DORSEY

Keyword Advertising After Rescuecom: Predictability Remains Elusive

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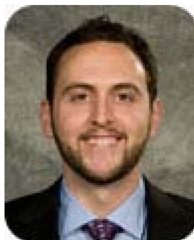

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I. Introduction

On April 3, 2009, the Second Circuit Court of Appeals ruled against Google in a much-anticipated keyword case, Rescuecom v. Google.[1] The result of the ruling, is that most keyword-based trademark infringement cases will no longer be able to be dismissed at the motion to dismiss stage in the Second Circuit. Courts in the rest of the country that had ruled on this issue previously had come to the same conclusion — that alleging that keyword advertising was purchased or sold based on third party trademarks is enough to state a claim against a search engine or a competitor. Despite receiving this adverse ruling in April, in May, Google announced that it would significantly expand its keyword program in two ways. First, it would begin to allow third party trademarks to be used in the ad text of sponsored ads in the U.S. Second, it would expand the number of countries in which it allows the purchase of third party trademarks as keywords from four to 190 countries.

How can we explain Google's seemingly incongruous behavior? And how should brand owners conduct their businesses while we await further clarification from the courts or legislature in this confused area of the law? In this article, we will discuss how we got to this point and where search engines and brand owners might take us next.

II. How Keyword Advertising Works

Search engine advertising is a multi-billion dollar industry in the United States.[2] Such advertising is accomplished primarily through keyword purchases at major search engines. Google, Microsoft and Yahoo! all have keyword purchasing programs in place. They work like this:

> . . . Google provides an internet search engine that finds websites related to terms provided by internet users. An internet user seeking information will enter various terms into a space provided on Google's website, and Google's computers will search its database for websites relevant to the terms provided. The Google search engine then will present an ordered list of relevant websites identified by the Google database with the most relevant website listed first. The Google search engine will also present a separate list of websites in a "Sponsored Links" section, either at the top or in the right margin of the search-results screen.
>
> Google's AdWords program is the keyword-triggered advertising program that generates the Sponsored Links section on the search-results screen. Advertisers participating in AdWords purchase or bid on certain keywords, paying Google for the right to have links to their websites displayed in the Sponsored Links section whenever an internet user searches for those words. Additionally, each time an internet user clicks on a particular Sponsored Link, Google charges a fee to the AdWords participant associated with

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

[2] Frank Rose, Microsoft's Bid for Yahoo Is All About Big-Budget Brand Advertising, Wired Mag., Mar. 4, 2008, http:// www.wired.com/techbiz/it/magazine/16-04/bz_microsoft_yahoo (there is currently a $8 billion industry for search engine advertising, and a $6.6 billion industry for web display and video ads).

> that linked website. Businesses often participate in the AdWords program to generate more visits to their websites.

J.G. Wentworth S.S.C. Ltd. Partnership v. Settlement Funding LLC, 2007 WL 30115, at *1-2, 85 U.S.P.Q.2d 1780 (E.D. Penn. 2007). It can even be defined more succinctly, as Microsoft describes advertising on its search engines:

> 1. Customer searches for keywords you have selected.
> 2. Your ad appears on the search results page on the top and right side.
> 3. Customer clicks on your ad.
> 4. You pay only when someone clicks your ad.[3]

Use of this form of advertising is increasing as internet users rely on search engines to navigate the web. Internet users in the U.S. conduct over 450 million searches per day. In response to some of those searches, the user clicks on an ad, and the search engine gets paid. Search engines are dependent on revenue from advertising. Google allegedly makes 97% of its revenue from selling advertisements through its AdWords program. Rescuecom Corp. v. Google, Inc., 562 F.3d 123, 126 (2d Cir. 2009).

III. Google's Trademark Policies Provide Little Protection for Brand Owners

A. Google's Trademark Policy

As mentioned above, Google has recently liberalized the trademark policy for its AdWords program. Google previously allowed its customers to purchase others' trademarks as keywords in the United States, Canada, the United Kingdom and Ireland, while restricting such purchases in other countries. Effective June 4, 2009, Google eliminated its purchase restrictions in over 190 countries.

