to dismiss ABWF's claims at the pleadings stage given the possibility that Google's actions might constitute use under <i>Playboy Enterprises, Inc. V. Netscape Communications Corp.</i> , 354 F.3d 2010 (9th Cir. 2004).	The court stated that the <i>Playboy</i> decision <i>may</i> have been based on an <i>implicit</i> preliminary determination that there had been actionable trademark use.	No	No	Yes	Yes	No	No	No
J.K. Harris & Co. V. Kassel 62 U.S.P.Q. 2d 1926 (N.D. Cal. 2002) modified in part, 253 F. Supp. 2d 1120 (N.D. Cal. 2003)	The Court held that Defendant's use of Plaintiff's mark on a website to post criticism of Plaintiff's services as a keyword 75 times, created header Tags and underline	The Court relied on First Amendment implications regarding critical commentary, and found that even though use of Plaintiff's mark was frequent and obvious, the	N/A						

	tags around sentences that used Plaintiff's name; increased font size and underlined sentences with Plaintiff's name; placed sentences with Plaintiff's name at the top of its webpages; and used hyperlinks to websites with information about Plaintiff, met the nominative fair use test.	use was to criticize, and the mark was not used too frequently than necessary for that purpose.							
Brookfield Communications, Inc. v. West Coast Entertainment Corp. 174 F 3d 1036 (9 th Cir., April 22, 1999)	District Court found West Coast to be the senior user and therefore no infringement. Appeals Court found West Coast was not senior user because the lower court had incorrectly applied tacking rules. Court found trademark infringements and initial interest confusion when dealing with metatags.	N/A	No	N/A	N/A	No	No. Suit brought before West Coast started using the mark	No. Suit brought before West Coast started using the mark	Yes
Playboy Enterprises Inc. V Netscape Communications Corporation, 354 F.3d 1020 (U.S. Court of Appeals 9 th Circuit)	U.S. Court of Appeals reverses summary judgment dismissing Plaintiff's action against Defendant who linked advertisements (banner ads) of adult oriented companies to the PLAYBOY and PLAYMATE trademarks. The matter was remanded back to the District Court for further proceedings.	The Court of Appeal found that liability may exist for direct or contributory infringement but that it was not necessary to determine which one on the motion. The Court further found that no affirmative defences asserted (fair use, nominative use, functional use) apply. With respect to likelihood of confusion, the Court found that there was a genuine issue of material fact.	?	Yes	Yes	?	?	?	?

<p>Palantir Tech., Inc. v. Palantir.net, Inc. 85 U.S.P.Q.2d 1764 (N.D. Ca. 2008)</p>	<p>Court enjoined PTI from using the Palantir mark through Google Adwords primarily because PNET demonstrated probable success on the merits due to the similarity of the marks, the strength of the mark and that both parties use the internet extensively to acquire new business in the same industry.</p>	<p>The Court found it foreseeable that an individual searching for PTI using only the term “Palantir” could possibly suffer initial interest confusion.</p>	<p>YES</p>	<p>N/A</p>	<p>N/A</p>	<p>YES</p>	<p>N/A</p>	<p>N/A</p>	<p>N/A</p>
<p>Darba Enters., Inc. v. Amica Mut. Ins. Co., No. 2:12-cv-00043, 2012 WL 3096709 (D. Nev. July 30, 2012)</p>	<p>Amica was immune pursuant to the <i>Noerr-Pennington</i> doctrine from antitrust liability based on the allegation that it was engaging in monopolistic behavior by bringing a civil lawsuit against Darrin Bagnuolo d/b/a Darba for unauthorized use of Amica’s trademarks in a domain name and as keywords. Darba failed to adequately allege that the Rhode Island litigation was objectively baseless, and therefore, the lawsuit did not fall under the “sham” litigation exception to the <i>Noerr-Pennington</i> doctrine.</p>		<p>N/A</p>	<p>N/A</p>	<p>N/A</p>	<p>N/A</p>	<p>N/A</p>	<p>N/A</p>	<p>N/A</p>
<p><u>10th Circuit</u></p>									
<p>Australian Gold, Inc. v. Hatfield, 436 F.3d 1228 (10th Cir. 2006)</p>	<p>On appeal, the Court upheld the lower court’s decision in finding a likelihood of confusion based on the concept of initial interest confusion,</p>	<p>Defendant’s disclaimers cannot prevent the damage of initial interest confusion and the first-sale doctrine does not protect resellers who use other entities’</p>	<p>Unclear</p>	<p>Yes</p>	<p>No</p>	<p>Yes</p>	<p>No</p>	<p>No</p>	<p>Yes</p>

	confirmed the appropriateness of submission to the jury for damages and deemed that the district court did not grant an overly broad injunction.	trademarks to give impression that they are favoured or authorized dealers for a product when in fact they are not.							
<u>Video Professor, Inc. v. Amazon.com, Inc. 2010 Civil Case No. 09-cv-00636-REB-KLM</u>	Amazon not liable for infringement as a result of bidding on a vendor's registered trade mark as an Ad word and leading users to a landing page which displayed the trademark owner's products alongside those of a competitor, because it was authorized to do so under a perpetual license granted under its Vendor Manual	N/A	NO	NO	NO	N/A	N/A	N/A	N/A
Bayer Healthcare, LLC v. Nagrom, Inc. 2004 U.S. Dist. LEXIS 19454 (D. Kan. Sept. 7, 2004)	Court permanently enjoined and restrained Defendant from using ADVANTAGE mark owned by Bayer; from selling any ADVANTAGE products, using the ADVANTAGE mark in connection with any website, metatags, keywords in pay-for-placement of pay-for rank search engines, computer code or otherwise in connection with the retrieval of data or information through the internet or in connection with the advertising or promotion of goods, services, or websites; and reproducing Bayer's	Court found: 1. That the use of Plaintiff's ADVANTAGE mark in metatags for Defendant's website created initial interest confusion. 2. Court also found that use of Plaintiff's ADVANTAGE mark in metatags for its website also constitutes an appropriation of goodwill and creates initial interest confusion. 3. Defendant's registration of	Yes	No	No	Yes	N/A	N/A	Yes

	graphics, images or other materials.	ADVANTAGE as a search term and code with Internet search engines also leads to confusion.							
<i>General Steel Domestic Sales, LLC v. Chumley</i> , No. 10-cv-01398-PAB-KLM, 2013 WL 1900562 (D. Colo. May 7, 2013)	Defendants' advertisements were not likely to confuse consumers because Defendants' use of Plaintiffs' mark in their AdWords and advertising campaigns primarily differentiated the businesses. Plaintiff's award on claim for false advertising was limited to injunctive relief and disgorgement of profits.	Consumer sophistication using internet and search engines weighed against finding likelihood of confusion.	Yes	Not Discussed	Not Discussed	No	No	No	Yes

11th Circuit

<i>Internetshopsinc.com v. Six C Consulting, Inc.</i> , 2011 WL 1113445 (N.D.Ga. March 24, 2011)	<p>Court grants plaintiff's Motion for Summary Judgment as to liability.</p> <p>Court grants plaintiff's Motion for Summary Judgment to recover costs of action.</p> <p>Court denies plaintiff's Motion for Summary Judgment on its claim for damages.</p> <p>Court denies plaintiff's request for treble damages.</p> <p>Court denies plaintiff's Motion for Summary Judgment on an accounting of defendant's</p>	<p>Defendant was using plaintiff's trademark in a pay-per click internet advertising campaign.</p> <p>Defendant admits to infringement of plaintiff's trademark. That is reason for plaintiff's grant of Summary Judgment as to liability.</p>	Yes	No	No	Possible because the data from the pay-to-click campaign showed 1,219 impressions from search of trademark. However, only 35 impressions resulted in a click, and none of the 35 resulted in conversion or sale, of anything.	Possible because the data from the pay-to-click campaign showed 1,219 impressions from search of trademark. However, only 35 impressions resulted in a click, and none of the 35 resulted in conversion or sale, of anything.	According to the data from the	No evidence to suggest defendant acted maliciously, fraudulently, deliberately, or willfully.
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	<p>profits.</p> <p>Court grants plaintiff's Motion for Summary Judgment for a permanent injunction.</p> <p>Court denies plaintiff's Motion for Summary Judgment as to an award of attorney's fees.</p>								
<p>Rescuecom Corp. v. Computer Troubleshooters USA, 464 F. Supp. 2d 1263 (N.D. Ga. 2005)</p>	<p>Defendant's Motion to Dismiss denied because purchase of sponsored link advertising in connection with Plaintiff's trademark triggered novel legal questions requiring development of factual record.</p>	<p>Defendant purchased plaintiff's trademark to appear as sponsored link in connection with searches for Plaintiff. Defendant relied on <i>Geico v. Google</i> out of the 4th Circuit. Court agreed with approach taken in the N.D. Cal in <i>Google v. Amer. Blind & Wallpaper Factory, Inc.</i>, and held that the fact-specific nature of trademark infringement analysis made dismissal as a matter of law inappropriate.</p>	No	No	No	No	No	No	No
<p>Southern Grouts & Mortars, Inc. v. 3M Co. 2008 WL 4346798 (S.D. Fla. Sept. 17, 2008); 575 F. 3d 1235 (11th Cir., 2009)</p>	<p>Plaintiff's appeal of summary judgment granted to defendant in respect of cybersquatting allegations dismissed.</p>	<p>Defendant had purchased plaintiff's trade-mark as a keyword to promote one of its products in a non-competing business. However, the Court denied the plaintiff's request for leave to amend its complaint due to timing. This precluded plaintiff from pursuing the keyword claim.</p>	No	No	No	N/A	N/A	N/A	No

Orion Bancorp, Inc. v. Orion Residential Finance, LLC, No. 8:07-cv-1753-T-27MAP, 2008 WL 816794 (M.D. Fla. March 25, 2008).	Defendant enjoined from use of the term ORION, or any variation thereof.	Defendant did not file an answer. Court included a provision barring the purchase of keyword or adword advertising incorporating the term "ORION" and also required that the defendant activate the term "ORION" as a negative key word or ad word.	Yes	No	No	No	No	No	No
North American Medical Corp. v. Axiom Worldwide, Inc., 522 F.3d 1211 (11th Cir. 2008)	On appeal from grant of preliminary injunction, the court affirmed the district court's findings of infringement but vacated the injunction and remanded for finding respecting irreparable harm	Relying on eBay v. MerchExchange LLC, 547 US 288, court remanded on the issue of whether irreparable harm may be presumed where plaintiff can demonstrate a likelihood of success on the merits.	Yes	Yes	No	Mentioned but not relied upon.	No	No, but court concluded that there was a likelihood of actual source confusion	No, but court states that Defendant intended to gain a competitive advantage
<u>Internet ShopsInc.com v. Six C Consulting Inc., 2011 WL 1113445 (N.D. Ga. 2011)</u>	Court ordered costs for the action and granted a permanent injunction because Defendant conceded infringement of Plaintiff's mark. The Court denied Plaintiff's request for monetary damages and attorney's fees because damages were too speculative to assess and Defendant's infringement was apparently unintentional		YES	N/A	N/A	N/A	N/A	N/A	N/A
<u>D.C. Circuit</u>									
Federal Trade Commission v. Cantkier, et al 2011 WL 742647 (D.D.C. Mar. 3, 2011)	Federal Trade Commission brought action against various	The court was considering deceptive acts under § 5(a) of the FTC Act wherein the	N/A	N/A	N/A	N/A	N/A	N/A	N/A

	<p>individuals and either settled them or dismissed them except with respect to one defendant. The FTC alleged the defendant incorporated the names and the official website addresses of federal programs in web search advertisements despite no relationship or affiliation with the program (purchased them as keywords). The defendant brought a motion to strike portions of the complaint. The court found that the FTC's allegations went further than merely alleging bidding on keywords. Ultimately, the court concluded the FTC had stated plausible claims and the motion was dismissed.</p>	<p>FTC must show (1) a representation, omission or practice that (2) is likely to mislead consumers acting reasonably under the circumstances, and that (3) the representation, omission or practice is material.</p> <p>The court found that advertisements purchased by the defendant were alleged to contain deceptive titles and hyperlinks that were likely to mislead consumers and that differentiation of the advertisements from "organic search results" was not sufficient since the designation of the defendant's ads as advertisements was irrelevant to the issue of whether the content was deceptive.</p>							

Argentina

Organizacion Veraz v. Open Discovery (May 28, 2009 - Federal Court of Appeals, Civil and Commercial Matters)

Open Discovery was sued by Veraz Organization, a financial services company, based on the buying of Veraz' trademark as a keyword in search engines.

This results on the showing of Veraz' competitors sponsored links when their trademark is entered in the search engine.

The search engine was not sued and the responsibility is discussed but only as to the advertiser's purchase of trademarks as keywords.

Holdings.

Use of the keyword constitutes unauthorized use in commerce of the competitor's mark, use with the aim of attracting consumers seeking information for the trademark owner's services to the competitor's webpages and use which could cause confusion or mistake as to the origin of the services or could suggest an association between the two companies. The court also stated that unfair competition rules apply.

Furthermore, it was established that the trademark owner may prevent the unauthorized use of its mark by a competitor under these circumstances.

Findings.

Responsibility to search engine for: No direct responsibility.

Responsibility to advertiser: Trademark infringement, unfair competition.

Austria

Wein & Co. v. Weinwelt, Supreme Court of Austria (Oberster Gerichtshof, 20 March 2007 - 17 Od 1/07, MMR 2007, 497)

Background: Appeal from an injunction issued by Appellate Court on July 27, 2006. Plaintiff distributes, via a distributor net, a bar and restaurant and via the Internet address "www.weinco.at", under the name "Wein & Co" quality wines. It is the owner of the mark "Wein & Co". The Defendant is a food selling company that also offers wines, including via its Internet address "www.weinwelt.at." Defendant registered 815 keywords as adwords with Google, including "Wein", "Rotwein," and "Wein & Co". If the keyword "Wein & Co" was used in an Internet search, the search results brought up several paid advertisements for the

homepage of the Defendant. On October 3, 2005, a keyword search brought up an advertisement by Defendant under the heading “Wein & Co”, displayed directly above the search results list. The advertisement showed the address “www.weinwelt.at” in clear small print and the word advertisement in the right-most position. With a click on the heading “Wein & Co”, the Internet user got connected to Defendant’s online shop. A couple of weeks later, a search with the keyword “Wein & Co” brought up the advertisements of Defendant, displayed on the right side of the search results, showing the words “Wein & Co”. Between the search results list and the advertisement was a vertical black line. As first item in the search results list was a link to Plaintiff’s website “Wein & Co – der Online Weinshop der Welt”.

Holding: The use of a competitor’s registered trademark trademark as Google Adword is a per se infringement of Plaintiff’s trademark rights because the appearance of the link above the search results, using the Plaintiff’s mark as a header, created a danger of consumer confusion and gave the impression that the Defendant was a company closely related to the plaintiff.

Reasoning: The Court based its holding most notably on the following:

1. Defendant’s registration of the keyword “Wein & Co” at Google deliberately confused customers.
2. Through the purchase of the keyword “Wein & Co” as Adword at Google and use of the mark as a header, Plaintiff achieved that its advertisement showed up in the search result list before the webpage of the actual trademark owner. Thereby, the Defendant misused the possibility that a keyword search “Wein & Co” will lead directly to the products of the Plaintiff and re-directed customers intentionally to its own website to sell similar products over its own Internet platform.
3. A mere reference to advertisement did not help to avoid this exploitation of Plaintiff’s reputation.
4. Defendant’s specific design of the keyword search target misrepresented that Plaintiff and Defendant had a close commercial and social relationship. Through the use of Plaintiff’s mark as heading and interactive link, Defendant unavoidably created the impression that the homepage of the Defendant is the homepage of the Plaintiff.
5. The subsequent changes made to the advertisement do not avert the risk of repetition of a trademark infringement.

The court also rejected Defendant’s argument that the mark “Wein & Co” is descriptive. While the word “Wein” is description, with the addition of the word “Co.” Plaintiff achieved a different meaning and therefore the word mark “Wein & Co” is protected, as is the company trade name “Wein & Co”. Moreover, the protected mark is well-known and serves as reference for the source of the product and a specific company

Australia

Australian Competition and Consumer Commission v. Trading Post Australia Pty Ltd **[2011] FCA 1086**

Summary – Applicant Australian Competition and Consumer Commission (“ACCC”) is an independent authority of the Australian government that has standing to take action in the Federal Court of Australia to enforce the Competition and Consumer Act (“The Act”). The first respondent, Trading Post Australia Pty Limited (“Trading Post”), paid Google, the second respondent, to advertise in the manner and circumstances discussed below.

There were two parts to ACCC’s case against Google. First, ACCC claimed that the overall layout and appearance of the Google search results page failed to sufficiently distinguish between organic search results and advertisements. Google denied that the layout was misleading and noted that the expression “sponsored links” and the overall design and layout of its search page sufficiently distinguish ads from organic results. The Court agreed with Google and ruled that the layout and other indicators sufficiently distinguished advertisements from organic results on the search results page.

ACCC’s second claim was that Google and Trading Post used misleading keywords and competitors names in the headlines of particular advertisements. Trading Post is an online classified website where individuals can sell everything from cars to furniture. To promote its business, Trading Post advertised using Google AdWords and purchased the terms “Kloster Ford” and “Charlestown Toyota,” the trademarks of two Australian car dealerships (the “Dealerships”). ACCC claimed that this was misleading or deceptive because Trading Post was not affiliated with either dealership.

The Court made the following findings with regard to Trading Post:

- The marks “Kloster Ford” and “Charlestown Toyota” were not descriptive;
- Google did not suggest either term to Trading Post; rather Trading Post chose to produce advertisements containing the marks;
- Trading Post made the following representations by publishing the advertisement using either term: (i) an association/affiliation between Trading Post and the Dealerships; (ii) information regarding the Dealerships could be found at Trading Post’s website; and (iii) that information regarding the Dealerships’ car sales could be found at Trading Post’s website; and
- As to Kloster Ford, these representations were incorrect and likely to mislead consumers. However, because Charlestown Toyota may have been actively advertising with Trading Post during the relevant time period, the Court was not satisfied that the representations as to the relationship between Charlestown Toyota and Trading Post were misleading, deceptive, or even incorrect.

Thus, the Court concluded that Trading Post violated the Act with respect to Kloster Ford and ordered that Trading Post pay ACCC’s costs as the parties previously agreed.

With Regard to Kloster Ford and Google, the Court made the following findings:

- Google adequately represented that Trading Post’s advertisements were in fact advertisements by including the word “sponsored,” referring to sponsored links as “Ads by Google,” and by placing links within a shaded rectangular box;
- Trading Post, and not Google, made the representations conveyed by Trading Post’s advertisements and Google merely communicated Trading Post’s representations without adopting or endorsing any of it; and
- Even if Google made the representations, it would potentially have a defense under §85(3) of the Act (the “Publisher’s Defense”) because it accepted the advertisements as completed documents in the ordinary course of its business and it did not know and had no reason to suspect that the publication of the ad would amount to a violation of the Act.

As a result, the Court concluded that Google did not violate the Act with respect to the publication of the Kloster Ford or Charlestown Toyota advertisements. Rather, Google acted as a mere conduit of information for Trading Post's misleading representations.

The Court came to similar conclusions concerning the remaining nine advertisements, all alleged to be representations made solely by Google. Specifically, the Court found that Google did not make the representations conveyed by the different advertisements. In the majority of remaining cases, the Court also found that even if Google was responsible for the advertisements, it would have prevailed on the Publisher's Defense. The four exceptions the Court identified were the "Harvey World Travel," "Honda AU," "Alpha Dog Training," and "Just 4x4s" advertisements. The Court noted that in these instances Google did not produce sufficient evidence that its representatives would have no reason to suspect that the publication of the ad would violate the Act. Given these findings, the Court ordered that ACCC should pay Google's costs of the proceeding.

Procedural Context – Lower court decision following trial on the merits.

Holding - The Court declared that Trading Post violated the Act and required it to pay ACCC's costs because Trading Post's keyword advertising was likely to mislead and confuse consumers. The Court did not enter a judgment against Google because Google did not make the representations in the advertisements and it acted as a mere conduit of information.

Australian Competition and Consumer Commission v. Google Inc. [2012] FCAFC 49

Summary – The Australian Competition and Consumer Commission ("ACCC") appealed a judgment from the lower court that found Google did not publish misleading advertisements in violation of the Competition and Consumer Act ("The Act"). The lower court concluded that Google did not violate the Act with respect to the publication of advertisements that allegedly included misleading keywords and competitor names in the ads headlines because Google acted as a mere conduit of information for the advertisers' misleading representations. In addition, the lower court found that even assuming Google had made the representations, its action were potentially protected by §85(3) of the Act ("the Publisher's Defense") because it accepted the advertisements as completed documents in the ordinary course of its business and it did not know and had no reason to suspect that the publication of the advertisement would amount to a violation of the Act. However, with regard to four Google AdWords advertisements that used the terms "Harvey World Travel," "Honda.com.au," "Alpha Dog Training," and "Just 4x4s," the lower court noted that Google had not met its burden of production to succeed on a potential Publisher's Defense.

Those four advertisements form the basis of this appeal. The primary judge's factual determination for each advertisement is as follows:

- Harvey World Travel Advertisements – in 2007 STA Travel, a major travel agency, purchased the terms "Harvey World" and "Harvey World travel" through Google AdWords. Harvey World Travel is a rival travel agency. Harvey World travel also had an AdWords account with Google at the time STA Travel purchased the terms. Through these

advertisements, the primary judge found that STA Travel had made the representation that they were commercially associated with Harvey World Travel.

- Honda AU Advertisements – in March 2006 carsales.com (“Carsales”), an online automobile reseller, purchased the term “Honda.com.au” through Google AdWords. Honda AU is a subsidiary of Honda car manufacturing and is not affiliated with Carsales. Through these advertisements, the primary judge found that Carsales had made the representation that they were commercially associated with Honda AU.
- Alpha Dog Advertisements - in December 2007, Ausdog, a dog training business, purchased the term “Alpha Dog” through Google AdWords. Alpha Dog is a rival dog training business. Through these advertisements, the primary judge found that Ausdog had made the representation that they were commercially associated with Alpha Dog.
- Just 4x4s Advertisements - in December 2006, Trading Post, an online classified website, purchased the terms “Just 4x4s magazine” through Google AdWords. Just 4x4s magazine is an automotive magazine published throughout Australia and is not affiliated with Trading Post. Through these advertisements, the primary judge found that Trading Post had made the representation that they were commercially associated with Just 4x4s.
- For each of the challenged advertisements, the primary judge found that Google had not made any representation by publishing the advertisement.

On appeal, ACCC argued that Google was not a mere conduit of information, but rather that Google itself made the representations by publishing the individual advertisements. In analyzing this claim, the Court paid close attention to the advertising process and how the public receives advertising information from Google. Specifically, the Court found that Google users who are presented with a sponsored link in response to a search query would not regard the sponsored link as a statement by an advertiser that Google is merely passing on. Rather, the user would believe the advertisement originated from Google because Google exclusively controlled and maintained the AdWords program and determined which advertisements would appear based on a user’s query. On the other hand, the advertiser merely chose the keyword it wished to use for the AdWords program and maintained no control over the AdWords program. Thus, the Court determined that Google actively engaged in the conduct of publishing the sponsored links.

The Court further concluded that by publishing the advertisements Google had engaged in misleading and deceptive conduct because it endorsed the message conveyed by the search engine’s response to the user’s query. For the Court, the most obvious example that Google made a representation by publishing the advertisements was the “Harvey World Travel” sponsored link. In response to a user query for “Harvey World Travel” that presumably was seeking information about the company, Google would provide a link to STA Travel’s website, a direct competitor of Harvey World Travel. Google did not inform the user that STA Travel provided Google with its website information, rather, Google represented that the STA Travel website contained the contact information for Harvey World Travel when it displayed the link in response to the user’s query. Because the inquiry is made to Google, it is Google’s response that the Court found was misleading.

The Court also rejected Google’s affirmative defenses. First, Google argued that the sponsored links were not misleading because they constituted invitations to seek further information on the general subject matter of the user’s query. The Court rejected this argument stating that at least one of the purposes of the misleading advertisement was to draw the user from a competitor into the advertiser’s “marketing web.” In addition, the Court held that the

challenged marks “Just 4x4s” and “Alpha Dog” were not descriptive. Both marks were sufficiently distinctive, as partially shown by the fact that competitors would pay Google for the right to divert internet traffic from those companies.

Second, Google claimed that the primary judge erred in concluding that it had failed to discharge its burden to establish the Publisher’s Defense. The Court upheld the primary judge’s finding. Concerning the specific advertisements, the Court found that:

- Harvey World Travel – Harvey World Travel was an advertising client of Google. It would be unreasonable for an advertising representative to fail to suspect that use by an advertiser of a competitor’s name as a keyword would likely mislead a consumer searching for information on the competitor, when the competitor was also an advertising client. Regardless of the individual Google advertising representative’s subjective state of mind on the matter, it was Google’s burden to produce evidence that it had no reason to suspect the advertisements were misleading and it did not meet that burden.
- Just 4x4s – Google was put on notice when it was served with the original statement of claim alleging that the Just 4x4s advertisements were misleading. However, it continued to allow Trading Post to advertise using the term and it failed to meet its burden to establish the Publisher’s Defense.

Given these findings, the Court set aside the lower court’s ruling with regards to the four discussed advertisements. The Court held that Google violated the Act by engaging in conduct that was misleading or deceptive, or likely to mislead or deceive. Pursuant to § 246(2)(b)(i) of the Australian Consumer Law, the court ordered that Google establish and implement a consumer law compliance program. Additionally, the Court ordered Google to pay ACCC’s costs of trial in relation to the Harvey World Travel, Honda.com.au, Alpha Dog, and Just 4x4s Magazine advertisements, and the cost of the appeal.

Procedural Context – On ACCC’s direct appeal of the lower court’s judgment.

Holding – The Court set aside, in part, the judgment of the Federal Court and declared that Google had violated the Act for its role in publishing advertisements that included keyword terms that were likely to mislead consumers. The Court ordered that Google establish and implement a consumer law compliance program, and that Google pay ACCC’s costs of appeal and trial (with regards to “Harvey World Travel,” “Honda.com.au,” “Alpha Dog,” and “Just 4x4’s” Magazine advertisements).

Google Inc. v. Australian Competition and Consumer Commission, [2013] HCA 1 (Austl.)

Summary –

Respondent Australian Competition and Consumer Commission (“ACCC”) argued that Appellant Google Inc. (“Google”) should be liable for publishing misleading and deceptive advertisements in sponsored links on Google’s search results page, in violation of the then-current version of the *Trade Practices Act 1974* (Cth) s 52 (Austl.) (which was subsequently replaced by Australian Consumer Law s 18, a schedule to the *Competition and Consumer Act 2010* (Cth), on January 1, 2011). The misleading and deceptive nature of the relevant advertisements was not in dispute as the only issue on appeal was whether Google could be held

liable for publishing the advertisements. The evidence showed that in some cases Google's employees added keywords to customer's AdWords accounts that were actually the names of the customer's competitors or misleadingly suggested an affiliation with another company. In one case, Google employees suggested that the advertiser, a car sales website, add the domain name of a major car manufacturer to its list of AdWords keywords, but there was no affiliation between the advertiser and the manufacturer. Google's employees also suggested that the advertiser use keyword insertion. The sponsored link that eventually appeared misleadingly suggested that by clicking on the link users would be taken to the manufacturer's website but were instead taken to the advertiser's website.

While the trial judge ruled for Google, holding that Google was a mere conduit and did not endorse or approve the offending advertisements, an intermediate appellate court overturned that ruling and found Google itself had engaged in misleading and deceptive conduct. The High Court of Australia reversed. Three members of the Court stated that for intermediaries or agents to be liable for misleading or deceptive conduct depended upon whether a reasonable member of the relevant class of people would think the corporation adopted or endorsed the representation. The Court noted that Google had no control over the search terms chosen by users and found that advertisers created the material in the sponsored links, even in cases where Google's system inserted the advertiser's keyword into the sponsored links. While the Google employees' actions were relevant, they did not amount to Google choosing the keywords or otherwise creating, endorsing, or adopting the sponsored links. The Court stated that it was very difficult for Google to know whether a company referenced in an advertisement was a competitor or affiliated with the advertiser without being notified. Google did not author any part of the sponsored links, instead its search engine only produced an automated response based on user and advertiser inputs. The Court analogized Google's role to a newspaper or television station that provided a forum for advertisers and consumers to communicate. Moreover, the Court ruled that consumers were likely to believe that advertisers, not Google, were responsible for the advertisements, especially given the heading on the search results page that flagged the advertisements as "Sponsored Links." Finally, the Court discussed the statutory defense available for publishers of advertisements. The Court noted that a publisher may have a defense even if it adopts or endorses a misleading or deceptive advertisement but the publisher may need to implement a system to show that it did not know and had no reason to suspect that it was violating the law. The Court did not elaborate on how such a system should be designed or implemented.

Two justices wrote separately. The first, Justice Hayne, stated that the ACCC's case failed as soon as it agreed that the relevant consumers would believe that advertisers made the advertisements and Google did not adopt or endorse them. The second, Justice Heydon, noted that the ACCC's argument would essentially mean that Google was liable unless it could show that it had no reason to suspect that the advertisement was in violation of section 52 of the Trade Practices Act. Justice Heydon stated that such a rule was too extreme and agreed that Google did not engage in the proscribed conduct.

Procedural Context – High Court of Australia held that Google did not engage in misleading and deceptive conduct because it did not create the offending advertisements, which were contained in its sponsored links, reversing a contrary ruling of the Full Court of the Federal Court of Australia.

Holding – The Court ruled that Defendant Google’s conduct was not misleading or deceptive merely because it published or displayed misleading or deceptive advertisements in its “sponsored links.” Google was not the author of the advertisements and relevant consumers were likely to believe the advertisers themselves, not Google, were responsible for the advertisements. While relevant, Google’s employees’ suggestion that advertisers use certain of the offending keywords and keyword insertion was insufficient to hold Google liable.

Canada

Chocolat Lamontagne Inc. v. Humeur Groupe Conseil Inc. 2010 CarswellQue 7592, EYB 2010-177107, 2010 QCCS 3301, J.E. 2010-1521

The parties were competing businesses selling chocolate to consumers for fundraising. The Plaintiff accused the Defendant of having used its trade-mark in association with the Google Adwords system to divert the Plaintiff’s clientele to the Defendant’s site. The Defendant admitted to having purchased the Plaintiff’s trade-mark as a keyword, along with other competitors’ trade-marks. The Defendant stopped using the Plaintiff’s trade-mark upon receipt of a cease and desist letter. Prior to that, searches on Google would return sponsored links to the Defendant’s website specifically stating “alternative to Lamontaine” [the Plaintiff’s trade-mark]. The Defendant’s website did not mention any of its competitors’ trade-marks.

The Plaintiff sued for passing off as codified under section 7(b) of the Trade-marks Act. The court held that the way in which the Defendant used Google Adwords to advertise as a competitor of the Plaintiff did not constitute a form of unfair competition. The judge found that internet users would willingly make a choice based on the links and advertisements and “the advertiser cannot be at fault for having created an opportunity to be contacted ...”.

Private Career Training Institutions Agency v. Vancouver Career College (Burnaby) Inc., 2010 BCSC 765, aff’d BCCA 69

The Plaintiff was an agency that had a mandate to oversee career training institutions operating in British Columbia. The Plaintiff sought an order prohibiting the Defendant from using business names of other member institutions in connection with internet advertising on the basis that such use breached bylaws regulating advertising by British Columbia career training institutions. The bylaw in question prohibited advertising “that is false, deceptive or misleading.”

The court discussed internet keyword advertising and, noting that there were no Canadian cases dealing with the issue, considered a number of U.S. decisions as well as a number of general Canadian trade-mark cases.

In its analysis, the court rejected evidence of actual confusion noting that the witnesses were “careless” or “imprudent” and were “not misdirected or led astray by anything other than [their] own oversight.”

The judge found that information available on the Defendant's websites was more than adequate to inform students that they were examining sites related to the Defendant's institutions and not the one they were initially searching for. In the end result, the judge was "satisfied that the impugned advertising strategy of [the Defendant] is not false, deceptive or misleading." The case was dismissed.

The decision was affirmed on appeal to the Court of Appeal. However, the Court of Appeal specifically indicated that cases that dealt with confusion in the trade-mark context were not of assistance in the instant case since the question was directed to "false, deceptive or misleading" advertising under the bylaw and not confusion under the *Trade-marks Act*. The Court noted: "In my view, advertising that is misleading also likely is confusing, but simply because advertising is confusing does not mean it is misleading."

China

HTS (Beijing) S& T Co., Ltd, HTS(Beijing)Engineering and Equipment Co., Ltd vs. Protech(Beijing) Co., Ltd and Baidu (March, 2011,Beijing Chaoyang District People's Court)

Beijing Letao Culture Development Co., Ltd vs. Beijing Okbuy Information Technology Co., Ltd and Google(November, 2010, Beijing Haidian District People's Court)

Beijing Orient Qingruan Science and Technology Co., Ltd vs. Beijing Langde North Software Education Technology Co., Ltd.(July,2010, Beijing Haidian District People's Court)

800APP v. Beijing Volitation Information Technology Company (May,2010, Beijing No.1 Intermediate People's Court)

Beijing Shisanba Cosmetic surgery Hospital vs. Beijing Evercare Med.Institution and Baidu(2009,Beijing Chaoyang District People's Court for frist instance; April 2010, Beijing No.2 Intermediate People's Court for second instance)

Baidu v. Shanghai Dazhong House Moving Logistics Co. (June, 2008; Shanghai Second Intermediate Peoples Court)

Google v. Guangdong Gangyi Electrical Appliance Co. (May, 2008; Guangzhou Baiyun Basic Court for first instance. March,2010 ,Guangzhou Intermediate People's Court for second instance)

Beijing Quannao Education Scientific Research Institute VS. Kunming Jingyingte Technology Development Co., Ltd.(December,2007, Beijing Haidian District People's Court)

European Court of Justice

Interflora Inc. v. Marks & Spencer plc Flowers Direct Online Limited, opinion of advocate general Jaaskinen, September 22, 2011, Case C-323/09

Procedural history:

Judgment on four questions referred by U.K. high court of justice for interpretation of directive 89/104 and regulation No. 40/94 (trademark rights/dilution).

Factual background:

Defendant purchased plaintiff's well-known trade-mark and trade name as "ad words" to generate "sponsored links" when users searched the trade-mark on Google. The plaintiff sued for trade-mark infringement and dilution and the U.K. court referred to 10 questions to the European court of justice but ultimately sought a decision on only four.

Holding:

The court noted that, in essence, the questions asked were:

- (i) whether the proprietor of a trade-mark is entitled to prevent a competitor from displaying an advertisement for goods and services identical to those for which the mark is registered through selection of a keyword identical to the trade-mark in an internet referencing service;
- (ii) whether it is relevant that the advertisement may lead to believe the advertiser is a member of the trade-mark proprietor's commercial network and that the search engine does not permit trade-mark owners to prevent their trade-marks being selected as keywords.

