

2010

## No Confusion Here: Proposing a New Paradigm for the Litigation of Keyword Advertising Trademark Infringement Cases

Rachel R. Friedman

Follow this and additional works at: <https://scholarship.law.vanderbilt.edu/jetlaw>



Part of the [Intellectual Property Law Commons](#), and the [Internet Law Commons](#)

---

### Recommended Citation

Rachel R. Friedman, No Confusion Here: Proposing a New Paradigm for the Litigation of Keyword Advertising Trademark Infringement Cases, 12 *Vanderbilt Journal of Entertainment and Technology Law* 355 (2020)

Available at: <https://scholarship.law.vanderbilt.edu/jetlaw/vol12/iss2/4>

This Note is brought to you for free and open access by Scholarship@Vanderbilt Law. It has been accepted for inclusion in *Vanderbilt Journal of Entertainment & Technology Law* by an authorized editor of Scholarship@Vanderbilt Law. For more information, please contact [mark.j.williams@vanderbilt.edu](mailto:mark.j.williams@vanderbilt.edu).

---

# No Confusion Here: Proposing a New Paradigm for the Litigation of Keyword Advertising Trademark Infringement Cases

## ABSTRACT

*Internet search engines such as Google and Yahoo! earn a majority of their profit from selling advertisements to appear next to search results. Google's coveted advertising space, however, causes nightmares for trademark holders when their trademarks are auctioned by Google to competitors as keywords to trigger the competitors' advertisements when the trademark is used as a search term. Advertisers strategically bid on trademarks of competitors to ensure that their ads appear whenever the trademark is used as a search term, instead of the advertisements of the trademark holder. For example, Nike could bid on the trademark for "Adidas," with the result that Nike ads appear whenever a computer user searches for Adidas. This strategy can allow advertisers to gain visibility by having their ads appear next to search results of a competitor, often a more popular brand. Advertisers also admit to employing the strategy for the purpose of drawing consumers to their websites, and away from the website of the trademark holder.*

*Trademark holders object to this practice on the basis that it allows competitors to free ride off the goodwill and reputation of a trademark when used for the specific purpose of diverting consumers. Because Google derives such a large share of its revenue from advertising, it has been loath to cater to the desires of trademark holders and restrict the sale of keywords as advertising triggers, instead choosing to allow the use of keyword triggers in countries such as the U.S. where the courts have not taken an aggressive stance against search engines on the issue.*

*Courts both inside and outside the U.S. have struggled to resolve the issues of trademark use and likelihood of consumer confusion in a way that promotes fair competition while also upholding policies that protect trademark owners' rights, including those of the mark's reputation and goodwill. Now that courts are in agreement*

that the sale or purchase of a trademark keyword constitutes a use in commerce, claims will boil down to the issue of a likelihood of confusion.

Because the harm of a keyword case—misappropriation of a mark's goodwill—falls on the trademark owner, rather than the consumer, this Note proposes that keyword plaintiffs should not have to prove the element of consumer confusion. Rather, the defendant's intent to divert consumers and free ride off the mark's goodwill should replace the element of confusion. This Note examines the doctrine of initial interest confusion as evidence that courts are already moving in this direction. Finally, the Note argues that, rather than precluding the development of case law, Google and other search engines should help remedy the situation by adopting policies that are more favorable to trademark holders and consistent across national boundaries.

## TABLE OF CONTENTS

I.	BACKGROUND .....	362
	A. <i>How It Works: The Use of Trademarks in Keyword Advertising</i> .....	362
	B. <i>Applicable U.S. Law &amp; Concepts</i> .....	369
	1. Components of Trademark Infringement .....	370
	2. Trademark Dilution Claims for Famous Marks .....	373
	3. Non-infringing Uses and Defenses .....	374
	4. Summary .....	375
II.	ANALYSIS: WHY CONFUSION SHOULD NOT BE THE FOCUS OF KEYWORD ADVERTISING CLAIMS .....	376
	A. <i>Purpose and History of the Confusion Requirement in     the Development of Trademark Law</i> .....	376
	1. Protecting the Public from Deception .....	377
	2. Protecting the Trademark's Goodwill .....	378
	B. <i>Rescuecom, Initial Interest Confusion and the Focus on     a Mark's Goodwill</i> .....	379
	1. <i>1-800 Contacts: A Narrow Interpretation of the Use         in Commerce Requirement</i> .....	380
	2. <i>Rescuecom: Resolving the Issue of Use</i> .....	382
	3. <i>Initial Interest Confusion: A Shortcut Around the         Traditional Likelihood of Confusion Analysis</i> .....	383
III.	LOOKING OUTSIDE THE U.S.: FOREIGN LAW & DECISIONS .....	389
IV.	CONCLUSION .....	394

In the world of online advertising, search engine advertising is an extremely common and profitable form of earning revenue, both for the search engine and the advertiser.<sup>1</sup> Search engines such as Google and Yahoo! allow an advertiser to bid on search terms that will trigger its ad, so that the ad will appear when a computer user enters those terms into the search field.<sup>2</sup> The search engine websites, which perform online searches for visitors free of charge, derive revenue almost exclusively from this form of advertising.<sup>3</sup> Advertisers purchase keyword search terms that are related to their lines of business, on the theory that a searcher would be more likely to click on an ad and visit a website if the ad is somehow relevant to what the computer user had searched for in the first place. Aside from bidding on their own trademarks and generic terms that are related to the content of their businesses, advertisers can also benefit by purchasing a competitor's trademarked name as a keyword trigger, with the result that their own company's ads will appear when a user searches for information on the competing company. A basic example would be Nike purchasing the keyword "Adidas" so that Nike ads would appear in a list of sponsored links alongside search results when a user entered "Adidas" as a search query.

When an advertiser uses a third party's trademark—either as a keyword trigger for its advertising or as a visible part of the ad text itself—the boundary between permissive use of another's trademark and unfair capitalization on another's brand name becomes blurred. Trademark owners have defended their marks by suing both the search engines that sell the trademarked terms as advertising triggers and the advertisers who buy the ad space for trademark infringement

---

1. Tom Krazit, *Google's Quarterly Revenue, Profits Increase*, CNET NEWS, Oct. 15, 2009, [http://news.cnet.com/8301-30684\\_3-10376046-265.html](http://news.cnet.com/8301-30684_3-10376046-265.html) (in Google's third quarter fiscal reports for 2009, the company reported earning \$3.96 billion in revenue from ads placed on Google's sites). Search engine advertising is ideal for advertisers because they can target their ads to appear when users search for specific content associated with their business (or the name of a business itself, or of a competitor).

2. See Manavinder S. Bains, *The Search Engine Economy's Achilles Heel? Addressing Online Parallel Imports Resulting from Keyword and Metatag Misuse*, 2006 STAN. TECH. L. REV. 6, ¶ 76 (2006).