Moreover, whereas Google previously forbade the use of a trademark by an advertiser within the text of a sponsored ad in the United States if the advertiser is not the trademark owner, Google recently relaxed that policy. Effective June 15, 2009, Google permits the use of trademarks within advertisement text in the United States under the following circumstances:

- Ads which use the term in a descriptive or generic way, and not in reference to the trademark owner or the goods or services corresponding to the trademark term.
- Ads which use the trademark in a nominative manner to refer to the trademark or its owner, specifically:
    - Resale of the trademarked goods or services: The advertiser's site must sell (or clearly facilitate the sale of) the goods or services corresponding to a trademark term. The landing page of the ad must clearly demonstrate that a user is able to purchase the goods or services corresponding to a trademark from the advertiser.

[3] How to Advertise with Microsoft, http://advertising.microsoft.com/search-content-advertising?s_cid=us_bing_footer (last visited September 30, 2009).

- Sale of components, replacement parts or compatible products corresponding to a trademark: The advertiser’s site must sell (or clearly facilitate the sale of) the components, replacement parts or compatible products relating to the goods or services of the trademark. The advertiser’s landing page must clearly demonstrate that a user is able to purchase the components, parts or compatible products corresponding to the trademark term from the advertiser.

- Informational sites: The primary purpose of the advertiser’s site must be to provide non-competitive and informative details about the goods or services corresponding to the trademark term. Additionally, the advertiser may not sell or facilitate the sale of the goods or services of a competitor of the trademark owner.

B. Yahoo!’s Trademark Policy

In contrast, Yahoo! Search Marketing’s Sponsored Search service has a much stricter trademark policy. Yahoo! allows bids on trademarks only under certain circumstances and does not permit use of another’s trademark in ad text. Yahoo!’s policy permits the purchase of another’s trademark as a keyword only if:

“the advertiser presents content on its Web site that (a) refers to the trademark or its owner or related product in a permissible nominative manner without creating a likelihood of consumer confusion (for example, sale of a product bearing the trademark, or commentary, criticism or other permissible information about the trademark owner or its product) or (b) uses the term in a generic or merely descriptive manner. In addition, the advertiser's listing should disclose the nature of the relevant content.

As applied to nominative uses of another's trademark, Yahoo! Search Marketing requires advertisers to meet one of the following two conditions:

Reseller: The advertiser's site must sell (or clearly facilitate the sale of) the product or service bearing the trademark. The advertiser's title and description must disclose that the consumer will be able to purchase the product or service. The advertiser's title and description should not be written in a way that creates the impression that the advertiser is an authorized reseller unless the trademark owner has in fact designated the advertiser as an authorized reseller.

Information Site, Not Competitive: The primary purpose of the advertiser's site is to provide substantial information (for example, detailed product reviews or comparisons provided by unbiased sources, commentary, or news information) about the trademark owner or products or services bearing the trademark, AND the advertiser's site does not sell or promote, and is not an affiliate or partner of an entity that sells or promotes, a product or service that directly or indirectly competes with the trademark owner's products or services. The advertiser's title and description must disclose the nature of the qualifying substantial information that the consumer will find on the advertiser's site.”

http://searchmarketing.yahoo.com/legal/trademarks.php

IV. Previous Split Among Courts on Whether Keyword Advertising Constitutes “Use in Commerce”

To establish trademark infringement under the Lanham Act, a plaintiff must demonstrate that the defendant used the mark in commerce to identify goods or services in a manner likely to

create confusion concerning the origin of the goods or services. J.G. Wentworth Ltd. at *3. In keyword cases, the two main issues are: (1) whether there was a "use in commerce"; and (2) whether there is a likelihood of confusion.