The court noted that previous decisions had settled many of the issues raised. The court held:

- (i) selecting a sign as a keyword is used by the advertiser "in the course of trade" and in relation to the advertiser's goods or services, even where the trade-mark does not appear in the advertisement itself;
- (ii) even where the trade-mark and wares or services are identical, the trade-mark owner is entitled to prevent use of the trade-mark as a keyword only if such use will have an adverse effect on one of the functions of the mark;
- (iii) there is adverse effect on one of the functions of the trade-mark if there is adverse effect on the essential function of guaranteeing to consumers the origin of the goods or other functions such as guaranteeing quality, communication, investment or advertising functions;
- (iv) the function of indicating origin is adversely affected if the advertisement does not reasonably enable a well informed and reasonably observant internet user to ascertain whether the goods or services do not originate from the trade-mark owner or an undertaking economically connected thereto;
- (v) with respect to the advertising function of trade-marks, use of a trade-mark as a keyword does not have an adverse effect since the general use is inherent in competition as a mere offering of alternatives to the goods or services of the trade-mark owner;
- (vi) with respect to the investment function, advertising the same wares or services through keyword advertising adversely affects the trade-marks function if it substantially interferes with the trade-mark owner's use of its mark to acquire or preserve a reputation capable of attracting consumers and retaining their loyalty; and

- (vii) keyword advertising based on a competitor's trade-mark may be prevented where the competitor thereby takes unfair advantage of the distinctive character (free riding) or where the advertising causes dilution or tarnishment of the trade-mark diluting by contributing to the trade-mark becoming generic, but may not prevent such advertisement that merely offer an alternative.

Other comments:

The court also made comments regarding the factors that the referring court may take into account, including the fact that the commercial network of Interflora is composed of a large number of retailers varying greatly in size and profile.

Interflora Inc. v. Marks & Spencer plc Flowers Direct Online Limited, opinion of advocate general Jaaskinen, March 24, 2011, Case C-323/09

The advocate general provided proposed answers to the high court of justice of England and Wales dealing with the situation where the defendant had purchased the plaintiff's trade-mark as a keyword in the Google adword system but did not use the trade-mark in its advertisement or on its web page. In the attorney general's opinion:

(1) Article 5(1)(a) of directive 89/104/EEC should be interpreted such that:

- a sign identical with a trade-mark is used in relation to goods or services when it is selected as a keyword without consent of the proprietor
- the proprietor of the trade-mark is entitled to prohibit such conduct where the ad does not enable an average internet user without difficulty to ascertain whether the goods or services referred to in the ad originate from the proprietor of the trade-mark or an undertaking economically connected to it

(2) Article 5(2) of directive 89/104 and Article 9(1)(c) of regulation No. 40/94 (dilution) must be interpreted as meaning that use of a trade-mark as a keyword in relation to goods or services identical to those covered by the trade-mark with a reputation can be forbidden by the trade-mark owner when the ad shown as a result of the internet user typing the trade-mark mentions or displays the trade-mark and the trade-mark is either used as a generic term or the advertiser attempts to benefit from the trade-mark's reputation and to exploit the marketing effort of the trade-mark owner.

The advocate general was constrained by the findings in the prior keyword decisions of the ECJ.

Portakabin BV v. Primakabin, BV (Case C-558/08 (8 July 2010))

Facts: Portakabin Ltd manufactures and supplies mobile buildings and owns the trademark, PORTAKABIN. Primakabin sells and leases new and second-hand mobile buildings. Apart from manufacturing and marketing its own units, Primakabin is also engaged in selling and leasing used units, including Portakabin's. Portakabin and Primakabin offer their goods for sale on their respective websites. Using Google Adwords service, Primakabin chooses the keywords, "portakabin", "portacabin", "portokabin" and "portocabin". On 14 December 2006, the Court of Appeals prohibited Primakabin from using advertising which contained the words 'used portakabins' and, in the event that it used the keyword 'portakabin' and its variants, from providing a link leading directly to pages of its website other than those on which units

manufactured by Portakabin were offered for sale. However, since the Court of Appeals held that use of the keyword “portakabin” and its variants did not constitute use in relation to goods or services, Portakabin appealed further to the Supreme Court of the Netherlands.

The issues the Supreme Court addressed for a preliminary ruling:

1. Where the advertiser avails himself of the possibility of submitting to the provider of an internet search engine a keyword which is identical to a trademark registered by another person (“the proprietor”) in respect of similar goods or services, and the keyword submitted – without this being visible to the search engine user – results in the internet user who enters that word finding a reference to the advertiser’s website in the search engine provider’s list of search results, is the advertiser “using” the registered trade mark within the meaning of Article 5(1)(a) of Directive 89/104?
2. If answer to Question 1 is in the affirmative, can Article 6 of Directive 89/104, result in the proprietor being precluded from prohibiting the use described in Question 1 and, if so, under what circumstances?
3. If answer to Question 1 is in the affirmative, is Article 7 of Directive 89/104 applicable where an offer by the advertiser, as indicated in Question 1(a), relates to goods which have been marketed in the European Community under the proprietor’s trademark referred to in Question 1 or with his permission?
4. Do the answers to the foregoing questions apply also in the case of keywords submitted by the advertiser, in which the trademark is deliberately reproduced with minor spelling mistakes, making searches by the internet-using public more effective, assuming that the trademark is reproduced correctly on the advertiser’s website?
5. If answers to the foregoing questions mean that the trademark is not being used within the meaning of Article 5(1) of Directive 89/104, are the Member States entitled, in relation to the use of keywords such as those at issue in this case, simply to grant protection – under Article 5(5) of that directive, in accordance with provisions in force in those States relating to the protection against the use of a sign other than for the purposes of distinguishing goods or services – against use of that sign which, in the opinion of the courts of those Member States, without due cause takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the trade mark, or do Community-law parameters associated with the answers to the foregoing questions apply to national courts?

Analysis:

1. Article 5(1) of Council Directive 89/104 must be interpreted as meaning that a trademark proprietor is entitled to prohibit an advertiser from advertising, on the basis of a keyword identical with, or similar to, that mark, which that advertiser has selected for an internet referencing service without the consent of the proprietor, in relation to goods or services identical to those in respect of which the mark is registered, where that advertising does not enable or enables average internet users only with difficulty, to ascertain whether the goods or services referred to by the ad originate from the proprietor of the trademark or from an undertaking economically linked to it or, on the contrary, originate from a third party.
2. Article 6 of Directive 89/104 must be interpreted as meaning that, where use by advertisers of signs identical with, or similar to, trademarks as keywords for an internet referencing service is liable to be prohibited pursuant to Article 5 of that directive, those

advertisers cannot rely on the exception provided for in Article 6(1) in order to avoid such a prohibition. It is, however, for the national court to determine, in the light of the particular circumstances of the case, whether or not there was a use which could be regarded as having been made in accordance with honest practices in industrial or commercial matters.

3. Article 7 of Directive 89/104 must be interpreted as meaning that a trademark proprietor is not entitled to prohibit an advertiser from advertising – on the basis of a sign identical with, or similar to, that trade mark, which that advertiser chose as a keyword for an internet referencing service without the consent of that proprietor – the resale of goods manufactured and placed on the market in the European Economic Area by that proprietor or with his consent, unless there is a legitimate reason, which justifies him opposing that advertising, such as use of that sign which gives the impression that the reseller and the trademark proprietor are economically linked or use which is seriously detrimental to the reputation of the mark.

Holding: The national court, which must assess whether or not there is such a legitimate reason in the case before it:

1. cannot find that the ad gives the impression that the reseller and the trademark proprietor are economically linked, or that the ad is seriously detrimental to the reputation of that mark, merely on the basis that an advertiser uses another person's trademark with additional wording indicating that the goods in question are being resold (e.g. 'used' or 'second-hand');
2. is obliged to find that there is such a legitimate reason where the reseller, without the consent of the proprietor of the trademark which it uses in the context of advertising for its resale activities, has removed reference to that trademark from the goods, and replaced it with a label bearing the reseller's name, thereby concealing the trademark; and
3. is obliged to find that a specialist reseller of second-hand goods under another person's trademark cannot be prohibited from using that mark to advertise to the public its resale activities which include, in addition to the sale of second-hand goods under that mark, the sale of other second-hand goods, unless the sale of those other goods, in the light of their volume, presentation or poor quality, risks seriously damaging the image which the proprietor has succeeded in creating for its mark.

Eis.de GmbH v. BBY Vertriebsgesellschaft mbH (case C-91/09, Order dated 26 March 2010)

Case Cite: (Cite as: Case C-91/09)

Procedural History: Reference for a preliminary ruling. Referring Court: Bundesgerichtshof (Germany).

Question referred - Is there use for the purposes of Article 5(1)(a) of Directive 89/104/EEC (1) where a third party provides as a keyword to a search engine operator a sign which is identical with a trade mark, without the consent of the proprietor of that trade mark, so that, on inputting the sign identical with the trade mark as a search term into the search engine, an electronic promotional link to the third party's website advertising identical goods or services appears in an advertising block set apart from the list of search results, that link is marked as a sponsored link

and the advertisement itself does not comprise the sign nor contain any reference to the trade mark proprietor or to the products it is offering for sale?

Factual Background: Not available in reported case.

Holding:

Article 5(1)(a) of First Council Directive 89/104/EEC of 21 December 1988 to approximate the laws of the Member States relating to trade marks must be interpreted as meaning that the proprietor of a trade mark is entitled to prohibit an advertiser from advertising, on the basis of a keyword identical with that trade mark which that advertiser has, without the consent of the proprietor, selected in connection with an internet referencing service, goods or services identical with those for which that mark is registered, in the case where that advertisement does not enable an average internet user, or enables that user only with difficulty to ascertain whether the goods or services referred to therein originate from the proprietor of the trade mark or an undertaking economically connected to it or, on the contrary, originate from a third party.

Die Berg Spechte Outdoor Reisen v. Günter Guni (case C-278/08, March 25, 2010)

Background: This reference for a preliminary ruling concerns the interpretation of Article 5(1) of First Council Directive 89/104/EEC of December 21, 1988 to approximate the laws of the Member States relating to trade marks. The reference has been made concerning the display on the internet of advertising links on the basis of keywords which are identical with or similar to a trade mark.

BergSpechte is the owner of the Austrian figurative and word mark “BergSpechte”, registered in Classes 25, 39, and 41. Trekking.at, like BergSpechte, organizes outdoor tours (trekking, adventure tours, mountain expeditions). In 2007, when an internet user entered the words “Edi Koblmüller” or “Bergspechte” (both elements of BergSpechte’s full trade mark) in the Google search engine, a trekking.at advertisement appeared as a “sponsored link” under the heading “trekking and nature tours”. By an interim injunction of the Regional Court, protective measures were imposed on trekking.at prohibiting it from directing users to its own home page by a link on the pages containing lists of hits using the search engines and terms indicated. An appeal was brought and the lower court decided to stay proceedings and to refer the matter to the Court for a preliminary ruling.

Holding: Article 5(1) must be interpreted as meaning that the proprietor of a trade mark is entitled to prohibit an advertiser from advertising, on the basis of a keyword identical with or similar to that trade mark, which that advertiser has, without the consent of the proprietor, selected in connection with an internet referencing service, goods or services identical with those for which that mark is registered, in the case where that ad does not enable an average internet user, or enables that user only with difficulty, to ascertain whether the goods or services originate from the proprietor or from a third party.

Reasoning: As stated by the Court in Joined Cases C-236/08 to C-238/08 Google France and Google [2010] ECR I-0000, paragraphs 51 and 52, the sign used to trigger that ad display is

therefore use “in the course of trade” within the meaning of Article 5(1) of Directive 89/104. Nevertheless, a trade mark owner may not oppose such use of a sign unless all conditions set out in the Article and case-law are met. The proprietor of a trade mark is entitled to oppose uses of a sign that have an adverse effect on one of the functions of the mark. The services of the parties are identical, therefore it is necessary to ascertain whether the signs are identical or similar to the BergSpechte mark. The sign “Edi Koblmuller”, which reproduces only a small part of the BergSpechte trade mark cannot be considered identical, however, it is for the national court to determine whether this sign is similar to the BergSpechte trade mark. With regard to “BergSpechte”, it is not disputed that the sign does not reproduce all the elements constituting the full trade mark, and is therefore not identical, however, the differences may be insignificant to the average consumer. This is also for the national court to assess. Should the Court hold that the sign “BergSpechte” is not identical, it would appear appropriate to hold that the sign is similar.

The Court has held in *Google France and Google*, paragraph 81, that the relevant functions of the trade mark to be examined are the function of indicating origin and the function of advertising. In respect of advertising function, the Court has held that use of a sign identical to another’s trade mark in a referencing service such as “adwords” is not liable to have an adverse effect on the advertising function. In respect of the function of indicating origin, the Court has held that the origin function is adversely effected if the ad does not enable normally informed and reasonably attentive internet users to ascertain the origin of the goods or services. It will be for the national court to hold whether there is a likelihood of confusion. Accordingly, Article 5(1) must be interpreted as indicated above.

Google France v Louis Vuitton Malletier SA (Case C-236/08), Google France v Viaticum SA & Luteciel SARL (Case C-237/08) and Google France v CNRRH (Case C-238/08) (September 22, 2009)

Opinion of the Advocate General, in response to three referrals to the European Court of Justice (ECJ) from the French Cour de Cassation (Supreme Court). In each of the underlying actions, the trademark owner successfully sued Google on the grounds that the AdWords system constituted trademark infringement; Google appealed. While each underlying court referred specific questions, the questions can be summarized as: (1) whether use of a mark by a provider of paid internet keyword advertising (eg, Google's AdWords system) constitutes trademark infringement under Article 5 of the First Trademark Directive and (2) whether the defense available to ISPs under Article 14 of the E-commerce Directive applied to such use.

The Advocate General found that (1) Google did not infringe by allowing advertisers to *select* keywords corresponding to trademarks because the act of selecting keywords was not use in the form of sale of a product/service to the public (rather the only “service” was Google’s advertising service), thus was not a “use made in relation to goods or services identical or similar to” those covered by the trademark. Further, the *display of sponsored links* did not in itself constitute infringement because such display does not establish a risk of confusion as to the origin of goods or services, since Internet users are aware that sites other than the trademark

owners' sites will appear in search results, and users only decide on the origin of the goods/services offered by reading the search result and ultimately going to the third party site.

The AG's opinion applied even in the case of marks with reputation under article 5(2) of the First Trademark Directive. Thus, "use in AdWords of keywords which correspond to trademarks does not, in itself, constitute a trade mark infringement." The AG rejected the notion that the act of contributing to a trademark infringement by a third party (here the purchaser of the keyword), whether actual or potential, constituted an infringement in itself (rejecting the expansion of the US doctrine of contributory infringement to the EU). The AG left open the possibility that Google might be liable in tort under national law where, for example, Google made available information that allowed advertisers to select keywords directing internet users to sites offering counterfeits. Lastly, the AG held (2) rather than being neutral information vehicles, providers of paid internet advertising services (like AdWords) have a direct financial interest in providing the services and the liability exemption for host providers under Article 14 did not apply.

The decision of the AG is not binding on the ECJ, although the Court tends to follow the AG's opinion in a majority of cases.

Google v. LVMH (c-36/08); Viaticum and Luteciel (c-237/08) and CNRRH, Tiger, Thone and Raboin (c-238/08), Decision of the Grand Chamber of the European Court of Justice

Three cases had been referred to the Court of Justice by the Cour de cassation (France). The references sought a preliminary ruling concerning the interpretation of Article 5(1) and (2) of First Council Directive 89/104/EEC; Article 9(1) of Council Regulation No. 40/94 and Article 14 of Directive 2000/31/EC. The Articles of the First Directive and Regulation deal with the exclusive rights of proprietors of trade-marks while the Article of the latter directive deals with limitation of liability of service providers providing "hosting" services. The question posed by the French Court dealt with liability of advertisers and service providers as a result of "paid referencing services" offered by service providers. The context was proceedings brought by owners of trade-marks against Google relating to its "AdWords" service pursuant to which paid for advertising links appeared under the heading "Sponsored Links" or on the upper part of a screen above "Natural Results" generated through GOOGLE keyword searches.

In considering the background, the court noted that the cases before it raised two types of situations. In the LVMH case, the situation was that third parties were purchasing keywords constituting LVMH's trade-marks alone or in combination with expressions indicating imitation. The second situation was where competitors were entering keywords in the Google AdWords system constituting trade-marks for use in linking to similar or identical but non-infringing wares to those of the owner of the trade-mark.

Speaking generally about the Google AdWords service, the court noted that a number of advertisers can reserve the same keyword and the order in which advertising links are displayed would be determined according to price per click, the number of previous clicks and the quality of the ad linked to as assessed by Google.

The Court of Justice was faced with specific questions in each of the three cases and the court only addressed the questions as posed relating to interpretation of the specific sections of the trade-marks and electronic commerce directives. Accordingly the decision leaves room for other legal arguments in respect of the use of keywords. Further, the decision leaves a significant role for national courts in applying the principles enunciated.

The court found:

1. An advertiser purchasing a keyword identical with another's trade-mark is "using that sign" with wares or services within the meaning of Article 5(1)(a) of Directive 89/104 and Article 9(1)(a) of Regulation No. 40/94 whether or not the trade-mark itself appears in the advertisement displayed as a result of a keyword search including the trade-mark.
2. A "referencing service provider" (search engine), while being involved in a commercial activity when allowing clients to use signs which are trade-marks does not itself use those signs within the meaning required to constitute "infringement" under Directive 89/104 in Regulation 40/94.
3. Under the Articles in question a trade-mark proprietor may only prohibit use of a sign identical with their trade-mark in relation to identical goods or services if that use is liable to have an adverse effect on the function of the mark - indicating origin and advertising. The answer to that question in the context of internet users being shown advertisements based on keywords identical with the mark will depend on the particular manner in which the third party advertisement is presented. The function of indicating origin will be adversely affected if the average internet user would not be able without difficulty to ascertain from the advertisement whether the goods or services originate from the owner of the trade-mark or someone economically connected thereto and that must be assessed, on a case by case basis by the national courts. However, keyword use of trade-marks by third parties is not liable to have an adverse effect on the advertising function of a trade-mark since pages of the proprietor of the mark will appear in the list of natural results whether or not the proprietor is successful in also securing a high position among "sponsored links".
4. An internet referencing service provider who stores a sign identical with a trade-mark having a reputation and arranges displays of ads based on the keyword does not "use that sign" within the meaning of Article 5(2) of Directive 89/104 or Article 9(1)(c) of Regulation No. 40/94 (dealing with use in relation to goods or services not similar to those for which a trade-mark having a reputation in a member state is registered).
5. On the question of whether a referencing service provider may have liability limited under Article 14 of Directive 2000/3, the role played by the provider in drafting the commercial message accompanying the advertising link or in the establishment or selection of keywords is relevant. National courts are best placed to be aware of the actual facts and to assess whether the service provider role is neutral in the sense that its conduct is merely technical, automatic and passive such that there is a lack of knowledge or control of the data stored. If the service provider has not played such an active role,

the service provider cannot be held liable unless it has knowledge of the unlawful nature of the data stored or the advertiser's activities, and then only if the service provider failed to act expeditiously to move or disable access to the data.

Put in other words, the Court of Justice found that:

1. Keyword usage by advertisers may constitute trade-mark infringement if it is not clear to an average internet user viewing the advertisement that the goods or services do not originate from the trade-mark owner or an economically related party;
2. ISPs providing keyword advertising services are not liable for trade-mark infringement since they do not "use" trade-marks sold as keywords in a manner that would constitute infringement under the Articles interpreted; and
3. Article 14 of the E-commerce directive (the hosting safe harbour provision) may apply to ISP keyword advertising systems so long as the service provider's role is neutral (merely technical, automatic and passive) and the service provider does not have knowledge of the unlawful nature of data stored and has not failed to act expeditiously to address the issue once it has knowledge.

France

Cobrason v. Google France and Home Cine Solutions (Paris Commercial Court, 23 October 2008; Paris Appeal Court, 11 May 2011)

Cobrason and Home Cine Solutions are both engaged in the sales of high-end audio/video equipment. Both companies engage in sales activities through the Internet. Cobrason discovered that Home Cine Solutions was purchasing its trademark (Cobrason) as well as its domain name (www.cobrason.com) as keywords. When conducting a search through Google for both terms, Home Cine Solutions appeared as a sponsored link. Upon this discovery, Cobrason attempted to cease Home Cine Solutions from purchasing such terms as keywords and/or appearing as a sponsored link for such terms. Cobrason ultimately brought an action against Home Cine Solutions, Google France and Google on the merits of the case. The Paris Commercial Court found the defendants liable for unfair competition and misleading advertisements as to Google. Thereafter, the Defendants appealed to the Paris Appeals Court. Essentially, the Paris Appeals Court upheld the decision. It concluded that the fact that Home Cine Solutions bought the aforementioned terms as keywords and appeared as a sponsored link for such term necessarily gave rise to confusion on the part of consumers. As to Home Cine Solutions, it deemed that it was liable to the extent that it unfairly poached on Cobrason's customers or prospective customers and diluted the investments that Cobrason had made to its trademark, the domain name and its business. As to Google, the court concluded that it had contributed through technical means – essentially enabling the confusion to occur.

S.A. Louis Vuitton Malletier c. Société eBAY International AG, Trib. gr. inst., Paris, February 11, 2010

Louis Vuitton (“the Plaintiff”), a famous bag maker, sued eBay inc. and eBay International (“the Defendants”), an online auction and shopping web site. The Plaintiff alleged that the Defendants have infringed its trade-marks LOUIS VUITTON, VUITTON and LV and have committed acts of unfair competition by reserving keywords confusingly similar to its trade-marks on different search engines, namely Google, Yahoo, Altavista and MSN. However, of 25 keywords, only 8 were reserved by eBay International with a computer software designed to register keywords automatically: VITON, LOUIS VITON, WUITTON, WUITON, WITTON, LOUISVITON, VUTON and VIUTTON. The other keywords were reserved by eBay affiliates, who did not have any contractual relation with eBay. These affiliates nevertheless had to adhere to eBay’s guidelines, which allowed them to reserve keywords with grammatical mistakes but enjoined them to respect intellectual property rights of third parties.

The reservations made by eBay International directed the search engines users who misspelled the Plaintiff’s trade-marks towards various eBay ads, which appeared in a section called “corporate links” or “sponsored links”. These ads reproduced the keyword searched within a message making reference to bags and inviting the user to shop on eBay. For example, one of these ads stated “Bags Wuitton www.ebay.fr Discover a wide variety of handbags from the greatest brands on eBay! The whole universe Wuitton”. The users who clicked on these ads were redirected on the eBay website, where they were proposed different products for sale, most of them having nothing to do with handbags, like Swiss knives or sprayers.

Issues:

1. Can the Defendants be held liable for the keywords reserved by their affiliates?
2. Does the reservation on search engines of keywords confusingly similar to famous trade-marks constitute trade-mark infringement?
3. Does the reservation on search engines of keywords confusingly similar to famous trade-marks constitute acts of unfair competition?
4. Does the reservation on search engines of keywords confusingly similar to famous trade-marks constitute deceptive advertisement?
5. Does the Court have to defer its judgment or refer questions to the European Court of Justice?

Decision:

The Defendants cannot be held liable for the reservation of keywords by their affiliates. However, eBay International has infringed the Plaintiff’s trade-marks and has committed acts of free-riding which triggered its civil liability. The Plaintiff was therefore awarded 100,000 € for trade-mark infringement, 100,000 € for unfair competition and 30,000 € for its costs. eBay International was also ordered to stop infringing upon the Plaintiff’s rights on French territory.

Reasoning:

1. Vicarious Liability

The Plaintiff argued that the Defendants should be held liable for the trade-marks infringement committed by their affiliates, who reserved many keywords confusingly similar to the Plaintiff's trade-marks. The Court found that the Defendants did not personally commit these acts, a necessary prerequisite to any action for trade-mark infringement, and were therefore not liable. The affiliates were offering their products on eBay through the intervention of an intermediary, namely a tradedoubler or a commission junction. They did not have any direct contractual relation with the Defendants, who were not directly involved in these reservations.

The Plaintiff further argued that the Defendants' negligence triggered their civil liability, according to section 1383 of the French Civil Code. The Plaintiff asserted that the Defendants should have taken measures to forbid the reservations of such keywords and that they should not have allowed their affiliates to reserve keywords with grammatical mistakes. The Court dismissed these arguments on the basis that it was normal practice to reserve such keywords, that the Defendants had established guidelines to prevent infringing keywords, and that the Defendants were not technically able to neither have knowledge nor control of the keywords used by their affiliates.

The Plaintiff finally argued that the Defendants were liable under section 1384 of the Civil Code, which imputes liability for an act of another. The Court rejected this claim because the Defendants did not have sufficient control over their affiliates.

2. Trademark infringement

The Plaintiff alleged that eBay International infringed its trade-marks by reserving 8 keywords on various search engines. The Court found that these reservations and the ads infringed the Plaintiff's trade-marks. The Court first acknowledged that the keywords were confusingly similar to the trade-marks, since they look and sound similar. The Court went on to find that these keywords were used as trade-marks to designate the Plaintiff's products because the ads always linked the keywords with bags, the product upon which the Plaintiff built its reputation. These uses, intended to lure search engines users towards eBay website, caused harm to the Plaintiff by reducing the distinctiveness and depreciating the value of its trade-marks. These uses amounted therefore to trade-mark infringement and entitled the Plaintiff to a compensation of 100,000€ The fact that the reservations were made automatically by a computer software was irrelevant because good faith can not be invoked as a defence to trade-mark infringement.

3. Unfair Competition

The Plaintiff alleged that eBay International committed acts of unfair competition by infringing upon its business name (LOUIS VUITTON MALLETIER), its ensign (LOUIS VUITTON) and its domain name (www.louisvuitton.com). The Court found that eBay International effectively tried to profit from the goodwill associated with the name LOUIS VUITTON, which is the main component of the business name, the ensign and the domain name. This free-riding constitutes a civil fault distinct from trade-mark infringement. The Court awarded 100,000\$ in compensation to the Plaintiff.

4. Deceptive advertisement

The Plaintiff argued that eBay International advertisement was deceptive and contrary to section L121-1 of the *Code de la consommation* and section 20 of the *Loi pour la confiance dans l'économie numérique*. The Court rejected this claim because the Plaintiff could not rely on the same facts to sustain trade-mark infringement and false advertising claims. Furthermore, eBay International advertising did not deceive consumers because it was clear that the ads were promoting eBay and that the product sold did not originate from the Plaintiff.

5. Referral to the European Court of Justice

The Defendants asked the Court to defer its judgment until the European Court of Justice renders its decision in *C238-08 GOOGLE France v. CNRHH*, which concerns the legality of Google "Adwords" system. The Court refused to defer its judgment because the facts of the two cases were different: in the present case the keywords were inserted in the ads, whereas in "Adwords" the keywords did not appear in the ads.

The Court also refused for the same reasons to refer questions to the European Court of Justice.

Voyageur du monde, Terres d'aventures v. Google France, Google Inc., Google Ireland (Paris District court, January 7, 2009)

Two travel agencies and tour operators named Voyageurs du Monde and Terre d'Aventure discovered that a request made on various keywords reproducing their trademarks, corporate names and domain names led to the display of commercial links directing to competing websites.

They filed a claim for damages against Google France for trademark infringement, unfair competition and misleading advertising.

Google Inc. and Google Ireland joined in the procedure.

The court held Google Inc., Google Ireland and Google France liable for the wrongful acts.

The court also considered that the unlawful acts had been committed only when the advertiser chose the claimants' trademarks as keywords without obtaining their prior approvals.

Thus, the judges denied Google's liability for trademark infringement and held that Google could not know if a trademark would be chosen or not as a keyword and, should it be the case, if the advertiser would be authorised to use it as a reseller of genuine products or licensee of the said trademark.

The court also dismissed Google's liability for making available the "broad match" function, considering that it was the advertiser's responsibility to prevent the display of its commercial link when Internet users were searching its competitors' trademarks.

Finally, Google was not held liable either for trademark, corporate name and domain name infringement for the publishing of the advertisements. The court considered that only the

advertiser, when choosing a keyword and the Internet user when typing it, linked the said keyword with some products and services offered by the advertiser or sought by the Internet user.

The court found Google liable on the grounds of tort liability for having failed to control infringing activities on its website.

The court considered that after a keyword has been chosen by an advertiser thanks to its keywords suggestion tool, Goggle had a duty to ensure that the keyword chosen did not infringe trademark, corporate name or domain name rights of third parties.

Moreover, the court stated that Google could not rely on its contractual clause with advertisers to prevent itself from monitoring advertisers' activity since it derived benefit from the advertisers' use of the keywords. The court ruled that, before offering advertising, Google should have used adequate technical tools in order to avoid trademark infringement.

In the case at hand, Google should have provided technical tools allowing to prevent the display of wrongful commercial links due to spelling mistakes.

The court also ruled that the location of the “commercial links”, displayed just below the “natural” search results, as well as their general presentation (design and colours), made it difficult for the Internet users to recognize them as advertisements.

In addition, the court ruled that Internet users were likely to think that there was a relationship between the services offered by the trademarks' holders and the ones offered by the advertisers operating the websites to which directed the commercial links.

Consequently, Google was held liable for misleading advertising.

The court ordered Google to pay to Voyageurs du Monde EUR 200,000 and to Terres d’Aventure EUR 150,000 for tort liability and misleading advertising and to each of them EUR 30,000 for legal costs.

Cobrason v. Google France, Google Inc., Home Cine Solutions (Paris Commercial court, October 23, 2008)

Cobrason, a French company, discovered that a competitor was using the “Cobrason” mark as a keyword on the Google France search engine. Cobrason filed a claim for damages against HCS and Google France before the Paris Commercial court on the grounds of unfair competition and misleading advertising. Google Inc. voluntarily joined in the procedure.

The court held both Google Inc. and Google France liable for the wrongful acts: Google Inc. as the publisher of the French Google website and Google France as the responsible for Google’s Adwords service.

The court refused to apply the specific liability rules set forth in Article 6 (2) of the Law of June 21, 2004.

The court held that Google was not merely an ISP but was engaged in advertising activities and could not benefit from the specific liability rules based on passive storage activities on the grounds that: (i) it decided of the editing, arrangement and location of the advertisements; (ii) it made available to the advertisers some tools to be able to modify the editing of the advertisements or the selection of the keywords; and (iii) it incited advertisers to increase the advertising fees or price per click in order to improve the location of their advertisements.

The court held HCS liable for unfair competition towards Cobrason by using the company name and the domain name “cobrason” as a keyword. The court noted that having the same commercial activity than Cobrason, HCS could not ignore that it would create a likelihood of confusion with its own website and that it would result in a potential diversion of Cobrason’s customers and in a parasitic use of Cobrason’s investments.

In addition, the court held Google liable for unfair competition by suggesting the keyword “cobrason” in the Adwords service and by directing the Internet user which had selected this keyword to the website of a competitor, under the heading “commercial links”.

The court found Google liable on the grounds that the heading “commercial links” was in itself misleading because it could give the impression to the Internet user that the company listed under the heading “commercial link” sold the same products or even sold the products made by Cobrason. Moreover, the court added that the disputed commercial link that contained in the add the sentence “Why pay more?” was also likely to be misleading and could divert Cobrason’s customers.

Both HCS and Google were therefore held liable for misleading advertising. On the contrary, the court dismissed Cobrason’s claim based on unlawful comparative advertising.

Google and HCS were jointly ordered to pay Cobrason EUR 50,000 for unfair competition, EUR 50,000 for misleading advertising and EUR 10,000 for legal costs.

Gifam and others v. Google France, Google Inc., Google Ireland (Paris court of appeal, February 1st, 2008)

GIFAM, the representative of the interests of household equipment manufacturers, and some of its members claimed that many “commercial links” appearing on Google’s French website were triggered by the search of their trademarks, corporate names and domain names as keywords, and sued Google France before the Paris District court on the grounds of trademark infringement, unfair competition and unfair advertising.

By a judgment of July 12, 2006, the Paris District court dismissed their claim based on trademark infringement (see above).

GIFAM and its members have appealed the first instance decision and filed a claim for damages before the court of appeal on the grounds of trademark infringement, unfair competition and misleading advertising.

Google Inc. and Google Ireland voluntarily joined in the appeal procedure.

The Paris court of appeal held Google Inc., Google Ireland and Google France liable for the wrongful acts.

The court of appeal qualified the Adwords service as a profitable service owned by Google which had to be considered as an advertising provider and not as an ISP which could benefit from the specific liability rules set forth in Article 6 (2) of the Law of June 21, 2004.

The court then emphasized the fact that Google provided a keyword suggestion tool containing trademarks made available to advertisers who could use this tool in relation with specific products or services. The court concluded that the liability for the wrongful acts did not arise from the choice of keywords made by advertisers but from the choice of Google to make trademarks available in response to an advertiser's solicitation.

Therefore, Google was held liable for trademark infringement by making available its keywords suggestion tool to advertisers.

However, the court dismissed the appellants' claims on the ground of trademark infringement based on the display of commercial links.

It noted that most of the commercial links directed to websites making a fair use of the trademark at stake (operated by online retailers, comparators of prices and auction sites) and that GIFAM failed to prove that these trademark uses were unlawful.

The court of appeal also dismissed the claim made on the grounds of unfair competition, considering that the display of third parties' corporate names, trade names or domain names in the keywords suggestion tool could not confuse the Internet user.

The court of appeal upheld Google's condemnation on the grounds of misleading advertising, ruling that by calling the sponsored links "commercial links", Google engaged in a misleading and deceptive conduct, as it gave the impression to the Internet users that the sites listed under such category maintained a commercial relationship with the brands that were searched.

The court of appeal dismissed Google's claim according to which GIFAM and its members were abusing their dominant position.

Google was ordered to pay EUR 10,000 per claimants for trademark infringement, EUR 1,500 per claimants for misleading advertising, EUR 1,000 to GIFAM for misleading advertising and EUR 8,000 for legal costs.

Syndicat Français de la Literie v. Google France (Paris Civil Court, 12 December 2007)

Facts:

SFL is owner of the collective trademark "Belle Literie Chambre Nationales de la Literie".

Google Ad Words is a service from the search engine Google that suggests sponsored links to its customers using the words entered as triggers chosen by the advertiser. Remuneration to Google depends on the number of clicks on the sponsored ads.

SFL realized that when they searched for their trademark, links to some of their competitors were shown as sponsored links. They notified Google, but they got no response from the search engine.

Holdings.

Since the search engine has no control over choices of keywords by the advertiser, there's no responsibility on grounds of trademark infringement. There could be responsibility when the search engine has committed direct infringement or when it ignores notifications about the infringement. Responsibility to the advertiser may arise when there's misleading advertising.

In this case, there's no responsibility because notifications about the infringement to the search engine were "too vague". The court said:

"The SFL does not describe the ads he complains and does not call into question the advertisers, it provides no details on the knowledge that Google would have had faulty data fed into its system by advertisers, and that this knowledge can indeed be deduced from the recording and automatic processing of data entries."

Findings.

No responsibility to search engine. However, there could be responsibility if: 1) Committing direct infringement, or 2) Ignoring notifications about the infringement.

Responsibility to advertisers: if there's misleading advertising.

Atrya v. Google, et al., Court of Strasbourg, (July 20, 2007)

Atrya is an all solutions company for homes in four major domains at a European scale.

Several advertisers bought Atrya's trademarks for use as keywords in Google Ad Words service that resulted in the showing of sponsored links for competitors of the company.

Advertisers were not sued, but their liability was discussed whatsoever.

Holdings.

Google Policies: The Court took into account technical measures implemented by Google (a filter and links to check third parties' rights) and excluded Google's liability on all grounds.