3. See *Google Inc. v. Am. Blind & Wallpaper Factory, Inc.*, No. C 03-05340 JF, 2005 WL 832398, at \*2 (N.D. Cal. Mar. 30, 2005) ("According to American Blind, Google has reported that ninety-six percent of its net revenues in the first quarter of 2004 were derived from advertising."); see also Miguel Helft, *Google's Profit Surges in Quarter*, N.Y. TIMES, July 16, 2009, <http://www.nytimes.com/2009/07/17/technology/companies/17google.html> (noting that "Google derives almost all its revenue from text ads that appear next to Internet search results and on thousands of partner Web sites.").

under the Lanham Act, codified at 15 U.S.C. § 1114 et. seq.<sup>4</sup> Trademark owners claim that the sale of a trademarked brand name—be it a company name, product, or service—as an advertising trigger allows competitors to unfairly profit off of the goodwill and drawing power of the trademark.<sup>5</sup> The alleged harm occurs when competitors divert consumers to their advertised sites and away from the trademark holder's site.<sup>6</sup> The premise of this argument is that the consumer desires to reach the website of the company that corresponds to the search term entered in the search query, and therefore would not have arrived at the competitor's advertised site but for the appearance of the distracting or misleading advertisement.<sup>7</sup> Trademark holders also argue that the competitors' advertisements deceive and confuse consumers into thinking that the sponsored ads are authorized or approved by the company owning the trademark that was used as a search term.<sup>8</sup>

In suits against search engines, rather than advertisers, liability is premised on the idea that the search engines are selling marks without holding the rights to them or having the consent of the trademark holders to sell them.<sup>9</sup> Search engines argue, however, that

---

4. See, e.g., *Rescuecom Corp. v. Google, Inc.*, 562 F.3d 123 (2d Cir. 2009) (suit brought against a search engine); *Buying for the Home, LLC v. Humble Abode, LLC*, 459 F. Supp. 2d 310 (D.N.J. 2006) (suit brought against a competitor).

5. See, e.g., *Rescuecom Corp. v. Google, Inc.*, 456 F. Supp. 2d 393, 400 (N.D.N.Y. 2006), *vacated*, 562 F.3d 123 (2d Cir. 2009) (Rescuecom's complaint included allegations that Google attempted to take advantage of the goodwill associated with its trademark); Complaint ¶ 2, *American Airlines, Inc. v. Yahoo! Inc.*, No. 4-08CV-626-A (N.D. Tex. Oct. 17, 2008), *available at* <http://docs.justia.com/cases/federal/district-courts/texas/txndce/4:2008cv00626/181052/1/0.pdf>;

J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 25:70.25 (4th ed. 2009) ("In the key word cases, where keyword placement of advertising links is being sold, the search engines are taking commercial advantage of the drawing power and goodwill of these famous marks."). The trademark concept of "good will" is defined as "the tendency or likelihood of a consumer to repurchase goods or services based upon the name or source. In a sense, it is name recognition . . . . A trademark is considered to be inseparable from its good will [sic]." RICHARD STIM, PATENT, COPYRIGHT & TRADEMARK 394 (9th ed. 2007).

6. MCCARTHY, *supra* note 5, § 25:70.25.

7. It is true that not all search engine users in fact have this intention when they enter a trademarked brand name as a search query, and in fact may intend to browse not just the site of the brand name, but other sites as well, which may include those of competing companies. The legal argument discussed in this note, however, is based off the premise that at least some users are in fact misled or diverted to a competitor's advertised site, which they would not have visited if its ad did not appear.

8. MCCARTHY, *supra* note 5, § 23:11.50.

9. Jeremy Kirk, *Google, Louis Vuitton Face Off in Trademark Spat*, IT WORLD, June 4, 2008, <http://www.itworld.com/google-louis-vuitton-trademark-fight-080604>.

they do not sell trademarks, only ad space,<sup>10</sup> and that increasing the choice of keyword triggers for advertisers increases the amount of relevant information for consumers.<sup>11</sup> Because Google derives such a large share of its revenue from advertising,<sup>12</sup> it has been loath to cater to the desires of trademark holders and restrict the sale of keywords as advertising, instead choosing to expand the sale of trademarks as keywords and the permissible use of trademarks in ad text in countries such as the U.S. where the courts have not taken an aggressive stance against search engines on the issue.<sup>13</sup>

Many cases have settled at the district court level or while on appeal, particularly in cases where a search engine is the defendant, rather than the competing business that purchased the keyword trigger.<sup>14</sup> For this reason, few federal Courts of Appeals have had the chance to rule on the legality of the sale of trademarks as search terms in keyword-linked advertising, and the courts that have addressed the issue have reached disparate results.<sup>15</sup> While the courts struggled with how to appropriately apply the Lanham Act to the Internet context, at least one state (Utah) attempted to address the

---

10. MCCARTHY, *supra* note 5, 25:70.25 (“Of course, the search engine is not literally ‘selling’ the . . . trademark to a competitor. The search engine is ‘selling’ advertising space triggered by the trademark . . . That sort of cry that ‘the defendant is selling my trademark!’ appears in the legal arguments of plaintiffs, but it is rhetorical hyperbole.”).

11. See Miguel Helft, *Companies Object to Google Policy on Trademarks*, N.Y. TIMES, May 14, 2009, <http://www.nytimes.com/2009/05/15/technology/internet/15google.html?scp=3&sq=google%20trademark&st=cse>; *infra* note 66 and accompanying text.

12. See Krazit, *supra* note 1 and accompanying text; *supra* note 3 and accompanying text.

13. See *infra* notes 47-65 and accompanying text.

14. *E.g.*, Google Inc. v. Am. Blind & Wallpaper Factory, Inc., No. C 03-05340 JF, 2005 WL 832398 (N.D. Cal. Mar. 30, 2005) (denying defendant’s motion to dismiss). See Posting of Eric Goldman (*American Airlines and Google Settle Keyword Advertising Lawsuit*) to Technology & Marketing Law Blog, [http://blog.ericgoldman.org/archives/2008/07/american\\_airlin\\_1.htm](http://blog.ericgoldman.org/archives/2008/07/american_airlin_1.htm) (July 19, 2008, 09:05 EST) (noting settlement of the lawsuit between American Airlines and Google); Posting of Eric Goldman (*American Blinds-Google Lawsuit Settles*) to Technology & Marketing Law Blog, [http://blog.ericgoldman.org/archives/2007/08/american\\_blinds\\_1.htm](http://blog.ericgoldman.org/archives/2007/08/american_blinds_1.htm) (Aug. 31, 2007, 16:43 EST) (noting settlement of Google, Inc. v. American Blind & Wallpaper Factory, Inc., on Aug. 31, 2007); *Google Settles Last Part of Geico Trademark Case*, MSNBC, Sept. 7, 2005, <http://www.msnbc.msn.com/id/9247020/> (noting settlement of lawsuit between Google and Geico); see also Erik Larson, *American Airlines Drops Google Trademark Suit*, BLOOMBERG, July 18, 2008, <http://www.bloomberg.com/apps/news?pid=20601204&sid=aNtnl9vC6QLc&refer=technology> (discussing American Airlines’ lawsuit and noting that “Google settled similar suits by other U.S. companies before the untested area of trademark law could be addressed by a judge or jury.”).