The first issue is a threshold question to determine whether the plaintiff can maintain a lawsuit for trademark infringement. The question is whether the defendant's use of a trademark qualifies as a "use in commerce" under the Lanham Act. In keyword advertising cases, there has been some debate as to whether any use in commerce of the plaintiff's mark occurs. Prior to April 3, 2009, a split existed among federal district courts that had decided keyword cases. The majority of federal district courts addressing the question found that the purchase of another party's trademark as an Internet keyword to trigger an advertisement constitutes use in commerce. See, e.g., Hysitron Inc. v. MTS Sys. Corp., 2008 U.S. Dist. LEXIS 58378 (D. Minn. 2008); Google Inc. v. American Blind & Wallpaper, 2007 WL 1159950, * 6 (N.D. Cal. 2007) ("[T]he sale of trademarked terms in the AdWords program is a use in commerce for the purposes of the Lanham Act."); Boston Duck Tours, LP v. Super Duck Tours, LLC, 527 F.Supp.2d 205, 207 (D. Mass. 2007) ("Because sponsored linking necessarily entails the 'use' of the plaintiff's mark as part of a mechanism of advertising, it is 'use' for Lanham Act purposes); J.G. Wentworth S.S.C. Ltd. Partnership v. Settlement Funding LLC, 2007 WL 30115, 85 U.S.P.Q.2d 1780 (E.D. Penn. 2007); Edina Realty v. TheMLSOnline.com, 2006 WL 737064, *3 (D. Minn. 2006) ("Based on the plain meaning of the Lanham Act, the purchase of search terms is a use in commerce."); Buying for the Home, LLC v. Humble Abode, LLC, 459 F.Supp.2d 310, 323 (D.N.J. 2006).

Until recently, a minority view existed in certain district courts within the Second Circuit that purchase of a third party trademark as a keyword did not constitute "use in commerce." See e.g., Merck & Co., Inc. v. Mediplan Health Consulting, Inc., 425 F.Supp.2d 402 (S.D.N.Y. 2006); FragranceNet.com, Inc. v. FragranceX.com, Inc., 493 F.Supp.2d 545 (E.D.N.Y. 2007); Tiffany (NJ) Inc. et al v. eBay Inc., 576 F.Supp.2d 463 (S.D.N.Y. 2008). The courts that followed the minority view looked to the pop-up advertising case 1-800 Contacts, Inc. v. WhenU.com, Inc., 414 F.3d 400 (2d Cir. 2005) for guidance. In that case, the plaintiff claimed that its trademark was used to trigger a pop-up ad for its competitor's product. The Second Circuit, held that the trademark was not "used" in commerce when the program used the plaintiff's domain name rather than its trademark, the plaintiff's domain name was not visible to users, and there was no sale of keywords to advertisers.

V. Previous Split on "Use in Commerce" Resolved in Rescuecom Case

However, as described above, the Second Circuit has reversed the minority view on "use in commerce" and has aligned itself with the majority view throughout the rest of the country. Rescuecom Corp. v. Google, Inc. 562 F.3d 123 (2nd Cir. 2009). In the Rescuecom decision, the Second Circuit reversed a Rule 12(b)(6) dismissal by the district court. It distinguished the 1-800 Contacts case in three main ways. First, in 1-800 Contacts, the software used the plaintiff's domain name, while in the Rescuecom case, Google used the plaintiff's trademark. Second, in the 1-800 Contacts case, the defendant had created a pre-defined directory of words sorted by category and the advertiser was not allowed to pick a specific word or brand that would trigger its ad – instead, the advertiser could only choose a category. If the user typed a word in the directory as a search term, the WhenU software would randomly serve up a pop-up ad from a company also associated with that category. In the Rescuecom case, Google not only allowed competitors to choose specific third-party brands with which to associate their ads, but it also suggested Rescuecom's trademark to its competitor through its Keyword Suggestion Tool. Third, the court in the 1-800 Contacts case considered the trademark uses internal, whereas in the Rescuecom case, the court found that Google's recommendation and sale of the plaintiff's trademark as a keyword were not internal uses.

As a result of the Rescuecom decision, a competitor purchasing a trademark as a keyword or Google selling a trademark as a keyword is sufficient to constitute use in commerce of a trademark. The question then becomes whether there is a likelihood of confusion.