Principle of specialty: *"Considering the fact that sponsored links resulting from a search under the terms "Tryba" or "Triba" do not reproduce in any way the trade mark "Tryba", but clearly mention the corporate names K by K or Techni Windows which, as such, are not counterfiting, as neither their title nor their description or URL address to which they point reproduce the trade mark "Tryba", the mere usage of this protected brand in keywords, which cannot be perceived by users, does not create any confusion in the latter's mind, who cannot be deceived as to the source of the products"*

In this decision, the Court referred to the initial function of a trademark, i.e. to distinguish a product or a service and to associate it to a specific origin. On this basis, the Court excluded the advertiser's liability on the grounds of trademark infringement by stating that the promotional links displayed after a search conducted with the terms "Tryba" did not reproduce as such the "Tryba" trademark but identified clearly the trade names "K par K" of the advertiser. As a consequence, the use of the protected trademark in keywords, invisible for internet users, has been considered as not raising a risk of confusion and not misleading the users as to the origin of the products/services concerned.

However, the advertiser's liability has been held on the grounds of unfair competition. It was considered that the choice of a competitor's trademark to attract internet users to one's own products was an act of unfair competition and on the grounds of parasitism characterized by the will of profiting of the well known nature and brands of its competitor.

Findings.

Responsibility to search engine for: No responsibility to search engine.

Responsibility to advertiser: No responsibility for trademark infringement. However, there is liability on grounds of unfair competition.

Gifam and others v. Google France (Paris District court, July 12, 2006)

GIFAM, the representative of the interests of household equipment manufacturers, and some of its members claimed that many "commercial links" appearing on Google's French website were triggered by the search of their trademarks, corporate names and domain names as keywords, and sued Google France before the Paris District court on the grounds of trademark infringement, unfair competition and unfair advertising.

The court refused to apply the specific liability rules set forth in Article 6 (2) of the Law of June 21, 2004 as it was engaged in advertising activities.

The court refused to hold Google liable of trademark infringement as the unlawful acts were said to arise only when an advertiser used one of the suggested trademarks as a keyword without obtaining the prior approval of the trademark holder.

The judges noted that Google could not know if a trademark would be chosen or not as a keyword and, should it be the case, if the advertiser would be authorised to use it as a reseller of genuine products or licensee of the said trademark.

Google was not held liable either for trademark, corporate name and domain name infringement for the publishing of the advertisements. The court considered that only the advertiser, when choosing a keyword and the Internet user when typing it, linked the said keyword with some products and services offered by the advertiser or sought by the Internet user.

However, the court found Google liable on the grounds of tort liability for having failed to control infringing activities on its website.

The court considered that after a keyword has been chosen by an advertiser thanks to its keywords suggestion tool, Google had a duty to ensure that the keyword chosen did not infringe trademark, corporate name or domain name rights of third parties.

Moreover, the court stated that Google could not rely on its contractual clause with advertisers to prevent itself from monitoring advertisers' activity since it derived benefit from the advertisers' use of the keywords. The court ruled that, before offering advertising, Google should have used adequate technical tools in order to avoid trademark infringement.

Further, the court considered that by calling its sponsored links "commercial links", Google engaged in a misleading and deceptive conduct, as it gave the impression to the Internet users that the sites listed under such category maintained a commercial relationship with the brands that were searched.

Google was ordered to pay to GIFAM EUR 30,000 on the ground of civil liability, EUR 30,000 for misleading advertising, EUR 10,000 per claimants (brands' owners) for misleading advertising and a global amount of EUR 20,000 to GIFAM and the brands' owners for legal costs.

Louis Vuitton Malletier v. Google France (Paris court of Appeal, June 28, 2006)

The French company Louis Vuitton filed a claim for damages before the Paris District court against Google Inc and Google France (Google) after discovering that a request made on various keywords composed of its trademarks on Google websites led to the display of commercial links (some of which with the title "Louis Vuitton fake", "Louis Vuitton replica") directing to websites selling counterfeit products.

In a decision of February 4, 2005, the Paris District court found Google liable for damages on three grounds: (i) trademark infringement; (ii) unfair competition by using Louis Vuitton's company name, trade name and domain name; and (iii) misleading advertising. Google was

sentenced to pay EUR 100,000 to Louis Vuitton as damages for trademark infringement and EUR 100,000 as damages for unfair competition and misleading advertising.

Google appealed the decision before the Paris court of Appeal.

The court held that French judges had jurisdiction over the whole case. The claim related to Google's advertising activities, which allowed commercial websites to promote counterfeit products bearing Louis Vuitton's trademarks on Google's French and foreign websites. Moreover, the court held that the damage suffered by Louis Vuitton took place in France, since the websites could be consulted by Internet users from France. The fact that some advertisements were in a foreign language was irrelevant.

As a consequence, the court of appeal admitted the jurisdiction of French courts on the basis of Article 5(3) of Regulation 44/2000, which provides for jurisdiction of the courts located where the damage occurred.

The court of appeal refused to apply the specific liability rules set forth in Article 6 (2) of the Law of June 21, 2004.

The court held that Google was not merely an ISP but was engaged in advertising activities and could not benefit from the specific liability rules based on passive storage activities on the grounds that: (i) it decided of the editing, arrangement and location of the advertisements; (ii) it made available to the advertisers some tools to be able to modify the editing of the advertisements or the selection of the keywords; and (iii) it incited advertisers to increase the advertising fees or price per click in order to improve the location of their advertisements.

The court found Google liable on the grounds of trademark infringement both for making available its keywords suggestion tool and for displaying commercial links directing to websites selling Louis Vuitton counterfeit goods.

The court disregarded Google's argument according to which the use of its keywords suggestion tool was only optional.

The court stated that before offering advertisements, Google should have used adequate technical tools in order to avoid any infringing activities, in as much as the creation and the content of the keywords suggestion tool encouraged unlawful activities

The court held Google liable for the infringement of Louis Vuitton's corporate name, trade name and domain name.

The court ruled that the expression "commercial links" could engage the Internet users into thinking that the websites listed under such category maintained a commercial relationship with the brands that were searched and that Internet users might think that a company listed under this category was selling authentic products.

The Paris court of appeal increased the amount of damages awarded by the court of first instance to EUR 150,000 for trademark infringement and EUR 150,000 for unfair competition and misleading advertising. It also condemned Google to pay Louis Vuitton an additional sum of EUR 60,000 for legal costs.

Pierre Alexis v. Google and Tiger (Court of Nanterre, December 12, 2004; Court of Appeal of Versailles, March 23, 2006)

Pierre Alexis T. is the owner of the trademark “EUROCHALLENGES” (the “Mark”) in connection with services in connection with relationships and marriages. CNRRH is an operator of a dating agency, and as a licensee of the Mark, it operates its business through its website located at www.eurochallenges.com. CNRRH discovered that when a user typed in the term “eurochallenges” on Google’s search engine, in addition to its website, the websites of its competitor appeared as a sponsored link for such term. Pierre Alexis T. and CNRRH brought an action against Google France and Tiger (the competitor) for trademark infringement and unfair competition among others. The Nanterre court ruled in favor of the Plaintiffs, ruling that Google infringed on the Mark and Tiger infringed on the Mark and committed acts of unfair competition. Subsequently, Google France and Tiger appealed the decision to the Court of Appeals. While Google France made a number of arguments to absolve itself of any liability in this matter, the Appellate Court determined that Google (i) offers services to third parties through the Adwords program; (ii) provides benefits to those participating in the program; (iii) suggested the Mark as a keyword for Tiger; (iv) was on notice of Plaintiff’s rights in and to Mark, given that CNRRH had purchased the Mark as a keyword; (v) was put on notice by a letter from the Plaintiffs to cease “selling” its brand to competitors; and (vi) by providing the technical tool to allow the display of advertising for the Mark made a commercial use of the Mark. Accordingly, the Appellate Court confirmed the lower court’s decision against Google France. Moreover, it also determined that the fact that Google France itself was not engaged in the business of competing against the Plaintiffs was immaterial. The Appellate Court determined that (i) Tiger was in the same/similar business; (ii) Tiger had used/purchased the Mark as a keyword for its own business; (iii) Tiger through its purchase of the Mark as a keyword and its appearance as a sponsored link would likely mislead users; and (iv) Tiger’s ignorance regarding the rights in the Mark does not excuse its actions. Accordingly, the appellate Court confirmed the decision as to Tiger.

Kertel v. Google, Court of Paris, Dec. 8, 2005

Kertel is a communication services company. Google Ad Words is a service from the search engine Google that suggests sponsored links to its customers using the words entered as triggers chosen by the advertiser. Remuneration to Google depends on the number of clicks on the sponsored ads.

Kertel realized that when they searched for their trademark, links to some of their competitors were shown as sponsored links.

Holdings.

Google does not use the trademark for identical or similar products/services in a commercial manner, so there is no trademark infringement. *"If Google used a third-party trademark to reference and present the*

advertiser's sponsored links, this use did not involve offering products or services designated by the trademark, but instead amounted to use of the trademark in relation to advertising services."

The Court of Paris excluded for the first time Google's liability for trademark infringement and unfair competition based on the consideration that Google did not use the disputed trademark for identical nor similar products/services in a commercial manner. The court held that Google used the trademark to reference and present commercial links of advertisers and not to present products or services identical or similar to those of the trademark registration concerned. As such, Google's activity was related to the provision of advertising services, which were not covered by the claimant's trademarks.

Nevertheless, Google's conduct was not deemed legal. Google's liability was based on the common civil principle of fault (Section 1382 of the Civil Code) due to the lack of preliminary control to check whether chosen keywords do infringe third party rights.

This same appreciation was made by the Paris High Court, on the case Laurent v. Google France on 13 February 2007.

The Court considered that the advertiser, the company Cartophone, chose its competitor's trademark and trade name as keywords for use in connection with identical and services, thereby pointing to websites offering identical and similar services to those designated in the trademark registration.

Findings.

Responsibility to search engine for: Responsibility for Civil liability.

Responsibility to advertiser: Responsibility for trademark infringement

Amen v. Google, et al., Court of Paris (June 24, 2005)

Espace 2001 bought the registered trademark "Amen" for its use as keywords in Google's search engine and Ad Words service.

Espace 2001 is a direct competitor to Amen, and both of their ads use the keyword "Amen" to display their sponsored links. Both companies offered hosting services.

In this case, Google has suggested to the company Espace 2001 to choose different keywords, which included the sign "Amen".

Holdings.

Although the advertiser is who chooses keywords and the terms of its announcements, it remains that Google is playing an active role in proposing and even getting them to choose such and such terms as keywords, in relation to the activity he pursues. As part of this service keyword generator, it's Google, not the advertiser who shows on the screen the disputed term.

When the advertiser is a competitor to the claimant, the choice of that trade name is considered to be made with the aim of circumventing its clientele.

Findings.

Responsibility to search engine for: Trademark infringement.

Responsibility to advertiser: Responsibility for trademark infringement and unfair competition.

Viaticum v. Google France, (Versailles Ct. of Appeal, 2005)

Plaintiffs sued Google France for selling plaintiffs' marks BOURSE DE VOYAGES, BOURSE DE VOLS, and BDV as keywords to plaintiffs competitors.

The court found Google liable for infringement because:

- Google failed to carry out preliminary checks regarding third party rights re keywords reserved by its clients;
- Google knew or should have known plaintiffs' marks since they were clients of Google's AdWords program and use said marks as part of their advertising campaigns;
- Even if knowledge of plaintiffs' marks could not be imputed to Google, Google should have carried out a study of 3d party rights given that the marks in question were among the most often requested keywords;
- Google failed to put an immediate stop to keyword sales of plaintiffs' marks once it was notified of the fraudulent use of such marks.

Hotels Meridien v. Google France (Nanterre Court (TGI), December 16, 2004)

Germany

Banana Baby - Federal Supreme Court of Germany - Case IZR125/07

PCB - Federal Supreme Court of Germany - Case IZR139/07

Background: Appeal from a decision of August 9, 2007 by the Higher Regional Court of Stuttgart. Plaintiff-Appellee produces and sells printed circuit boards. It owns the registered word mark “PCB-POOL” (No. 395 11 162) for “technical services of layout programs to optimize technical procedures in the production of printed circuit boards.” It also owned the word mark “PCB POOL” (No. 300 36 920) for “technical services and use of computer programs to optimize technical procedures in the production of printed circuit boards” but that registration was cancelled by the German Patent Office per its decision of June 16, 2004. An appeal of the June 2004 decision has been denied. Defendant-Appellant also sells printed circuit boards over the Internet. In August 2006, Plaintiff-Appellee noticed that when it used the keyword “pcb-pool” in a Google search, an advertisement for Defendant-Appellant’s Internet offer appeared, not in the search results, but right next to them as sponsored link under the heading ads. The ads of Defendant-Appellant did not contain the word “pcb-pool”. On August 30, 2006, Plaintiff-Appellee sent a written notice to Defendant-Appellant that its use of the mark “PCB POOL” as Google keyword was infringing upon Plaintiff-Appellee’s rights for the registered mark “PCB POOL” (No. 300 36 920). The notice asked Defendant-Appellant to cease the infringing use of “PCB-POOL” in every form. Plaintiff-Appellee sought judgment against Defendant-Appellant for payment of attorney’s fees and costs in the amount of Euro 2,759.60. The trial court (LG Stuttgart) dismissed the action. Upon appeal to the Higher Regional Court of Stuttgart (OLG Stuttgart), Plaintiff-Appellee obtained a ruling in its favor that the

use of the term “pcb” as Google keyword (with the option “broad match”) did infringe upon the protected mark “PCB-POOL” because it was identical with that mark. Defendant-Appellant now asked the German Supreme Court to reverse that ruling.

Holding: The decision August 8, 2007 of the OLG Stuttgart that held in favor of Plaintiff-Appellee is reversed. Defendant-Appellant’s use, as Google keyword (with the keyword option “broad match”), of the descriptive term “pcb” that is part of a protected trademark, but that is also used by the public as a descriptive indication of the properties and characteristics of a good (here: “pcb” as abbreviation of “printed circuit board), did not constitute infringement of a protected mark, even if the descriptive term could be confused with the protected trademark. Under German law, a trademark owner cannot prohibit the use of a descriptive term. Plaintiff-Appellee’s claim for reimbursement of attorney’s fees and costs is denied because its written notice to Defendant-Appellant was based on a word-mark that has been cancelled.

Reasoning: The Court based its holding most notably on the following:

1. Supreme Court based its decision on the assumption that Defendant-Appellant registered with Google the keyword “pcb” and not “pcb-pool” as Plaintiff-Appellee claimed because the latter was not able to prove its claim and Defendant-Appellant substantively denied in its answer to the complaint that it registered the keyword “pcb-pool”.
2. The Google registration of the keyword “pcb” with the option “broad match” (which has the effect that a keyword search will also pull up the registration “pcb-pool”) would only constitute use of the protected mark “PCB-POOL” when an Internet search pulls up a website that not only contains that keyword “pcb-pool” but would also associate it with the Defendant-Appellant.
3. The decisive factor is the understanding of the Internet user. An infringing use would require that the Internet user recognizes the keyword “pcb-pool” as the registered Google Adword of a third party for its specific goods or services.
4. Such a conclusion is not warranted when, as in this case, the keyword “pcb-pool” was not repeated in the sponsored link to Defendant-Appellant’s advertisement and was not included in the advertisement.
5. Regardless of the foregoing, Plaintiff-Appellant’s claims also fails because the use of the term “pcb” as keyword with the option “broad match” may not be prohibited under German law because it is merely an abbreviation that describes the qualities and characteristics of a specific good. The fact that such use pulls up a combination of that term, including a protected trademark, does not make it an illegal use.
6. Plaintiff-Appellee does not have any anti-competitive claims against Defendant-Appellant because the written notice to Defendant-Appellant of August 2006 did not include such claims.

Plaintiff-Appellee’s claim for reimbursement of attorney’s fees and costs is denied because its written notice to Defendant-Appellant of August 2006 was based on a word-mark that has been cancelled.

Beta Layout GmbH - Federal Supreme Court of Germany - Case IZR30/07

Background: Appellant Beta Layout GmbH (the “Defendant”) is in the same business as the appellee and Plaintiff (unnamed), which manufactures printed circuit boards and sells them over the Internet. The Plaintiff had filed an application with Google to designate “Beta Layout” as a key word for its business. As a result, whenever an internet user enters the term into a search on Google’s search engine, the Plaintiff’s advertisement (AdWord) would be displayed on the right side of the search results. The advertisement itself did not use the word “Beta Layout”. Next to the sales offer of the Plaintiff for “PCB-Printed Circuit Boards-PWB” would be a link to the Plaintiff’s website address (www.microcirtec.de). On October 7, 2005, the Defendant sent a written notice to the Plaintiff, that the Plaintiff was infringing upon Defendant’s trademark with its use of the “Beta Layout” mark. Plaintiff, in response, sought a declaratory judgment against Defendant that it had not infringed upon Defendant’s trademarks and reimbursement for attorney’s fees and costs. The trial court ruled in favor of the Plaintiff, and the first appellate court affirmed the trial court’s decision. Appellant now sought this second appeal before the German Federal Court of Justice.

Holding: The Court rejected the Defendant’s appeal, and affirmed the decisions of the lower appellate court and the trial court.

Reasoning: The Court based its holding most notably on the following:

(1) Since the Plaintiff’s advertisement is clearly separated from the search results in the Google search and labeled as an “advertisement”, there is no risk of confusion that the Plaintiff’s advertisement is related to the keyword used by the internet user.

(2) The lower appellate court also correctly rejected the Defendant’s concern that internet users might assume a business relationship or affiliation between Plaintiff and Defendant based on the advertisement.

(3) The Defendant’s antitrust claims against Plaintiff were similarly rejected, as (a) Defendant had failed to claim that Plaintiff’s goods for sale were imitations of Defendant’s goods, (b) there would need to be additional facts showing the Plaintiff sought to benefit from Defendant’s reputation to make a claim of reputation theft and (c) there was no attempt to wrongfully influence potential clients to steal them from the Plaintiff.

(4) Since the appeal of Defendant was rejected, it is not entitled to reimbursement for attorneys’ fees and costs previously awarded to Plaintiff.

Metaspinner Media GmbH v. Google Deutschland GmbH, District Court of Hamburg, Court No. 312 O 324/04 (2004)

The Plaintiff sought an injunction against Google to prevent use of "Preispiraten" as an AdWord and for damages. An infringing advertisement using the trademark had been removed by Google and enjoined in previous proceedings. Other third parties had placed advertisements with Google using the "Preispiraten" AdWord but not using the word in the advertisements. The Plaintiff similarly placed advertisements and sought amounts paid as damages.

The court made an analogy to placement of print advertisements in newspapers or trade journals and noted publishers do not have comprehensive checking obligations in respect to advertisements. It was noted that liability only comes into question in the event of gross infringement that is not difficult to recognize or once the press company has been made aware of the infringement and does not take action to remove the infringement and prevent repetition.

The court found the requested injunction was too broad, that selection of the protected term as an AdWord was not a trademark use and that the third party AdWord advertisements did not infringe since the term "Preispiraten" did not appear in them and no Internet user would be confused. The use of the sign "Preispiraten" as an AdWord for the advertisements of third parties was also found not to constitute unfair competition. Customers are simply shown an alternative in the form of a competitor advertisement and that cannot be deemed unfair.

Nemetschek AG v. Google, Inc., District Court of Munich, Case No.: 33 O 21461/03 (2003)

Request that the Defendant be ordered by a preliminary injunction to desist from providing competitors of the Applicant with the technical prerequisites to advertise their business in such a manner that, when the search term "Nemetschek" is entered into the search engine, electronic advertisements of these competitors are shown.

The court noted Google's submission that it cannot control the high number of keywords and advertising customers (150,000 customers, with an average of 200 keywords per advertisement) and that it does not know whether a particular term is infringing or not but has Standard Terms and Conditions imposed on users that they should not indulge in any infringing behaviour in the design and selection of keywords. Further, Google has a Complaint Procedure that permits infringed parties, upon demonstrating infringement, to have keywords blocked and the Applicant had made use of the procedure and the keyword "Nemetschek" had been blocked.

The court found that the Defendant was not liable directly or as an indirect infringer for a third party trademark infringement. It was noted that it can only be claimed that a party is an infringer if such party deliberately takes part in wilfully causing or unlawfully perpetuating unfair damage or has infringed reasonable obligations for examination. The scope of the obligation for examination is to be assessed taking into consideration the function and tasks of the Defendant, as well as the infringing company's responsibility, and a relevant criterion for assessment of reasonableness is whether the infringement situation is recognisable instantly or only with disproportionate effort.

The court noted that the operator of a search engine cannot be expected to check competitive or trademark claims between third parties using its own resources (which would require comprehensive research regarding legal rights, taking into consideration the material content of the advertising) and then, if necessary, ensure the relevant entries are not made. "The mere possibility that a particular means of advertising can be misused by users does not lead to its fundamental inadmissibility."

The court further found that no claim could be based on Unfair Competition Law since Google had not suggested the keyword to the infringer or otherwise provoked its use.

The injunction was refused.

India

Consim Info. Pvt. Ltd. v. Google India Pvt. Ltd, People Interactive Pvt. Ltd., Jeevansathi Internet Services Pvt. Ltd. and Times Business Solutions Ltd., O.A. Nos. 977 and 978 of 2009 in C.S. No. 832 of 2009 (High Court of Madras, September 17, 2009)

Applicant's interim injunction request granted All Respondents restrained from infringing and/or enabling others to infringe on Applicant's registered trademarks by using them as "Adwords," "Keyword Suggestion Tool," as "keywords for internet searches," or as "metatags."

All Respondents were also restrained from diverting Applicant's business to its competitors and enabling the passing off Applicant's business and services as that of others, in using Applicant's trademarks on Google India's search engine as "adwords," "Keyword Suggestion Tool," "keyword," "metatags."

Israel

Dr. Dov Klein v. Proportion PMC Ltd. and Google Israel Ltd. (Tel Aviv Magistrate's Court, December 13, 2007)

The Tel Aviv Magistrate's Court: using a third party's trademark in search engine keyword advertising may constitute unjust enrichment (C.F. 48511/07 Dr. Dov Klein v. Proportion PMC Ltd. and Google Israel Ltd. (Decision of the Tel Aviv Magistrate's Court dated December 13, 2007, published in Nevo))

In August 2006, the Tel Aviv District Court granted an important decision (in the matter of **Matim Li v. Crazy Line et al**) in which it ruled that using a third party's trademark in keyword advertising does not constitute infringement of Intellectual Property rights (as long as there is no element of possible misleading or confusion). So far, this is the only legal decision in Israel in this matter.

The Tel Aviv Magistrate's Court has now had an opportunity to revisit the issue. A successful plastic surgeon brought a trademark infringement claim against a medical center specializing in plastic surgery ("Proportion") and against Google Israel with respect to Proportion's use of the physician's name in keyword advertising on Google. Google Israel petitioned the Court to strike out the claim on the merits, on the grounds that there is no valid cause of action, and since there is no direct rivalry between the plaintiff and Google Israel (as it is not the entity operating the Google search engine).

The Magistrate's Court denied Google Israel's motion on both grounds. With respect to the issue of rivalry, the Court dismissed Google Israel's distinction between it and Google Inc. (which is

the company operating the Google search engine). The Court held that such distinction between affiliates in the same group of companies is artificial and formalistic. In any event, the Court ordered the plaintiff to join Google Inc. as co-defendant.

More important, the Court ruled that, at this stage (in a preliminary motion to dismiss the claim on the merits), the plaintiff need only show a *prima facie* cause of action against the defendants. In this respect, the Court disregarded the **Matim Li** case (cited by Google Israel) and held that, in accordance with the landmark Supreme Court judgment in the **A.Sh.I.R.** case (regarding the applicability of the unjust enrichment doctrine in Intellectual Property matters), the plaintiff has at least a valid *prima facie* cause of action for unjust enrichment. Therefore, the Court denied the motion to dismiss the claim on the merits.

It is important to note that such decision of the Magistrate's Court in a motion for dismissal does not overrule the previous **Matim Li** decision of the District Court. Nevertheless, and as the **Matim Li** decision did not thoroughly relate to the unjust enrichment cause of action, it may still have some bearing on future rulings in this controversial issue .

Matim Li Large Sizes Fashion Chain Ltd. and Matim Li Stores 1997 Ltd. v. Crazy Line Ltd., Eran Levin and Google Israel Ltd., (Tel Aviv District Court, July 31, 2006)

The Petitioners ("Matim Li") alleged trademark infringement, passing-off, false and misleading representation, unfair interference, unlawful enrichment, the tort of theft, misleading consumers contrary to Consumer Protection Law, and dilution as a result of Crazy Line's purchase and use of trademarks of the petitioners as keywords in the Google AdWords service. Crazy Line's advertisements did not include Matim Li's trademarks and were displayed as sponsored ads on search results pages. Crazy Line was a known competitor of the petitioner and the web page the keyword advertisements linked to was clearly Crazy Lines and did not use the Petitioners' trademarks.

The court noted that users of Internet search engines are aware of the fact that searches return information of marginal relevance and expect to come across various types of advertisements. The court considered, by way of analogy, the situation where a retailer places an advertisement of its store in proximity to a competitor's premises. While noting that each case would turn on its own facts, the court concluded that such advertisements would not be found to breach the laws in issue.

With respect to the advertisements in issue, since the trademarks were not used in the advertisements themselves, but only "behind the scenes" as keywords for triggering the advertisements and that there was no deception or risk of deception established, the court concluded that there was no trademark infringement and that the Petitioners had not established any of the asserted causes of action. It was also noted that one of the trademarks (ML) was not registered to the petitioner but was registered to a third party and another (Matim Li) was a common word combination (meaning "fits me" in Hebrew)

The Court weighed "the need to protect the Petitioners' intellectual property" against "the need to protect competition and public accessibility to information wherever it is" and concluded that the

keyword "use" of the petitioner's trademarks by the first respondent was a permitted use. The court left open the question of Google's liability for customers use of the trademarks of others.

Italy

Winrent s.p.A. v. Zanox AG (Court of Milan, March 11, 2009)

Netherlands

Endless Webdesign v. Google Netherlands B.V. (Amsterdam District Court, August 24, 2006)

Endless Webdesign is the owner of the trademark FARM DATE. Endless Webdesign became aware that when a person typed in the terms "farm date" or "farm-date," Google served up sponsored links based on such keywords. Accordingly, Endless Webdesign made demands upon Google to remove any sponsored links when those terms are used. Google refused to comply with the demands, stating that most of the sponsored links or advertisements were shown based on the adword "date" through its broad-matching system. The Amsterdam District Court sided with Google by concluding that Google's use of broad-matching system to serve up advertisements does not raise any trademark concerns where an advertisement is triggered by a non-trademarked term (in this case "date") even though the search query contains a trademark (in this case, "farm date").

United Kingdom

***Interflora, Inc. v. Marks and Spencer PLC et al.* ([2010] EWHC 925 (Ch))**

The Court in this proceeding modified its prior ruling that referred a number of questions to the European Court of Justice in light of the Court of Justice's judgment in *Google France SARL v. Louis Vuitton Malletier SA* ([2010] EUECJ C-236/08). In light of that decision that held a search engine operator does not use a sign when it presents a sign which is identical with a registered trademark at the top and bottom of search pages that contain a sponsored link to the website of a competitor, the parties agreed that Google would not have been liable under the facts of the instant case and thus Marks & Spencer cannot be jointly liable in respect of any alleged acts of trademark infringement by Google, which was not a party to this case. The Court maintained its referral to the Court of Justice of several other questions that were relevant to determining whether Marks & Spencer was directly liable for infringement.

***Interflora, Inc. v. Marks and Spencer PLC et al.* ([2009] EWCH 1095 (Ch))**

Interflora, Inc. brought suit against Marks and Spencer PLC ("Marks and Spencer") for infringing its trademark "Interflora" by bidding on and using a number of Google adwords containing "Interflora." Marks and Spencer directly competes against Interflora, Inc. for on-line ordering of flowers. The Court, noting that a number of cases in Europe were dealing with the legality of use by one party of a competitor's trademark as an adword, decided to refer a number of questions to the European Court of Justice prior to making any ruling so. The Court did so

because of the need in Europe for a common set of answers to issues raised in such cases. Accordingly, the Court in this case deferred any ruling on Interflora, Inc.'s claims.

Victor Andrew Wilson v. Yahoo! UK Ltd and Overture Services Ltd (UK), UK High Court of Justice Chancery Division, Intellectual Property Division, [2008] EWHC 361 (Ch), Case No. 1HC 710/07

Plaintiff Mr. Wilson owns a Community trademark registration for MR SPICY in classes 29 and 30 for various food products and class 42 for food-related services. Plaintiff sued defendants for trademark infringement based on advertisements which appeared in response to searches for "MR SPICY" on Yahoo! UK. Evidence showed that the advertisers in question had not actually bid upon MR SPICY, but rather had bid upon the word "spicy" and that the advertisements complained of appeared as a result of certain matching technology.

Defendants moved for summary judgment, arguing they had not used plaintiff's trademark, and the judge granted same, noting that the defendants have not used and have therefore not infringed the claimant's trademark." More specifically:

- The trademark in question is not "used" by anyone other than the user who enters the search query MR SPICY into a search box.
- Advertisers have not used the trademark. One of the ads included the word "spicy" and one did not. Neither included the words MR SPICY.
- Defendants have not "used" the trademark.
- Even if defendants have "used" a term, it was only "spicy" and not MR SPICY.
- Even if defendants have "used" the trademark, "they did not use it in respect of the goods or services for which it is registered." Yahoo's own [advertising] services are "of a radically different character" than the plaintiff's goods/services.
- The ruling suggests that defendants would not infringe plaintiff's trademark even if the advertiser HAD bid upon MR SPICY, although it does not discuss whether or not the advertiser might infringe the mark in this context.

The court comments on the placement of the ads, "the heading 'Sponsor Results' and, underneath, the words 'Advertise your site here,'" and concludes that what is being communicated by Yahoo to whoever it is who is carrying out the search and looking at this screen is that it will be possible for that person to contact Yahoo to place an advertisement for that person's site on a page such as this," and that "it is clear that the 2 search results in question were from "sponsors or advertisers."

Other claims:

The court finds that because use is required, and because the evidence does not suggest plaintiff will be able to demonstrate his mark has a reputation in the Community, plaintiff does not plead the essential requirements "where use of the sign takes unfair advantage of, or is detrimental to, the distinctive character or repute of [plaintiff's] mark."

There were no offline analogies discussed.

Reed Executive v Reed Business Information [2004] EWCA Civ 159

Reed Executive Plc v. Reed Business Information Ltd, ([2004] EWCA Civ 159)

Reed Executive Plc., owner of the registered trademark “REED,” brought suit for trademark infringement against Reed Business Information Ltd. (“RBI”) for its use of “REED.” Here, RBI appealed a finding that it was infringing through its use of “REED ELSEVIER” and “REED BUSINESS INFORMATION.” The Court of Appeal considered whether the implicit use of a keyword in a search engine to cause a banner for the RBI website to appear when a user searched for “REED” and the use of a metatag on RBI’s website for “REED” constituted infringement. The Court of Appeal held that such use in this particular case did not constitute infringement or passing off. Prior to doing so, the Court of Appeal held that there was no identity of services between the parties where Reed Executive used its mark for employment agency services and RBI used its marks for publishing job advertisements. The Court of Appeal also noted that RBI did not use the word “REED” alone on its website other than as part of a copyright notice. The Court of Appeal remarked that had there been significant deception of consumers, RBI’s actions would nonetheless have constituted infringement notwithstanding that it was using its own name.

United States

1st Circuit (Massachusetts)

Hearts on Fire Co., LLC v. Blue Nile, Inc. (D. Mass, 3/27/09)

The court denied Blue's motion to dismiss, finding that Blue's adoption of HFC's "Hearts on Fire" mark as a search engine keyword constituted a "use" within the meaning of the Lanham Act. The court found that HFC had stated a claim for trademark infringement, even where Blue's sponsored links did not display the protected mark. HFC had offered sufficient allegations to support its claim that consumers were likely confused and potentially misled by Blue's use of the mark as a trigger for its sponsored links. While these ads may not have displayed the mark itself, the surrounding context supplied a sufficient basis to support allegations of consumer confusion at this early stage of the litigation. A consumer entering a search for HFC diamonds could easily believe that Blue was an authorized retailer when presented with Blue's sponsored link.

Boston Duck Tours, LP v. Super Duck Tours, LLC

514 F. Supp. 2d 119 (D. Mass. 2007)

Boston Duck Tours moved for a temporary restraining order and a preliminary injunction against Defendant based on trademark infringement and tortious interference.

Boston Duck Tours has been providing sightseeing services in Boston, Massachusetts since 1994 under the name BOSTON DUCK TOURS. Company owns federal trademark registrations for BOSTON DUCK TOURS and Logo but they are subject to disclaimers of the words “duck” and “tours.” In May 2007 Super Duck Tours started providing identical sightseeing services in Boston using the mark SUPER DUCK TOURS and Logo. Super Duck Tours owns one federal registration for the mark SUPER DUCK TOURS on the Supplemental Register.

The Court found that (1) the marks BOSTON DUCK TOURS and Logo and SUPER DUCK TOURS and Logo are similar enough in appearance due to the similarity of services offered; (2) the parties did not dispute that they share the same channel of trade; (3) Boston Duck Tours was able to show that there had been actual confusion; (4) Super Duck Tours knowingly and intentionally traded on Boston Duck Tours goodwill; (5) the term DUCK TOURS was not generic; and Boston Duck Tours was not able to show tortious interference. Court enjoined Super Duck Tours from using the term DUCK TOURS or a cartoon duck as a trademark or service mark in association with sightseeing tours in the greater Boston area and use of DUCK or DUCKS in a two-word or three-word trademark in conjunction with either BOSTON or TOURS.

2007 U.S. Dist. LEXIS 94681, 527 F. Supp. 2d 205 (D. Mass. Dec. 5, 2007)

After the ruling by the District Court, Super Duck Tours continued to purchase “sponsored links” attached to the phrase “boston duck tours” on the search engine site google.com. This raises questions as to whether sponsored advertising linked to the plaintiff’s mark violate the Lanham Act or other trademark law and whether sponsored linking constitutes trademark violations. However, the court chose to answer the question “Does sponsored linking violate the injunction in force in this case?”

In light of the fact that Super Duck Tours adopted a new trademark (Super Duck Excursions) and because the content of its advertisement distinguishes the defendant from the plaintiff the court found that consumer confusion was likely to diminish rather than increase. Court stated that the District Court did not intend to prohibit Super Duck Tours from all secondary uses of Boston Duck Tours’ mark, including sponsored links and that this type of use was fair.

531 F.3d 1 (1st Cir. 2008)

Super Duck Tours appealed the preliminary injunction granted in favor of Boston Duck Tours claiming there was no likelihood of confusion between the parties’ marks. Boston Duck Tours cross-appealed the order of the district court arguing that the court committed clear error by not enjoining Super Duck from using the term “duck” in its trade name.

The Court found that the term “duck tours” was generic and that the district court placed undue weight on the phrase. Considering all the factors of *Pignons* the court concluded that the district court’s finding that Boston Duck Tours was likely to succeed on the merits of its trademark infringement (for both the phrase BOSTON DUCK TOURS and also the Logo) claim is clearly erroneous. The district court erred in granting the preliminary injunction.

2nd Circuit (New York)

Sellify Inc. v. Amazon.com, Inc.

Case Note: Sellify, Inc. v. Amazon.com, Inc. 2010 WL 4455830 (S.D.N.Y. 2010)

Narrative

(1) Procedural Context

Defendant's motion for summary judgment.

(2) Factual Background

Sellify owned the rights to the mark ONEQUALITY, used to sell used electronics through its website and an eBay store. Another company, Cutting Edge, purchased the Google keyword ONEQUALITY.COM and close variants such that where it was searched an advert would appear alongside results with the text "Don't Buy from Scammers" or "Beware the SCAM Artists" directing people to Amazon. If a customer clicked on this link, as an Amazon associate Cutting Edge would earn an advertising fee (around 4%) on items purchased by the customer through Amazon over the next 24 hours.