15. Joyce E. Cutler, *Keyword Issue Likely to Remain Unsettled, Attorneys Say*, PATENT, TRADEMARK & COPYRIGHT LAW DAILY, June 18, 2008.

matter by proposing legislation that would ban the sale of trademarks as keyword-triggers for ads displayed in the state.<sup>16</sup>

The two main obstacles to a plaintiff's successful keyword advertising suit in the U.S. are the "use in commerce" and "likelihood of confusion" requirements for a trademark infringement claim brought under the Lanham Act.<sup>17</sup> From the outset, a main source of disagreement among courts deciding keyword infringement cases surrounded the proper application of the "use in commerce" requirement.<sup>18</sup> In 2008, one attorney described the legal landscape on the issue, saying that courts in the U.S. had gone "every which way" in determining whether the sale of keywords constitutes trademark infringement.<sup>19</sup> While many courts held that the sale of a trademarked term as a keyword does constitute a use in commerce, courts in the Second Circuit were outliers in holding that the sale did not amount to a use in commerce under the Act.<sup>20</sup> The Second Circuit Court of Appeals' 2009 decision in *Rescuecom Corp. v. Google, Inc.* brought that circuit in line with other Courts of Appeals that had considered the issue, thus reducing a disagreement among courts that had reached the level of a circuit split.<sup>21</sup>

Assuming "use" is satisfied, a plaintiff must still prove that a defendant's actions were likely to cause confusion as to the source of the advertising.<sup>22</sup> Though the Lanham Act only requires a likelihood of confusion, rather than actual confusion, this element nonetheless poses a problem for plaintiffs. As Internet users become increasingly savvy and familiar with search engines' sponsored links, it becomes more difficult to argue that consumers are likely to be confused by a

---

16. In 2009, Utah proposed a bill that would prohibit the use of trademarks "to deliver or display an advertisement in Utah" when the trademark was used in a bad-faith attempt to divert a customer from the mark owner's goods or services. H.B. 450, 58th Leg., 2009 Gen. Sess. (Utah 2009). The bill passed the Utah House during the 2009 legislative session but died when the state Senate failed to act on it before adjourning the 2009 term. See Tracking Report for H.B. 450, 58th Leg., 2009 Gen. Sess. (Utah 2009); Posting of Eric Goldman (*Utah HB 450 Dies In Utah Senate Without a Vote*) to Technology & Marketing Law Blog, [http://blog.ericgoldman.org/archives/2009/03/utah\\_hb\\_450\\_die.htm](http://blog.ericgoldman.org/archives/2009/03/utah_hb_450_die.htm) (Mar. 13, 2009, 10:27 EST).

17. See 15 U.S.C. § 1114(1) (delineating the elements of an infringement claim under the Lanham Act, including the requirements of use in commerce and likelihood of confusion).

18. Cutler, *supra* note 15.

19. *Id.*

20. *Id.* ("The only circuit that is siding with Google on the use in commerce issue of the sale of a trademark term as keyword is the Second Circuit.")

21. *Id.*

22. 15 U.S.C. § 1114(1), 1125(a). The likelihood of confusion is a required element of infringement claims brought under these sections of the Lanham Act.

competitor's advertisement.<sup>23</sup> As a result, if the allegedly infringing advertisement does not display the plaintiff's trademark in the text of the ad, an infringement claim may fail due to the inability to prove a likelihood of confusion.<sup>24</sup> This is often the result despite the fact that the trademark holder is still harmed by a competitor's luring consumers through the use of the plaintiff's protected mark,<sup>25</sup> all while the search engine profits from the sale of the marks.<sup>26</sup> While it may be in part true that "[u]nfair competition is the child of confusion,"<sup>27</sup> unfair competition can also exist due to misappropriation of goodwill, even when no confusion exists. Therefore, rejecting a trademark claim because confusion cannot be proven is inappropriate as it unfairly precludes the trademark holder from receiving relief for injury to a mark.

Any rule regarding the legality of trademarked keyword advertising must balance the interests of the trademark owner in protecting the value of goodwill in the mark, consumers' desire for an informative marketplace without deception, and advertisers' rights to fair competition and marketing. Such a rule should shift away from the current ineffective focus on consumer confusion and instead reengage trademark policies and laws intended to safeguard the trademark's value to the trademark owner. The development of the initial interest confusion doctrine, which determines the likelihood of confusion based on the diversion of consumer attention rather than actual consumer confusion, can be viewed as support for this shift in the analysis of Internet trademark claims. Because the harm of a keyword case—misappropriation of a mark's goodwill— falls on the trademark owner, rather than the consumer, trademark law concepts meant to protect the consumer should be given little or no weight in an infringement analysis. This Note proposes that a trademark owner should not have to prove confusion in order to prevail on a trademark

---

23. See Matthew A. Kaminer, *The Limitations of Trademark Law in Addressing Trademark Keyword Banners*, 16 SANTA CLARA COMPUTER & HIGH TECH. L.J. 35, 48-49 (1999) (quoting a commentator as saying "Anyone who has spent even a scintilla of time on the web lately knows that splashy advertising banners sprout from every imaginable bit of spare real estate.").

24. See discussion *infra* Part I.B.1, Components of Trademark Infringement.

25. See, e.g., *Soilworks, LLC v. Midwest Indus. Supply, Inc.*, 575 F. Supp. 2d 1118, 1132 (D. Ariz. 2008) ("Soilworks admits that its intent in using the phrase 'soil sement' [as keywords and metatags] on the Internet was to trade off Midwest's goodwill in its Soil-Sement mark by diverting potential customers to Soilworks' Soiltac product.").

26. Krazit, *supra* note 1.

27. *Charcoal Steak House of Charlotte, Inc. v. Staley*, 139 S.E.2d 185, 188 (N.C. 1964) (quoting *Cleveland Opera Co. v. Cleveland Civic Opera Ass'n*, 154 N.E. 352, 353 (Ohio Ct. App. 1926)) (internal quotation marks omitted).



infringement claim when the defendant is a competitor using the plaintiff's trademark specifically to generate greater advertising visibility alongside search results and is not using the mark in a permissible fair use context.

Part I provides background regarding the use of trademarks in search engine advertising and a discussion of the required elements of a trademark claim under federal law. Part II reveals the limitations of the current trademark litigation scheme in the keyword context, arguing that the third party's misappropriation of the mark's goodwill should replace confusion as the premise for a finding of infringement. Part III analyzes relevant trademark laws and judicial decisions from the United Kingdom and Canada in order to compare how these common law countries have approached the keyword advertising problem and the similar obstacles facing plaintiffs in these countries. Lastly, Part IV concludes with an explanation of the importance of implementing these changes, both in the policies of search engines and in the approach to trademark litigation, in order to arrive at the best solution to the keyword problem that can work on an international scale.

## I. BACKGROUND

### *A. How It Works: The Use of Trademarks in Keyword Advertising*

Search engines use keyword-linked advertising to provide relevant advertising to their site visitors while simultaneously increasing their revenue streams.<sup>28</sup> The more relevant the advertising is to the user's search query, the more advertisers are willing to spend, thus generating more revenue for the search engine.<sup>29</sup> Keywords are search terms that a user enters to retrieve information and may be any term that the user thinks is relevant.<sup>30</sup> The search term could be

---

28. Saul Hansell, *Google Wants to Dominate Madison Avenue, Too*, N.Y. TIMES, Oct. 30, 2005, <http://www.nytimes.com/2005/10/30/business/yourmoney/30google.html>; see also *supra* note 3.