VI. What is Coming Next in Keyword-Related Disputes?

A. Proving Likelihood of Confusion/ Likely Importance of Survey Evidence Going Forward

Only one case involving keyword sales of trademarks has proceeded to trial in the U.S. and resulted in a ruling, Gov't Employees Ins. Co. v. Google, Inc., 2005 WL 1903128, 77 U.S.P.Q.2d 1841 (E.D.Va. 2005). In that case, the court ruled that GEICO proved consumer confusion with regard to triggered advertisements that featured the **GEICO** mark. GEICO, 2005 WL 1903128, *7. The case settled before the court could rule on whether Google was liable for that confusion. Given the scarcity of decisions on the merits, it is unclear how courts will rule on the issue of likelihood of confusion in keyword cases. Almost certainly, plaintiffs will need survey or empirical evidence to demonstrate how potential customers experience sponsored advertising when using search engines.

Likelihood of confusion is the traditional standard for trademark infringement, namely, whether the defendant's use of a designation is likely to confuse consumers about the source or sponsorship of the defendant's goods or services. Courts have developed multi-factor tests to determine whether a likelihood of confusion exists. These traditional multi-factor tests were developed for traditional trade channels and do not apply as well in the Internet context. For example, the Eighth Circuit uses the following multi-factor test:

> 1) the strength of the owner's mark; 2) the similarity between the owner's mark and the alleged infringer's mark; 3) the degree to which the products compete with each other; 4) the alleged infringer's intent to pass off its goods as those of the trademark owner ...; 5) incidents of actual confusion; and 6) whether the degree of purchaser care can eliminate any likelihood of confusion which would otherwise exist.

Insty*Bit Inc. v. Poly-Tech Industries, Inc., 95 F.3d 663, 667 (8th Cir. 1996); SquirtCo v. Seven-Up Co., 628 F.2d 1086, 1091 (8th Cir. 1980).

Now that most keyword cases will survive motions to dismiss, the use of survey evidence to prove likelihood of confusion will become essential. To date, survey evidence has only been used in a few keyword cases: GEICO v. Google, Inc., 2005 WL 1903128 (E.D.Va. 2005) and Google Inc. v. American Blind & Wallpaper, 2007 WL 1159950 (N.D.Cal. Apr. 18, 2007); Fair Isaac Corp. v. Experian Info. Solutions, Inc., ___ F.Supp.2d ___, 2009 WL 2252583 (D. Minn. 2009) In the GEICO case, both Google and GEICO hired experts to perform surveys of consumer confusion. The court discussed the flaws in the GEICO survey at length. It held that the survey evidence did not establish actionable initial interest confusion with regard to keyword advertising alone but did establish actionable initial interest confusion with regard to "Sponsored Links" in which GEICO's trademark appeared in the heading or text of the ad. The case settled before Google presented its survey evidence. GEICO v. Google, Inc., 2005 WL 1903128, *5-7. Nevertheless, Google's expert co-authored an article in the Trademark Reporter discussing the survey in depth. Keyword-Based Advertising: Filling in Factual Voids (GEICO v. Google), 97 Trademark Rep. 681, 716 (2007).

Empirical studies were used in the case Edina Realty Inc. v. The MLSOnline.com, 2006 WL 737064, 80 U.S.P.Q.2d 1039, 1044 (D. Minn. 2006) (citing "a study concluding that 62 percent of consumers do not understand the difference between sponsored links and natural search results"). In future cases, plaintiffs will seek to prove that consumers are confused about what "Sponsored Links" means and that they follow sponsored links thinking they are arriving at the website of the owner of a trademark they just typed into the search engine.

B. Initial Interest Confusion

Sometimes, the traditional likelihood of confusion standard may not apply well to keyword cases because consumers might only be confused into visiting a website, not purchasing a product. That is, by the time some consumers click on an advertisement triggered by a keyword consisting of a competitor's trademark and arrive at the website of the advertiser, some consumers likely realize that they are not visiting the website of the trademark owner.

To address this situation, many courts have adopted the initial interest confusion doctrine. In addition, several district courts in the Ninth Circuit have focused on an "Internet trilogy" of likelihood of confusion factors. In cases involving direct competitors, these two developments have made it relatively easy for plaintiffs to show that a likelihood of confusion exists.