Sellify contacted Amazon to demand that they put an end to the use of the ONEQUALITY mark, and Amazon explained that they could do nothing about the ads. Sellify wrote accusing Amazon of placing the ads and threatening to sue unless it settled. On receipt of this letter Amazon contacted Cutting Edge informing them of the complaint and threatening to close their associate account and withhold accrued fees if it did not stop running the ads. The ads continued, and Amazon terminated the associate account and withheld all unpaid fees. The ads eventually stopped in August 2009.

Sellify claimed direct and vicarious trade mark infringement by Amazon, along with contributory infringement, unfair competition and defamation/trade libel.

(3) Holding

i) Direct liability under the Lanham Act exists only when the defendant itself unlawfully uses in commerce another's trade mark. It was not Amazon, but Cutting Edge who purchased the ads adverts, so Amazon was not subject to direct liability

ii) Not deciding whether vicarious liability is available under the Lanham Act, if it were available under the theories of actual and apparent authority:

a. The agreement between Amazon and Cutting Edge expressly disclaimed any agency relationship, and Cutting Edge did not have the power to bind Amazon contractually; further, Amazon did not control the form or substance of the ads and had no authority to remove them. So, Amazon's only influence was terminating its agreement with CE and withholding unpaid fees. While these actions eventually led CE to stop running the ads, such indirect contractual influence did not amount to the direct authority and control necessary for actual authority under agency law.

- b. Apparent authority exists when “a principal, either intentionally or by lack of ordinary care, induces [a third party] to believe that an individual has been authorized to act on its behalf”. The mere act of authorising another to link to one’s website, even if undertaken for commercial gain, cannot support a finding of apparent authority. The Court remarked that a reasonable user of the internet would not interpret such a tenuous “link” between entities as firmly indicative of an agency relationship.
- iii) Amazon had neither particularised knowledge of nor direct control over the ads . Once Amazon was informed of the ads, it promptly initiated enforcement action against CE. As such, there was no contributory infringement by Amazon.
- iv) Connecticut unfair competition, and defamation/trade libel state law claims require proof that either Amazon placed the ads itself or that Cutting Edge acted as its agent in doing so. For the reasons above, these requirements were not met.

Summary judgment granted, final judgment entered for the defendant Amazon.

Fragrancenet.com, Inc. v. Les Parfums, Inc., 672 F. Supp. 2d 328 (EDNY 2009)

Procedural Posture:

Defendant’s motion to dismiss

Summary:

Plaintiff argues that defendants knowingly and willfully infringed plaintiff’s FRAGRANCENET and FRAGRANCENET.COM trademarks by purchasing and using them as keywords in Google’s AdWords program. The defendant claims that plaintiff’s trademarks are not protectable, as a matter of law, because they are generic words and lack distinction.

The court held that the question of whether the plaintiff’s marks are generic is a fact-specific inquiry inappropriate for determination on a motion to dismiss.

The court also declined to convert defendant’s motion to a motion for summary judgment. The court indicated that both parties should be afforded an opportunity to conduct appropriate discovery before making any factual submissions on a motion for summary judgment.

As such, the court denied the defendant’s motion to dismiss.

Romeo & Juliette Laser Hair Removal, Inc. v. Assara I LLC 2009 WL 750195 (S.D.N.Y. Mar. 20, 2009)

United States District Court; S.D. New York; No. 08 CS 0442 (TPG). March 20, 2009

Plaintiff alleged unregistered trademark use as keyword triggered competitor ad containing trademark and link to website containing trademark.

Defendant alleged that the ad and website references to the Plaintiff's trademark were done by a 3rd party without Defendant's knowledge.

Procedural context - Plaintiff's motion for Summary Judgment.

Defendant argued that its purchase of the Plaintiff's trademark as a keyword (without the use of trademark in ad) was merely an "internal utilization" of the mark and, therefore, not a "use" of the mark. Since Plaintiff alleged use in ad and website, court found that "internal utilization" theory did not apply.

Court denied both Plaintiff's and Defendant's motion for Summary Judgment.

Rescuecom Corp. v. Google, Inc., 562 F.3d 123 (2d Cir., 2009)

On appeal from U.S. District Court for ND of New York, 2d Circuit reverses the grant of the defendant's motion to dismiss and remands for further proceedings.

Rescuecom, a computer repair company, sued Google on the grounds that Google's sale of Rescuecom's trademarks as keywords in AdWords constitutes trademark infringement, false designation and dilution under the Lanham Act. Relying on the Second Circuit's opinion in *1-800 Contacts v. WhenU.com*, the district court dismissed Rescuecom's complaint on the grounds that Google's use of Rescuecom's mark was not a "use in commerce." Specifically, the court rejected Rescuecom's claim that Google used its mark in commerce when it sold the mark to advertisers, which caused their ads to appear in response to user queries containing the mark, and when it recommended that advertisers purchase Rescuecom's mark in its Keyword Suggestion Tool.

On appeal, the Second Circuit reversed the dismissal, holding unequivocally that a search engine's sale of a trademark-bearing keyword to an advertiser does constitute use of the trademark by the search engine. The court devoted quite a bit of ink to distinguishing the facts in *1-800 Contacts* from those in the case at hand. The pop up advertisements at issue in *1-800 Contacts* were triggered by the content of the website address that a computer user entered into their browser. The pop-up program sorted the ads into various categories, and displayed ads from categories that matched the website address entered by the user. The software provider did not sell any trademarks to the advertisers, since the pop-up ads were not triggered by trademarks. Google, by contrast, did sell to advertisers the right to have their ads triggered by the appearance of a given trademark a Google search engine query. Moreover, Google's Keyword Suggestion Tool even encouraged advertisers to purchase various marks, including Rescuecom's mark, as keywords to trigger their ads.

The court clarified that it did not intend to hold in *1-800 Contacts* that the use of a mark in "an internal software program" cannot form the basis of an infringement claim: "Rather, influenced by the fact that the defendant [in *1-800 Contacts*] was not using the plaintiff's trademark at all,

much less using it as the basis of a commercial transaction, the court [in *1-800 Contacts*] asserted that the particular use before did not constitute a use in commerce.” 562 F.3d at 129-130.

Unusually, the opinion is accompanied by an appendix that discusses the history and meaning of “use in commerce” requirement under the Lanham Act at length.

Prior to this decision, search engines were able to get trademark infringement claims based on keyword advertising in the Second Circuit dismissed at a very early stage of the case, before discovery and trial. Now, however, the Second Circuit has agreed with other all other Circuits in the US to rule on this issue that keyword sales satisfy the first element of a trademark infringement claim: when a search engine sells a trademark as part of a keyword, the search engine is using that trademark in commerce for purposes of the trademark law.

Tiffany (NJ) Inc. v. eBay, Inc. 576 F. Supp. 2d 463 (S.D.N.Y. July 14, 2008)

Plaintiff Tiffany, the famous jeweler, sold jewelry under the TIFFANY marks (including word marks, designs and the like). The TIFFANY marks are indisputably famous and are valuable assets of Plaintiff. Since 2000, all new Tiffany jewelry sold in the United States has been available exclusively through Tiffany’s retail stores, catalogs and website, and through its Corporate Sales Department. It does not use liquidators or overstock sellers. eBay is an online marketplace where millions of products are sold. Sellers on Defendant eBay’s Internet marketplace and auction website offered for sale both genuine and counterfeit Tiffany products. Defendant eBay advertised the availability of Tiffany jewelry products on the home page of its main website and included the TIFFANY mark in a list of links to the most popular brand names available for sale on eBay. When a visitor clicked on the links, the visitor would be taken directly to listings offering the so-called Tiffany jewelry (both genuine and counterfeit). eBay advertised to its sellers and buyers that TIFFANY and TIFFANY & CO were two of the top search terms in its jewelry and watch category. Moreover, eBay purchased keywords containing Tiffany’s marks on popular search engines that resulted in advertisements for Tiffany items (again genuine and counterfeit) available for sale on eBay. Although eBay ceased directly purchasing keywords containing the TIFFANY marks, it continued to reimburse “affiliates” for their purchase of TIFFANY keywords on search engines that advertised sales of Tiffany jewelry on eBay.

Tiffany sued eBay for trademark infringement (direct and contributory), unfair competition, false advertising, and direct and indirect trademark dilution. eBay defended its use of Tiffany’s marks under the doctrine of nominative fair use, arguing it was entitled to inform third parties of the availability of listings of Tiffany merchandise on its website. Tiffany claimed that eBay contributed to infringement because it knew or had reason to know that there was “a substantial problem with the sale of counterfeit Tiffany jewelry on the eBay website. eBay argued that it had adequate fraud-detection processes in place, including systems that allowed Tiffany employees to monitor Tiffany auctions and submit to eBay a Notice of Claimed Infringement form (“NOCI”) requesting investigation and removal of any auction offering counterfeit goods. Following a bench trial, the court agreed with eBay on the direct trademark infringement claim, finding that the uses of the TIFFANY marks on its website were protected by the nominative fair use doctrine. First, the court held that eBay’s use of the TIFFANY marks on its home page as

popular brand-name links and in company publications to sellers were protected under the nominative fair use doctrine because: (1) Tiffany jewelry was not identifiable without the use of the TIFFANY mark; (2) eBay's use of the TIFFANY marks was limited to the TIFFANY name, i.e., eBay did not use any of Tiffany's fonts or logos, and (3) eBay did not do anything to suggest it was affiliated with Tiffany or that its sale was endorsed by Tiffany. According to the court, "while customers may have been confused about whether the product they purchased was an authentic Tiffany [product] or a counterfeit, they were certainly not confused about the immediate source of the silver jewelry namely, individual eBay sellers." The court also noted that Tiffany's "About Me" page on the eBay website clearly stated the risks faced by consumers purchasing TIFFANY jewelry on eBay, which constituted an explicit disclaimer that Tiffany did not endorse or sanction the sale of its products through eBay and warned buyers that most of the purported Tiffany jewelry available on eBay was counterfeit. Second, the court held that the nominative fair use doctrine also protected eBay's purchase of the TIFFANY marks as search engine keywords. The court initially examined if eBay's keyword purchases constituted use in commerce under *1-800 Contacts v. WhenU.com*, where the Second Circuit found no commercial use of a trademark when used as an internal mechanism to trigger advertisements. The court distinguished *1-800 Contacts*, finding that eBay's use was not "entirely internal" because the keyword-produced ads displayed Tiffany's marks to the Internet searcher, rather than keeping them internal as in *1-800 Contacts*. For example, one sponsored link stated "Tiffany for sale. New and Used Tiffany for sale. Check out the deals now! www.ebay.com." The court then held that eBay's keyword purchases were permissible nominative fair uses because "eBay's use of the TIFFANY marks in sponsored links is effectively identical to its use of the Tiffany name on the eBay website." The court rejected Tiffany's argument that eBay was directly liable for trademark infringement on the theory that eBay was jointly and severally liable with the sellers of counterfeit TIFFANY products because: (1) eBay never took possession of products sold through its website, and (2) eBay did not directly sell the counterfeit TIFFANY goods to buyers. Turning to Tiffany's contributory trademark infringement claim, the court analyzed the standard set out by the Supreme Court in *Inwood Labs*, which provided for liability if "a manufacturer or distributor intentionally induces another to infringe a trademark." In this instance, *Inwood* was inapplicable since Tiffany did not allege that eBay intentionally induced infringement of Tiffany's marks. Instead, Tiffany relied on the second prong of *Inwood* - "failure to take reasonable precautions" i.e., "knows or has reason to know" that another is engaging in trademark infringement. The court rejected Tiffany's argument, stating that the "reasonable anticipation" standard was discussed in an *Inwood* concurrence and rejected by the majority of the court. The court next found that the *Inwood* standard was not limited to manufacturers or distributors of products and applied to eBay's online marketplace and services over which eBay had control. The court then found eBay's generalized knowledge of third-party infringement was insufficient to meet the *Inwood* test. In finding this evidence too generalized, the court cited a substantial number of authentic items sold on eBay and refused to expand Tiffany's rights in its marks to the point that legitimate sales of Tiffany goods on eBay were stifled. The court also rejected Tiffany's Buying Program evidence, which was not provided to eBay until after the lawsuit was filed, as "methodologically flawed and of questionable value." Tiffany also failed to establish that eBay was willfully blind to counterfeiting activities on its website. According to the court, the record clearly shows that over the time period relevant to this litigation, eBay was continually taking steps to further refine its anti-fraud measures and that eBay invested significant financial, technological and personnel resources to detect and eliminate counterfeit

goods from its website. Finally, the court found that when eBay had sufficient knowledge of an infringement it removed that listing, and that eBay suspended sellers who repeatedly engaged in counterfeit activity. Accordingly, the court held that eBay was not liable for contributory trademark infringement. The court also denied other claims alleged by Tiffany.

Site Pro-1, Inc. v. Better Metal, LLC 506 F. Supp. 2d 123 (E.D.N.Y. 2007)

Plaintiff manufactures and sells cable wire, cable mounts, clamps, supports, antenna supports, and metal connectors for use in construction of wireless telecommunications towers. Defendant is a competitor. Both companies market products over the internet.

Plaintiff sought relief for trademark infringement, unfair competition, and dilution under the Lanham Act. Plaintiff alleged that Defendant used Plaintiff's SITE PRO 1 trademark in "metadata" or "metatags" of its website and purchased a "sponsored search" from Yahoo!.com that utilized Plaintiff's trademark in the search algorithm. Plaintiff argues that these acts improperly diverted internet traffic to Defendant's website. Defendant argues use of Plaintiff's mark was not use of a trademark in commerce as required by the Lanham Act and moved to dismiss.

In deciding whether use of a trademark in "metadata" or "metatags" or the purchase of a "sponsored search" was trademark infringement the Court noted that while other Circuits have found this type of action to be considered trademark use, the 2nd Circuit has largely rejected such claims.

The Court was persuaded by the reasoning in *Merck & Co., Inc. v. Mediplan Health Consulting, Inc.*, 425 F Supp 2d 402 (S.D.N.Y. 2006); *Rescuecom Corp. v. Google, Inc.*, 456 F Supp 2d 393 (N.D.N.Y. 2006); and *1-800 Contacts v. WhenUCom, Inc.*, 414 F3d 400 (2d Cir. 2005) and found Defendant had not placed Plaintiff's trademark on any goods, displays, containers, or advertisements, or used Plaintiff's trademark in any way that indicated source or origin. Therefore, the Court found there was no infringement or initial source confusion. Motion to Dismiss was granted.

Rescuecom Corp. v Google, Inc., 2006 WL 2811711, 2006 US Dist LEXIS 70409 (N.D.N.Y. 2006)

Rescuecom claimed that Google violated its trademark rights when it sold RESCUECOM to advertisers, although it did not allege that any of those ads contained references to Rescuecom. As in *WhenU.com*, the District Court dismissed the case on the grounds that **Google's sale of Rescuecom's mark as a keyword did not constitute use of the mark by Google.**

The Court noted that without "use" of the plaintiff's mark, there can be no infringement of that mark, even where there is evidence of confusion. It quoted the Second Circuit's definition of "use" in *WhenU.com*: "trademark use 'ordinarily at issue in an infringement claim' involves placement of trademarks on 'goods or services in order to pass them off as emanating from or authorized by' the trademark owner." 2006 US Dist LEXIS 70409 at 15. The Court rejected all of Rescuecom's arguments that Google used its marks when it sold them as keywords:

- Google’s “free-riding” on the goodwill associated with RESCUECOM, causing competitors to believe it had the right to sell RESCUECOM as a keyword and causing consumers to believe that the competitors’ advertisements belonged to or emanated from Rescuecom, even if true, did not amount to use of the RESCUECOM mark by Google according to the Court. 2006 US Dist LEXIS 70409 at 16-17.
- The Court found that Google’s delivery of competitor’s advertisements which resulted in the diversion of consumers away from Rescuecom’s website, was not use of Rescuecom’s mark by Google, noting that Rescuecom had not alleged that any of those ads, other than its own ad, referred to Rescuecom. 2006 US Dist LEXIS 70409 at 18-20.
- The fact that Google’s sale of RESCUECOM as a keyword altered consumers’ search results and diverted them away from Rescuecom’s website was not trademark use by Google where there was no claim that RESCUECOM appeared in any of the ads or that Rescuecom’s own ad was prevented from appearing in the search results. 2006 US Dist LEXIS 70409 at 20-23.
- Finally, the Court rejected Rescuecom’s argument that Google’s internal use of RESCUECOM to trigger the paid ads was trademark use, as there was no claim that Google placed the mark on any goods, containers, displays, or advertisements, or that Google’s internal use was visible to the public. 2006 US Dist LEXIS 70409 at 24-26.

S&L Vitamins v Australian Gold, 521 F. Supp. 2d 188 (E.D.N.Y. 2007)

Note that this case was decided in the same district as *FragranceNet.com, Inc. v. FragranceX.com, Inc.*, which Jeff Adelman summarized. The court’s reasoning on the trademark issues in *Australian Gold* was the same as that found in *FragranceNet.com*, so I refer to Jeff’s excellent summary where appropriate. I also copied the format of this note from Jeff’s summary. Thanks, Jeff.

BRIEF SUMMARY: Re-seller of trademark owner’s branded products sought declaratory judgment that it’s sale of trademark owner’s products on-line and at one brick and mortar location did not constitute trademark infringement. Trademark owner counterclaimed for copyright infringement, trademark infringements, false advertising, etc. Parties cross-moved for summary judgment.

QUESTION PRESENTED: Does use of a competitor's trademark as (1) a search engine keyword that triggered a "sponsored link," or (2) a website metatag constitute "use" sufficient to state a claim for trademark infringement or unfair competition?

BRIEF ANSWER: No. Same rational as *FragranceNet.com*, which the court cited with approval.

FACTUAL BACKGROUND: Trademark owner distributed its tanning products through independent distributors pursuant to a distribution agreement that permitted sales of the product only to specialized tanning salons. Trademark owner provided extensive training to tanning salon operators on the proper use of its products. Competitor obtained trademark owner’s products from tanning salon owners, not from licensed distributors. Competitor purchased keywords, incorporate trademark owner's marks in metatags, and used trademark owner's marks on the

website in a visible manner in together with photographs of trademark owner's products to sell authentic products.

HOLDING: Citing *Merck & Co. v Mediplan Health Consulting*, the court noted that the competitor here "actually sells the trademarked Products." "The Court finds that, by purchasing keywords and sponsored links and using the Marks in its metadata, [competitor] has not "used" the Marks in the trademark sense and, therefore, does not provide an independent basis for a trademark infringement claim. The Court GRANTS [competitor's] motion for summary judgment in this limited fashion." Slip op. at 18.

ANALYSIS: The analysis of the keyword and metatag issues was essentially the same as that found in *FragranceNet.com*, as summarized by Jeff. Much of the decision analyzes trademark issues created by competitor's use of photos of trademark owner's products on competitor's website in connection with re-sale of authentic products.

N.B.: Competitor's counsel, who successfully defeated the keywork and metatag claims, is Ron Coleman, who participated in the keyword subgroup of this subcommittee until last year.

Hamzik v. Zale Corp., 2007 US Dist. LEXIS 28981 (N.D.N.Y. 2007)

Plaintiff Hamzik owns a US trademark registration for "THE DATING RING," and objected to several practices of defendant, Zale Corp, a jewelry retailer, including the presence of "dating ring" results when that phrase was searched on defendant's website, as well as defendant's purchase of the keyword "dating ring" for sponsored listings appearing on Google, Yahoo! and other search engines. Relying on the Second Circuit's decision in *1-800 Contacts*, defendant moved to dismiss the complaint based on plaintiff's failure to allege conduct that amounted to trademark use. The court noted that the law as to whether keyword purchase constitutes trademark use is "in a state of flux," and that several cases within the circuit had found no use within the meaning of the Lanham Act. However, the court distinguished those other cases (*Rescuecom Corp v. Google, Inc.*, 465 F. Supp. 2d 383 (NDNY 2006) and *Merck & Co., Inc. v. Mediplan Health Consulting, Inc.*, 431 F. Supp. 2d 425 (SDNY 2006)) based on the fact that those cases did not involve allegations that the defendants in those cases did not place the marks in question on goods, containers, displays, ads or associated materials. In this case, the sponsored link ads in question (on both Google and Yahoo!) included the phrase "dating ring."

The court dismissed the trademark infringement claims relating to material on defendant's website since no rings were actually labeled "dating rings" on the site itself, but allowed the trademark infringement claim relating to keyword purchase to survive. However, the court took care to point out that its decision on the keyword issue should not be interpreted to mean plaintiff's trademark infringement claim in this context was valid.

There was no real discussion of confusion in keyword context and no new analysis or analogies to offline world. However, in discussing the website content, the court noted that, like defendant's showing of other rings with different names in response to website search for "dating rings," it is "routine for vendors to seek specific product placement in retail stores" near competitors.

Other claims raised were dealt with as follows:

- Counterfeiting/false designation of origin – Court noted that this claim “appears to be unsupported,” but allegations were sufficient to state a claim (here and elsewhere there was warning language to plaintiff not to pursue claims without factual basis, and defendant had apparently filed for Rule 11 sanctions).
- Trademark dilution – claim dismissed since plaintiff alleged no facts suggesting mark in question is “famous, distinctive or that Defendant’s use of his trademark (if there be any such use) is likely to cause dilution.”
- False advertising – claim dismissed since plaintiff failed “to identify any statements made by Defendant regarding its goods or those of another person that are literally false or likely to deceive or confuse customers.”
- Validity of plaintiff’s trademark registration – Defendant had moved to cancel plaintiff’s registration but TTAB suspended proceedings due to this NDNY action. Since issue had not been fully briefed, court declines to address and suggests it might be addressed in properly supported summary judgment motion.
- (Defendant’s) Rule 11 motion – Court reserves judgment to give plaintiff opportunity to withdraw claims may not have a reasonable basis in law or fact.

FragranceNet.com, Inc. v. FragranceX.com, Inc., 493 F. Supp. 2d 545 (E.D.N.Y. 2007)

BRIEF SUMMARY: Trademark owner filed suit against competitor and moved to file third amended complaint to add state and federal trademark infringement claims. The new claims alleged misuse of plaintiff's trademark as: (1) a search engine keyword that triggered a "sponsored link" to defendant's competing website and (2) as a website metatag. The Court denied the motion to amend as futile, holding that since there was no "use" of plaintiff's trademark visible to the public as was required under the Lanham Act and state law, the amended complaint could not survive a Fed.R.Civ.P. 12(b)(6) motion to dismiss.

QUESTION PRESENTED: Does use of a competitor's trademark as (1) a search engine keyword that triggered a "sponsored link," or (2) a website metatag constitute "use" sufficient to state a claim for trademark infringement or unfair competition?

BRIEF ANSWER: No. Trademark infringement under the Lanham Act and state law (New York) required use of a trademark in connection with the sale of goods or services in a manner likely to lead to consumer confusion as to the source of such goods or services. Using a trademark to trigger a sponsored link or as a metatag does not constitute such use because it is not visible to the public. The Court followed the reasoning of the Second Circuit in *1-800 Contacts, Inc.*, and agreed that “[a] company's internal utilization of a trademark in a way that does not communicate it to the public is analogous to an individual's private thoughts about a trademark.” *Id.* at 549. The Court did note, however, that a circuit split exists on this issue and the Seventh, Ninth and Tenth Circuits have held that these activities do state a claim for infringing use. *Id.* at 554-55.

FACTUAL BACKGROUND: Plaintiff FragranceNet.com sought leave to file a third amended complaint to add state and federal claims based on Defendant FragranceX.com's alleged misuse of plaintiff's trademark (1) as a keyword to prompt defendant's appearance as a sponsored link in Google's search engine and (2) by inclusion of plaintiff's trademark in defendant's website

metatags. Plaintiff requested that the district court depart from Second Circuit precedent which rejected claims for trademark infringement based on such use. Defendant requested that the Court adhere to precedent and deny the amendment as futile for failure to state a claim under Fed.R.Civ.P. 12(b)(6).

HOLDING: "[T]he Court finds that plaintiff's proposed claims, based on defendant's alleged use of plaintiff's trademark as a keyword in Google and as a metatag on its website, cannot survive a motion to dismiss. Therefore, Plaintiff's motion to amend the complaint is denied, as the proposed amendments would be futile." Id. at 555.

ANALYSIS: The Court noted that trademark infringement and unfair competition claims have four basic elements: (1) use (2) of a valid mark (3) in commerce (4) that is likely to confuse consumers. Id. at 547-48. The Court then immediately turned to the ruling of the Second Circuit in *1-800 Contacts, Inc. v. WhenU.com*, 414 F.3d 400 (2nd Cir. 2005) *cert. denied*, 546 U.S. 1033, 126 S.Ct. 748, 163 L.Ed.2d 573 (2005). The Second Circuit noted that issues regarding use of a trademark must be decided as a "threshold matter because, while any number of activities may be 'in commerce' or create a likelihood of confusion, no such activity is actionable under the Lanham Act absent the 'use' of a trademark." Id. at 549 (citations omitted).

The Lanham Act provides that in connection with the goods, a trademark is "used in commerce" when the trademark,

[I]s placed in any manner on the goods or their containers or the displays associated therewith or on the tags or labels affixed thereto, or if the nature of the goods makes such placement impracticable, then on documents associated with the goods or their sale. In connection with services, a trademark is "used in commerce" when the trademark "is used or displayed in the sale or advertising of services and the services rendered in commerce."

Id. (citing 15 U.S.C. § 1127(1)). Thus, the Court noted, trademark use is one that indicates source or origin. Id. The key question is whether "defendant placed plaintiff's trademark on any goods, displays, containers, or advertisements, or used plaintiff's trademark in any way that indicated source or origin." Id. at 554 (citations omitted).

The Court rejected Plaintiff's claim that Defendant's use of the trademark in a keyword or metatag constituted "use" sufficient to survive a motion to dismiss. The Court noted that:

[D]efendant does not place the trademark on any product, good or service nor is it used in any way that would indicate source or origin. Here, the use of plaintiff's trademark is strictly internal and, because such use is not communicated to the public, the use does not indicate source or origin of the mark.

Id. at 550. The Court also rejected Plaintiff's "passing off" theory because plaintiff could not allege that Defendant sold or substituted its product under Plaintiff's name. Id. The Court analogized the situation to one where an individual requests a Coca-Cola at a restaurant, and instead of being handed a Coca-Cola, receives a menu of choices that includes Coca-Cola as well as products manufactured by its competitors. Such a scenario, the Court concluded, does not

constitute "passing off" because the competing products are not sold under the Coca-Cola mark. Rather, the individual is "simply being shown alternatives." Id. at 551.

The Court also noted that in order to view a "sponsored link," a consumer must first go to a search engine and type in Plaintiff's trademark. Defendant's competing service would never be presented to a consumer that typed Plaintiff's domain name into a web browser. Id. Similarly, for example, although Burger King may open a restaurant around the corner from a McDonalds in order to "draw customers in search of fast food" such an instance is not passing off. Id. "In the world outside the Internet," the Court noted, "individuals in search of a company or product are not blinded to competitive products." Id.

Finally, the Court noted that there is a split among the U.S. Courts of Appeal on the issue of whether the use of a trademark as a search engine keyword or metatag constitutes "use" sufficient to state a claim for trademark infringement. Id. at 554-55 (listing cases from Seventh Circuit, Ninth Circuit and Tenth Circuit that have found "use" where trademarks triggered sponsored links on search engines or were used as metatags). Having acknowledged the split, however, the Court then went on to broadly reject the contrary cases and followed the Second Circuit's ruling as binding precedent.

SitePro-1 v. Better Metal, 506 F. Supp. 2d 123 (E.D.Ny. 2007)

SitePro sells cable wire, cable mounts, clamps, supports, antenna supports, and metal connectors utilized in the construction of wireless telecommunications towers. SitePro owns U.S. Reg. No. 3,111,463 for the mark SITE PRO in connection with its products. Better Metal is a competitor of SitePro. Both companies advertise over the internet. SitePro brought suit against Better Metal for use of its trademark SITE PRO in "metatags" or "metadata" and the improper purchase of a "sponsored search" from Yahoo!.com that utilized the SITE PRO mark in a search algorithm. Better Metal moved to dismiss pursuant to Rule 12(b)(6) of the Federal Rules of Civil Procedure. Better Metal argued its use of the SITE PRO mark was not use of a trademark in commerce required by the Lanham Act.

Better Metal admitted it purchased a "sponsored search" from Yahoo!.com for some combination of keywords "1", "pro" and "site." SITE PRO mark was not displayed in sponsored search result linking to the Better Metal website. Better Metal also admitted it placed data in metatags of its website to cause a Yahoo search for "Site Pro" to yield a link to Better Metal's website.

Court granted summary judgment and dismissed holding that (1) purchase of sponsored link containing TM did not constitute "use" of trademark in commerce within meaning of Lanham Act; (2) without "use" there could not be a viable claim based on initial source confusion. Court followed prior decisions in its Circuit citing *Merck & Co., Inc. v. Mediplan Health Consulting, Inc.*, 425 F. Supp 2d 402 (S.D.N.Y. 2006); *1-800 Contacts v. WhenUCom, Inc.*, 414 F. 3d 400 (2d Cir. 2005); *Rescuecom Corp. v. Google, Inc.*, 456 F. Supp. 2d 293 (N.D.N.Y. 2006).

Merck & Co., Inc. v. Mediplan Health Consulting, Inc., 2006 WL 800756 (S.D.N.Y. 2006)

Facts: "In these six related cases, defendants operate Canadian online pharmacies. Through interactive websites, they offer for sale to U.S. consumers generic versions of plaintiffs' popular cholesterol medication, Zocor. In listing their products, certain defendants use plaintiffs' trademark ZOCOR, identifying their products as "generic ZOCOR" or some variation thereof.

Certain defendants also use plaintiffs' stylized ZOCOR logo, and several defendants also have purchased sponsored links from the Internet search companies Google and Yahoo, so that consumers who search the word "ZOCOR" will be offered links to these defendants' websites."

Following *1-800 Contacts, Inc. v. WhenU.com, Inc.*, 414 F.3d 400 (2d Cir. 2005), the court granted dismissal of those claims based on the purchase of sponsored links from Google and Yahoo, holding that the purchases did not constitute a use in commerce under the Lanham Act. "[I]n the search engine context, defendants do not 'place' the ZOCOR marks on any goods or containers or displays or associated documents, nor do they use them in any way to indicate source or sponsorship." The court noted as "significant" the fact that each defendant actually sold ZOCOR on its website, as well as generic replacements.

1-800 Contacts, Inc. v. WhenU.com, Inc., 414 F.3d 400 (2d Cir. 2005)

In this case, the Second Circuit overturned the District Court's decision that WhenU.com's use of 1-800 Contacts' trademarks to trigger pop-up advertisements constituted trademark infringement. **The Court found that there was no "use" of the trademarks.** With regard to use of the marks in WhenU.com's internal directory which triggers pop-up ads, the Court stated "[a] company's internal utilization of a trademark in a way that does not communicate it to the public is analogous to an individual's private thoughts about a trademark. Such conduct simply does not violate the Lanham Act, which is concerned with the use of trademarks in connection with the sale of goods and services in a manner likely to lead to consumer confusion as to the source of such goods and services." *Id.* at 409. In addition, the Court noted that the marks were not displayed in the pop-up ads themselves, and that the marks need not even be displayed on the websites themselves when the pop-up ads are generated. *Id.* at 410. The Court distinguished GEICO, noting that the marks themselves are not sold - only categories including the marks are sold in the pop-up ad context. *Id.*

CJ Products LLC v. Snuggly Plushez LLC, 809 F. Supp. 2d 127 (E.D.N.Y. Aug, 22, 2011)

Summary – Plaintiff CJ Products develops, produces, and sells toys. The most popular toy Plaintiff produces, and the subject of this action, is the Pillow Pet ("The Product"). The Product was introduced in 2003 and branded with several trademarks including: "My Pillow Pets," a Pillow Pets logo, and "It's a Pillow, It's a Pet...It's a Pillow Pet." Plaintiff had applied for registration of the "Pillow Pets" mark (or "pending mark") at the time of the action.

Defendants, Snuggly Plushez and Berkant Keiskbas, are also in the business of producing toys, including merchandise quite similar to Plaintiff's Pillow Pet product line. Defendants were apparently using marks similar to Plaintiff's registered and pending marks and had purchased and used these marks through Google AdWords to direct potential customers to Defendants' website. Accordingly, Plaintiff brought suit and sought a preliminary injunction.

The Court granted the preliminary injunction with respect to Plaintiff's copyright, false advertising, false designation of origin, and trademark infringement claims and enjoined Defendants' use of the term "Pillow Pets" and "My Pillow Pets" in the Google AdWords Program. The Court only discussed AdWords and keywords with respect to Plaintiff's trademark infringement claim, and noted the similarity between the two marks and the prominence with which Defendants used the pending mark "Pillow Pets" in its website and AdWords advertisements. Additionally, the Court rejected Defendants' argument that the use of keyword advertising was either a permissive, descriptive use or comparative advertising protected by the First Amendment.

The Court determined that Plaintiff was likely to succeed in showing a protectable interest in its marks because some of its marks were already registered and its pending mark was "at least descriptive with secondary meaning." Further, it was indisputable that the use of the mark as a Google AdWord to direct traffic to websites where consumers could purchase the Product was a "use in commerce."

Next, the Court determined that Defendants' use of the marks on the Internet was highly likely to cause consumer confusion. In the AdWords context, the Court paid specific attention to two factors: (i) the similarity between the marks and (ii) Plaintiff's evidence of actual confusion. Regarding similarity, the Court found that Plaintiff's marks and Defendants' advertising on the search-results pages "were virtually identical in appearance, sound, and meaning." Moreover, the Court noted that Defendants' website was nearly identical to Plaintiff's website, including similar formatting, font, color scheme, and domain names (*pillowpets.co* compared to *pillowpets.com*). Regarding actual confusion, the Court found it weighed heavily in Plaintiff's favor because the website viewer data confirmed a precipitous increase in Defendants' website traffic following the use of Plaintiff's mark as an AdWord.

Finally, the Court found irreparable harm to Plaintiff's reputation and goodwill from Defendants' diversion of Internet traffic to their website, and noted that remedies at law were inadequate for such harm. The Court also found that the balance of hardships weighed heavily in Plaintiff's favor and that issuance of a preliminary injunction would best serve the public interest.

Procedural Context – On Plaintiff's motion for a preliminary injunction.

Holding – Court granted the preliminary injunction because Defendants' use of the marks as a keyword was substantially similar to Plaintiff's marks and there was evidence of actual consumer confusion.

3rd Circuit (Pennsylvania, New Jersey)

J.G. Wentworth v. Settlement Funding LLC., 2007 WL 30115 (E.D. Pa. 2007)

The Court approached this case by first determining whether trademark use existed and then went on to a likelihood of confusion analysis within the context of initial interest confusion. Defendant's motion to dismiss was granted because although there was trademark use of plaintiff's JG Wentworth mark, the use did not create likelihood of confusion.

The Court found that defendant's participation in Google's AdWords program and inclusion of JG Wentworth in its keyword meta tags constituted trademark use under the Lanham Act. Defendant's actions essentially established "an opportunity to reach consumers via alleged purchase and/or use of a protected trademark."

The Court did not extend initial interest confusion protection in this case because: 1) In disagreeing with the Ninth Circuit's decision in Brookfield, the Court explained that defendant's website appeared as one of many choices listed in the search result page and consumers were not simply being directed by the search engine towards defendant's site; 2) Defendant's site appeared as independent and distinct links; 3) Defendant's ads and links did not incorporate plaintiff's mark in any way; and 4) Potential consumers had no opportunity to confuse defendant for plaintiff.