29. Hansell, *supra* note 28 ("Because the ads are more relevant [to users]...they create a better return for advertisers, which causes them to spend more money, which gives Google better margins.").

30. See *Gov't Employees Ins. Co. v. Google, Inc.*, 330 F. Supp. 2d 700, 701-02 (E.D. Va. 2004) (in background information, explaining how search engines work); see also Darren Dahl, *Real-Life Lessons in Using Google AdWords*, N.Y. TIMES, Oct. 14, 2009, <http://www.nytimes.com/2009/10/15/business/smallbusiness/15adwords.html> (explaining how Google's keyword advertising program functions); Google, *Welcome to AdWords*, <https://www.google.com/accounts/ServiceLogin?service=adwords&cd=null&hl=enUS&ltmpl=>

a generic one such as “ice cream,” a proper name such as “Barack Obama,” or a trademark, such as “Kleenex.”<sup>31</sup> When conducting a search, search engines retrieve results by matching the keywords entered by the computer user with text and hyper text markup language (HTML) code in places such as domain names, websites themselves, and metatags.<sup>32</sup> Metatags are part of a website’s internal HTML code that describes the content of the website and, at least in the early days of the Internet, were a main factor in determining a web site’s rankings.<sup>33</sup> A website is more likely to appear as a search result—and to appear closer to the top of the results page—the more often the keyword that is used as a search term appears in the metatags and in the text of the website.<sup>34</sup> Since metatags are only used in internal code, they are invisible to someone visiting the website.<sup>35</sup> A website can add competitors’ trademarks as metatags and, without mentioning the competitors in the website text, attract visitors by appearing in search results when the competitors’ trademarks are used as search terms.<sup>36</sup> Although search engines today employ complex algorithms that are less easily manipulated by metatags,<sup>37</sup> advertisers can continue to rely on search engines as a means for promoting their websites by participating in keyword advertising.

---

adwords&passive=false&ifr=false&alwf=true&continue=https%3A%2F%2Fadwords.google.com%2Fselect%2Fgaiaauth%3Fapt%3DNone%26ugl%3Dtrue (last visited Dec. 20, 2009).

31. *Gov’t Employees Ins. Co.*, 330 F. Supp. 2d at 701-702 (in discussing background information, explaining how search engines work).

32. See MCCARTHY, *supra* note 5, § 25:69 (explaining the function of metatags); see also Google, Corporate Information: Technology Overview, <http://www.google.com/corporate/tech.html> (last visited Dec. 20, 2009) (explaining how Google analyzes both website importance, as determined by Google, and page content in ranking search results).

33. MCCARTHY, *supra* note 5, § 25:69 (defining metatags and noting that “[s]earch engines in the early days of the Internet relied heavily on metatags to find Web sites,” but that “modern search engines make little if any use of metatags.”)

34. See *id.* (“These words inserted in a Web site [as metatags] are invisible to the human user but, all too perceptible to a search engine. Some search engines may count these hidden words as if they appeared on the screen, leading to high placement on search lists.”).

35. *Id.*

36. See, e.g., *N. Am. Med. Corp. v. Axiom Worldwide, Inc.*, 522 F.3d 1211 (11th Cir. 2008) (trademark owner sued a competitor for trademark infringement where defendant used the plaintiff’s trademark in metatags of its website); see also MCCARTHY, *supra* note 5, § 25:69 (“These hundreds or thousands of hidden words...are inserted on purpose to intercept search engines and the humans that use them to divert them to a site they did not want to go to and did not expect. The hope is that once there, the user will linger and see the advertising and content of that Web site. Or, perhaps the user of the hidden code merely wishes to increase the number of “hits” of its Web site so as to impress potential advertisers that this Web site is a busy place.”).

37. See *supra* note 33.

Search engines such as Google sell advertising linked to keyword search terms, “so that when a consumer enters a particular search term, the results page displays not only a list of Websites generated by the search engine program using neutral and objective criteria, but also links to Websites of paid advertisers (listed as ‘Sponsored Links’).”<sup>38</sup> Search engines sell terms to the highest bidder and obtain revenue when users click on the advertised links.<sup>39</sup> Unless prohibited by the advertising policies of the search engine, advertisers can purchase keywords that are trademarks of competitors.<sup>40</sup> This allows an advertiser such as Wal-Mart to purchase “Kmart” as a keyword, with the result that either a Wal-Mart banner advertisement or a sponsored link to Wal-Mart’s website will appear alongside search results after a computer user enters “Kmart” into the search engine.<sup>41</sup>

This marketing regime can be particularly useful for a new or little-known business trying to gain recognition and reach consumers. The unknown or unpopular business can increase its visibility and counteract the fact that few users are likely searching for its brand by making strategic purchases of more well-known trademarks of competitors as keywords so that the ads for the unknown business appear when a user searches for a more well-known company. Alternatively, the strategy can also work in the reverse, with a company like Nike purchasing the trademark of an unfamiliar shoe brand, so that Nike’s ads would appear whenever the unfamiliar trademark was used as a search term. Because of the nature of the advertising programs whereby terms are sold to those who can pay the most,<sup>42</sup> a company with resources such as Nike’s could more easily carry out the strategy than a start-up, fledging business.

---

38. *Gov’t Employees Ins. Co. v. Google, Inc.*, 330 F. Supp. 2d 700, 702 (E.D. Va. 2004); *see also* Google, How to Get the Most Out of Your Ad Budget, <https://adwords.google.com/select/tour/4.html> (last visited Dec. 20, 2009).

39. *See* Dahl, *supra* note 30 (explaining that advertisers buying ad space on Google’s AdWords pay-per-click program “pay Google only when someone clicks on [their] ad”); Stefanie Olsen, *In Search of Profits*, CNET NEWS, May 8, 2003, [http://news.cnet.com/In-search-of-profits/2030-1032\\_3-1000366.html](http://news.cnet.com/In-search-of-profits/2030-1032_3-1000366.html).

40. *See, e.g.*, Posting of Meghan Keane (*Google Loosens Up on Trademarks*) to Econsultancy Blog, <http://econsultancy.com/blog/3824-google-loosens-up-on-trademarks> (May 15, 2009) (explaining the effects of Google’s May 2009 trademark policy change).

41. *See* Bains, *supra* note 2, ¶ 2.