Under the doctrine of initial interest confusion, liability for trademark infringement may be found where the infringing mark causes initial customer interest in a product or service, even if that initial confusion is corrected by the time of purchase. See, Brookfield Communications Inc. v. West Coast Entertainment Corp., 174 F.3d 1036, 1062 (9th Cir. 1999). Courts have noted that this practice "affect[s] the buying decisions of consumers in the market for the goods, effectively allowing the competitor to get its foot in the door by confusing consumers." Dorr-Oliver, Inc. v. Fluid-Quip, Inc., 94 F.3d 376, 382 (7th Cir. 1996).

However, the doctrine is not uniformly applied. Some courts have indicated that the potential for harm alone is sufficient to state a claim for trademark infringement. See N. Am. Med. Corp. v. Axiom Worldwide, Inc., 2008 WL 918411, at *5 (11th Cir. 2008) ("[The district court] made an explicit finding only with respect to the ultimate conclusion that there was a likelihood of confusion."). Other courts have held that a further inquiry into consumer confusion is necessary to find infringement. See Designer Skin, LLC v. S & L Vitamins, Inc., 2008 WL 2116646 (D. Ariz. 2008) ("[d]eception, it bears emphasizing, is essential to a finding of initial interest confusion.").

1. Cases Applying Lenient Analysis of Initial Interest Confusion

In some cases, courts are willing to find initial interest confusion in cases with fairly weak evidence of a likelihood of confusion. For example, in one case, the defendant purchased plaintiff's trademark **SMART MONEY CLIP** as a keyword. The defendant's sponsored ad contained plaintiff's mark. The plaintiff provided the court with information regarding how many times the search result appeared to consumers in response to a search for "smart money clip," and how many times consumers clicked on the link. Storus Corp. v. Aroa Mktg., Inc., 2008 WL 449835, at *4 (N.D. Cal. 2008). Without context, this click-through rate does not prove whether consumers were confused by the search results. Consumers may have clicked on the defendant's link merely because it provided an alternative. Nevertheless, the court took the "click-through" rate as evidence that the advertisements triggered by the plaintiff's trademark resulted in "initial interest confusion" on the part of consumers. Id.

Furthermore, in keyword cases based on initial interest confusion, district courts in the Ninth Circuit have focused their analysis on three of the typical likelihood of confusion factors, an "Internet trilogy," which makes it fairly easy for plaintiffs to prove infringement by their direct competitors. See Storus Co. v. Aroa Mktg., Inc., 2008 WL 449835, at *3 (N.D. Cal. 2008); Finance Express LLC, v. Nowcom Corp., 564 F.Supp.2d 1160, 1177 (C.D. Cal 2008); Soilworks, LLC, v. Midwest Industrial Supply, Inc., 575 F.Supp.2d 1118, 1131 (D. Ariz. 2008). The three factors in the "Internet trilogy" are: (1) the similarity of the marks; (2) the parties' simultaneous use of the Web as a marketing channel; and (3) the relatedness of the goods or services. Id. Assuming that the defendant purchased the plaintiff's trademark as a keyword to trigger online advertisements that link to defendant's website, the first two factors will weigh in favor of the plaintiff. Furthermore, if the parties are competitors, then their products or services are necessarily related, if not identical, thereby the third factor also favors the plaintiff.

In two recent keyword cases involving competitors, the courts analyzed the "Internet trilogy" factors and held that they all favored the plaintiff. See Soilworks, LLC, v. Midwest Industrial Supply, Inc., 575 F.Supp.2d 1118, 1131 (D. Ariz. 2008) (defendant's use "is precisely the effect proscribed by [the initial interest confusion doctrine]-the use of [plaintiff's] mark to divert initial consumer interest to defendant and its products."); Finance Express LLC, v. Nowcom Corp., 564 F.Supp.2d 1160, 1177 (C.D. Cal 2008) (defendant's use "may initially confuse consumers," and once the consumer arrives at the site "he may realize he is not at a [plaintiff]-sponsored site . . . [h]owever, he may be content to remain on [defendant's] site.") This illustrates that the standard for likelihood of confusion that a plaintiff must meet in keyword cases can be rather low.