800-JR Cigar, Inc. v. GoTo.com, Inc., et. al., 437 F. Supp.2d 273 (D.N.J. 2006)

GoTo.com is a search engine that allows advertisers to bid on key words or phrases, so that when an internet user searches for those terms, the advertiser's site is given priority on the list of search results. 800-JR Cigar ("JR") became aware that GoTo was selling advertisers the search term "JR Cigar," and other variations like "J&R Cigar," "J-R Cigar," and "JRCigars.com," and brought claims against GoTo, including claims for trademark infringement and dilution. JR then moved for Summary Judgment on its claims.

The Court first considered whether GoTo's use of JR's marks as key search terms fell within the commercial use contemplated by statutory and common law trademark infringement prohibitions. JR argued that Go To's use of its marks was the type of use contemplated by the Lanham Act, even though GoTo is not a distributor of goods or a direct competitor of JR. GoTo argued that its sale of JR's marks was not trademark use attributable to GoTo, because it merely accepted advertisers' bids on terms. Relying on a 2004 Eastern District of Virginia case, GEICO v. Google, Inc¹ the Court held in favor of JR.

Buying for the Home, LLC v. Humble Abode LLC, et al., 459 F. Supp.2d 310 (D.N.J. 2006)

Buying for the Home ("Buying") and Humble Abode are competitors in the online furniture retail industry. Humble Abode allegedly made various misrepresentations to Buying's vendors and customers, and also caused a sponsored ad to appear on Google when a user searched for Buying's trademarked term, "total bedroom." Buying brought suit alleging numerous causes of action, including trademark infringement. Humble Abode counterclaimed, alleging that sponsored ads for totalbedroom.com appear when Google users search for "Humble Abode Furniture," and when Yahoo users search for "Humble Abode Savings" or "Humble Abode Discount." Humble Abode moved for Summary Judgment on Buying's claims against it, and on its own claims against Buying. Buying did not cross-move for Summary Judgment.

¹ 330 F.Supp.2d 700 (E.D. Va. 2004).

In order to be actionable under the Lanham Act, a defendant's "use" of a plaintiff's mark must be "in commerce" and "on or in connection with any goods or services." The Court noted that other courts faced with similar claims involving the purchase of trademarks as search engine keywords came to differing conclusions, depending on whether they evaluated whether a defendant's alleged use of the mark constituted a trademark use generally, i.e. whether the defendant made commercial use of the mark as a trademark, or whether they looked more specifically at the definition of "use in commerce" as defined by the Lanham Act.²

For example, the Court found that cases taking the more specific approach have held that the search engines do not "place" trademarks on any goods or containers. Because the trademarks only trigger the display of sponsored links, and are not used in any way to indicate the sponsorship of the links, those courts have held that the search engine's internal use of the trademark is not use in the sense contemplated by the Lanham Act. Citing Merck & Co. v. Mediplan Health Consulting, 425 F.Supp.2d 402, 415-16 (S.D.N.Y. 2006); Rescuecom Corp. v. Google, Inc. 456 F.Supp.2d 393 (N.D.N.Y. 2006).

But other cases taking the general approach have held that while a search engine's use of trademarks is not a conventional "use in commerce," the search engine nevertheless uses the mark commercially, to generate advertisements, and should be considered a use in commerce under the Lanham Act. Citing Edina Realty, Inc. v. TheMLSonline.com, No. 04-4371JRTFLN, 2006 WL 737064 (D. Minn. March 20, 2006); 800-JR Cigar, Inc. v. GoTo.com, Inc., 437 F.Supp.2d 273, 284-85 (D.N.J. 2006).

Without further explanation, other than a general statement that it wanted to be "mindful" of the challenge of applying existing legal principles to new technology, the Court decided to follow the cases using the general approach. It stated that while Humble Abode's use of Buying's mark was not a traditional "use in commerce," it still qualified under the Lanham Act because Humble Abode's alleged use was "in commerce" and "in connection with any goods or services." First, the alleged purchase of the keyword was a commercial transaction that occurred "in commerce," trading on the value of Buying's mark. Second, the use was also "in connection with any goods

² The Lanham Act states:

The term "use in commerce" means the bona fide use of a mark in the ordinary course of trade, and not made merely to reserve a right in a mark. For purposes of this Act, a mark shall be deemed to be in use in commerce

(1) on goods when

(A) it is placed in any manner on the goods or their containers or the displays associated therewith or on the tags or labels affixed thereto, or if the nature of the goods makes such placement impracticable, then on documents associated with the goods or their sale, and

(B) the goods are sold or transported in commerce, and

(2) on services when it is used or displayed in the sale or advertising of services and the services are rendered in commerce, or the services are rendered in more than one State or in the United States and a foreign country and the person rendering the services is engaged in commerce in connection with the services.

15 USC § 1127.

or services” because the mark triggered commercial advertising that included a link to Humble Abode’s retailing website. As such, Humble Abode’s motion to dismiss Buying’s trademark infringement claim was dismissed. (Humble Abode’s motion for summary judgment on its own trademark infringement claim against Buying was also dismissed, for lack of evidence regarding the likelihood of consumer confusion.)

In GEICO, GEICO brought suit against Google and another search engine, Overture, for selling its trademarked terms as search terms linked to sponsored advertising. Google and Overture moved for dismissal of GEICO’s claims, arguing that as a matter of law, the sale did not violate the Lanham Act. They argued that in order to use a trademark “in commerce” they would have to use GEICO’s trademarks in a way that identified themselves as the source of a product or indicated the endorsement of the mark owner. In support of their position, they cited numerous cases that found the use of trademarks to generate pop-up Internet advertisements did not constitute “trademark use.”

The GEICO Court distinguished its case from the pop-up ad cases, finding that in the pop-up cases, the defendants’ software collected common search phrases (including plaintiffs’ trademarks) in an internal directory, scanned a user’s Internet activity to see if that activity matched any of the information in the internal directory, and if so, selected a pop-up ad to appear on the user’s screen. The contents of the internal directory were not disclosed to or sold to advertisers. The protected marks were used only in a “pure machine-linking function” that internally associated terms with categories, and were not placed in commerce. But while the pop-up defendants allowed advertisers to bid on broad categories of terms in the internal directory, and did not market the protected marks themselves, Google and Overture sold GEICO’s protected marks as keywords to which advertisers could directly purchase rights.

The GoTo.com Court found that the same distinction applied in this case. Like Google and Overture, GoTo had sold search terms to its advertisers, and given prominence in search results to the highest bidder. The Court found that this situation was qualitatively different than the pop-up advertising context, where the trademarked terms appeared only in internal computer coding that was not communicated to the public auctioned off. Following GEICO, the GoTo.com Court determined that GoTo had placed GEICO’s trademarked terms in commerce.

The Court found that GoTo made trademark use of the JR marks in three ways: 1) GoTo traded on the value of the marks by accepting bids on those marks 2) GoTo injected itself into the marketplace as a conduit steering potential JR customers to JR’s competitors by ranking its paid advertisers before any natural listings in a search results list 3) GoTo identified which of JR’s marks are effective search terms, and marketed these terms to JR’s competitors through its Search Term Suggestion Tool. While JR established trademark use, the Court ultimately denied summary judgment on JR’s claim because there were material issues of fact regarding a different element, likelihood of confusion.

World Entertainment Inc. v. Brown, 2011 WL 2036686 (E.D. Pa. May 20, 2011)

Summary – Plaintiff World Entertainment (“WE”) is a music production company that provides entertainment for weddings and other events. All bands managed by WE have the federally registered trademark “CTO” in their names. Defendants, former WE employees and members of the WE band CTO Tribeca, left WE to start Grand Entertainment, a music production company. Part of Defendants’ new venture included rebranding its former band as Tribeca Grand. However, Defendants continued to use the CTO mark in promotional materials to endorse their new venture. In addition, Defendants used the CTO mark to divert Internet traffic to Grand Entertainment’s website through search engine phrase matching using Google AdWords and metatags. Defendants continued to infringe WE’s mark despite receiving several cease and desist letters, a summons in the instant action, and an eventual entry of default judgment against them.

Following the default judgment, the Court considered the assessment of damages. The Court entered monetary damages in excess of \$400,000 based on this “exceptional case of knowing infringement.” In addition, the Court granted an injunction restraining Defendant from, among other things, “purchasing or using any form of advertising including use of keywords or Meta tags in Internet advertising containing plaintiffs’ CTO trademark.”

Procedural Context – Following default judgment for Plaintiff, Defendant contested the amount of damages.

AmeriGas Propane, L.P. v. Opinion Corp., No. 12-713, 2012 WL 2327788 (E.D. Pa. June 19, 2012)

Summary – AmeriGas (“Plaintiff”) sued Opinion Corp., d/b/a pissedconsumer.com (“Defendant”), for federal and state trademark infringement, federal trademark dilution, and various other business related torts because of Defendant’s *amerigas.pissedconsumer.com* sub-domain name and website. Specifically, Plaintiff alleged that Defendant encouraged and created very negative postings on the *amerigas.pissedconsumer.com* website about Plaintiff in an attempt to convince Plaintiff to pay money to have the postings hidden, removed, or changed into positive testimonials. Defendant used Plaintiff’s trademark in its website metadata and text and sub-domain name, and also provided a description of Plaintiff’s business and service adjacent to numerous competitor ads (placed with Google’s AdWords program). Moreover, Defendant purportedly engaged in improper search engine optimization by purchasing hundreds of domain names that link to its own website, creating numerous subdomains that interlink to each other, making excessive use of brand name “keywords” to increase its own website’s relevance, reposting identical consumer complaints to create the impression that they were new content, and creating Twitter accounts that link to Defendant’s website without providing any other content. As a result, Defendant’s website appeared in the first several natural search results when consumers searched for AmeriGas. Finally, Defendant also blocked Plaintiff from responding to consumer complaints on the *amerigas.pissedconsumer.com* website.

Defendant moved for dismissal of all the trademark infringement and unfair competition claims because (1) Plaintiff failed to allege the use of “AMERIGAS” as a trademark; (2) the case involved nominative fair use; (3) the Complaint did not allege a likelihood of confusion; (4) the

doctrine of “initial interest confusion” was inapplicable to this action; and (5) Plaintiff failed to plead a claim for secondary trademark liability.

First, the Court found the requisite “use” of a trademark in commerce based on Defendant’s use of “Amerigas” in its website text, subdomain name, and metadata in connection with the sale of advertisements to Plaintiff’s competitors. Similarly, the court found this use was in connection with “goods or services” because Defendant used Plaintiff’s mark to sell advertising space to Plaintiff’s competitors and promoted its own service of altering reviews, or allowing business to respond to negative postings, for a fee.

Second, the Court held that a ruling on the applicability of the fair use doctrine was premature at this point in the case as no discovery had occurred and the Court needed additional information before it could rule on the applicability of the doctrine. Third, the Court found that Plaintiff had sufficiently stated a claim for relief under *Twombly* and *Iqbal* because it stated facts that favored it in a likelihood of confusion analysis. While the Court noted that Defendant may ultimately prevail in a likelihood of confusion analysis, Plaintiff was entitled to gather evidence to support its claims.

Fourth, the Court allowed Plaintiff to proceed under an initial interest theory of confusion because (1) Defendant’s website created the possibility that consumers could be “bait[ed]” by Defendant’s website and repeated use of Plaintiff’s trademark, and then “switch[ed]” into buying propane products from Plaintiff’s competitors, who advertised on Defendant’s *amerigas.pissedconsumer.com* website; (2) the Court needed additional information about how Defendant’s website operated and was structured; and (3) applicable Third Circuit precedent allowed for an initial interest theory of confusion in connection with the Internet.

Fifth, the Court dismissed Plaintiff’s contributory infringement claim (based on the competitor advertisements) because Plaintiff did not allege that anyone else violated its trademark rights or Defendant was aware of these alleged violations. Specifically, to the extent the complaint alleged that Defendant was liable for the comments or advertisements of third parties appearing on Defendant’s website, Plaintiff did not allege that the advertisements actually infringed its trademark rights by using AmeriGas’s trademark in the text of the hyperlink that, if clicked, would take the Internet user to a competitor’s website because use of a trademark in a hyperlink does not constitute *per se* infringement. Similarly, Plaintiff did not allege that Defendant was aware of this supposed infringement, hence, Defendant could not have engaged in contributory infringement.

Finally, the Court found that the Communications Decency Act (“CDA”) did not bar Plaintiff’s claims for violations of Pennsylvania’s Unfair Trade Practices and Consumer Protection Law, interference with contractual and prospective contractual relations, and unjust enrichment. The Court initially noted that Plaintiff premised Defendant’s liability, at least partially, on Defendant’s creation of negative posts and not on third parties’ posts (i.e., information provided by another “information content provider”). More specifically, the Court found the complaint alleged that Defendant exercised some control over the Google AdWords advertisements that were posted on its website. As such, the advertisements may not have been posted by another “information content provider,” and the Court needed additional information about Defendant’s control over the advertisements before it could definitively rule on the application of the CDA.

Procedural Context – District Court granted in part and denied in part Defendants’ motion to dismiss the complaint for failure to state a claim pursuant to Fed. R. Civ. P. 12(b)(6).

4th Circuit (Virginia)

Rosetta Stone Ltd. v. Google Inc., Decision of the District Court of the Eastern District of Virginia (August 3, 2010)

Plaintiff Rosetta Stone, a provider of technology-based language learning products, sued Defendant Google for trademark infringement and related claims alleging that Google, through its AdWords Program, actively assisted third party advertisers to mislead consumers and misappropriate Rosetta Stone’s trademarks by using the marks (1) as keyword triggers for paid advertisements and (2) within the title and text of paid advertisements on Google’s website. The court granted summary judgment in favor of Google on all counts.

On Rosetta Stone’s direct infringement claim, the court held that no reasonable trier of fact could find that Google’s practice of auctioning Rosetta Stone’s trademarks as keyword triggers to third party advertisers created a likelihood of confusion as to the source or origin of Rosetta Stone’s products. Specifically, the court concluded: (1) no genuine dispute of material fact existed which would cause a reasonable juror to find that Google intended to confuse potential purchasers of Rosetta Stone’s products, noting that intent to profit was not tantamount to intent to confuse; (2) Rosetta Stone’s evidence of actual confusion—testimony from five individuals out of more than 100,000 impressions over six years—was de minimis and the users were confused by the linked websites, not the ads themselves; and (3) Rosetta Stone’s consumers were sophisticated and able to distinguish between “Sponsored Links and organic results displayed on Google’s search results page.” *Id.* at *11. Notwithstanding its finding on the relevant infringement elements, the court also held that Google’s use of trademarked keywords as triggers for paid advertisements was protected by the functionality doctrine because Google used the marks functionally within its search engine to identify relevant data.

On Rosetta Stone’s contributory infringement claim, the court held that no reasonable trier of fact could find that Google intentionally induced or knowingly permitted third party advertisers selling counterfeit Rosetta Stone products to use Rosetta Stone’s marks in their paid advertisements. The court also held for Google on Rosetta Stone’s vicarious infringement claim, finding that Google had no control over third party advertisers’ paid advertisements or their use of Rosetta Stone’s marks in the advertisement text. Finally, the court held for Google on Rosetta Stone’s dilution claim because there was no proof that Google used Rosetta Stone’s marks to identify Google’s goods or services, and because Rosetta Stone failed to show that its trademarks suffered a loss of distinctiveness or reputation resulting from Google’s policy of auctioning the marks as keyword triggers.

An appeal is pending.

Market America v. Optihealth Products, 2008 WL 5069802 (M.D.N.C.)

Plaintiff asserts Defendants (1) violated section 43(a) of the Lanham Act (unauthorized use of trademarks similar to Plaintiff's; (2) cybersquatting; (3) violation of North Carolina Unfair and Deceptive Trade Practices Act; and (4) common law unfair competition.

Only matter before the court was Defendant's Motion to Dismiss for lack of personal jurisdiction. Court found there was personal jurisdiction. Court did not rule on (1), (2), (3), (4) above.

Plaintiff sells various food supplements under its ISOTONIX line of products. One of its products is called OPC-3. Defendants market food supplements bearing its trademark OPCXtra. OPCXtra is a registered trademark.

Defendants purchased the domain name www.opc3.com. The acronym OPC defines a group of antioxidant bioflavonoids and a generic term. Defendants have not used the trademark OPC-3 or any variant thereof in customer viewable portion of its website, other than with respect to comparative advertising. Defendant has placed metatags, and specifically used the term OPC-3 in the underlying computer code of its website, along with sponsored links.

Defendant attempted to use 2nd Circuit case *1-800 Contacts v. WhenUCom, Inc.*, 414 F3d 400 (2d Cir. 2005) to show there was not trademark infringement. However, 4th Circuit has not decided this issue, and outside 2nd Circuit the authority is to the contrary. Court applied *ALS Scan* test to determine whether there was jurisdiction over Defendants.

GEICO v. Google, Inc., 2005 US Dist LEXIS 18642, 2005 WL 1903128, 77 U.S.P.Q.2d 1841 (E.D. Va. 2005)

GEICO, an insurance company, claimed that Google's sale of GEICO's federally-registered trademarks as keywords in its Adwords program violated GEICO's trademark rights. After a bench trial, the Court ruled on Google's motion for judgment as a matter of law that: (1) GEICO did not produce sufficient evidence to establish that the mere use by Google of the GEICO mark as a search term or keyword, even in the context of the Adwords program, violates the Lanham Act; (2) GEICO failed to produce sufficient evidence to establish that ads not referencing GEICO in their text or headings violate the Lanham Act; but (3) GEICO did present sufficient evidence "on the narrow issue of whether advertisements that appear when a user searches on GEICO's trademarks and do reference those marks in their headings or text violate the Lanham Act." 2005 WL 1903128 at 1.

The Court found that Google's sale of GEICO's trademarks as keywords constituted "use" of GEICO's marks "in commerce" "in connection with the sale of goods or services" for purposes of the Lanham Act. However, the Court directed judgment for Google on the first two issues because **GEICO failed to prove that Google's use of GEICO as a keyword caused a likelihood of confusion.** The Court found that, due to flaws in the design of GEICO's survey, it failed to reveal whether the respondents' admittedly high level of confusion was caused by

references to GEICO in the ads or by the ads' mere references to insurance. 2005 WL 1903128 at 5. In other words, the survey did not prove that Google's use of GEICO as a keyword, by itself, was enough to cause confusion. *Id.*

The Court did find that GEICO's survey provided sufficient evidence of initial interest confusion, despite its flaws, where GEICO's marks appeared in the heading or text of an ad. The survey showed that over two-thirds of test group respondents "expected that they would reach GEICO's Web site if they clicked on the Sponsored Links, and 69.5% thought that the Sponsored Links were either links to GEICO's site or affiliated with GEICO in some way." 2005 WL 1903128 at 5. The Court held that "the survey's results were sufficient to establish a likelihood of confusion regarding those Sponsored Links in which the trademark GEICO appears either in the heading or text of the ad." 2005 WL 1903128 at 7.

However, the Court did not rule on "whether Google itself is liable for the Lanham Act violations resulting from advertisers' use of GEICO's trademarks in the headings and text of their Sponsored Links, as accomplished through Google's Adwords program." 2005 WL 1903128 at 7. Instead, it stayed the case to give the parties the opportunity to settle, which they did.

Government Employees Insurance Company v Google, Inc., 330 F. Supp 2d 700 (E.D. Va. 2004)

Plaintiff alleges trademark infringement, contributory trademark infringement, vicarious trademark infringement, false representation and dilution based on Defendant's use of Plaintiff's trademarks in selling advertising on its search engines. Defendant moved to dismiss, arguing that alleged practices do not violate the Lanham Act. Under the test for Lanham Act Plaintiff must show:

1. That is possesses a mark;
2. That the defendant used the mark;
3. That the defendant's use of the mark occurred "in commerce";
4. That the defendant use the mark "in connection with the sale, offering for sale, distribution, or advertising" of goods and services; and
5. That the defendant used the mark in a manner likely to confuse customers.

Both parties argued cases in their favor. Defendant argued that no use in commerce since marks were only used for internal coding. Court sided with the cases provided by Plaintiff and found use of marks by Defendant.

Court found Plaintiff sufficiently alleged that Defendants used Plaintiff's marks in commerce through sale to advertisers. However, this does not mean Defendant's use of Plaintiff's trademarks violates either the Lanham Act or Virginia common law and cannot be decided until discovery is concluded since likelihood of confusion is fact-specific for each case.

Plaintiff also has a claim of vicarious liability against Defendants. Defendants moved to dismiss claim because 3rd party advertisers don't use the marks in commerce. Because Defendants had control over the appearance of advertisements Court felt Plaintiff did have a claim.

Court ruled contributory infringement claim remains because Overture monitors and controls third-party advertisements and that is sufficient for actual or constructive knowledge.

U-Haul Intern., Inc. v. WhenU.com, Inc. 279 F.Supp.2d 723 (2003, E.D.V.A.)

Plaintiff U-Haul International, Inc. sued defendant WhenU.com, Inc. for trademark and copyright infringement and unfair competition. WhenU distributed a downloadable pop-up advertising program called “SaveNow” that caused a pop-up advertisement of one of U-Haul’s competitors to appear when an Internet user accessed U-Haul’s web site. U-Haul alleged that such use of its trademarks constituted trademark infringement and unfair competition, and that, by crowding the Internet user’s screen with WhenU’s pop-advertisements and blocking out U-Haul’s website display, WhenU’s pop-advertising scheme also constituted copyright infringement. Both parties moved for summary judgment.

On U-Haul’s copyright claim, the court held that, because WhenU’s pop-up advertising software did not copy U-Haul’s work and because a pop-up advertisement does not constitute a derivative work, summary judgment in favor of WhenU was appropriate. As for U-Haul’s trademark infringement, dilution, and unfair competition claims, the court held that U-Haul failed to show “how a pop-up advertisement appearing in a separate window on an individual’s computer obstructing U-Haul’s advertisement is a ‘use’ of U-Haul’s trademark in commerce.” 279 F. Supp. 2d at 727. Specifically, the court found that U-Haul failed to establish that WhenU used its marks in commerce because: “(1) WhenU’s pop-up window is separate and distinct from U-Haul’s web site, (2) WhenU does not advertise or promote U-Haul’s trademarks through the use of U-Haul’s URL or ‘U-Haul’ in its SaveNow directory, and (3) the SaveNow program does not hinder or impede Internet users from accessing U-Haul’s web site in such a manner that WhenU ‘uses’ U-Haul’s trademarks.” *Id.* at 729. As such, the court granted summary judgment in favor of WhenU on U-Haul’s trademark infringement, dilution, and unfair competition claims.

WashingtonPost.Newsweek Interactive Co. v. The Gator Corporation, 2002 WL 31356645 (E.D.Va.)

The background facts for this case can be found in a later decision in this case at *WashingtonPost.Newsweek Interactive Co. v. The Gator Corporation*, 2002 WL 31319973 (E.D.Va) September 17, 2002. Defendant uses its technology to cause pop-up ads to appear on computer screens over and/or under pages from web sites owned by Plaintiffs, without permission. Advertisers pay Defendant’s for placement of these ads.

Plaintiffs contend that (a) Defendant’s conduct violates Plaintiffs trademark rights; and (2) Plaintiffs lose revenue as a result of Defendant’s conduct. Defendant contends, and Plaintiffs concede, that Plaintiffs use pop-up advertising in connection with their own web sites, including ads that pop up “under” rather than “over Plaintiff’s web pages. After the July 16, 2002 court filing, Defendant filed document contending that in certain situations Plaintiffs could be infringing on Defendant’s trademark rights.

In the July 16, 2002 ruling the Court granted Plaintiffs Motion for Preliminary Injunction. Injunction was to remain in effect until further order of Court. Defendant enjoined from (1) causing its pop-up advertisements to be displayed on any website owned or affiliated with Plaintiffs, without express consent; (2) altering or modifying, any part of any website owned or affiliated with Plaintiffs; (3) infringing or causing other entity to infringe on Plaintiffs copyrights; (4) making any designations of origin, descriptions, representations or suggestions that Plaintiffs are the source, sponsor or in any way affiliated with Defendant's advertiser or their websites, services and products; and (5) infringing, or causing any other entity to infringe, Plaintiffs trademark and/or other service mark rights.

Rosetta Stone Ltd. V. Google Inc. 676 F.3d 144 (4th Cir, 2012)

Summary – Rosetta Stone sued Google in 2009 because Google auctioned Rosetta Stone's marks without authorization to third parties under its AdWords service. Under the AdWords program, Google would display the third party's website under a "sponsored link" portion of the search results whenever a consumer searched for Rosetta Stone's marks. Beyond this preferential placement in the results, Google also allowed the third party to use the trademarks in the heading of their links and in the text of their advertisements (under certain conditions). Many of the third parties who purchased the marks used them to attract consumers to their websites where they sold counterfeit Rosetta Stone software.

The Court vacated summary judgment for Google on the direct infringement claim because genuine issues of material fact existed as to Google's intent, instances of actual confusion, and the appropriate level of consumer sophistication. While not expressing an opinion on whether Google used the marks under the Lanham Act, the Court held a reasonable jury could find Google intended to confuse consumers based on internal Google reports that indicated about 7% of Google's total revenue originated from trademark keyword sales and searches and there was "significant source confusion among internet searchers when trademarks were included in the title or body of the advertisements." Similarly, the Court found Rosetta Stone presented sufficient evidence of actual confusion based on the deposition testimony of five consumers who actually suffered confusion, internal Google reports indicating "high" consumer confusion when trademarks are used in sponsored links, and survey reports showing a 17% confusion rate. The Court also found the district court improperly inferred that consumers of Rosetta Stone's products were sophisticated and could "distinguish between [Google's] sponsored link pages and organic results" because such inferences are reserved for the jury and not a judge ruling on motions for summary judgment.

The Court also found the functionality doctrine did not protect Google from direct infringement liability because Rosetta Stone never used the mark in a functional manner, and Google's use of the mark as a functional tool in its search engine was immaterial as only the trademark owner's use of the mark matters.

The Court vacated summary judgment for Google on the contributory infringement claim because a question of fact still existed as to whether Google continued to supply its services to "identified" infringers it knew or had reason to know about. Specifically, the Court noted Google continued to allow advertisers who had previously been identified as counterfeiters to use Rosetta Stone's mark on different websites as keyword triggers and in the text of the sponsored link advertisements, and that this could constitute contributory infringement.

The Court vacated summary judgment for Google on the dilution claims because (1) Rosetta Stone need not show Google used the marks to identify Google's services and Google did not establish the fair use doctrine protected it; (2) Rosetta Stone's mark could suffer dilution even though consumer recognition increased due to Google's sponsored links; and (3) Rosetta Stone never established its mark achieved fame when Google first used it in 2004. First, the Court held Rosetta Stone need not show Google used the mark to identify Google's goods and services to establish a prima facie case of dilution. Rather, Google must show it did not use the mark as such under the affirmative defense of fair use. Even if Google could prove such a "nontrademark" use, Google still must establish its use was fair, which requires a showing of a "good faith" intent not to create consumer confusion and a descriptive or nominative use of the mark. Second, the Court held Rosetta Stone could still bring a dilution by blurring claim despite the public's increased recognition of its mark due to Google's sponsored links because Rosetta Stone only must show a likelihood of dilution and it need not prove actual economic loss or reputational injury. Third, the Court held Rosetta Stone must prove its marks achieved fame when Google first started using them in 2004, otherwise it could not maintain its dilution claim because the "first diluting use of famous mark[s]" fixes the time by which famousness is to be measured."

Finally, the Court found Google was not vicariously liable because it did not jointly control the counterfeit Rosetta Stone products. The Court also upheld the dismissal of Rosetta Stone's unjust enrichment claim because it failed to allege facts showing that it conferred a benefit on Google for which Google should reasonably have expected to repay.

Procedural Context – Appeal of district court's grant of summary judgment on all claims in favor of defendant and dismissal of the unjust enrichment claim.

5th Circuit (Texas)

College Network, Inc. v. Moore Educational Publishers, Inc., 2010 WL 1923763 (5th Cir. 2010)

Facts:

- Plaintiff/appellant, The College Network (TCN), brought suit against defendant/appellee, Moore Educational Publishers (MEP), arguing that MEP's purchase of the phrase "The College Network" from Google and Yahoo as a keyword to queue up MEP's sponsored-link advertising, violated §43 of the Lanham Act.
- TCN and MEP are competitors in publishing and selling study guides to nursing students. Both companies market their products on the Internet.

Issue: Whether or not defendant's purchase of "The College Network" for keyword advertising violated the Lanham Act.

Procedural History: (district court)

- At trial, MEP stipulated that it had purchased "The College Network" from Google and Yahoo as a keyword, but disputed that this violated §43(a)(1). MEP also asserted that it

started doing this only after learning that TCN was doing the same with MEP's name. At trial, TCN presented expert testimony (Otto Wheller) that MEP's use of "The College Network" as an internet search term created a likelihood of confusion.

- Both parties moved for judgment as a matter of law, but the district court denied the motions and sent the case to the jury.
- **Rule:** to establish a trademark infringement claim, TCN was required to show that:
 - (1) it had a valid trademark;
 - (2) MEP used the mark in commerce without TCN's permission; and
 - (3) MEP's use was likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of MEP with TCN; and TCN sustained damage as a result of this confusion
- **Jury:** Jury instructions assumed that the mark had been used in commerce and instructed the jury on the legal standards for determining the validity of the mark and the likelihood of confusion.
 - Jury verdict form asked two questions: (1) whether "The College Network" was a valid trademark or name; and (2) if so, whether MEP infringed the mark
 - Jury found that "The College Network" was a valid trademark, but that MEP's use of it did not violate the Lanham Act.
- TCN moved for judgment as a matter of law, arguing that the evidence at trial established a likelihood of confusion as a matter of law. MEP argued in response that it didn't matter if likelihood of confusion was established because MEP's use was not a "use in commerce".
 - Fifth Circuit pointed out that this is the first time in the litigation that either party or the district court questioned whether a use had occurred.
- District court agreed with MEP that their use was not a "use in commerce" and did not reach TCN's argument as to likelihood of confusion.
- TCN appealed the district court's ruling as to use and argued that the evidence established likelihood of confusion as a matter of law.

Analysis:

- Fifth Circuit found that it does not need to review the district court's conclusion over "use" because the evidence does not compel a finding of likelihood of confusion under relevant Fifth Circuit law.
- Fifth Circuit's (non-exhaustive) likelihood of confusion factors must reach a "probability of confusion" not mere possibility. The factors list includes:
 - (1) The type of trademark;
 - (2) mark similarity;
 - (3) product similarity;
 - (4) outlet and purchaser identity;
 - (5) advertising media identity;
 - (6) defendant's intent;
 - (7) actual confusion;
 - (8) care exercised by potential purchasers.
- TCN argued that likelihood of confusion required adopting the Ninth Circuit test for internet advertising cases.

- Ninth Circuit test: three of the likelihood of confusion factors are to be weighed most heavily: (1) similarity of the marks; (2) relatedness of the goods/services; and (3) the parties' simultaneous use of the internet as a marketing channel.
- If the 3 factors suggest that confusion is likely, the other factors must weigh strongly against a likelihood of confusion to avoid the finding of infringement.
- Fifth Circuit pointed out that it has never adopted the Ninth Circuit test.
- Fifth Circuit determined that because TCN did not argue the court to adopt the Ninth Circuit test before the case was sent to jury, it waived any argument that the test should be applied.
- **Footnote 5**: Fifth Circuit noted that there's sufficient evidence to support the jury's finding of no likelihood of confusion under the Fifth Circuit test.
 - MEP presented extensive evidence on the issue.
 - Jury was allowed to view the keyword-search process and visually compare the websites.
 - TCN's expert testified as to lack of actual confusion.
 - Evidence did not point so strongly and overwhelmingly in favor of TCN that a reasonably jury couldn't arrive at a contrary verdict.

Holding: Fifth Circuit affirmed the district court's decision.

Mary Kay Inc. v. Weber, 601 F.Supp.2d 839 (N.D. Tx 2009)

The owner of the MARY KAY mark brought suit for infringement, unfair competition, passing off, and tortious interference against a reseller who had formerly been authorized to sell plaintiff's branded cosmetics, arising out of defendant's online sale of plaintiff's goods. After the parties' relationship had terminated, defendant had set up an eBay store named "Mary Kay 1 Stop" on which she sold expired or nearly expired Mary Kay® products that she had purchased from current and former Mary Kay representatives. To promote her store, defendant purchased and used 75 key words that included the MARY KAY mark or names of Mary Kay products. Ad text that appeared as a sponsored link read:

Mary Kay Sale 50% Off: Free shipping on orders over \$100. Get up to 50% off – Fast shipping www.touchofpinkcosmetics.com.

The evidence showed that 32% of individuals who searched for one of the key words clicked on defendant's site.

The Court denied defendant's motion for summary judgment. Addressing defendant's "first sale" defense, the Court found that Mary Kay had raised an issue of fact as to whether the expired products were materially altered from genuine goods and thus whether defendant could rely on the defense. Addressing defendant's nominative fair use argument, the Court held that while it was proper for defendant to purchase key words consisting of plaintiff's marks, there was a question of fact as to whether defendant's ads displaying the marks improperly suggested affiliation with plaintiff.

Mary Kay Inc. v. Weber, 2009 WL 3147888 (N.D. Tx 9/29/09)

Following trial, a jury found in favor of plaintiff. Thereafter, in addressing plaintiff's motion for a permanent injunction, plaintiff sought an injunction against defendant's use of its marks in advertising at all and against defendant's purchase of key words that included its marks, "unless the key words identify the specific products for sale by name." Finding the proposed prohibition "slightly too broad," the Court nevertheless found that "any use of the Mary Kay mark must exist for the sole purpose of informing customers that the defendants, as an entity entirely separate and distinct from Mary Kay," offer Mary Kay products. The Court held any use suggesting affiliation is unlawful, stating further:

Any use of the words 'Mary Kay' without an explanation that the defendants are not Mary Kay and have no affiliation with Mary Kay, is suspect.

Bayer Corp. v. Custom School Frames, LLC 259 F. Supp. 2d 503 (N.D. La. 2003)

FACTS – Bayer Corporation brought suit based on unlawful sale of foreign manufactured flea control preparations bearing Bayer's ADVANTAGE mark and the prominent use of this mark on Custom School Frames website.

Bayer manufactures various formulas of the ADVANTAGE animal flea control preparations. Different formulas are tailored to suit the requirements, laws and regulations of specific geographic regions or countries. In the United States ADVANTAGE is sold to only authorized and licensed veterinarians for resale to their clients.

Custom School Frames advertised and sold within the U.S. two types of flea control medications bearing the mark ADVANTAGE. Neither met the laws and regulations of the U.S. and customers were able to buy of the internet.

Custom School Frames (1) set up a website with an almost identical domain name to that of Bayer; (2) made prominent use of the ADVANTAGE trademark without permission or authorization; (3) used the ADVANTAGE name in computer code for its website to obtain higher placement in internet results; and (4) paid at least one internet search engine to secure highly prominent placement of its website in search results when consumers were looking for information on Bayer's ADVANTAGE.

FINDING - Court found:

1. That the use of Plaintiff's ADVANTAGE mark in metatags for Defendant's website created initial interest confusion.
2. Court also found that use of Plaintiff's ADVANTAGE mark in metatags for its website also constitutes an appropriation of goodwill and creates initial interest confusion.
3. Defendant's registration of ADVANTAGE as a search term and code with Internet search engines also leads to confusion.