42. Olsen, *supra* note 39.

Because Google.com is the most frequently visited website on the Internet<sup>43</sup> and dominates three-quarters of the online search market,<sup>44</sup> it is one of the most desirable and most visible advertising venues on the Internet. Its advertising policies, therefore, have far-reaching ramifications. Google's keyword-linked advertising program, AdWords, is accompanied by a Keyword Suggestion Tool, through which it actively recommends certain keywords—including the trademarks of competitors—to advertisers in order to make the client's advertising more successful and to generate increased profits for the client.<sup>45</sup> Prior to 2004, Google's policy was to block the purchase of trademarks as keywords in its AdWords program once Google was informed (usually by the trademark owner) that a particular keyword was a trademark not belonging to the purchaser.<sup>46</sup>

Currently, however, Google has two separate policies with regard to the use of trademarks in connection with advertising,<sup>47</sup> and the policy that is used for a particular trademark complaint depends on the country or geographic region in which the trademark holder has rights in the mark at issue.<sup>48</sup> For rights held in many countries in the European Union, such as France, Germany, Austria, the Netherlands, and Spain, along with about 70 other regions designated by Google, Google permits trademark holders to bring complaints of trademarks being used in the text of ads or as keyword triggers.<sup>49</sup> Upon Google's finding of an offending textual or keyword use, Google

---

43. As judged by the number of Google's web visitors per day. See Alexa Internet, Google Traffic Statistics, <http://www.alexa.com/siteinfo/google.com> (last visited Dec. 20, 2009).

44. Cutler, *supra* note 15; see MCCARTHY, *supra* note 5, § 25:67 ("By 2003, three-quarters of all online searches used GOOGLE or sites that used GOOGLE's search results.")

45. This was a main premise of the plaintiff's infringement claim in *Rescuecom Corp. v. Google, Inc.* See 562 F. 3d 123, 126 (2d Cir. 2009) (describing Google's AdWords program and Keyword Suggestion Tool); see also Google, Google AdWords: Keyword Tool, <https://adwords.google.com/select/KeywordToolExternal> (last visited Dec. 20, 2009).

46. *Google Inc. v. Am. Blind & Wallpaper Factory, Inc.*, No. C 03-05340 JF, 2005 WL 832398, at \*2 (N.D. Cal. Mar. 30, 2005); Benjamin Aitken, *Keyword-Linked Advertising, Trademark Infringement, and Google's Contributory Liability*, 2005 DUKE L. & TECH. REV. 21, ¶ 4.

47. See Google, What is Google's AdWords and AdSense Trademark Policy?, <http://adwords.google.com/support/bin/answer.py?answer=6118> (follow "I see an unauthorized ad using my trademark. What is Google's trademark policy?" hyperlink) (last visited Dec. 20, 2009).

48. *Id.*

49. Google, What is Google's AdWords and AdSense Trademark Policy?, <http://adwords.google.com/support/bin/answer.py?answer=6118> (follow "I see an unauthorized ad using my trademark. What is Google's trademark policy?" hyperlink; then follow "Regions in which we investigate use in both ad text and keywords" hyperlink) (last visited Dec. 20, 2009)

will stop the advertiser from continuing to use the trademark as a keyword trigger and/or in the ad text.<sup>50</sup>

In a second group of countries, including the U.S, the United Kingdom, and Canada,<sup>51</sup> Google has a more “hands off” policy and will only monitor the use of trademarks in the ad text, not as keywords.<sup>52</sup> In June of 2009, the list of countries in which trademarks became fair game for keyword-bidding was expanded to include a total of almost 200 regions.<sup>53</sup> Google also maintains a specific policy for trademark rights held in the U.S.<sup>54</sup> Under this policy, Google allows use of trademarks in the ad text if the advertiser actually sells the trademarked product or if the competitor is using the trademark for an informational purpose, as long as the advertisement does not use the trademark in a “competitive, critical, or negative” manner.<sup>55</sup> However, these restrictions only apply to an advertiser’s ability to use another’s trademark in the text of its sponsored link and do not affect an advertiser’s ability to bid on keywords.<sup>56</sup>

Google’s policy shift towards more permissive trademark use in the countries in this second group was made partly in reliance on a traditional trademark rule which holds that no infringement occurs in the use of a trademark unless there is a likelihood of consumer confusion.<sup>57</sup> Google maintains that if the trademark does not appear in the competitor’s ad, the ad cannot cause confusion as to the source

---

50. *Id.* Upon receiving a complaint regarding rights to a mark held in these regions, Google conduct a review that is “limited to ensuring that the advertisements at issue are not using a term corresponding to the trademarked term in the ad text or as a keyword.” *Id.*

51. *Id.*

52. *Id.*

53. Andy Atkins-Krüger, *Google Expands New Trademark Policy - But Sidesteps Europe*, MULTILINGUAL SEARCH, May 7, 2009, <http://www.multilingual-search.com/google-expands-new-trademark-policy-but-sidesteps-europe/07/05/2009>.

54. *See* Google, What is Google’s AdWords and AdSense Trademark Policy?, <http://adwords.google.com/support/bin/answer.py?answer=6118> (follow “I see an unauthorized ad using my trademark. What is Google’s trademark policy?” hyperlink) (last visited Dec. 20, 2009).

55. Google, What is Google’s U.S. Trademark Policy?, <http://adwords.google.com/support/aw/bin/answer.py?answer=145626> (last visited Dec. 20, 2009).

56. *Id.*; Google, What is Google’s AdWords and AdSense Trademark Policy?, <http://adwords.google.com/support/bin/answer.py?answer=6118> (follow “I see an unauthorized ad using my trademark. What is Google’s trademark policy?” hyperlink; then follow “Regions in which we investigate use in ad text only” hyperlink) (last visited Dec. 20, 2009).

57. Stefanie Olsen, *Google Plans Trademark Gambit*, CNET NEWS, Apr. 13, 2004, [http://news.cnet.com/Google-plans-trademark-gambit/2100-1038\\_3-5190324.html](http://news.cnet.com/Google-plans-trademark-gambit/2100-1038_3-5190324.html) (reporting on Google’s justification for its original decision in 2004 to allow trademark bidding in the U.S.); Pamela Parker, *Google Shifts Trademark Policy*, CLICKZ, Apr. 13, 2004, <http://www.clickz.com/3339581>; *see* discussion *infra* Part I.B.1, Components of Trademark Infringement.

of the ad, because there is nothing to suggest a connection with the trademark except for the fact that the competitor's ad appears alongside the search results for the trademark.<sup>58</sup> According to Google, the mere presence of ads on a page cannot confuse consumers.<sup>59</sup> The policy shift also likely relies on trademark fair use theories that permit the legal use of another's trademark in certain situations, such as in comparative advertising.<sup>60</sup>

However, the policy change cannot be explained solely as a product of these legal concepts, since fair use and likelihood of confusion are key parts of trademark law in countries that fall under Google's more restrictive trademark policy as well.<sup>61</sup> Instead, the difference between countries that do and do not fall under the first, more protective trademark regime is directly tied to how courts in the different countries have handled keyword trademark disputes.<sup>62</sup> For example, trademarks held in France and Belgium, where courts have strictly interpreted trademark laws and imposed liability against Google and eBay for trademark infringement,<sup>63</sup> receive the protection of Google's restrictive policy, in which they cannot be used as keywords or in the ad text.<sup>64</sup> In contrast, in countries where search

---

58. Parker, *supra* note 57.

59. *Id.* (quoting Google's trademark counsel as stating that "We don't think that merely seeing ads on a page is going to be confusing to users . . . . If they're confused it's because of something in the ad text.").