2. Cases Applying Stricter Analysis of Initial Interest Confusion

Nevertheless, a few cases have placed a higher burden on the plaintiff. In these cases, the courts have applied a more stringent analysis of the initial interest confusion doctrine.

In one case in which the advertiser, a reseller of plaintiff's products, purchased plaintiff's trademarks as keywords and actually sold plaintiff's products on its website, the court granted summary judgment on plaintiff's trademark infringement claims. Designer Skin, LLC v. S & L Vitamins, Inc., 2008 WL 2116646, *3 (D. Ariz. 2008). However, three months later, a court within the same district stated that deception is not essential to a finding of infringement under the initial interest confusion doctrine – it is enough if the consumer's initial attention is diverted to the defendant's website through confusion. Soilworks, LLC, v. Midwest Industrial Supply, Inc., 575 F.Supp.2d 1118, 1131-1132 (D. Ariz. 2008).

In another case, the court dismissed the plaintiff's lawsuit because the court found that there was no possibility of consumer confusion. J.G. Wentworth S.S.C. Ltd. Partnership v. Settlement Funding LLC, 85 U.S.P.Q.2d 1780 (E.D. Pa. 2007). The court stated that even under the initial interest confusion doctrine, the defendant's use "must create in consumers confusion as to the source of the goods or services or a misunderstanding as to an association between the mark holder and the mark user." Id. In its analysis of likelihood of confusion, the court looked at the actual sponsored search results created by the defendant. As the defendant did not use the plaintiff's mark within the text of the advertisement triggered by the keyword, the court found that "potential consumers have no opportunity to confuse defendant's services, goods, advertisements, links or websites for those of plaintiff." Id. The plaintiff appealed the ruling, but the case settled before the appellate court ruled.

Similarly, in a recent decision, the district court in Massachusetts laid the groundwork for finding that in certain situations, an advertiser buying its competitor's trademark as a keyword

might be allowed as "a beneficial form of comparison shopping." Hearts on Fire Co., LLC v, Blue Nile, Inc., 603 F.Supp.2d 274, 287 (D. Mass. 2009). However, on the facts of its case, it denied a motion to dismiss a claim based on sponsored ads that did not contain plaintiff's trademark. Id. at 288. Although the court did not decide the likelihood of confusion issue, it set out, in dicta, a list of additional non-exhaustive factors for a court to consider in assessing the context of keyword-triggered ads in its likelihood of confusion analysis: (1) the overall mechanics of web-browsing and internet navigation, in which a consumer can easily reverse course; (2) the mechanics of the specific consumer search at issue; (3) the content of the search results webpage that was displayed, including the content of the sponsored link itself; (4) downstream content on the defendant's linked website likely to compound any confusion; (5) the web-savvy and sophistication of the plaintiff's potential customers; (6) the specific context of a consumer who has deliberately searched for trademarked goods only to find a sponsored link to a retailer of competitive goods; and, in light of the foregoing factors, (7) the duration of any resulting confusion. Id. at 289.

VII. Fair Use Defense

Defendants can raise a fair use defense in keyword cases. To rely on the nominative fair use defense, a defendant must meet three requirements:

1. its product or service is not readily identifiable without use of the trademark;
2. only so much of the mark may be used as is reasonably necessary to identify the product or service; and
3. its use must do nothing that would, in conjunction with the mark, suggest sponsorship or endorsement by the trademark holder.

New Kids on the Block v. News America Publishing, Inc., 971 F.2d 302 (9th Cir. 1991). Cases in which the nominative fair use defense has been raised have been decided inconsistently. Compare Edina Realty, Inc. v. TheMLSOnline.com (D. Minn. 2006) (fair use defense not available even though defendant offered plaintiff's real estate listings on its site because defendant could have purchased alternative, generic keywords instead) with Merck & Co., Inc. v. Mediplan Health Consulting, Inc., 425 F.Supp.2d 402 (S.D.N.Y. 2006) (use of plaintiff's mark **ZOCOR** allowable because defendants sold plaintiff's **ZOCOR** products on their sites). See also Mary Kay, Inc. v. Weber, 601 F. Supp.2d 839, 854-858 (N.D. Tex. 2009) (denying defendant's motion for summary judgment based on nominative fair use defense and concluding that reasonable juror could conclude that the ad text improperly suggested an affiliation with plaintiff).