HOLDING - Court permanently enjoined and restrained Defendant from using Defendant's trademark ADVANTAGE in connection with importation, sale, distribution, advertising or promotion of any products or services, including using the mark in metatags, other computer code, or in connection with the retrieval of data or information (including w/o limitation the use of such terms as keyword or keywords in pay-for placement or pay-for rank search engines.

FPX, LLC v. Google, 276 F. R.D. 543, 2011 WL 4783373 (E.D. Tex 2011)

Summary – FPX represents a potential class of Plaintiffs (the potential classes include both a Texas and Nationwide class of individuals) that allege Google improperly infringed their trademarks by selling their marks to unauthorized and unlicensed third-parties as keywords or AdWords. Specifically, Plaintiffs asserted an initial interest theory of confusion under §§ 32 and 43 of the Lanham Act for trademark infringement and false designation of origin.

In denying class certification, the Court ruled that Plaintiffs failed to satisfy the commonality requirement of FRCP 23(a)(2) because each Plaintiff must individually prove that Google's use of his/her mark will likely cause consumer confusion. Additionally, Plaintiffs' initial interest confusion theory would require the Court to address each confusion factor in regards to every instance of alleged trademark infringement. Thus, even if the Court determined Plaintiff FPX could succeed on an initial interest confusion theory, this would not prove that Google's policy would result in initial interest confusion with regard to the other putative class members.

The Court further addressed the Rule 23(b)(2) deficiencies of Plaintiffs' proposed class. Class certification is not appropriate where resolution of the claims at issue would require complex individualized determinations and individual hearings. Here, the following issues would require substantial individual attention: (i) validity/distinctiveness; (ii) likelihood of confusion; (iii) and affirmative defenses. Additionally, Plaintiffs' claims for equitable disgorgement cannot be certified under Rule 23(b)(2).

Procedural Context – On Plaintiffs' Motion for Class Certification pursuant to FRCP 23

Holding – Court denied class certification because of a lack of commonality amongst the Plaintiffs under an initial interest confusion theory and individualized determinations of various trademark doctrines would predominate the action.

6th Circuit (Kentucky, Michigan)

Bitchen Kitchen v. Bitchin Kitchen

MARTHA ELIZABETH, INC. AND MARTHA RAPP V. B360 MEDIA, INC. ET AL.

Case No. 1:10 CV 1244

U.S. District Court for the Western District of Michigan, Southern Division

2011 U.S. Dist. LEXIS 49702; 100 U.S. P. Q.2D (BNA) 1799 (2011)

Factual Background:

The factual background of this case involves a suit for trademark infringement.

Martha Rapp (“Rapp”) owned and operated a retail store named “The Bitchen Kitchen Shop” since 2002 offering “common place kitchen items such as aprons, cook books, spatulas, and hard to find gourmet specialty items and novelties.” Rapp also launched the web site www.thebitchenkitchen.com, [and](#) by September 9, 2004, customers could make direct online purchases from the web site. On March 15, 2006, Rapp filed a US federal trademark application for “**The Bitchen Kitchen**” for online and retail store services featuring kitchenware. Registration was granted August 28, 2007.

In 2007, defendant B360 began a 3-minute internet podcast in Canada called “Bitchin’ Kitchen.” The podcast was hosted by “Nadia G” who “employs sexual innuendos, provocative attire, off color humor and includes cooking tips and recipes.” On December 27, 2007, B360 filed an intent to use US federal trademark application for “**Bitchin’ Kitchin**” for a myriad of goods and services including kitchen items, cooking classes (online and in DVD format), and cook books. In April 2008, the B360 application received an office action citing Rapp’s registration. On November 16, 2008, the US Trademark Office suspended the B360 application for “Bitchin’ Kitchin”.

On July 18, 2008 counsel for Rapp sent a cease and desist letter to B360.

By early 2010, B360’s program was no longer the 3-minute podcast. Early that year, the Food Network broadcast a 30-minute television show under the title “Bitchin’ Kitchen” in Canada. On October 6, 2010, at 10:30 PM, B360’s “Bitchin’ Kitchen” premiered in the US on the Cooking Channel.

Procedural History:

In December, 2010, plaintiffs filed a complaint in U.S. District Court alleging trademark infringement, and false and misleading trade practice under the Lanham Act [*15 U.S.C. §§ 1114(1) and 1125(a)*] which included pendent claims for trademark infringement and unfair competition under the Michigan Consumer Protection Act and Michigan common law. They sought a preliminary injunction to bar the use of the “Bitchin’ Kitchen” mark, or any confusingly similar mark, to “advertise, promote or sell any life-style media product or program (including but not limited to TV shows, cookbooks, ‘social media’ or other websites, or online or offline retail store services)” and to remove the mark from any such use in existing products or media. The plaintiffs also specifically requested in their preliminary-injunction application that defendants be barred from using “The Bitchen Kitchen” mark or any confusingly similar mark in “bidding on **key ad words** or otherwise manipulating results in internet search engines.”

In considering the eight Frisch likelihood-of-confusion factors, the court concluded that plaintiffs were likely to succeed on the merits of their claim of likelihood of confusion between their mark and the “The Bitchen’ Kitchen” mark.

Reference to the significance of **key words** came up as a factor in the Court’s consideration of the Seventh Frisch Factor relating to the question of whether the defendants’ continued use and development of the mark “Bitchin’ Kitchen”, despite their knowledge of plaintiff’s trademark, supported an inference of intentional infringement, with the court concluding that there was ample evidence which would support a reasonable fact finder in drawing such an inference. Evidence supporting an inference of bad faith included B360’s continued use and development

of the “Bitchin’ Kitchen” mark after, for example, receiving evidence of actual confusion of consumers such as inquiries directed to Rapp as to whether there was a connection between the product lines marketed under the marks, as well as blogs making reference to B360’s “Bitchin’ Kitchen” but using plaintiff’s spelling, “Bitchen.” In addition, there was evidence that the defendants continued to use and develop “Bitchin’ Kitchen” after receiving the office action and Rapp’s cease and desist letter. Moreover, the Court cited as evidence of bad faith defendants’ purchase and use of sponsored links that used defendant’s spelling, “Bitchen Kitchen”, as a keyword.

Holding:

The court enjoined the defendants from using the “Bitchin’ Kitchen” mark in most respects, but refused to enjoin defendants Scripps Networks, LLC and Scripps Networks Interactive, Inc. (owners of the Food Network and The Cooking Channel) from continued broadcast of the television program under the title “The Bitchin’ Kitchen.” In support of the latter ruling, the court determined that it would be inappropriate to grant the extraordinary remedy of injunctive relief where the Scripps defendants’ First Amendment rights of freedom of expression to create titles for artistic works might thereby be impermissibly impaired. The court found that the title “Bitchin’ Kitchen” has artistic relevance to the work and therefore is secure under the First Amendment. Due to the nature and content of the program, the court determined that “Bitchin’ Kitchen” viewers are not explicitly misled when they see and hear the title and show. The court, however, granted the injunctive relief against defendant B360 “as to all conduct other than the title of its TV series.”

1. Summary Holding

Despite evidence of infringement –event intentional infringement—the court held that the “extraordinary remedy” of an injunction barring defendants against the continued broadcast of their television program under the title “The Bitchin’ Kitchen” was not appropriate. The court deemed that the defendants’ First Amendment rights of freedom of expression to create titles for artistic works might otherwise be impermissibly impaired.

2. Other Key Points?

The court did enjoin the defendants from using the “Bitchin’ Kitchen” mark for uses other than as the title of their television program.

Reference to the significance of **key words** came up as a factor in the Court’s consideration of the Seventh Frisch Factor relating to the question of whether the defendants’ continued use and development of the mark “Bitchin’ Kitchen”, despite their knowledge of plaintiff’s trademark, supported an inference of intentional infringement.

King Pharms., Inc. v ZymoGenetics, Inc. 2009 WL 493 1238 (E.D. Tenn. Dec 10, 2009)

Holding:

Defendant, who sold a competing product to Plaintiff's, used the name of Plaintiff's product as a keyword using Google's AdWords program, so that a consumer searching for Plaintiff's product would get search results with sponsored links to Defendant's product and links to Defendant's website, and ceased doing this activity when Plaintiff filed suit, could not establish that it had suffered irreparable harm without an injunction.

Other Key Points:

Plaintiff claimed that it had lost customers due to Defendant's marketing practices, however, because Defendant ceased the activity and agreed not to use the keyword in the future, Defendant prevailed.

T.D.I. Int'l, Inc. v. Golf Preservations, Inc., 2008 U.S. Dist. LEXIS 7427 (E.D. Ky. 2008)

Plaintiff alleged that defendant infringed upon plaintiff's XGD mark.

Defendant moved to dismiss, claiming that plaintiff could not show "use" of plaintiff's mark for purposes of the Lanham Act. In response, plaintiff pointed to a number of cases holding that sale or purchase of a competitor's trademark as a search engine keyword violates the Lanham Act.

The court denied defendant's motion to dismiss, citing the uncertain state of the law on whether the purchase of a keyword constituted use.

However, the court also noted that while the trademark claims primarily related to defendant's keyword purchase, plaintiff had also explicitly alleged that defendant had otherwise used the plaintiff's mark in a manner violating the Lanham Act.

Wells Fargo & Co. v. WhenU.com, Inc., 293 F.Supp.2d 734 (E.D. Mich. 2003)

In a motion for a preliminary injunction filed by Plaintiffs, Wells Fargo and Quicken Loans, the court ruled in favor of Defendant, WhenU.com and denied the injunction. The court denied the injunction on the grounds that (1) Plaintiffs were unable to demonstrate a strong likelihood of success on the merits of their trademark claim, (2) Defendant did not use the Plaintiff's marks in commerce, (3) Plaintiffs were unable to establish a likelihood of confusion, (4) Plaintiff was unable to show irreparable harm, (5) Plaintiffs were unable to show a likelihood of prevailing on their copyright infringement claim, and (6) harm to Defendant outweighed the harm to the Plaintiffs.

Defendant delivers online software to users through the programs Save and SaveNow. Both programs effectively operate the same way in that both are adware programs usually bundled with other software for online download. The programs allow Defendant to deliver contextually relevant advertising at the moment the customer demonstrates an interest in the product or service. Based on the user of the programs browser history and what they are currently searching for, the program creates a pop-up, usually in the right hand corner of the screen or across the bottom of the screen, displaying goods or services advertising that are relevant to the user. The pop-up in no way affects the other browser window in which the user was searching and running, and the pop-up can easily be exited. The pop-ups also specifically advise that the

ads are from WhenU and are not sponsored by any website that the user may be viewing. Lastly Defendants do not use any trademark registered by Plaintiffs and only include their URLs in the directory (which the user can not view) to identify the website itself for the purpose of determining the users interest in the participating companies of the software.

The court found that Plaintiffs were unable to demonstrate a strong likelihood of success on the merits of their trademark claim because Defendant did not use the Plaintiffs' marks in commerce and Plaintiffs were unable to establish a likelihood of confusion. The Lanham Act only forbids the "use in commerce" of a registered mark, and Defendant did not use or display the mark in the sale or advertising of the goods or services. The fact that some of Defendant's advertisements appear on a computer screen in a separate window at the same time as Plaintiffs' webpage does not constitute a use in commerce of the Plaintiffs' marks.

Also, even though Defendant did not use the marks in commerce, Plaintiffs have also not demonstrated a likelihood of confusion. Plaintiffs' only evidence was a survey which the court found unpersuasive because it did not sample the appropriate universe of respondents, the questions were biased, the survey was not properly administered, and unwarranted inferences were drawn. Furthermore, other than this survey, Plaintiffs were unable to produce a single person who could demonstrate actual confusion.

The court further found that Plaintiffs failed to satisfy any copyright infringement case. Plaintiffs argued that Defendant violated their right to prepare a derivative work, however to prevail on this claim Plaintiffs would have to show that Defendant had incorporated the Plaintiffs' website in Defendant's work. Since this could not be shown the court found that Plaintiffs did not satisfy their copyright infringement claim.

Lastly, the court denied the injunction because not only did Plaintiffs fail to show any irreparable harm, but also found that the harm to the Defendant outweighed the harm to the Plaintiffs. The only possible harm Plaintiffs were able to show was unjust enrichment, which could be paid with monetary damages and did not warrant a preliminary injunction. Furthermore, if the injunction were granted Defendant's business would be significantly harmed in disrupting the established relationships Defendant has with its advertisers and this could take years to regain.

Therefore based on the foregoing the court denied Plaintiffs' motion for a preliminary injunction.

Nettis Env't Ltd. v. IWI, Inc. 46 F. Supp. 2d 722 (N.D. Ohio 1999)

Case No. 1:98 CV 2549

U.S. District Court for the Northern District of Ohio, Eastern Division

46 F. Supp. 2d 722 (1999)

Procedural History

Plaintiff, Nettis Environment Ltd. ("Nettis"), filed a motion with the District Court seeking an order requiring defendant, IWI Inc. ("IWI"), to show cause why IWI should not be held in contempt for violating a temporary restraining order and preliminary injunction issued by the court which enjoined IWI from using Nettis' name as a **keyword** in hidden text on its own

website and in purchased **keywords** from third party search engines in order to direct web traffic to IWI's website.

Factual Background

The parties were competitors in the plant ventilation industry. IWI placed terms associated with Nettis' name, such as "Nettis Environmental," "Nettis," and "DR Nettis," (the "Nettis Terms") in hidden text ("metatags") of its website. These metatags resulted in queries for Nettis' name leading to IWI's website, which Nettis asserts is a violation of *15 U.S.C. § 1125* [Lanham Act], as well as provisions of Ohio state law. IWI also registered its website with 380 internet search engines, providing the Nettis Terms as being associated with IWI's website.

Nettis filed suit and the court issued a temporary restraining order and preliminary injunction (the "Orders") enjoining IWI from using Nettis' name. Specifically, both Orders enjoined IWI, "its officers, agents, servants, employees, parents, subsidiaries and related companies" from using the Nettis Terms or any derivatives of the Nettis name on its website or in connection with the advertising or promotion of its goods or services or in any manner likely to create a misleading impression that IWI's goods and services were in some way associated with Nettis.

The core issue facing the court was whether IWI had taken all reasonable steps within its power to comply with the court's Orders. Following issuance of the order, IWI had immediately removed all Nettis Terms from its website, including any keywords, but neither expressly contacted the search engines' administrators to notify them to remove the Nettis Terms nor confirmed that their databases had automatically been updated. The facts showed that IWI had relied on its computer consultant who had wrongly assumed that, once the terms were removed from IWI's website, the respective search engines would automatically update their databases and remove the keywords as well. It was later discovered that several of the internet search engines continued to redirect queries to IWI's website.

Holding

The Court ruled that IWI complied with the Orders to remove all references to Nettis's name from its website, but was in civil contempt of the Orders in failing to confirm that all search engines it had used had been updated and in not cancelling its registrations with these search engines until after the effective date of the Orders. Therefore, Nettis's motion was granted and attorney's fees and costs were awarded to Nettis. However, the Court found that the remaining sanctions requested by Nettis – incarceration, daily fines, compensatory fines and appointment of a computer expert – were inappropriate and would not be ordered. The Court also held that IWI could establish a new website, as long as it conformed to the preliminary injunction as ordered by the Court.

1. Summary Holding

Court granted plaintiff Nettis's petition for an order of civil contempt against defendant IWI, finding that while IWI had complied with court orders (TRO and preliminary injunction under Lanham Act and related state law) insofar as it had removed all references to Nettis's name from its website, IWI was nonetheless in contempt for failing, until after the effective

date of the orders, to affirmatively cancel its registrations with search engines it had contracted with to use plaintiff's name as a keyword to direct traffic to its site.

2. Other Key Points?

The facts showed that IWI had relied on its computer consultant who had wrongly assumed that, once the terms were removed from IWI's website, the respective search engines would automatically update their databases and remove the keywords as well

7th Circuit (Illinois)

Habush v. Cannon, 09-CV-18149 (Wis. Cir. Ct. June 8, 2011)

Plaintiffs, Habush & Rottier, and defendants, Cannon & Dunphy, are personal injury lawyers. Defendants purchased plaintiff's names, specifically "Habush" and "Rottier", as keywords. The names were not used in the Defendants' sponsored ads or on Defendants' web site.

Plaintiffs sued for violations of their right of publicity (under Wisconsin state law). No trademark claims were included in the complaint. Under Wisconsin law, Plaintiffs had to show that the Defendants used for advertising purposes or for purposes of trade their names without their written consent. To obtain relief under the local statute, however, such use has to be unreasonable. The court indicated that "unreasonable" means "irrational".

On a motion for summary judgment, the court held that, although Plaintiffs proved that its names were used without consent, they failed to show that use was unreasonable. As the Plaintiffs' names are part of their law firm name, the court found that the use was not unreasonable, due to the importance and general methods of competition and the developing nature of the Internet.

Bernina of America Inc. v. Fashion Fabrics International Inc. (d/b/a AllBrands), 57 USPQ2d 1881 (N.D. Ill. 2001)

Procedural Posture:

Plaintiff's motion for temporary restraining order

Summary

Bernina is a marketer of sewing machines. Its products are sold via a network of authorized dealers. Bernina sued AllBrands, an independent retailer of sewing machines, for using Bernina's trademarks, including BERNINA and BERNETTE, on AllBrands' web site and in the metatags for the site. AllBrands is not an authorized dealer of Bernina's products.

The court acknowledged that the first sale doctrine allows an independent dealer to use a manufacturer's trademark to resell that brand of goods. However, the court, citing *Quill Corp. v. NADA Scientific Ltd.*, 1998 WL 25502 (N.D. Ill. 1998), stated that "one who resells trademark

goods is obligated to do so in a manner that is not likely to cause confusion or imply that the seller is associated with the manufacturer.”

The court stated that AllBrands failed to state on its web site that it is not an authorized dealer or is not affiliated with Bernina. The court found that AllBrands posts of the latest news on Bernina went beyond the mere reselling of Bernina products and may misled consumers into believing that AllBrands is affiliated or associated with Bernina. The court concludes that Bernina has established “some likelihood of success on the merits regarding the likelihood of confusion....”

The court went on to state that “it is only because the Court finds that AllBrands’ website itself is misleading that it enjoins AllBrands’ use of the Bernina and Bernette trademarks as metatags.”

Morningware, Inc. v. Hearthware Home Products, Inc. 673 F.Supp.2d 630 (2009, N.D.Ill)

Defendant’s motion to dismiss for failure to state a claim denied in respect of Plaintiff’s action for unfair competition, product disparagement, deceptive trade practices, common law unfair competition and commercial disparagement as a result of keyword advertising by the Defendant using the Plaintiff’s trade-mark and trade-name.

The judge noted that Hearthware is Morningware’s nearest competitor with respect to the products in issue. The Defendant’s link resulting from use of the Plaintiff’s trade-mark as a keyword in Google’s ad words program stated “The Real Nu-Wave® Oven Pro Why Buy an Imitation! 90 Day Gty.”

In refusing to dismiss false designation claims under the Lanham Act, the court noted that:

“Like the court in *Vulcan Golf*, here the court ‘simply cannot make a definitive ruling on the ‘use’ issue without engaging in fact finding, which is inappropriate at this stage of the litigation’.”

In other words, in light of the cases which had found use of trade-marks as keywords to constitute use of the mark in commerce, the court was not willing to dismiss the case on the basis that there was no use in commerce. The court found that the Plaintiff had sufficiently alleged a protectable trade-mark, use in commerce and initial interest confusion to avoid dismissal of the false designation of origin claim under the Lanham Act.

The court also found that the pleading was sufficient with respect to product disparagement under the Lanham Act by alleging that the text of the Defendant’s advertisement will lead consumers to incorrectly believe the Plaintiff’s products are inferior or fake.

With respect to the state law claims, in short, the court found that the legal inquiry was the same as under the Lanham Act claim in respect of deceptive trade practices and common law unfair competition and refused to strike those claims. Similarly, with respect to commercial disparagement, the court noted that there was a pleading regarding intent and concluded that, since the Plaintiff had pled a false and demeaning statement it was a sufficient pleading such that the court declined to dismiss the count.

Standard Process, Inc. v. Total Health Discount, Inc. 559 F. Supp. 2d 932 (E.D. Wis. 2008)

Plaintiff Standard Process manufactures dietary supplements. Standard Process does not sell its products directly to consumers; rather, it sells to authorized healthcare providers and other authorized resellers. Under the terms of Standard Process's agreement, its authorized resellers were prohibited from (1) selling to other health care professionals or businesses; (2) selling via any e-commerce format (including the Internet); and (3) selling in any retail setting except as a medical clinic or pharmacy. Defendant Total Health operated a website through which it sold over 350 brands of vitamins and dietary supplements, including Standard Process products it acquired from Standard Process accountholders. Since Standard Process never authorized Total Health to sell its products, in order to prevent Total Health from doing so, Standard Process terminated its accountholders that were also Total Health consultants, asserting that such Internet sales violated its resale policy. Moreover, Standard Process sent a letter to Total Health stating that Total Health's use of the Standard Process logo and pictures of its products violated trademark law. In response, Total Health removed all Standard Process logos and pictures from its website, placed a disclaimer on web pages offering Standard Process products for sale, indicating that it was not an authorized seller of Standard Process products, but that it simply purchased such products from other authorized third parties for resale and that it was in no way affiliated with Standard Process, and continued selling the products by using the Standard Process name in a plain typeface only.

Thereafter, Standard Process sued for trademark infringement and false designation of origin, among other claims. Total Health moved for summary judgment on Standard Process's claims, arguing that the first sale doctrine and the nominative fair use doctrine protected its sales of Standard Process products. The court denied Total Health's motion on the infringement and false designation of origin claims. Although the first sale doctrine protects the reselling of goods under the original producer's trademark, the reseller cannot "use [the] other entities' trademarks to give the impression that they are favored or authorized dealers for a product when in fact they are not." Standard Process submitted evidence "indicating that Total Health made statements suggesting that it was affiliated with Standard Process." These references included Total Health's statements regarding Standard Process's 75th anniversary, describing its accomplishments using first-person pronouns such as "we" or "our" to refer to Standard Process. Also, Total Health paid to receive prominent placement as a paid advertiser in search results for searches of "standard process" on popular search engines. In sum, viewing these facts, the court concluded that these conducts could give consumers the impression that Total Health is a favored or authorized Standard Process dealer. The court also rejected Total Health's nominative fair use defense, which requires, in part, that the user "do nothing that would, in conjunction with the mark, suggest sponsorship or endorsement by the trademark holder." Accordingly, the court denied Total Health's motion for summary judgment based on the first sale doctrine or the nominative fair use doctrine.

Vulcan Golf v. Google, 552 F. Supp. 2d 752 (N.D. Ill. 2008)

Vulcan Golf brought a class action suit against Google and several domain name "parking companies" (Ireit, Sedo, Oversee and Dotster) alleging that their use of Vulcan Golf's

trademarks in domain monetization violates federal trademark and unfair competition laws, the Anti-Cybersquatting Consumer Protection Act, the Anti-Dilution Act, and RICO (anti-racketeering), as well as a host of state laws including trademark infringement, fraud, civil conspiracy and unjust enrichment. In this ruling on defendants' motion to dismiss for failure to state a claim, the court denies the motion as to the trademark, federal unfair competition, ACPA and dilution claims, and grants the motion as to the state claims (other than trademark) and RICO counts.

In domain name monetization, domainers register various domain names, some of which contain third party marks or misspellings of third party marks such as www.vulcangolf.com (the plaintiff's domain name preceded by "www"). The domainers engage parking companies to post pages containing click-through advertisements keyed to the content of each domain name. In this case, the ads are supplied by Google via its AdSense for Domains program. In essence, Google runs the domain name through its search engine which returns "contextual" (relevant) paid advertising to the site. Google, the parking company and the domainer each get a cut of the revenue paid by an advertiser whenever someone clicks on its ad. Although this is not, strictly speaking, a keyword case, it is relevant insofar as the AdSense for Domains program treats the domain name as a keyword to trigger ads and serves them on the site.

In its 52-page opinion, the court takes up each ground for dismissal. Highlights include:

- Oversee raised an defense commonly tendered by parking companies that its bad faith under the ACPA could not be established because it has an online complaint procedure in which it will investigate any alleged trademark infringement related to domain name registration. The Court rejected Oversee's claim because Vulcan Golf's allegation that the complaint system is a sham intended to mislead the public into believing that Oversee doesn't support deceptive monetization creates a factual dispute as to whether the complaint system is sufficient to negate bad faith.
- In its refusal to dismiss the trademark infringement and false affiliation counts of the complaint, the court makes a number of interesting statements regarding trademark use in the online context:
 - The claim that the parking companies "transacted in and improperly profited from" domain names similar to Vulcan Golf's marks sufficiently alleges that the parking companies use the domain names to survive a motion to dismiss. Note that the court refers to whether use of a *domain name* has been adequately alleged, not use of a *trademark*. To the extent that the domain name contains a trademark, this may be semantics, but given how many keyword cases have turned on the issue of whether the appearance of a mark in a keyword constitutes "use" of the mark, could this be a significant reframing of the issue?
 - Quote: "In the interest of completeness the court notes that 'use' has been interpreted broadly in other cases involving the Internet and domain names." In support, the court cites recent cases holding that the sale and use of a keyword containing a mark amounts to use of that mark sufficient to support a claim for trademark infringement against the search engine (*American Blinds*, *GEICO*, *800-JR Cigar*).

- Citing the operative language in §43(a) of the Lanham Act, Google argues that the false affiliation claim against it fails because the complaint does not allege that Google “uses” a false designation “on or in connection with any goods or services.” According to the court, Google’s claim is based on the fact that the webpage it generates based on a domain name *does not contain that domain name*. The court continues: “Google fails to cite any case law in support of its argument and the court declines to do Google’s work for it.” Could this really be Google’s argument? Seems to me that Google’s “use” of the domain name in this context is analogous to its use of a keyword in generating paid advertising on its own site. Google’s argument in keyword cases has been that it does not “use” a mark in connection with any goods or services when it sells a keyword containing the mark to an advertiser and returns the ad when the keyword is triggered. I don’t think that its defense in those cases has rested whether or not the keyword appears in the returned ads. If that is the case, why would it matter in this context whether the domain name appears on the click-through site? What am I missing?

Since this comes up on a motion to dismiss, there is no evaluation of the merits of the claims.

International Profit Associates, Inc. v. Paisola, et. al., 461 F.Supp.2d 672 (N.D. Ill. 2006)

Paisola used the trademarked term “International Profit Associates” as part of the text in his advertisement through Google’s AdWords program, so that Google users searching for International Profit Associates would see his website, which contains allegations against and criticisms of IPA. IPA sought a TRO to prohibit Paisola from conducting internet advertising.

The Court granted a limited TRO, finding that IPA had shown a likelihood of success on at least some of its claims, including its trademark infringement claim. The Court found that while the law in the Seventh Circuit was silent on whether the use of a trademark as a keyword in an online search program is a use “in commerce” under the Lanham Act, other courts had determined that purchasing a trademarked term as a keyword meets the use requirement. It did not elaborate further on why purchasing a trademarked term constitutes a use, and did not undertake any further analysis of this issue. (*Note*: Paisola could not be located, and was not served with a copy of the motion for TRO. As such, there was presumably nobody in front of the Court arguing that other courts have held a trademarked term should not constitute a use. In the absence of an argument to the contrary, the District Court accepted the persuasive authority that IPA presented it.)

Promatek Industries v Equitrac Corp, 300 F3d 808 (7th cir 2002)

U.S. Court of Appeals, Seventh Circuit; No. 00-4276; Argued May 22, 2002; Decided August 13, 2002; Amended October 18, 2002

Defendant used Plaintiff’s trademark as meta tag in Plaintiff’s website. Defendant provided maintenance services for equipment sold under Plaintiff’s trademark. Lower court issued a preliminary injunction without a hearing ordering Defendant to place language on Defendant’s website, including a link to Plaintiff’s website.

Defendant alleged there was no likelihood of success on merits. Court noted that Defendant and Plaintiff were competitors and that initial interest confusion was actionable under the Lanham Act in 7th Circuit.

The court found that Defendant's use of the Plaintiff's mark as a meta tag misappropriated Plaintiff's good will.

DeVry/Becker Educ. Dev. Corp. v. Totaltape, Inc., 2002 U.S. Dist. LEXIS 1230 (N.D. Ill. Jan 25, 2002)

Procedural Posture:

Plaintiff's motion to reopen action and for rule to show cause.

Holding:

Denied

Summary

The parties had previously settled a dispute and, in the final settlement agreement, the defendant had agreed to cease using the plaintiff's trademark and any other term likely to cause confusion in defendant's URLs or computer addresses, in buried code or metatags or defendant's web site, in connection with the retrieval of data or information, and in any other manner that would likely cause internet customers to believe the defendant's services are authorized by, sponsored by, licensed by, or associated with plaintiff.

In the instant matter, plaintiff claimed that defendant used plaintiff's trademarks as keywords in a URL address, had paid third party search engines to display featured links to defendant's web site to potential customers searching for "Becker CPS", and caused featured listings on at least two web sites to be displayed as "Becker CPA review course – Bisk Education."

The defendant claimed, among other things, that its use of plaintiff's marks did not violate the terms of the settlement agreement and, that in any event, its allegedly infringing behavior had stopped.

The court denied plaintiff's motion to reopen for a rule to show cause, but held that the court may enter an order clarifying the rights and duties of the parties under the settlement agreement. The court stated that such an order is appropriate whether the alleged activity has ceased and the settlement is unclear on the issue of keyword searches. The court then ordered that the defendant permanently cease using the plaintiff's marks as keywords, that the defendant inform all internet search engines of the terms of the order, and that defendant monitor all search engines with which it had a direct or indirect contractual relationship at least once a month for the next twelve months to ensure that any searches and keywords ordered by defendant comply with the terms of this order.

Quidgeon v. Olsen, No. 10-1168 (C.D. Ill. April 19, 2011)

Summary – Plaintiff Chris Quidgeon has been doing business as Daddy’s Tattoo’s and Piercings since 2003. In 2010, Plaintiff filed suit against John Olson and his business Daddy-O’s Tattoo’s Inc. for trademark infringement, false designation of origin, and false or misleading representations of fact in violation of the Lanham Act. Plaintiff sought injunctive relief, as well as monetary damages and attorney’s fees. Defendant defaulted in January 2011, but the judgment was deferred with regard to the request for an injunction and award of damages pending receipt of additional evidence from Plaintiff.

Plaintiff alleged that Defendant used his mark in its trade name, advertising, website, Internet metatags, and as a keyword for Internet search engines, which caused Plaintiff to suffer a loss of goodwill. Specifically, Plaintiff produced evidence that showed he had received complaints about Defendant’s quality of work, lost business at a trade show based on confusion of identity, and that he generally lost business due to customers’ belief that the two entities were associated.

The Court found that this loss of goodwill was sufficient to award an injunction. Defendant was enjoined from using Plaintiff’s mark in domain names, websites, Internet metatags, keywords for Internet search engines, or any other search term. The Court denied Plaintiff’s remaining requests for monetary damages because Plaintiff could not put forth evidence of his losses or Defendant’s actual sales that arose due to Defendant’s violations.

Procedural Context – Following motion for default judgment in Plaintiff’s favor, court analyzed the forms of damages on which it previously deferred.

Holding – Court granted a permanent injunction because Plaintiff suffered a loss of goodwill due to Defendant’s actions and it denied Plaintiff’s requests for monetary damages because he failed to prove he suffered losses or that Defendant’s sales arose from use of the mark.

8th Circuit (Minnesota)

Fair Isaac Corporation and myFICO Consumer Services Inc. v. Experian Information Solutions Inc.; Trans Union, LLC; VantageScore Solutions, LLC; Does 1 through X, 2009 WL 4263699 (D. Minn. 2009)

(from Technology & Marketing Law Blog By Eric Goldman)

This is an interesting and complicated lawsuit that hasn't gotten the attention it deserves. Fair Isaac produces the ubiquitous "FICO" credit score, which is heavily used in the financial industry to assess borrower creditworthiness. Fair Isaac launched a litigation campaign to suppress competition by rival producers of credit scores. In July, Fair Isaac mostly lost a bunch of its arguments in a complex ruling. Read Rebecca's excellent recap of that ruling. The July ruling left a few issues open for trial, which ended late last month with Fair Isaac's jury loss. See the (uninsightful) jury verdict form and this article from the St. Paul Business Journal.

Normally with a jury verdict, we don't get a lot of legal insight. However, the jury verdict led to a short post-trial ruling by the judge.

First, Fair Isaac tried to claim that its score range from "300-850" was a protectable trademark as a way of trying to thwart its competitors' range of 501-990. I've always wondered why credit scores start at 300 instead of 0, just like the SATs start at 200 or LSAT scores now start at 120. This case finally gave me a new hypothesis: maybe these services think they can claim a trademark in their score ranges...? (As Rebecca also observed, I suspect not wanting to tell people they are a "zero" is also a relevant consideration).

In any case, Fair Isaac's bid to trademark the score range "300-850" failed. As the judge recaps, "the jury returned a verdict finding that the alleged '300-850' mark was not a valid, protectable trademark because the term '300-850' has not acquired secondary meaning." Once again, a putative trademark owner goes to court only to find out that it has fewer trademarked assets than it thought.

Second, the court rejected Fair Isaac's trademark claim over competitive keyword advertising based on insufficient proof of consumer confusion. The court recaps:

To the extent that Fair Isaac bases its keyword advertising claims on the alleged "300-850" mark, such a claim fails in light of the jury's finding that "300-850" is not a valid mark. To the extent that the keyword advertising claims are based on the "Fair Isaac" and "FICO" marks, **the Court finds that the weight of the evidence adduced at trial does not support a credible inference that Experian's and Trans Union's purchases of Fair Isaac's trademarks as keyword search terms was likely to confuse consumers.** The only evidence adduced at trial in support of the assertion that the keyword advertising was likely to cause confusion—the opinion testimony of Fair Isaac's expert James Berger—lacks credibility. [emphasis added]

(Bummer for Fair Isaac to see the court toss aside its expert like a rag doll. I'm guessing the expert wasn't cheap).

This is one of only a few cases reaching a definitive "final" ruling about the legitimacy of competitive keyword advertising. Most cases settle or end on some other basis (like the plaintiff's lack of a protectable trademark, as the court ruled here for the "300-850" keyword purchases). The only other similar trial outcome was the old 2004/05 GEICO v. Google case, which concluded in a poorly reasoned and difficult-to-follow opinion after trial that Google was not liable for keyword triggered ads that didn't contain the trademark in the ad copy and potentially liable for the triggered ads that did. Other than the GEICO mess, we have only a few summary judgment rulings on consumer confusion due to competitive keyword advertising:

Finding that referencing the trademarks in the ad copy creates a likelihood of consumer confusion: *Storus*

Finding that merely using the trademark to trigger keyword advertising does not create a likelihood of consumer confusion: *J.G. Wentworth* and *Designer Skin*

In light of these limited precedents reaching a final outcome on keyword triggering, this ruling is significant because it's the strongest evidence yet that keyword advertising defendants do not create actionable consumer confusion and therefore will win at trial. This is one of the reasons why I favor finding doctrinal ways for defendants to end cases earlier in the process (and well before trial) if the defendants are going to win at trial anyway.

According to the *St. Paul Business Journal* article, Fair Isaac plans to appeal this ruling as well as their July loss. Better to fight in court than fight in the marketplace, I guess.