60. See discussion *infra* Part I.B.3, Non-infringing Uses and Defenses.

61. See Terrance J. Keenan, *American and French Perspectives on Trademark Keying: The Courts Leave Businesses Searching for Answers*, 2 SHIDLER J. L. COM. & TECH. 14, ¶ 24, available at [http://www.lctjournal.washington.edu/Vol2/a014Keenan.html#\\_Toc122496289](http://www.lctjournal.washington.edu/Vol2/a014Keenan.html#_Toc122496289) (noting similarities between U.S. and French trademark law). However, French law does not require a likelihood of confusion when the trademark is used "in any act of commercial competition conducted with a counterfeit mark." *Id.* ¶ 25. Member states of the European Union have adopted the European Union Trade Marks Directive, which also bases a finding of infringement on a likelihood of confusion. Council Directive 2008/95/EC, art. 5(1)(b), 2008 O.J. (L 299) 25 (EU) [hereinafter Council Directive]. The Directive does not prevent individual member nations from establishing their own procedures for determining the existence of confusion. *Id.* § 11. Some provisions of the Directive do not require a showing of confusion. *Id.* at art. 5(5).

62. See Atkins-Krüger, *supra* note 53 ("[With its new policy changes,] Google has sidestepped the key European countries with the strongest legal rules and where cases have cost Google most in fines.")

63. Georgie Collins, *Do Trade-Marked 'Adwords' Infringe?*, MONDAQ BUSINESS BRIEFING, Oct. 30, 2008, <http://www.allbusiness.com/legal/trial-procedure-decisions-rulings/11835829-1.html>; Elinor Mills, *Google Loses French Trademark Lawsuit*, CNET NEWS, June 28, 2006, [http://news.cnet.com/Google-loses-French-trademark-lawsuit/2100-1030\\_3-6089307.html](http://news.cnet.com/Google-loses-French-trademark-lawsuit/2100-1030_3-6089307.html).

64. See *supra* note 49 and accompanying text.

engines have fared better in trademark litigation, Google allows trademarks to be used as keyword advertising triggers.<sup>65</sup>

By adopting the more lenient policy, Google intended to increase the information available to consumers<sup>66</sup> and to avoid arbitrating trademark disputes that, according to the company, should be resolved between the trademark holder and the advertiser<sup>67</sup>—not between the trademark holder and Google. By directing trademark holders to voice their complaints with the advertisers who purchase the trademarks as advertising triggers, rather than with Google,<sup>68</sup> Google both avoids arbitrating disputes and reduces its own exposure to litigation. Allowing advertisers to bid on trademarks as keywords increases the choices of sponsored links and, consequently, the amount of relevant information presented to searchers.<sup>69</sup> While consumers may benefit from the increase in information, however, Google cannot deny that it also reaps a benefit from allowing trademarks to be used as keywords, since its profits increase when more terms are available for bidding.<sup>70</sup> Meanwhile, allowing trademarks to be auctioned as keywords forces advertisers to increase bids for their own trademarks to ensure that their authorized sponsored links appear above ads from competing companies.<sup>71</sup>

Other search engine websites, such as Yahoo!, have advertising policies that are more favorable to trademark holders, as they more

---

65. See *supra* notes 52-56 and accompanying text; Kate Tebbutt, *Recent Changes to the Google AdWords Trade Mark Policy in the UK and Ireland*, 2 BLOOMBERG EUR. BUS. L. REV. 398, 398-401 (2008), available at <http://www.dechert.com/library/Recent%20Changes%20to%20the%20Google%20Adwords%20Trade%20Mark%20Polic.PDF> (discussing the connection between a favorable trademark ruling for Yahoo! UK and Google's change of trademark policy in the UK).

66. See Helft, *supra* note 11 (Google justified its 2009 trademark policy shift under the theory that "the change would result in ads that are more relevant to users.").

67. See Google, What is Google's U.S. Trademark Policy?, <http://adwords.google.com/support/aw/bin/answer.py?answer=145626> (follow "I see an unauthorized ad using my trademark. What is Google's trademark policy?" hyperlink) (last visited Dec. 20, 2009) (Google's policy states, "Because Google is not a third-party arbiter, we encourage trademark owners to resolve their disputes directly with the advertisers...").

68. *Id.*

69. Barry Schwartz, *Google AdWords Opens Up Trademarked Bidding to Most Countries*, SEARCH ENGINE LAND, May 5, 2009, <http://searchengineland.com/google-adwords-opens-up-trademarked-bidding-to-most-countries-18628> (regarding the May 2009 policy change, Google noted that "a user searching with a trademarked keyword may see a greater number of relevant ads in the sponsored links section, giving them greater choice."); see also Helft, *supra* note 11.

70. See Tom Krazit, *Google Change Could Stir More Advertiser Angst*, CNET NEWS, May 15, 2009, [http://news.cnet.com/8301-1023\\_3-10242104-93.html](http://news.cnet.com/8301-1023_3-10242104-93.html) (discussing how Google's policy shift will affect Google's profits); Helft, *supra* note 11 (same).

71. Krazit, *supra* note 70.; Atkins-Krüger, *supra* note 53 (noting that allowing advertisers to bid on trademarks increases advertising costs by 80%).

tightly regulate the sale of trademarks as keywords to advertisers.<sup>72</sup> Yahoo! reviews trademark complaints that arise both when advertisers use trademarks as bid-for keywords and when advertisers use trademarks in the content of ad text.<sup>73</sup> In 2006, Yahoo! modified its policy to restrict situations in which advertisers can bid on a keyword that contains a competitor's trademark.<sup>74</sup> For an advertiser to successfully bid on another's trademark, Yahoo! requires that the advertiser either sell the trademarked product itself on the advertised site or that the site be maintained solely for informational, rather than commercial, purposes and is not competitive with the trademarked product.<sup>75</sup> Yahoo!'s trademark complaint policy does not indicate that it treats complaints differently depending on the country in which the trademark rights are held or registered, as Google does.<sup>76</sup>

### *B. Applicable U.S. Law & Concepts*

Federal trademark law in the U.S. is a subset of unfair competition law.<sup>77</sup> Trademark holders acquire rights in a trademark through use of the mark under the common law of the states where the marks are used.<sup>78</sup> Registration, available at both the state and federal levels, can provide additional protection to the trademark holders.<sup>79</sup> The Lanham Act, which establishes a federal registration

---

72. See Posting of Eric Goldman (*American Airlines Sues Yahoo for Selling Keyword Advertising*) to Technology & Marketing Law Blog, [http://blog.ericgoldman.org/archives/2008/10/american\\_airlin\\_2.htm](http://blog.ericgoldman.org/archives/2008/10/american_airlin_2.htm) (Oct. 20, 2008, 15:35 EST) (referring to an apparent consensus that Yahoo! "has a much more trademark owner-favorable trademark policy than Google").

73. Yahoo! Search Marketing, Raising Trademark Concerns About Sponsored Search Listings, <http://searchmarketing.yahoo.com/legal/trademarks.php> (last visited Dec. 20, 2009).