VIII. International Keyword Cases

While this article mainly focuses on the law in the United States, there have been numerous disputes over trademark-protected keywords abroad. Several French courts have found Google liable for trademark infringement in selling trademarks as keywords. Meanwhile, the Federal Supreme Court in Germany has held that there is no infringement if the advertisement is displayed separately from the organic search result and the trademark is not displayed in the advertisement. In the United Kingdom, The High Court of Justice, Chancery Division, has held that the purchase of a trademark as a keyword did not amount to trademark use, thus, there was no infringement.

In addition, courts in France, Austria, the Netherlands and Germany have all referred cases to the European Court of Justice (ECJ) involving fundamental questions on how to apply the

European Trademarks Directive to the online environment of keyword advertising. The issues currently pending before the ECJ are:

- Does the use of a trademark as a keyword for advertising identical products constitute trademark use by the advertiser?
- Does it make a difference whether the sponsored result is displayed in the ordinary list of web pages found or in an advertising section identified as such?
- Does it make a difference whether the identical products are offered in the sponsored result or in the linked webpage?
- Can an advertiser escape trademark infringement by relying on fair use?
- Can an advertiser escape trademark infringement by relying on the first sale doctrine?
- Do the answers to the foregoing questions also apply for keywords in which the trade mark is deliberately reproduced with minor spelling mistakes?
- If there is no trademark use, can a trademark owner invoke unfair competition pursuant to § 5-5 of the Directive?

On September 22, 2009, the European Court of Justice's advocate general issued his opinion in three cases against Google referred from the French courts.[4] With regard to the sale of keywords, the advocate general stated that "Google has not committed a trademark infringement by allowing advertisers to select, in AdWords, keywords corresponding to trademarks." The advocate general also stated that "[i]nstead of being able to prevent, through a trademark protection, any possible use, including many lawful and even desirable uses, trademark owners would have to point to specific instances giving rise to Google's liability in the context of illegal damage to their trademarks." The ECJ ruling is expected in the coming months. The ECJ follows the advocate general's opinion in about 80% of cases.

IX. Class Actions and Legislation

Because such a high percentage of Google's revenue comes from keyword advertising, Google fights keyword lawsuits extremely aggressively. And, because an individual brand owner's damages may be low enough that it will not want to undertake such a lawsuit, few companies have the financial incentive to fight Google all the way to the end of a case to obtain a written decision. Thus, brand owners are seeking ways to combine forces and share costs. Two class-action lawsuits have been filed against Google in the last few months. The first, FPX, LLC v. Google, Inc., 2:2009cv00142 (E.D. Tex. complaint filed May 11, 2009), seeks to certify a class comprised of all trademark owners in the State of Texas. The second, John Beck Amazing Profits, LLC v. Google Inc., 2:2009cv00151 (E.D. Tex. complaint filed May 14, 2009), seeks to certify a class comprised of all U.S. trademark owners. In the second case, Google filed a declaratory judgment action seeking a declaration that its Adwords program is not infringing any trademarks. Google, Inc v. John Beck Amazing Profits, LLC, C09 03459 (N.D. Cal. complaint filed July 27, 2009).

[4] Google France v. Louis Vuitton, Google. v. CNHRR, and Google v, Viaticum Luticiel - Joined Cases C-236/08, C-237/08, and C-238/08.