Alternative case brief:

Matter was originally subject of a jury trial. Plaintiff said jury erred in not granted an injunction due to trademark infringement and unfair competition under federal and state law and for passing off under Minnesota state law when Defendants purchased Plaintiffs' trademarks as keywords. According to Court in order to prevail on a keyword advertising claim, Plaintiff must prove (1) it owns a valid, distinctive trademark that is entitled to protection; and (2) Defendants' use of those marks as keyword search terms was likely to confuse consumers about the source, sponsorship, or affiliation of its products or services. Jury determined Plaintiff did not have a valid trademark and therefore, could not meet first prong of Test. Also, Plaintiff did not provide any evidence to support confusion claim.

For passing off claim Court did not believe Defendants use of Plaintiff's keywords caused confusion or deception and any confusion that would occur would be on the part of the consumer due to the intricacies of the credit scoring industry.

Hysitron, Inc. v. MTS Systems Corp., 2008 WL 3161969 (D. Minn. Aug. 1, 2008)

Procedural Posture:

Motion for partial summary judgment

Holding:

Motion denied

Summary

MTS Systems filed for partial summary judgment as to Hysitron's claims of trademark infringement. MTS claimed that the mere act of buying the HYSITRON mark for use in Google's AdWords program did not constitute use in commerce as contemplated under the Lanham Act. In the alternative, MTS claimed that the sponsored link did not cause and was not likely to cause consumer confusion. MTS also argues that, since it discontinued use of the plaintiff's marks as AdWords, Hysitron cannot demonstrate actual or potential harm entitling it to injunctive relief.

MTS cited case law from the Second Circuit cases in support of its contention that the mere buying of the plaintiff's mark does not constitute use in commerce. *See 1-800 Contacts, Inc. v. WhenU.com, Inc.*, 414 F3d 400 (2d Cir. 2005).

The district court, however, adopted what it described as the majority view, namely that use of competitor's trademark to create a sponsored link or other advertising constitutes use in commerce.

As to the issue of the confusion, the district court agreed with plaintiff that additional discovery is necessary before a decision can be rendered.

Finally, on the issue of actual harm, the district court found that there are genuine issues of material fact regarding whether MTS had stopped using the plaintiff's mark as an AdWord. As such, summary judgment is inappropriate.

Edina Realty, inc. v. Themlsonline.com, 2006 U.S. Dist. LEXIS 13775, 80 U.S.P.Q.2D 1039 (D. Minn. 2006)

Plaintiff used the registered trademark EDINA REALTY in connection with its real estate business in the Midwest. Defendant, a competitor, purchased the following search terms from Google and Yahoo: Edina Realty, Edina Reality, EdinaRealty.com, EdinaRealty, EdinaRealty.com, www.EdinaRealty.com and www.EdinaRealty.com. When the purchased terms were searched in either search engine, the results included defendant's sponsored links with a headline in underlined font saying "Edina Realty™ listings – MLS Home Search." The text of the sponsored link was: "Find Edina Realty™ and Twin Cities MN MLS listings. Also includes listings from Coldwell Banker Burnet, Counselor Realty and many more. Updated daily. Request showings online." (After Spring 2005 Google required defendant to remove "Edina" from its sponsored link text.)

The court noted that the percentage of "Google users that click on the [sponsored link] and enter [defendant's website], instead of plaintiff's website, has ranged from 31.6 to 17.9 percent. The rate has been as high as 39.7 percent on Yahoo." The parties cross-moved for summary judgment. The court held that defendant's purchase of the search terms was a "use in commerce" "based on the plain meaning of the Lanham Act" without further analysis, relying on *Brookfield Communs., Inc. v. W. Coast Entm't Corp.*, 174 F.3d 1036 (9th Cir. 1999). The court rejected defendant's normative fair use defense, holding that defendant's use of plaintiff's mark as a search term, in sponsored link "advertisements," and in hidden text and links on its web site was not required to describe defendant's services and that defendant's use of EDINA REALTY as the "headline" of its sponsored link "does not reflect the true relationship between plaintiff and defendant."

9th Circuit (Arizona, California, Washington)

Montana Camo, Inc. v. Cabela's Inc., 2011 WL 744771 (D. Mont. Feb. 23, 2011)

Plaintiff is a manufacturer of fabrics. Defendant purchased Plaintiff's fabric for use in clothing.

Defendant purchased keyword using Plaintiff's trademark, and Plaintiff sued for unfair competition and false advertising. On a motion of summary judgment, the Court held for the defendant on all claims. As to the claim of false advertising, the Court stated that Defendant sells products containing Plaintiff's fabric; as such, its advertisements are not false. As to the claim of unfair competition, the Court indicated that Plaintiff failed to sufficiently allege facts to support a finding of likelihood confusion. According to the Court, Plaintiff only made conclusory statements regarding consumer confusion without substantiating the same with factual data.

Consumerinfo.com, Inc. v. One Techs LP, CV-09-3783-VBF (MANx) (C.D. Cal. jury verdict Jan. 12, 2011)

Plaintiff and Defendant are competitors in the field of credit reports, credit scores, and credit monitoring.

Defendant purchased Plaintiff's trademarks as keywords; at least one of Plaintiff's marks was also used in the text of Defendant's sponsored ads. Defendant also registered several domain names using variations of Plaintiff's marks.

Plaintiff sued for trademark infringement, dilution, and cybersquatting. In a rare jury decision on keywords, the jury found liability on the cybersquatting claims but not on Defendant's purchase and use of keywords, indicating that there was no likelihood of confusion. The jury also denied Plaintiff's dilution claim, stating that Defendant's use of Plaintiff's mark commenced before the mark was famous.

Network Automation, Inc. v. Advanced Systems Concepts, Inc.

Ninth Circuit Court of Appeals reverses and remands. District court erred in granting preliminary injunction to plaintiff, Network Automation ("Network") when it failed to consider the precise nature of the advertising practice in question, the type of goods and degree of care likely to be exercised by its purchasers, and the labeling and overall appearance of the advertisements.

Network Automation and Advanced Systems Concepts ("Systems") both sell job scheduling and management software. Network sells its software under the mark AUTOMATE, while Systems' product is sold under the registered trademark ACTIVEBATCH. As a method of advertising, Network purchased certain keywords, including "ActiveBatch," which when keyed into various search engines (including Google and Bing), produce a results page showing a sponsored link to <www.NetworkAutomation.com> either above or to the right of the regular results, either alone or alongside Systems' own sponsored link.

The Ninth Circuit assumes that the use of a trademark as a search engine keyword that triggers the display of a competitor's advertisement constitutes a "use in commerce" under the Lanham Act. Thus, the case turned on whether Network's use of Systems' trademark is likely to cause confusion. Network argued that the use is legitimate "comparative, contextual advertising" which presents sophisticated consumers with clear choice. Conversely, Systems characterized use as infringing on the ACTIVEBATCH trademark by misleading consumers and hijacking their attention with intentionally unclear advertisements.

Applying the eight-factor *Sleekcraft* test for source confusion, the district court emphasized the three factors (called the "troika") normally viewed as especially significant for cases involving the Internet in granting a preliminary injunction: (1) the similarity of the marks, (2) relatedness of the goods or services; and (3) simultaneous use of the Web as a marketing channel.

In reversing, the Court of Appeals explained that the *Sleekcraft* test was meant to be flexible and that the troika was not appropriate for the case at hand. Given the nature of the alleged

infringement, the court found four factors relevant to the analysis of likelihood of confusion in this case: (1) the strength of the mark, (2) the evidence of actual confusion; (3) the type of goods and degree of care likely to be exercised by the purchaser; and (4) the labeling and appearance of the advertisements and the surrounding context on the screen displaying the results page.

As to the strength of the mark, the Court of Appeals agreed that the mark is suggestive and, as a registered trademark, presumptively distinctive. Especially relevant, the court added, is that consumers searching for the term “ActiveBatch” are presumably looking for that specific product, as opposed to a category of goods. Further, consumers who are in the market for a product of this specificity and price are assumed to be more sophisticated than, for instance, web users searching for porn who type in “playboy.” Furthermore, in reversing and remanding, the court noted that the default degree of consumer care has heightened as online commerce becomes more commonplace. “Outside the special case...of domains that actively claim affiliation with the trademark holder, consumers don’t form any firm expectations about the sponsorship of a website until they’ve seen the landing page – if then.” (citing *Toyota Motor Sales v Tabari*). Finally, in light of the *Playboy v. Netscape* decision, the lower court erred in not emphasizing the overall appearance and labeling (or lack thereof) in its analysis for likelihood of confusion. This is especially when considered in conjunction with the consumers’ degree of sophistication.

Binder v. Disability Group, Inc. [need cite] C.D. Cal. 2011

The plaintiff sued the defendant for trade-mark infringement based on keyword advertising through the Google ad words system. The plaintiff’s trade-mark was the name of its firm and was registered. The Court rejected a couple of defences put forward by the defendant with respect to ownership and found that the plaintiff had valid ownership of the trade-marks.

The Court considered likelihood of confusion using the Sleekcraft factors, noting that in the context of the web in particular, the most important factors are the similarity of the marks, the relatedness of the goods or services and the simultaneous use of the web as a marketing channel.

The Court found that the services provided are identical, both parties competing for clients having social security disability claims. Further, the Court found that the defendant intentionally chose plaintiff’s marks based on its strength and appeal in the market and noted that both parties market their products through the internet.

The Court found that potential client suffered actual confusion, noting that the survey filed may not have been ideal but was one piece of evidence among others that established actual confusion. The survey had only polled 17 individuals but that combined with deposition testimony of several individuals and evidence regarding misrepresentations as to the defendant’s relationship with the plaintiff, was sufficient to conclude the plaintiff had proven infringement on a preponderance of evidence.

The plaintiff also sued for false advertising and a claim under state law for unfair competition and, based on the same findings and conclusions, the Court found liability on all three claims asserted.

The Court went on to calculate damages. Based on numbers regarding average revenue per case, retention rate per contact, incremental cost and evidence relating to the number of “submission forms” received by the defendant, the Court calculated damages based on lost profits.

The Court also found that the defendant’s conduct was willful and concluded that there was evidence to establish personal liability on the part of an individual who directed and authorized the infringements. The Court decided to award double the plaintiff’s lost profits as enhanced damages, that the plaintiff was entitled to seek an award of reasonable attorney’s fees and costs, but the court declined to award punitive damages. In the end result after all calculations were done, the plaintiff was awarded close to \$300,000 plus legal fees.

Jurin v. Google Inc., Decision of the District Court of the Eastern District of California (September 9, 2010)

Facts

- Plaintiff is the owner of U.S. Trademark Reg. No. 3120439 for the mark STYROTRIM for “Non-metal decorative moldings and decorative trim for use in building construction.”
- Defendant’s AdWords program picked up the trademark STYROTRIM as a commonly searched term. Term was suggested to bidders in the “Keyword Suggestion Tool” in the AdWords program. Plaintiff’s competitors were able to bid on the keyword and it subsequently appeared as a “Sponsored Link” whenever the term STYROTRIM was searched.
- Court reviewed case based on a Motion to Dismiss for Failure to State a Claim.

Plaintiff alleges that Defendant:

1. Misappropriated Plaintiff’s trademark for its own use;
2. Generated advertising revenue from Plaintiff’s competitors; and
3. Facilitated from Plaintiff’s competitors to infringe on Plaintiff’s trademark.

Claims of Complaint

First Claim – Violation of the Lanham Act 15 USC §1114(1)

Second Claim – False Designation of Origin 15 USC §1125(a)

Third Claim – Dilution of Plaintiff’s Trademark 15 USC §1125

Fourth Claim – Common Law Trademark Violation

Fifth Claim – Negligent Interference with Contractual Relations and Prospective Economic Advantage

Sixth Claim – Intentional Interference with Contractual Relations and Prospective Economic Advantage

Seventh Claim – Fraud and Deceit

Eighth Claim – California Unfair Competition and Business Practices

Ninth Claim – Unjust Enrichment

Procedural

- Defendant moved to dismiss Second and Sixth, Seventh and Ninth claims.

- Second claim dismissed. Court did not believe consumers would be lead to believe the Defendant was the producer of the goods. Defendant was not a direct competitor and therefore no claim of false advertising.
- Fifth, Sixth, Seventh and Ninth claims dismissed because Defendant protected under the Communications Decency Act because Court did not believe it was an “information content provider” and “Sponsored Link” advertisements does nothing more than provide options that advertisers could adopt or reject.
- Court granted Defendant’s Motion for Plaintiff to pay costs from previous litigation.

Amended Complaint Filed March 21, 2010

First Claim – Violation of the Lanham Act 15 USC §1114(1)

Second Claim – False Designation of Origin 15 USC §1125(a)

Third Claim – Dilution of Plaintiff’s Trademark 15 USC §1125 (c)

Fourth Claim – Common Law Trademark Violation

Fifth Claim – Unfair competition, Violation of Business Professions Codes §§ 17200, 17500, 14245

Sixth Claim – Breach of Contract

Procedural

- Defendant moves to dismiss Second and Sixth Claims for failure to state a claim. Motion granted.
- First claim dismissed. False Advertising claim Plaintiff must show (1) a commercial injury based upon a misrepresentation about a product; and (2) that the injury is “competitive” or harmful to Plaintiff’s ability to compete with the defendant. Plaintiff failed to prove that that Keyword program misleads consumers as to the producer of the goods and Plaintiff failed to show how Defendant is a direct competitor.
- Sixth claim dismissed. Plaintiff claimed Defendant was obligated under its contract to remove trademarked keywords from its database when a complaint was filed. Defendant’s contract states it will not disable keywords in response to a trademark complaint but may investigate use of trademarks in ad text only. Court did not believe there was a contract between the parties and dismissed Sixth claim.

Bottom Line

1. Court did not believe consumers would be lead to believe the Defendant was the producer of Plaintiff’s goods.
2. Court stated Defendant was not a direct competitor of Plaintiff.
3. Court ruled that Defendant was protected under the Communications Decency Act.
4. Court ruled that this was a re-filed suit based on a prior filing Plaintiff made and dismissed.
5. Court ruled there was no contract between the parties that obligated Defendant to remove trademarked word from searches

Court stated that Plaintiff needed to provide more than “labels and conclusions, and a formulaic recitation of the elements to form a cause of action.” Court did not find any factual allegation in the complaint.

Palantir Tech., Inc. v. Palantir.net, Inc. 85 U.S.P.Q.2d 1764 (N.D. Ca. 2008)

Summary –Palantir.net (“PNET”) is in the business of Internet site design and development. PNET acquired the domain name *Palantir.net* in 1997, incorporated in 2000, and obtained a federal service mark for the term “Palantir” in 2006. In late 2007, PNET discovered Palantir Tech Inc. (“PTI”), who is also in the business of designing database software and hiring interaction designers and software engineers. PNET later discovered that PTI had begun using the Google AdWords service to advertise its services and had purchased the term “Palantir” to do so. Shortly thereafter, PNET sent PTI a cease and desist letter.

In response PTI filed the instant action for a declaratory judgment that it does not infringe PNET’s mark. PNET counterclaimed for trademark infringement and filed a motion for a preliminary injunction. The Parties only disputed whether PTI’s use of the Palantir mark was likely to cause confusion.

In granting PNET’s motion for an injunction, the Court ruled that every factor in the likelihood of confusion test either favored PNET or was neutral. The Court found PNET’s mark was arbitrary, and at least moderately strong, because it would take a mental leap to go from PNET’s services to the Palantir mark (Palantir refers to a magical artifact from the Lord of the Rings series). The Court also rejected PTI’s argument that the mark was weakened by third-party use, because PTI failed to offer evidence that the Palantir mark was part of a crowded field.

Next, the similarity of the marks greatly favored PNET because the marks were identical. In that same vein, the relatedness of service factor weighed in PNET’s favor because PTI and PNET both offered products for the computer software industry. Regarding the marketing channels used and the nature of the goods, the Court noted that these factors also weighed in PNET’s favor because both companies relied heavily on Internet marketing.

As for PTI’s use of AdWords, the Court found it foreseeable that an individual searching for PTI using only the term “Palantir” could possibly suffer initial interest confusion. Lastly, the Court determined that intent, evidence of actual confusion, and likelihood of expansion of product lines, did not bear on its analysis.

The Court then found that the balance of hardships sharply favored PNET because (i) PNET had used the mark since 1996 and registered for a trademark in 2002 well before PTI chose the Palantir mark in 2004; (ii) the mark is important to successful referrals because PNET receives most of its business from word of mouth; and (iii) the preliminary injunction could be narrowly tailored to avoid confusion on the Internet between the two companies by requiring a prominent disclaimer on the PTI website pending the results of trial. Given these considerations, the Court enjoined PTI from using advertisements with the Palantir mark through Google AdWords and required PTI to place a disclaimer on its website to advise viewers that it is different from PNET.

Procedural Context – On PNET’s motion for a preliminary injunction.

Holding – Court enjoined PTI from using the Palantir mark through Google AdWords primarily because PNET demonstrated probable success on the merits due to the similarity of the marks, the strength of the mark, and that both parties use the Internet extensively to acquire new business in the same industry.

Soilworks LLC v Midwest Industrial Supply, Inc., 2008 WL 3286975 (D. Ariz. Aug. 7, 2008)

Midwest's motion for summary judgment was granted on the issues of trademark infringement, false designation of origin and unfair competition.

Soilworks and Midwest Industrial Supply ("Midwest") competed in the market for soil erosion and dust control products. Midwest owned the trademark SOIL-SEMENT, among others. Soilworks used the phrase "soil sement" in keyword advertising on an Internet search engine and used variations of the phrase in metatags for its websites. Following *Brookfield Communications, Inc. v. West Coast Entertainment Corp.*, 174 F.3d 1036 (9th Cir. 1999) and *Playboy Enters., Inc. v. Netscape Communications Corp.*, 354 F.3d 1020 (9th Cir. 2004), the court held that the use by Soilworks of Midwest's SOIL-SEMENT mark in metatags and keyword advertising created actionable initial interest confusion. The court analyzed the "internet trinity" of *Steelcraft* factors -- the similarity of the marks, the relatedness of the goods, and the use of the Internet as a marketing channel -- and determined that "Soilworks' use of 'soil sement' and similar phrases in keywords and metatags has the effect of connecting web customers familiar with Midwest's Soil-Sement mark to Soilworks' websites. Soilworks is using Midwest's mark, in the Internet where Midwest does business, to divert potential customers to Soilworks' websites. . . .precisely the effect proscribed by *Brookfield*." The court rejected the suggestion in *Designer Skin v. S&L Vitamins* that a mark owner must show that the use of a competitor's mark in metatags and keywords is "deceptive" and distinguished *Designer Skin* on its facts, pointing out that consumers could not purchase Midwest's products on Soilworks' websites.

To the extent that the doctrine adopted in *Brookfield* requires a showing of initial confusion -- that the consumer's initial attention was diverted to the defendant's website through confusion -- the Court concludes that it has been established here. A person typing "soil sement" into a search engine presumably would be somewhat familiar with Midwest's product and would be looking for the product or its maker, and yet would be directed by the keywords and metatags to Soilworks' websites. The confusion -- thinking one would be connected to Midwest when in fact Soilworks' websites also appear in the search results -- would entirely be caused by Soilworks' use of Midwest's mark.

In contrast to the *Designer Skin* court's analysis, the *Soilworks* court appears not to have been troubled by the absence of evidence supporting the its assumption that users of search engines expect to "be connected" to the mark owner's website, and **only** the mark owner's website, when they run searches using trademarks as search terms. Nor did the court refer to any evidence supporting its assumption that search engine users pay no attention to the domain names shown on the results page.

Finance Express LLC v. Nowcom Corp, 564 F. Supp. 2d 1160 (C.D. Cal 2008)

Plaintiff and Defendant are competitors that market and sell software to automate and facilitate financing of automobile dealers and lenders. Finance Express alleged that Nowcom infringed its marks by: (1) registering domain names containing Finance Express' marks; (2) linking two

of the domain names to a Nowcom website containing a misleading press release that encouraged Finance Express clients to switch to Nowcom; (3) using Finance Express' marks in Nowcom's website metatags and HTML code to enhance search engine results (i.e., "keyword stuffing"); and (4) purchasing keywords containing Finance Express' marks.

Finance Express sued Nowcom for trademark infringement, cybersquatting, and false designation of origin, among other claims, and sought a preliminary injunction against Nowcom. The court granted Finance Express' motion on its trademark infringement claim.

On the issue of the strength of Finance Express' marks, the court found that sound of the marks are descriptive, yet concluded that Nowcom's deliberate copying of the mark and intent to confuse consumers was evidence that Finance Express marks had acquired secondary meaning .

With respect to the issue of trademark use, the court concluded that Nowcom's numerous commercial transactions using Finance Express' trademarked terms in domain names, keyword purchases, and in metatags all constituted use in commerce of Finance Express' marks.

On the issue of the likelihood-of-confusion analysis, the court reviewed the three key likelihood-of-confusion factors in the context of the online environment (1) the similarity of the mark; (2) relatedness of the goods or services; and (3) the simultaneous use of the Web as a marketing channel. The similarity-of-the-marks factor appeared to weigh in favor of Finance Express, given that Nowcom's domain names and keywords were either strikingly similar or almost identical to Finance Express' marks. Of course, the parties' products were related since they were direct competitors in the automotive finance technology industry. Finally, in reviewing the marketing channel (a factor that courts have consistently recognized as exacerbating the likelihood of confusion), the court concluded that the factor weighed in favor of Finance Express since both companies engaged the Internet as a marketing channel. Although Nowcom defended its keyword purchases and related activities by arguing that the inclusion of its URL (i.e., unrelated to any of the Finance Express marks) on the keyword-generated banner advertisements alleviated any possible initial-interest confusion, the court disagreed. Nowcom merely identified its website address in small font at the bottom of the advertisement. The Court found this insufficient and alluded that the result might have been different had Nowcom's name "appeared in large font in the first line of the advertisement, or perhaps even if it appeared anywhere in the text of the advertisement." In addition, the court found a likelihood of confusion with Nowcom's use of Finance Express' marks in its metatags. The court rejected Nowcom's fair-use defense by stating that Nowcom was not using those terms as descriptive terms to fairly and accurately describe its webpage" or describe products for sale on its website as was in the case of *Playboy v. Welles*. It was evident to the court that Nowcom was intending to confuse consumers through its activities and to take advantage of Finance Express' goodwill.

The court enjoined Nowcom from registering, operating, owning, or promoting any website whose domain name or content uses any of Finance Express' marks, and from using any of those marks or combinations thereof in metatags or purchasing them as keywords.

Designer Skin, LLC v. S & L Vitamins, Inc., 560 F. Supp. 2d 811 (D. Ariz. 2008)

Defendant's motion for summary judgment was granted on the issue of non-infringement of Plaintiff's trademarks.

Plaintiff Designer Skin, a manufacturer of indoor tanning products, distributes its products through independent distributors, all of whom are contractually prohibited from selling those products on the Internet. Defendant S & L Vitamins is an internet reseller and offered Designer Skin products for sale

Designer Skin argued that SNL's use of the Designer Skin marks as metatags and keywords caused initial interest confusion. The District Court rejected this claim, noting that "the mere fact that S & L Vitamins uses Designer Skin's marks in the metatags of its sites and as search-engine keywords does not result in initial interest confusion. Designer Skin must show that these uses are deceptive." Because visitors to the S&L website found real Designer Skin products labeled as Designer Skin products, there was no "bait and switch" deception of the type described by the Ninth Circuit in *Brookfield Communications, Inc. v. West Coast Entertainment Group*, 174 F.3d 1036, 1062 (9th Cir. 1999). The court rejected Designer Skin's contention that people would be deceived by search engine results on the phrase "Designer Skin" that placed S&L's website "near the top (or even at the top) of the results page." First, the court noted that Designer Skin had not introduced any evidence in support of its argument that the "top of the results page" phenomenon caused consumer confusion. Second, the court held that only a "naïve few" people would be confused by such results since the addresses of the S&L web pages "bear no resemblance whatsoever" to Designer Skin or its domain name. The court also held that the visible use of Designer Skin's marks on S&L's web pages was irrelevant to any analysis of initial interest confusion because the appearance of the S&L web pages could not possibly deceive a consumer into visiting those pages; "the website is not viewed until the searcher arrives." Designer Skin had conceded that the visible use of its marks on S&L web pages to identify Designer Skin's products was not actionable. The court recognized that its decision was directly at odds with the Tenth Circuit's decision in *Australian Gold, Inc. v. Hatfield*, 436 F.3d 1228 (10th Cir. 2006). "In this Court's view, there is a meaningful distinction between (1) using a mark to attract potential customers to a website that only offers products of the mark holder's competitors and (2) using a mark to attract potential customers to a website that offers the mark holder's genuine products as well as the products of competitors. . . .in the latter situation no 'bait and switch' occurs. In sum, S & L Vitamins' use of Designer Skin's trademarks to accurately describe the contents of its websites does not cause initial interest confusion." The court also rejected Designer Skin's dilution claim, holding that the S&L's use of Designer Skin's trademarks was a nominative fair use.

Storus Corp. v. Aroa Marketing, Inc., 2008 WL 449835 (N.D. Cal. 2008)

Storus owns a federal registration for SMART MONEY CLIP for money clips. Aroa sells a competing money clip under the mark STEINHAUSEN. Aroa purchased SMART MONEY CLIP as an AdWord on Google for the following ad:

"Smart Money Clip

www.steinhausenonline.com. Elegant Steinhausen accessories. Perfect to add to any collection."

Storus claimed that Aroa's purchase of SMART MONEY CLIP as a keyword on Google and use of the mark in the title of its ad resulted in initial interest confusion. In granting Storus' Motion for Summary Judgment against Aroa, the court applied the standard eight likelihood of confusion factors in the 9th Circuit (articulated in Sleekcraft), but cited a 9th Circuit opinion from 2002, *Interstellar Starship*, for the proposition that three Sleekcraft factors are most important in the Internet context: (1) similarity of the marks; (2) relatedness of the goods/services; and (3) the parties' simultaneous use of the web as a marketing channel." It went on to opine that, where the factors of the Internet trilogy weigh against the defendant, a finding of likelihood of confusion is proper unless the remaining factors weigh strongly against a likelihood of confusion.

As to Aroa, the court found that all three key factors weighed in Storus' favor: Aroa used an identical mark for identical goods and both parties marketed their products over the Internet. Since the factors of the "Internet trilogy" all weighed in favor of Storus, the burden shifted to Aroa to prove that the remaining factors weighed strongly against a likelihood of confusion. Aroa failed to make any showing, let alone a strong showing, that the remaining Sleekcraft factors weigh in its favor. Therefore, the court granted summary judgment against Aroa.

Comment: The court found that "Aroa's use of Storus' mark in connection with Google Adwords is infringing." The opinion follows the prevailing and fairly uncontroversial view in the 9th Circuit that use of a third party mark in both keyword and ad text for a competitive product creates a likelihood of initial interest confusion. The liability of the search engine, Google, is not at issue. Nor is the liability of the advertiser or search engine addressed where the mark is used in a keyword but not in the ad itself. Nevertheless, the opinion is notable for its focus on the "Internet troika" and its deference to the finding in *Brookfield* that use of the plaintiff's mark to divert consumers to the defendant's website (initial interest confusion) is actionable.

Rhino Sports, Inc. v. Sport Court, Inc., 2007 U.S. Dist. LEXIS (D. Az. 2007)

In 2002, Plaintiff Sport Court obtained an agreed permanent injunction against Defendant Rhino Sports enjoining defendant from using the mark SPORT COURT "on or in connection with the internet, such as in a . . . domain name, as a sponsored link," etc. In 2007, plaintiff brought a motion for contempt based on allegations that defendant's website appeared as a sponsored link in response to a search for the term "sport court" in a Google search. Defendant moved to modify the permanent injunction on the grounds that the law and/or facts with regard to purchase of trademarked terms in sponsored advertising services had changed, and specifically sought a modification to permit the purchase of the words "Sport Court" as keywords in Google's AdWords program and similar services.

On the contempt motion, the court found plaintiff failed to show defendant had substantially violated the injunction. The court found that defendant had purchased the terms "courts" and "basketball court." The court explained that under Google's "Broad Matching" AdWords option, such generic terms could yield defendant's sponsored ad after a Google search for "sport court" even if defendant had not purchased the "sport court" term. Thus, defendant had not "used" the SPORT COURT mark and did not violate the injunction.

Next, the court addressed defendant's motion to modify the injunction to eliminate the prohibition on use of the words "sport court" as Google AdWords. Defendant argued that a change in the law and/or facts concerning keywords warranted modification.

With respect to a change in keyword law, defendant pointed to cases holding that use of a plaintiff's marks through Google's AdWords program does not result in any actionable confusion (citing J.G. Wentworth and GEICO cases). The court pointed to the Brookfield and Playboy cases to show that there has not been a significant change in the law of the 9th Circuit regarding initial interest confusion and that there remains the possibility that initial interest confusion may result in keyword cases.

Defendant next pointed to cases holding that a keyword purchase does not constitute "trademark use" under the Lanham Act. The court rejected this argument, noting that the 9th Circuit had not squarely addressed the issue, and concluded that unless the 9th Circuit expressly holds that keyword use of a trademark does not constitute "use in commerce," then there has been no change in the law of the Circuit for purposes of defendant's motion.

Finally, defendant pointed to changes in facts warranting modification of the injunction: 1) plaintiff's competitors are allowed to use its marks as AdWords, while defendant cannot; and 2) Google's policy had changed to permit the purchase of trademarks as keywords. With respect to (1), the court noted that defendant consented to the injunction while other competitors did not, and was not persuaded that a mere competitive disadvantage warranted modification of the injunction.

With respect to (2), the court stated any policy change by Google was merely Google's perception of the current state of the law and did not mean that no actions can be taken by trademark owners against competitors that purchase their trademarks as AdWords.

Picture It Sold, Inc. V. ISOLD IT, LLC, 2006 WL 2467552 (9th Cir. 2006)

Plaintiff-Appellant Picture It Sold!, Inc. ("Picture It Sold") appealed from the denial of a preliminary injunction against Defendant-Appellee ISOLD IT, LLC ("I Sold It"). Picture It Sold claimed that I Sold It infringed its trademark by purchasing "Picture It Sold" as a keyword trigger for ads on Yahoo and Google. I Sold It denied purchasing such key word ads.

The 9th Circuit Court of Appeals affirmed the district court's denial of the preliminary injunction based upon the record before it. The Court held that the search results from Google and Yahoo! submitted by Picture It Sold did not support its claim that I Sold It had used or purchased advertising on the phrase "picture it sold." The Court based its decision on the fact that the searches were not conducted using quotation marks, and, therefore, the search engine would pull up results containing those words in any order. The Court noted that Picture It Sold did not allege any rights in the individual words "it" or "sold." It also held that because I Sold It's name contains those two same words, "it" and "sold," I Sold It could purchase advertising on those words and its advertisement would show up in a search for "picture it sold" when the search was conducted without quotation marks.

The Court also held that it could not infer, as Picture It Sold argued, that I Sold It purchased keyword advertising for “picture it sold” because I Sold It’s ad was displayed if the searcher entered the names of other major competitors, such as Auction Drop, Quick Drop or Snappy Auctions. The searches for the competitors were also conducted without quotation marks, and the Court held that the terms “auction” and “drop” were generic terms for which I Sold It could have legitimately purchased advertising.

The Court also held that it could not infer that I Sold It purchased advertising on the term “picture it sold” from a declaration of I Sold It’s representative in which he denied that he had bought any advertising on competitors’ trade names, but noted that other companies do it and “its not illegal.”

The Court emphasized that it made its decision only on the limited record before it, and that further discovery may reveal that I Sold It purchased advertising on the phrase “picture it sold.” The Court held that if such information were discovered, the district court would then have to determine whether such activity is analogous to prohibited metatag use under the discussion of initial interest confusion in *Brookfield*, or if it falls within an exception under to *Brookfield*.

Google Inc. v. American Blind & Wallpaper Factory, Inc., Case C 03-5340 (N.D. Cal. 2007)

Procedural Posture: Plaintiff/Counter-Defendant’s Motion for Summary Judgment

Holding: Motion granted in part and denied in part

Mark in as text: Not referenced

Nominative Use: Not referenced

Descriptive Mark: Yes

Consumer “fact” assumptions: None, although the court indicated that ABWF had introduced evidence that a low degree of consumer care should be expected of internet consumers and that many cannot identify which search results are “sponsored”.

Other Interesting Factors Affecting Decision:

Summary

Google filed an action for declaratory judgment seeking a judicial determination as to whether its AdWords advertising program infringes American Blind & Wallpaper Factory, Inc.’s (ABWF) trademarks.

ABWF asserted several counterclaims against Google for, among other things, trademark infringement, false representation, unfair competition and dilution.

Prior to the instant motion, Google filed as motion to dismiss ABWF’s counterclaims, which the court denied on March 30, 2005.

In its motion for summary judgment, Google asked the court to declare:

- that Google's sale of trademarked keywords in its AdWords program does not constitute use in commerce under the Lanham Act;
- that ABWF's claims pertaining to the AMERICAN BLINDS and AMERICAN BLIND marks are not viable because the mark was not registered when the action commenced, the marks do not have a statutory presumption of validity, and ABWF has not shown that the marks have acquired secondary meaning;
- that ABWF cannot prove a likelihood of confusion with respect to its asserted trademarks;
- that ABWF's dilution claims fail because ABWF has not presented evidence that its marks are famous; and
- that ABWF's claims should be barred by the unclean hands doctrine because ABWF engages in the same conduct that it alleges, namely, it purchases the trademarks of its competitors as keywords under Google's AdWords program.

On the issue of whether Google's sale of trademarked keywords constitutes use in commerce, the court relied upon the then current precedent out of the Ninth Circuit, namely *Playboy Enterprises, Inc. v. Netscape Comm. Corp.* and *Brookfield Communs, Inc. v. W. Cost Entm't Corp.*, and concluded that the sale of a trademarked term in the AdWords program is use in commerce for purpose of the Lanham Act. Thus, Google's motion was denied on this issue.

The court granted Google's motion to the extent ABWF's infringement claims involve the marks AMERICAN BLIND and AMERICAN BLINDS. Specifically, the court concluded that a descriptive common law must acquire secondary meaning to become enforceable and ABWF had failed to provide sufficient evidence of secondary meaning.

On the issue of likelihood of confusion, the court, considering the *Sleekcraft* factors, concluded that ABWF had produced sufficient evidence of likelihood of confusion to withstand Google's motion. Further, the court briefly mentioned the initial interest confusion doctrine, indicating that "whether a consumer 'knows or should know, from the outset' that the sponsored link is not related to ABWF.... remains a disputed fact."

The court granted Google's motion with respect to ABWF's dilution claims finding insufficient evidence of fame.

Finally, with regard to Google's allegation of unclean hands, the court denied Google's motion, concluding that there is a significant public interest in determining whether the AdWords program violates trademark law.

Note: The parties settled this dispute before a substantive decision could be rendered.

The Nautilus Group, Inc v. Icon Health and Fitness, Inc., 2006 WL 3761367 (W.D. Wash. 2006)

Motion for summary judgment dismissing plaintiff's federal and state dilution claims relating to alleged dilution of BOWFLEX trademark by use of CROSSBOW trademark granted. Dilution claims initially added to patent infringement suit and preliminary injunction issued in 2003.

Trademark claims subsequently stayed while patent claims resolved. Stay lifted early 2006 and motions for Summary Judgment proceeded.