74. Kevin Newcomb, *Yahoo! Modifies Trademark Keyword Policy*, CLICKZ, Feb. 24, 2006, <http://www.clickz.com/3587316>.

75. Yahoo! Search Marketing, Raising Trademark Concerns About Sponsored Search Listings, <http://searchmarketing.yahoo.com/legal/trademarks.php> (last visited Dec. 20, 2009).

76. See *id.* However, a case pending in the Northern District of Texas brought by American Airlines against Yahoo! alleges that Yahoo! does have different trademark procedures for the U.S. and Europe. Complaint ¶ 6, *American Airlines, Inc. v Yahoo! Inc.*, No. 4-08CV-626-A (N.D. Tex. Oct. 17, 2008), available at <http://docs.justia.com/cases/federal/district-courts/texas/txndce/4:2008cv00626/181052/1/0.pdf>. The case is set for trial in January of 2010. Order Setting Schedule ¶ 6, *American Airlines, Inc. v Yahoo! Inc.*, No. 4:08-CV-626-A (N.D. Tex. Mar. 13, 2009), available at <http://docs.justia.com/cases/federal/district-courts/texas/txndce/4:2008cv00626/181052/38/0.pdf>.

77. MCCARTHY, *supra* note 5, § 2:7.

78. *Id.* § 16:1 ("At common law, ownership of trademark or trade dress rights in the United States is obtained by actual use of a symbol to identify the goods or services of one seller and distinguish them from those offered by others.")

79. See *id.* § 19:8, 19:3 ("Although a federal registration will give the owner of a mark important legal rights and benefits, the registration does not create the trademark... While



scheme for marks used in U.S. commerce, provides causes of action for federally registered marks as well as for common law (unregistered) marks.<sup>80</sup>

### 1. Components of Trademark Infringement

Under the Act, a defendant can be held liable for trademark infringement only if the trademark was used in commerce.<sup>81</sup> Thus, the first step in any infringement claim is to determine whether the defendant's trademark use satisfies the use in commerce requirement;<sup>82</sup> the analysis at this point does not take into account effects of the use on the consumer.<sup>83</sup> Section 45 of the Act, codified at 15 U.S.C. § 1127, defines "use in commerce" as the bona fide use of a mark either on goods or services.<sup>84</sup> With regard to goods, use in commerce occurs when the mark 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 the goods are sold or transported in commerce.<sup>85</sup>

Similarly, use of a mark in connection with services is considered to occur in commerce when the mark 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.<sup>86</sup>

Aside from the threshold requirement of trademark use, infringement claims under the Lanham Act also require a demonstration that the use will cause a likelihood of confusion,<sup>87</sup> or a determination of whether the use of the marks is likely to confuse consumers about the source of products.<sup>88</sup> This requirement is known

---

federal registration is encouraged, nonregistration does not impact on existing state or federal common law rights in a mark.")

80. 15 U.S.C. §§ 1051, 1051-1072, 1091-1096, 1111-1127 (2009).

81. 15 U.S.C. § 1114(1).

82. *Id.*

83. See Graeme B. Dinwoodie & Mark D. Janis, *Confusion Over Use: Contextualism in Trademark Law*, 92 IOWA L. REV. 1597, 1599 (2007).

84. Lanham (Trademark) Act of 1946, ch. 540, § 45, 60 Stat. 427, 443-444 (1946) (codified as amended at 15 U.S.C. § 1127 (2009)).

85. 15 U.S.C. § 1127.

86. *Id.*

87. 15 U.S.C. § 1114(1)(a).

88. See *Brookfield Commc'ns, Inc. v. West Coast Entm't Corp.*, 174 F.3d 1036, 1053 (9th Cir. 1999) (quoting *Official Airline Guides, Inc. v. Goss*, 6 F.3d 1385, 1391 (9th Cir. 1993)).

as the core element of a traditional trademark infringement claim.<sup>89</sup> Section 32 of the Act, codified at 15 U.S.C. § 1114, provides a cause of action against any person who, without the consent of the trademark holder,

use[s] in commerce any reproduction, counterfeit, copy, or colorable imitation of a registered mark in connection with the sale, offering for sale, distribution, or advertising of any goods or services on or in connection with which such use is *likely to cause confusion, or to cause mistake, or to deceive*.<sup>90</sup>

Therefore, in order to infringe a federally registered trademark under § 1114(1)(a), the use must be “likely to cause confusion, or to cause mistake, or to deceive.”<sup>91</sup> Similarly, § 1125(a)(1) provides a cause of action for the infringement of unregistered marks when the use is likely to cause confusion specifically with regard to the origin, sponsorship, or approval of goods.<sup>92</sup> The amount and nature of confusion necessary to satisfy this requirement has been the target of much debate among trademark law scholars.<sup>93</sup> Courts have established various multi-factor tests to determine the likelihood of confusion,<sup>94</sup> with most courts applying a version of the eight factors set forth by the Ninth Circuit in *AMF, Inc. v. Sleekcraft Boats*:

(1) similarity of the conflicting marks; (2) proximity of the two companies’ products or services; (3) strength of the plaintiff’s mark; (4) marketing channels used by the two companies; (5) degree of care likely to be exercised by purchasers in selecting goods; (6) defendant’s intent when selecting the mark; (7) evidence of actual consumer confusion; and (8) likelihood of expansion of product lines.<sup>95</sup>

---

89. See, e.g., *Allard Enters. v. Advanced Programming Res., Inc.*, 146 F.3d 350, 355 (6th Cir. 1998) (internal quotations omitted) (describing the likelihood of confusion as the “touchstone of liability”); MCCARTHY, *supra* note 5, §23:1 (noting that “the test of likelihood of confusion is the touchstone of trademark infringement”). In contrast, a federal trademark dilution claim does not require a showing of confusion. See *infra* Part I.B.2.

90. Lanham (Trademark) Act of 1946, ch. 540, § 32, 60 Stat. 427, 437 (1946) (codified as amended at 15 U.S.C. § 1114(1)(a) (2009) (emphasis added)).

91. 15 U.S.C. § 1114(1)(a).

92. *Id.* § 1125(a).

93. *Dinwoodie & Janis, supra* note 83, at 1599.

94. See, e.g., *Venture Tape Corp. v. McGills Glass Warehouse*, 540 F.3d 56, 60-61 (1st Cir. 2008), *cert. denied*, 129 S. Ct. 1622 (2009) (citing and applying the “*Pignons* analysis” for confusion established in *Pignons S.A. de Mecanique de Precision v. Polaroid Corp.*, 657 F.2d 482, 487 (1st Cir. 1981)); *Playboy Enters. v. Netscape Commc’ns Corp.*, 354 F.3d 1020, 1026 (9th Cir. 2004) (citing and applying the 9th Circuit likelihood of confusion test established in *AMF Inc. v. Sleekcraft Boats*, 599 F.2d 341, 348-49 (9th Cir. 1979)).

95. Julie A. Rajzer, Comment, *Misunderstanding the Internet: How Courts are Overprotecting Trademarks Used in Metatags*, 2001 MICH. ST. L. REV. 427, 433 (2001) (citing *AMF Inc. v. Sleekcraft Boats*, 599 F.2d 341, 348-49 (9th Cir. 1979)) (asserting that most courts use the *Sleekcraft* test).