These class-actions are of interest because they could potentially create a class of plaintiffs willing to litigate the matter to completion. However, it is unlikely that the classes will be certified in either case. Certifying trademark owners as a class is very difficult due to issues of ownership, distinctiveness, and the applicability of affirmative defenses. As one court noted, "[e]ven if the court has to conduct hearings regarding ownership on even a tiny fraction of the potentially millions of registered and unregistered marks or personal names of the putative class members, such an undertaking would render proceeding as a class unmanageable." Vulcan Golf, LLC v. Google Inc., 254 F.R.D. 521, 528 (N.D.Ill. 2008) (denying class certification for proposed class of trademark owners whose trademarks were identical to or confusingly similar to parked domain names that were registered, trafficked in or used for commercial gain).

In March 2007, Utah passed the Utah Trademark Protection Act which prohibited use of a registered trademark as a keyword. The law was later repealed. However, brand owners may ultimately decide to seek legislation to clarify their rights in keyword matters.

X. Pending Cases to Watch

Several cases pending in the United States involve keyword-related infringement claims. One case, American Airlines, Inc. v. Yahoo! Inc., 4:2008cv00626 (N.D. Tex. complaint filed Oct. 17, 2008), is particularly notable because it involves a plaintiff which presumably has the financial ability to litigate a case against Yahoo! to completion. Perhaps this case will finally result in a ruling on infringement.

- Rescuecom Corp. v. Google, Inc.

The Complaint in this case was originally filed on September 7, 2004. As discussed above, the District Court originally dismissed the case based on a lack of trademark use, but that ruling was overturned by the Second Circuit and remanded to the district court. Rescuecom Corp. v. Google, Inc., 562 F.3d 123 (2nd Cir. 2009).

- Rosetta Stone Ltd. v. Google, Inc., 1:09-cv-00736-GBL-JFA (E.D. Va. complaint filed July 10, 2009).

The plaintiff in this post-Rescuecom complaint takes advantage of statements made by the Second Circuit about ways in which Google's methods of displaying sponsored ads increase the potential for confusion. The complaint also contains allegations regarding Google's change in policy to allow use of trademarks in ad text. The complaint alleges trademark infringement, contributory and vicarious liability, false representation and dilution under the Lanham Act, and other state law claims. Google moved to dismiss the false endorsement and state law claims but was denied. The case filings are available at: http://news.justia.com/cases/featured/virginia/vaedce/1:2009cv00736/244120/.

- Fair Isaac Corp. v. Experian Information Solutions Inc., Civil No. 06-4112 ADM/JSM, 2009 WL 2252583 (D. Minn.)

On July 24, 2009, Judge Ann D. Montgomery denied defendants' motion for summary judgment on plaintiff's trademark infringement claims. The claims are based on alleged purchases of Fair Isaac's trademarks as keywords. Judge Montgomery cited the Rescuecom v. Google decision of the Second Circuit with approval and rejected the argument that if a trademark is not used in sponsored ad text, no infringement can occur. Survey evidence and expert opinions are also at issue.

- Flowbee International, Inc. v. Google, Inc., 2:09-cv-00199 (S.D. Tex. complaint filed Aug. 13, 2009).

This Complaint concerns the mark **FLOWBEE**, registered in Class 8 for hair clippers. Google filed a Motion to Dismiss or Transfer on September 14, 2009, arguing that venue is improper given the forum selection clause in the terms and conditions of an advertising account. If the Plaintiff's case survives the motion, trial is set for September 2, 2010. The case filings are available at: http://news.justia.com/cases/featured/texas/txsdce/2:2009cv00199/689999/.

- Stratton Faxon v. Google, Inc., (New Haven Superior Ct. complaint filed May 27, 2009)

The Plaintiff in this case is a Connecticut plaintiff-side law firm. More information on this case is available at: http://blog.ericgoldman.org/archives/2009/05/another_lawsuit.htm.

XI. Protective Measures and Practical Considerations

Finally, as the case law evolves in this area, brand owners can take steps to protect themselves in the meantime. Brand owners should consider:

- Insisting that marketing partners give contractual undertakings to respect their marks;
- Becoming the highest keyword bidder for their own trademarks on the search engines;
- Tracking and monitoring use of their trademarks on the Internet;
- Complaining to search engines and/or third-party users when infringing trademark use is discovered; and
- Taking advantage of Google's AdWords and Yahoo!'s trademark complaint procedures.