The court considered the test under the FTDA and specifically analyzed the requirement for “identity of the marks” and “actual dilution” on the facts. With respect to the identity issue, the court concluded that this issue was not appropriate for summary judgment as there is a genuine material fact as to whether the marks are similar or not. However, with respect to the actual dilution requirement, the court found that the plaintiff failed to establish use of an identical mark and that its failure to produce any evidence establishing lessening of the capacity of the BOWFLEX mark to distinguish was fatal to the FTDA claim

Citing *Playboy Enters. V. Welles*, 279 F.3d 796 (9th Cir. 2002), the court found that the plaintiff failed to show that the defendant actually used the Bowflex trademark, stating that the defendant merely purchased the keyword “Bowflex” to use in the context of comparative advertising.

The court rejected the state dilution claim on the same grounds since the Washington dilution statute is identical to the federal statute. The court also considered arguments, but did not decide, whether federal registration of the defendant’s trademark precluded a state dilution claim in the circumstances of the case (preliminary injunction . . .).

Google Inc. v. American Blind & Wallpaper Factory, Inc. et. al., 2005 WL 832398 (N.D. Cal. 2005)

Google offers a keyword-triggered advertising program called “AdWords,” which enables advertisers to purchase certain keywords. When an internet user enters those keywords into Google’s search engine, AdWords generates links to the advertisers’ web sties. Google sold keywords comprised of trademarks registered to American Blind, a window treatment company, to American Blind’s competitors.

After American Blind objected to this practice, Google filed an action for a declaratory judgment, seeking a determination that AdWords does not infringe American Blind’s trademarks. American Blind filed counterclaims against Google, including claims for trademark infringement and dilution. Google filed a motion to dismiss, claiming that American Blind had not alleged actionable trademark use, because Google did not use the marks to identify the source of its own goods or services.

After reviewing a decision from the Ninth Circuit Court of Appeals, *Playboy Enterprises, Inc. v. Netscape Communications Corp.*³, the District Court held that the law was in an “uncertain state”

³ 354 F.3d 1020 (9th Cir. 2004). In *Playboy*, Netscape’s program caused banner ads for adult-oriented entertainment to run along the top of users’ search-results pages when they keyed in various search terms, including “playboy” and “playmate.” The banner ads were often confusingly labeled or not labeled at all, and if clicked upon, took users to the websites of Playboy’s competitors. The Ninth Circuit determined that there was adequate evidence of initial interest confusion, and that Netscape’s misappropriation of Playboy’s trademarks for the purpose of directing users to the websites of Playboy’s competitors was actionable. However, the Court came to this decision without making

as to what constitutes use. While the Ninth Circuit Court did not specifically discuss the element of trademark use in Playboy and instead focused on the likelihood of confusion, the District Court stated, without elaborating, that the Playboy decision *may* have been based on an *implicit* preliminary determination that there had been actionable trademark use. Because the Court could not determine whether or not the Ninth Circuit had made such a preliminary determination, the law was unclear on whether or not Google's actions could constitute trademark use. Thus, Google could not meet its burden of showing "beyond doubt that American Blind can prove no set of facts in support of its claims that would entitle it to relief." The court held only that it was inappropriate to dismiss American Blind's claims at the pleadings stage given the possibility that Google's actions *might* constitute use under Playboy, and did not express any opinion as to whether or not American Blind would ultimately prevail.

J.K. Harris & Co. v Kassel 62 U.S.P.Q. 2d 1926 (N.D. Cal. 2002), modified in part, 253 F. Supp. 2d 1120 (N.D. Cal. 2003)

Holding:

The Court held that Defendant's use of Plaintiff's mark on a website to post criticism of Plaintiff's services as a keyword 75 times, created header Tags and underline tags around sentences that used Plaintiff's name; increased font size and underlined sentences with Plaintiff's name; placed sentences with Plaintiff's name at the top of its webpages; and used hyperlinks to websites with information about Plaintiff, met the nominative fair use test

Other Key Points:

The Court relied on First Amendment implications regarding critical commentary, and found that even though use of Plaintiff's mark was frequent and obvious, the use was to criticize, and the mark was not used too frequently than necessary for that purpose

Brookfield Communications, Inc. v. West Coast Entertainment Corporation, 174 F 3d 1036 (9th Cir. April 22, 1999)

Brookfield appealed the district court's denial of its motion for a preliminary injunction prohibiting West Coast from using terms confusingly similar to Brookfield's trademark MOVIEBUFF. Brookfield has used the trademark MOVIEBUFF since 1987 and over the years the products and services have expanded to most recently include computer software related to the entertainment industry. In 1996 Brookfield tried to register www.moviebuff.com but early that year West Coast secured the domain. In 1998 Brookfield obtained federal trademark registrations for MOVIEBUFF. In October 1998 West Coast obtained a federal trademark registration for THE MOVIE BUFF'S MOVIE STORE. Also, in October '98 Brookfield learned that West Coast intended to launch a website at www.moviebuff.com containing a searchable entertainment database similar to its product. West Coast is a video rental store.

any determination of whether or not there had been actionable trademark use as required under the Lanham Act, because the parties were not disputing that element of the claim.

On November 10th Brookfield sent West Coast a cease and desist of www.moviebuff.com. West Coast answered the cease and desist by issuing a press release announcing the imminent launch of its site. Brookfield filed suit with the United States District Court for the Central District of California. Suit claimed trademark infringement, unfair competition, and a request for a temporary restraining order on use of moviebuff.com West Coast claimed senior user rights. The court concluded West Coast was the senior user and that Brookfield had not established a likelihood of confusion.

When West Coast launched its website Brookfield filed an emergency motion for injunction pending appeal. The Appeal's Court granted Brookfield's motion and entered order enjoining West Coast from MOVIEBUFF in advertising and promotion as a website name, in buried code or metatags on its web pages, or in connection with the retrieval of data or information.

With regard to trademark infringement:

Appeal's Court found that the use of THE MOVIE BUFF'S MOVIE STORE and moviebuff.com was different and West Coast could not apply tacking. Therefore, the Court found Brookfield the senior user.

To determine if there was a likelihood of confusion the court applied the Sleekcraft factors: (1) similarity of marks; (2) relatedness of two companies' products and services; (3) strength of Brookfield mark; (4) marketing channels; (5) degree of purchaser care in selecting goods; (6) West Coast's intent in selecting its mark; (7) evidence of actual confusion; and (8) expansion of products lines. Court found West Coast's use of moviebuff.com would cause trademark confusion.

With regard to use of movie buff in metatags and buried code:

Court ruled that West Coast's use of moviebuff.com in metatags was initial interest confusion and that West Coast acted affirmatively by placing Brookfield's trademark in the metatags of its website. Court restrained West Coast from using moviebuff in its metatags but allowed use of movie buff (w/a space between the words). West Coast may only use moviebuff (w/o a space) when referring to the products and services provided by Brookfield.

Playboy Enterprises, Inc. v. Netscape Communications Corp. 354 F.3d 1020 (9th Cir., Jan. 14, 2004)

Facts: Defendant used 2 trademarks belonging to Plaintiff/Appellant, "Playboy" and: Playmate" to key advertisers banner ads. Because defendant required adult-oriented companies to link to these words, typing the words resulted in those companies' banner ads appearing on the search results page. A searcher who clicks on the banner ads is taken to the advertiser's webpage. Plaintiff/Appellant sued defendant asserting that their use of Plaintiff's registered marks in this way constituted infringement and caused dilution.

Prior action: District Court denied Plaintiff's request for summary judgment which was later upheld. The matter was remanded and the district court granted summary judgment in favor of defendants. The U.S. Court of Appeals reversed, providing a de novo review.

Findings:

- Regardless of whether direct or contributory theory of liability exists, defendant is potentially liable under one of them, and it is not necessary to determine which one
- No affirmative defenses apply (the 3 asserted by defendants were fair use, nominative use, functional use)
- Using the 8-factor test to determine likelihood of confusion, the majority favor Plaintiff thus a genuine issue of material fact exists regarding the likelihood of consumer confusion resulting from defendant's use of the marks
- Decision of the District Court to grant summary judgment to the defendants was reversed and matter was remanded back for further proceedings.

Darba Enters., Inc. v. Amica Mut. Ins. Co., No 12:-cv-00043, 2012 WL 3096709 (D. Nev. July 30, 2012)

Summary – Darba Enterprises, Inc. (“Darba”) sued Amica Mutual Insurance Co. (“Amica”) for claims of antitrust violations and unfair competition under federal law and claims of antitrust violations, abuse of process, malicious prosecution, fraud, misrepresentation, tortious interference with business and tortious interference with contract under state law. Darba alleged that Amica had asserted monopolistic power over the use of internet keyword advertising based on a lawsuit Amica had initiated against Darrin Bagnuolo (who does business as Darba) for unauthorized use of Amica's trademarks. Specifically, on February 24, 2011, Amica filed suit in Rhode Island against Bagnuolo for engaging in the unauthorized use of Amica's trademarks in the domain name of a “bait-and-switch” website and unlawfully bidding on and using internet keywords which use the mark “AMICA.” At the time of this decision, the lawsuit in Rhode Island was still pending.

Darba alleged that by initiating the lawsuit in Rhode Island Amica was attempting to obtain a “monopoly, restrain and encumber free trade and commerce, and restrain and encumber fair use.” Amica filed a motion to dismiss all of Darba's claims because Amica alleged that it was immune from antitrust liability pursuant to the *Noerr-Pennington* doctrine. The *Noerr-Pennington* doctrine immunizes private entities from antitrust liability for attempting to influence the passage of laws or enforcing the laws, even if the laws they advocate for have an anticompetitive effect. The doctrine shields litigation activity from the reach of antitrust laws so long as the lawsuit is not a sham.

Darba first argued that the *Noerr-Pennington* doctrine did not apply in this case because Darba was not a party to the Rhode Island litigation, as only Bagnuolo was named in this lawsuit. However, the Court held that Darba's nonparty status to the Rhode Island litigation was irrelevant to the applicability of the *Noerr-Pennington* doctrine. The Court found that Darba's action based on Amica's monopolistic behavior in bringing civil lawsuits fell squarely within the protection of the right to petition provided for under the *Noerr-Pennington* doctrine.

Darba also alleged that the Rhode Island litigation was a “sham” lawsuit, and thus fell within the exception to the *Noerr-Pennington* doctrine. In order for a lawsuit to be considered a “sham” the lawsuit must be objectively baseless, and if the lawsuit is objectively baseless then the court may examine the plaintiff's subjective motivation. However, Darba's allegations that Amica had “engaged in a pattern of frivolous, vexatious and harassing lawsuits,” the Rhode Island litigation

was not brought in good faith and Amica wrote “improper cease and desist letters, misrepresentative threatening discovery to third parties, etc.” lacked the requisite specificity for asserting that a party instituted “sham” litigation. Additionally, Darba’s claim that Amica engaged in litigation misconduct was insufficient to eliminate the protection of the *Noerr-Pennington* doctrine.

The Court also denied Darba’s request for leave to amend its complaint to allege that the Rhode Island litigation was “sham” litigation because Darba could not allege that the Rhode Island lawsuit was objectively baseless until the resolution of this lawsuit.

Procedural Context - The District Court granted Amica’s motion to dismiss Darba’s claims for failure to state a claim pursuant to Fed. R. Civ. P. 12(b)(6) and denied Darba’s request for leave to amend its complaint.

10th Circuit

Video Professor, Inc. v. Amazon.com

Case Note: *Video Professor, Inc. v. Amazon.com, Inc.* 2010 Civil Case No. 09-cv-00636-REB-KLM

Narrative

(1) Procedural Context

Defendant’s motion for summary judgment.

(2) Factual Background

Video Professor Inc (VPI) sells computer learning products, including CDs, and had registered the trade mark VIDEO PROFESSOR. VPI sold its products to Amazon under the terms of Amazon’s Vendor Manual which provides that “Vendor hereby grants to Amazon.com a non-exclusive, worldwide, perpetual and royalty-free license to ... (c) use all trademarks and trade names included in the Product Information”, Amazon’s terms also provided that the licence would survive termination of any or all of the Vendor Manual.

Amazon placed bids during the term of its agreement with VPI, and for 7 months after termination, for the keyword “video professor” with Google such that Amazon adverts would appear on results pages (provided its bid was successful), the advert would send users to the Amazon landing page which displayed VPI products alongside the products of a competitor, Professor Teaches.

VPI claimed trade mark infringement, false designation of origin and false representation, unfair competition, and common law trade mark and trade name infringement by Amazon, along with tortious interference with business relationships and violation of the Colorado Consumer Protection Act. Amazon sought summary judgment relying on the language in the Vendor Manual which granted a broad ‘worldwide, perpetual, and royalty-free license to’ use

the VIDEO PROFESSOR trade mark, and provided that this licence survived termination of the Vendor Manual.

VPI contended that:

- a. VPI and Amazon entered into the contract solely to allow Amazon to purchase and resell VPI's products, so the licence should be read as limited to use of VPI's marks to advertise and sell VPI's products. That as the licence was silent on the particular use made of the mark by Amazon, it did not permit Amazon to use it in such a confusing manner.
- b. The intent of the parties was that the licence was limited to Amazon's sale of VPI products on behalf of VPI and would expire when stock of those products expired following termination.
- c. The implied covenant of good faith and fair dealing precluded Amazon from claiming that VPI authorised Amazon's intentional infringement of VPI's trade marks.
- d. That Amazon's use of VPI's marks tended to cause consumer confusion and so to interpret the Vendor Manual as permitting Amazon's use would make its terms unconscionable and void as against public policy.
- e. Summary judgment was not proper as there were genuine issues of material fact concerning the intent of the parties, the scope of the licence and Amazon's actions.

(3) Holding

- i) To prevail on the claims of trade mark infringement, false designation of origin and false representation, unfair competition, and common law trade mark and trade name infringement, VPI must show that Amazon's use of VPI's mark was unauthorised.

The court held that

- a. The plain and unambiguous language of the licence did not prohibit Amazon from using VPI's trade mark to promote competing products.
- b. The licence was perpetual and survived termination of the Vendor Manual, so did not expire when Amazon's stock of VPI goods ran out.
- c. The covenant of good faith and fair dealing does not trump the unambiguous terms of a contract, and the licence unambiguously authorised Amazon to make use of the mark in a way which might otherwise be an intentional infringement.
- d. The terms of the licence did not begin to approach the threshold required for them to be unconscionable, namely that of being shocking to the conscience, monstrously harsh, and exceedingly calloused. Nor had VPI demonstrated that

authorisation to use a trade mark under certain terms violates public policy, if this were the case, the entire regime of trade mark licensing would become legally suspect.

- e. The plain language of the agreement reflected the intent of the parties and defined the scope of the licence. Terms of the contract were clear and unambiguous so it had to be enforced as written, Amazon's use was within the scope of the licence and therefore authorised so VPI's claims had to fail and Amazon was entitled to summary judgment.
- ii) To establish a claim under the Colorado Consumer Protection Act, VPI must show *inter alia* that Amazon's actions were unfair or deceptive. As Amazon's actions were authorised they could not be seen as unfair or deceptive.
- iii) To establish a claim for tortious interference with a business relationship VPI must show *inter alia* that Amazon's conduct was improper. As Amazon's actions were authorised they could not be seen as improper.

Summary judgment granted, judgment entered for the defendant Amazon

Australian Gold, Inc. v. Hatfield, 436 F.3d 1228 (10th Cir. 2006)

Plaintiffs Australian Gold, et al, sued Defendants Hatfield for trademark infringement, false advertising, and tortious interference with contracts between Plaintiffs and their distributors, based on Defendants' unauthorized resale over the Internet of indoor tanning lotions manufactured and distributed by plaintiffs. In the lower courts, a jury awarded plaintiffs over \$5 million in compensatory and punitive damages; and thereafter, defendants filed an appeal.

In the appeal, defendants asserted that the district court erred in denying defendants' motion for judgment as a matter of law on plaintiffs' claims. Defendants also challenged the district court's jurisdiction to consider plaintiffs' state-law tortious interference claim, the entry of an injunction barring defendants from selling plaintiffs' products over the internet or using plaintiffs' trademarks in connection with defendants' Web sites, and the imposition of sanctions on defendants for discovery abuses.

The plaintiffs manufacture and distribute indoor tanning lotions under the marks AUSTRALIAN GOLD, CARIBBEAN GOLD and SWEDISH BEAUTY. One of the plaintiffs ETS distributed these products under an exclusive distribution agreement and authorized its distributors to sell plaintiffs' products only to "a tanning salon or hair beauty care salon" that "offers indoor tanning and instruction of the use of the products as an on-premises service," and since 2001, these agreements generally prohibited sales over the Internet. Defendants have resold plaintiffs' products over the Internet without plaintiffs' authorization. Since the defendants were well aware of plaintiffs' restrictions of sale of the products over the Internet, they concealed their activities and typically obtained the products under false pretenses by stating or making it appear from their business names that they operated tanning salons, when in fact the defendants did not. Defendants' websites depicted plaintiffs' products and trademarks, and defendants used

plaintiffs' trademarks in the metatags of their websites. Moreover, defendants purchased the marks "Australian Gold" and "Swedish Beauty" as keywords. On defendants' websites, consumers were able to purchase not only plaintiffs' products, but products from other manufacturers. Although defendants ceased sale of plaintiffs' products for a period of time, they continued to bid on plaintiffs' trademarks as keywords.

The plaintiffs sued for trademark infringement, false advertising, and unfair competition, and plaintiff ETS sued for interference with its distribution contracts. After a trial, the jury returned a verdict in favor of plaintiffs on trademark infringement and false advertising. The jury awarded: (1) plaintiffs Australian Gold and Advanced Technology Systems damages in the amounts of \$325,000 and \$125,000, respectively, for trademark infringement claims, and \$35,000 and \$15,000, respectively, for false advertising claims; (2) plaintiff ETS in the amount of \$500,000 for its tortious interference claim, and (3) punitive damages to ETS of more than \$4,000,000, collectively against defendants on its tortious interference/conspiracy claims. The district court enjoined defendants from selling plaintiffs' products over the Internet, displaying plaintiffs' trademarks on the Internet, or using plaintiffs' trademarks in the metatags or html code on their websites.

On appeal, the Tenth Circuit rejected a variety of defendants' arguments (e.g., lack of subject matter jurisdiction, legality of distributor agreements, etc.) regarding the district court's decisions. As to the Lanham Act claims, the court rejected defendants' argument that plaintiffs did not present evidence of a likelihood of consumer confusion. Initially, the court recognized the doctrine of initial-interest confusion. In this instance, the court noted that defendants' use of plaintiffs' marks on their websites, in the metatags, and in the purchase of keywords may "lure" consumers to the products of plaintiffs' competitors. In applying the six-prong test announced in the *Sally Beauty Co. v. Beautyco, Inc.* case for evaluating initial interest confusion, the court held that five of the six prongs weighed in favor of the plaintiffs: (1) the marks were identical, (2) defendants deliberately used plaintiffs' marks to drive traffic to defendants' sites where both plaintiffs' and competitors' products were sold, (3) the products were both tanning-related products, (4) the degree of care taken by consumers favored plaintiffs because the low-cost products were subject to impulse purchases, and (5) plaintiffs' trademarks were strong. Although plaintiffs' failed to offer any evidence of actual confusion, the court opined that one factor alone is not dispositive of the likelihood of confusion. Moreover, the court held that defendants' disclaimers on their websites were inadequate because they did not tie particular trademarks to particular holders. More importantly, defendants' disclaimers cannot prevent the damage of initial interest confusion which will already have been done by the misdirection of consumers looking for plaintiffs' websites. The court then held that the first-sale doctrine did not shield defendants' actions because it does not protect resellers who use other entities' trademarks to give the impression that they are favored or authorized dealers for a product when in fact they are not. In this instance, defendants' use of plaintiffs' trademarks was such an act since the use went beyond merely displaying and stocking trademarked items. Accordingly, defendants' actions indicated an intent to cause consumer confusion.

With respect to the challenge regarding the damages awarded under the Lanham Act, the court held that plaintiffs clearly suffered damages as a result of defendants' actions and plaintiffs introduced some evidence at trial of the damages they sustained as a result of defendants'

violation. Accordingly, the court held that a submission to the jury was appropriate. Finally, the court held that the district court did not grant an overly broad injunction and that defendants' use of disclaimers did not adequately remedy any possible confusion.

Bayer Healthcare, LLC v. Nagrom, Inc., 2004 U.S. Dist. LEXIS 19454 (D. Kan. Sept. 7, 2004)

Plaintiff brought suit to prevent unlawful sale of foreign manufactured flea control preparations bearing Plaintiff's ADVANTAGE trademark and the unauthorized use of this mark on Defendant's websites.

Bayer manufactures various formulas of the ADVANTAGE animal flea control preparations. Different formulas are tailored to suit the requirements, laws and regulations of specific geographic regions or countries. In the United States ADVANTAGE is sold to only authorized and licensed veterinarians for resale to their clients. Defendant was advertising and selling within the United States Plaintiff's ADVANTAGE product, but a formulation that was not authorized for sale in the U.S.

Court permanently enjoined and restrained Defendant from using ADVANTAGE mark owned by Bayer, from selling any ADVANTAGE products, using the ADVANTAGE mark in connection with any website, metatags, keywords in pay-for-placement of pay-for rank search engines, computer code or otherwise in connection with the retrieval of data or information through the internet or in connection with the advertising or promotion of goods, services, or websites; and reproducing Bayer's graphics, images or other materials.

Court found:

1. That the use of Plaintiff's ADVANTAGE mark in metatags for Defendant's website created initial interest confusion.
2. Court also found that use of Plaintiff's ADVANTAGE mark in metatags for its website also constitutes an appropriation of goodwill and creates initial interest confusion.
3. Defendant's registration of ADVANTAGE as a search term and code with Internet search engines also leads to confusion.

Internet ShopsInc.com v. Six C Consulting Inc., 2011 WL 1113445 (N.D. Ga 2011)

Summary – Plaintiff Internet ShopsInc.com is in the business of selling golf mats, and has been using the trademark “Dura Pro” to advertise these mats since 2002. In 2008, Defendant Six C Consulting, also in the business of selling golf equipment, began using the term “Dura Pro” in a pay per click (“PPC”) advertising campaign. Plaintiff notified Defendant of its superior rights in the mark, and Defendant ordered Channel Advisor (the PPC Advertiser) to refrain from using the term Dura Pro to advertise Defendant's products. However, the term remained in use in connection with Defendants campaign on MSN search engines.

Plaintiff filed suit in March 2009. Upon receipt of service, Defendant contacted Channel Advisor and was eventually successful in suppressing the use of the term Dura Pro completely. Defendant conceded that it infringed Plaintiff's trademark rights. The only dispute remaining was the appropriate relief.

The Court granted an order for cost of the action, and granted a permanent injunction preventing Defendant from using the mark. The Court refused to grant actual damages as being too speculative, denied disgorgement of Defendant's profits because apparently no sales occurred due to the PPC advertising campaign, and denied Plaintiff's request for attorney's fees because Defendant's infringement was apparently unintentional and the case was otherwise not exceptional.

Procedural Context – On Plaintiff's Motion for Summary Judgment and Defendants' Motion for Partial Summary Judgment.

Holding – Court ordered costs for the action and granted a permanent injunction because Defendant conceded infringement of Plaintiff's mark. The Court denied Plaintiff's request for monetary damages and attorney's fees because damages were too speculative to assess and Defendant's infringement was apparently unintentional

General Steel Domestic Sales, LLC v. Chumley, No. 10-cv-01398-PAB-KLM, 2013 WL 1900562 (D. Colo. May 7, 2013)

Summary – General Steel Domestic Sales, LLC d/b/a General Steel Corp. ("Plaintiff") sued Atlantic Building Systems, LLC d/b/a Armstrong Steel Corp. and Ethan Chumley ("Defendants") for federal trademark infringement, false advertising and unfair competition under Colorado law. Specifically, Plaintiff challenged Defendants' use of various iterations of the words "general steel," Plaintiff's registered trademark, as keywords and in advertisements on Google AdWords. Defendants engaged in an online advertising campaign targeting Plaintiff wherein Defendants made false claims about Plaintiff's and Defendants' services, wrote fake articles using the names of Plaintiff's executives, and created a gripe site that called Plaintiff's services a scam. Consumers searching for "general steel" on Google were likely to see Defendants' advertisements, some of which made confusing references to Plaintiff's and Defendants' companies, for instance, stating "General Steel Buildings www.ArmstrongSteelBuildings.com Price Your Building Online Or Let Us Do It. Guaranteed Lowest Prices." Other advertisements made comparisons between the two companies that favored the Defendants and were often false. Even after Plaintiff filed suit, Defendants expanded their AdWord campaign to Bing and Yahoo! but were subsequently told by the search engines to stop using "General Steel" in their advertisements.

After a bench trial, the Court denied Plaintiff's trademark infringement and unfair competition claims. Despite finding that Plaintiff had a valid, protectable mark in "General Steel" and that Defendants used the mark in commerce without Plaintiff's consent, Plaintiff failed to establish that Defendants' use of "general steel" was likely to cause confusion. While Defendants may have intended to cause initial interest confusion, the Court held that using Plaintiff's mark to increase Defendants' search engine optimization was not enough to prove initial interest confusion. Significantly, the court found that consumers were less likely to be confused by search results than when the internet and search engines were new to the public. Additionally, the court wanted to avoid a ruling that would inhibit the valuable service offered by search engines, which it described as not just presenting consumers with the information they searched for, but also for related information that could be useful. Thus, the lack of proof of actual

confusion weighed heavily against Plaintiff as did the likely high degree of care exercised by purchasers of steel buildings. Finally, many of the advertisements were not likely to cause confusion because they emphasized differences between the two companies. Although the Court found that the similarity of the products, the sound and appearance of the marks, and the parties' marketing strategies weighed in favor of finding a likelihood of confusion, Plaintiff's infringement and unfair competition claims ultimately failed.

In addition, the Court held Plaintiff's claim for false advertising only warranted an award of injunctive relief and disgorgement of profits because Plaintiff did not provide sufficient evidence to recover money damages. With regard to advertisements that only referred to Defendants' products, Plaintiff failed to show any injury was caused by Defendants, in particular because the decline in Plaintiff's business pre-dated the start of Defendants' services in the market. With regard to comparative advertisements, although Plaintiff's false statements presumptively caused injury, Plaintiff failed to prove that it was entitled to money damages and was only entitled to injunctive relief and disgorgement.

Procedural Context – After a bench trial, District Court enjoined Defendants from using “general steel buildings” or “general steel construction” in its advertising material and making certain false statements about Defendants' and Plaintiff's products and services. The Court also ordered disgorgement of Defendants' profits and stated that Plaintiff was entitled to pursue attorney's fees.

Holding – The Court did not find Defendants' advertisements were likely to confuse consumers, because Defendants' use of “general steel” in their AdWords and advertising campaigns primarily distinguished the businesses and thus was not likely to cause confusion. Plaintiff's award on claim for false advertising was limited to injunctive relief and disgorgement of profits because of insufficient evidence to award monetary damages.

11th Circuit

North American Medical Corp. v. Axiom Worldwide, Inc., 522 F.3d 1211 (11th Cir. 2008)

Plaintiff brought suit for infringement, unfair competition, and false advertising against a competitor for its use of plaintiff's trademarks in the metatags of its website. The usage not only resulted in defendant's site appearing high in the organic search results for plaintiff's marks, but also resulted in plaintiff's marks being displayed and highlighted in the search engine result showing defendant's site. Defendant's site content made no visible use of plaintiff's mark, neither offering plaintiff's product, nor making any comparative claims.

The 11th Circuit Court of Appeals affirmed the District Court's finding that the defendant's use of the trademarks in metatags caused a likelihood of confusion, but questioned whether the court could presume irreparable harm merely because the plaintiff demonstrated a likelihood of success on the merits. As such, the Court vacated the injunction and remanded the case for further proceedings

In affirming the finding of infringement, the Court emphasized that by displaying the mark in the search results description of its site, defendant affirmatively misled consumers as to a source affiliation between its site or products and plaintiff's brand. Because of the display and consequent affirmative mis-descriptiveness, the Court rejected defendant's argument that it was merely engaged in "product placement," comparable to a retailer's placing its house brand product alongside the well-known competing brand. The Court was careful to note, however, that its holding would not apply in a case in which either the search results did not display the marks or the website made proper competitive claims.

Notwithstanding the infringement, the Court did not affirm the grant of the injunction because the District Court had simply presumed irreparable harm based on a showing of infringement and a showing that the Defendant's advertising claims were literally false. The Appellate Court, therefore, remanded for consideration under the Supreme Court's *eBay, Inc. v. MercExchange LLC*, 547 U.S. 388 (2006), as to whether under the facts of the case, irreparable harm could correctly be presumed or there was in fact irreparable harm.

Southern Grouts & Mortars, Inc. v. 3M Co. 2008 WL 4346798 (S.D. Fla. Sept. 17, 2008); 575 F. 3d 1235 (11th Cir., 2009)

United States Court of Appeals, Eleventh Circuit; No. 08-15850; July 23, 2009

Plaintiff and Defendant had identical trademarks for different goods. Defendant abandoned its trademark, but continued registration of domain name containing the trademark but, does not use it. Defendant maintained the domain name registration in order to avoid its use by another competitor of Defendant who uses a trademark similar to another trademark of Defendant.

Defendant purchased Plaintiff's trademark as a keyword to promote another Defendant product that was a substitute for the old Defendant product under the lapse Defendant's mark.

Court denied Plaintiff's request for leave to amend complaint after deadline. This precluded Plaintiff from pursuing the keyword claim.

The Court Found Defendant did not act in bad faith with respect to cyber-squatting allegation.

Rescuecom Corp. v. Computer Troubleshooters USA, 464 F. Supp. 2d 1263 (N.D. Ga. 2005)

Plaintiff Rescuecom Corp. and Defendant Computer Troubleshooters USA were market competitors, selling franchises to computer service and repair companies. Defendant Computer Troubleshooters entered into a contract with Google providing that a link to Defendant's website would appear in the "Sponsored Link" section each time an Internet user performed a Google search of the word "rescuecom." The word "rescuecom" did not appear anywhere in Defendant's sponsored link advertisement. Plaintiff sued for trademark infringement.

Relying on the Eastern District of Virginia's decision in *GEICO v. Google, Inc.*, No. 1:04-cv-507, Defendant moved to dismiss on the ground that its purchase of a sponsored link did not constitute use in commerce. The district court disagreed, citing to *Google, Inc. v. American Blind & Wallpaper Factory, Inc.*, No. C0305340JF, 2005 WL 832398 (N.D. Cal. March 30, 2005), and holding that the questions of whether defendant was making fair use of plaintiff's

trademark and whether there was any likelihood of confusion as a result of the sponsored link advertising created “fact-specific issues” that were “not properly resolved through a motion to dismiss.”

Orion Bancorp, Inc. v. Orion Residential Finance, LLC, No. 8:07-cv-1753-T-27MAP, 2008 WL 816794 (M.D. Fla. March 25, 2008)

Plaintiff Orion Bancorp, owner of a number of federal registrations incorporating the term “ORION” and widely-known as ORION within the financial industry, sued defendant Orion Residential Finance for trademark infringement arising out of Defendant’s unauthorized use of the term ORION in connection with its financial and real estate services, including its ownership of the domain name <orionresidentialfinance.com>. and promotion of its own services through the website appearing at that address. Defendant did not file an answer, but consented to jurisdiction. The court entered a permanent injunction against Defendant from using ORION, ORION RESIDENTIAL FINANCE, or any other confusingly similar term, including, *inter alia*, purchasing keywords or ad words containing ORION or any confusingly similar mark incorporating Plaintiff’s mark. The injunction also required the active use of ORION as a negative key word or ad word in connection with any of its online advertising.

D.C. Circuit

Federal Trade Commission v. Cantkier, et al 2011 WL 742647 (D.D.C. Mar. 3, 2011).

The Federal Trade Commission (“FTC”) brought an action against Cantkier and other individuals alleging that they misrepresented their affiliation with federal homeowner programs in online advertisements. The FTC voluntarily dismissed the action against two individual and settled with seven individuals (including Cantkier). In the present case, the FTC’s action against one defendant, Scot Lady remains. In response to the recent housing market crisis, the federal government provided a number of homeowner relief and financial stability programs, which it promoted through various government websites such as “www.financialstability.gov” and “www.makinghomeaffordable.gov.” In FTC’s complaint, it alleged that Defendant incorporated the names and the official website addresses of federal programs in web search advertisements when Defendant had no relationship or affiliation with the federal programs. Namely, the FTC claimed that Lady purchased the names of these federal programs and their associated domain names as search-engine keywords, so that sponsored ads for his own services appeared on the search results page when consumers searched for information on the programs. In addition, when a user clicked through the paid-advertisements, the user was directed to Defendant’s private websites that collected marketing leads for mortgage modification or foreclosure relief services. The FTC also alleged that these websites contained deceptive representations (e.g., “97% success rate in helping client obtain mortgage modifications). The FTC’s claims were based on the allegation that Lady engaged in “deceptive acts or practices” in violation of §5(a) of the Federal Trade Commission Act (the “FTC Act”). Initially, the FTC obtained a preliminary injunction enjoining Lady. Subsequently, Defendant filed this motion to dismiss the complaint against him for failure to state a claim upon which relief can be granted and also moved to strike certain portions of the complaint. The Court stated that to survive a motion to dismiss, a plaintiff need only plead “enough facts to state a claim to relief that is plausible” on its face. The

Court further went on to state that “to prove a deceptive act or practice in violation of §5(a) of the FTC Act, the FTC must show (1) a representation, omission, or practice that (2) is likely to mislead consumers acting reasonably under the circumstances, and that (3) the representation, omission, or practice is material. Defendant, however, argued that a different test applies, i.e., that the “FTC must also allege and prove that Defendant’s act or practice causes or is likely to cause substantial injury to consumers that was not reasonably avoidable by consumers themselves.” The Court determined that the standards set forth by Section 5(n) of the FTC Act (which Lady relies upon for his argument) apply to unfairness claims and not to deceptive claims. As to the sufficiency of FTC’s allegations, the Court addressed Lady’s argument that bidding on search engine keywords is an insufficient basis for liability under §5. While the Court agreed that the allegation of bidding on particular keywords *per se* would not be a deceptive act or practice, the FTC’s allegations went considerable further than merely alleging such bidding. The advertisements purchased by Lady in connection with the keywords contained deceptive titles and hyperlinks that were likely to mislead consumers. In addition, Defendant suggested that the Complaint should be dismissed because it acknowledged that Lady’s sponsored ads were differentiated from “organic search results.” Namely, Lady argued that his ads were presented in a “specified format” (including labels such as “sponsored sites” or “sponsored links”), and as such, reasonable consumers would know that they were connecting to the website of a paid advertiser when they clicked on such sponsored ads. The Court disagreed, stating that the FTC was not alleging that Lady misled consumers into thinking that his ads were organic search results; instead, the FTC’s allegation was that Lady’s sponsored ads misled consumers into believing they were clicking on government-sponsored links. Thus, the designation of Lady’s sponsored ads as “advertisements” was thus irrelevant to the issue of whether the content of those ads was deceptive. Also, the Court rejected Lady’s argument that the FTC’s claims failed because the FTC had not alleged that Lady’s lead collection websites were designed to imitate the federal program websites. The Court stated that “Internet users may not know what the real federal program website looks like until they successfully navigate to it. If they are diverted by advertisements bearing the name and web address of the federal program before ever reaching the program’s actual website, reasonable consumers could assume that they have reached their intended destination when, in fact, they have reached a commercial service.” The Court also applied this same reasoning in addressing Lady’s argument that the FTC’s complaint failed because it acknowledged that the services offered on his websites were different from those offered by the federal programs. Ultimately, the Court concluded that the FTC had stated plausible claims that Lady’s ads and websites were likely to mislead consumers acting reasonably under the circumstances, and thereby, denying Lady’s motions.