These factors do not constitute an exhaustive list and no one factor is dispositive.<sup>96</sup>

In the context of online advertising, some courts have applied the initial interest confusion doctrine instead of the *Sleekcraft* factors.<sup>97</sup> Though utilized as part of the likelihood of confusion determination, the analysis focuses on the diversion of consumers through the capture of attention, and not through deception or confusion.<sup>98</sup> The doctrine, first applied to the Internet context by the Ninth Circuit<sup>99</sup> and thereafter adopted by at least six other circuits,<sup>100</sup> holds that confusion occurs when a consumer's interest is diverted from the site for which he was searching, site A, to another website, site B, due to the fact that site B has included the trademarks of site A in its metatags or has purchased site A's trademarks as search terms.<sup>101</sup> Even if there is no genuine consumer confusion as to the source of site B once the consumer arrives there (that is, if the consumer realizes that he has arrived at a competitor's site instead of the earlier intended site), likelihood of confusion can still be established since the owner of site B has improperly benefited from the goodwill of the trademark holder.<sup>102</sup> This improper benefit arises from the possibility that the consumer will simply choose to purchase from site B, "rather than fight his or her way back to the intended venue."<sup>103</sup> However, according to the principles of initial interest confusion, even if the consumer does not complete a purchase from site B, the consumer's diversion alone may suffice to establish the

---

96. See, e.g., *AMF Inc. v. Sleekcraft Boats*, 599 F.2d 341, 348 n.11 (9th Cir. 1979).

97. See, e.g., *Brookfield Comm'ns, Inc. v. West Coast Entm't Corp.*, 174 F.3d 1036, 1062 (9th Cir. 1999).

98. *Id.* ("Although there is no source confusion in the sense that consumers know they are patronizing West Coast rather than Brookfield, there is nevertheless initial interest confusion in the sense that, by using 'moviebuff.com' or 'MovieBuff' to divert people looking for 'MovieBuff' to its web site, West Coast improperly benefits from the goodwill that Brookfield developed in its mark.").

99. Rajzer, *supra* note 95 at 440 (noting *Brookfield* to be the first case to apply initial interest confusion to in the Internet context).

100. See *Edina Realty, Inc. v. TheMLSOnline.com*, Civil No. 04-4371 (JRT/FLN), 2006 U.S. Dist LEXIS 13775, at \*13 n.4 (D. Minn. Mar. 20, 2006) (listing cases in which the Second, Third, Fifth, Seventh, Tenth, and Federal Circuits have applied the initial interest confusion doctrine).

101. See Rajzer, *supra* note 95, at 440.

102. See *Brookfield*, 174 F.3d at 1062; see also Jason Allen Cody, Note, *Initial Interest Confusion: What Ever Happened to Traditional Likelihood of Confusion Analysis?*, 12 FED. CIR. B.J. 643, 646-47 (2003) ("The initial interest confusion doctrine permits a court to find likelihood of confusion even though the consumer is only initially confused and later becomes aware of the source's actual identity.").

103. See Rajzer, *supra* note 95, at 440 (internal citations omitted).

likelihood of confusion element of an infringement claim.<sup>104</sup> The doctrine thus works toward fulfilling the trademark goal of protecting the goodwill associated with a trademark<sup>105</sup> by focusing on the use of another's trademark "in a manner calculated 'to capture initial consumer attention.'"<sup>106</sup> In keeping with this goal, some commentators advocate that courts should restrict the application of initial interest confusion to situations where "the companies' goods or services are closely related and there is a realistic threat of competitive damage."<sup>107</sup> The focus on the capture of attention, rather than on the likelihood of causing confusion, suggests a willingness by courts to stretch the boundaries of the traditional application of trademark law in order to grant the plaintiff a remedy.

## 2. Trademark Dilution Claims for Famous Marks

While trademark infringement claims do require proof of likelihood of confusion, trademark dilution claims do not. The Federal Trademark Dilution Act, incorporated in the Lanham Act, provides an independent cause of action for dilution of famous marks that are distinctive.<sup>108</sup> A famous mark holder is

entitled to an injunction against another person who, at any time after the owner's mark has become famous, commences use of a mark or trade name in commerce that is likely

---

104. See *Brookfield*, 174 F.3d at 1062 (quoting *Dr. Seuss Enters. v. Penguin Books USA, Inc.*, 109 F.3d 1394, 1405 (9th Cir. 1997)). Cf. *Playboy Enters. v. Netscape Comm'ns Corp.*, 354 F.3d 1020, 1034-1035 (9th Cir. 2004) (Berzon, J., concurring) (arguing the Initial Interest Confusion Doctrine should not apply to cases where the user "knows, or should know" from the outset the true source of a website, and distinguishing between "hijacking" a potential customer and merely distracting users with another choice).

105. See *Cody*, *supra* note 102, at 662.

106. *Brookfield*, 174 F.3d at 1062 (quoting *Dr. Seuss Enters. v. Penguin Books USA, Inc.*, 109 F.3d 1394, 1405 (9th Cir. 1997)).

107. *Cody*, *supra* note 102, at 662 (quoting Bruce J. Maynard, Note, *The Initial Interest Confusion Doctrine and Trademark Infringement on the Internet*, 57 WASH. & LEE L. REV. 1303, 1353 (2000)).

108. 15 U.S.C. § 1125(c)(1) (2009). The statute defines a mark as famous "if it is widely recognized by the general consuming public of the United States as a designation of source of the goods or services of the mark's owner," and lays out four criteria to consider in determining whether a mark is famous: (i) "The duration, extent, and geographic reach of advertising and publicity of the mark, whether advertised or publicized by the owner or third parties. (ii) The amount, volume, and geographic extent of sales of goods or services offered under the mark. (iii) The extent of actual recognition of the mark. (iv) Whether the mark was registered under the Act of March 3, 1881, or the Act of February 20, 1905, or on the principal register." *Id.* § 1125(c)(2)(A). Dilution can also be a remedy available under state law. See, e.g., N.Y. GEN. BUS. LAW § 360-1 (Consol. 2009).

to cause dilution . . . of the famous mark, *regardless of the presence or absence of actual or likely confusion, of competition, or of actual economic injury.*<sup>109</sup>

Famous mark holders thus are not required to show confusion as an element of a trademark claim for dilution under the Act. A dilution claim is based on the idea that a trademark can lose its ability to clearly distinguish its source when unauthorized use occurs.<sup>110</sup> Accordingly, the law is meant to protect against the “gradual whittling away of a firm’s distinctive trade-mark or name.”<sup>111</sup> Since dilution claims are only available for famous marks, non-famous marks may only pursue relief under the Lanham Act through an infringement claim, which, as previously discussed, requires a showing of a likelihood of confusion.

### 3. Non-infringing Uses and Defenses

Trademark law does not confer a right to issue a blanket prohibition on the use of a registered mark, but rather only prohibits the use of it “so far as to protect the owner’s good will against the sale of another’s product as his.”<sup>112</sup> Trademark law embodies two main types of defenses under the doctrine of fair use, one found in the statute and the other a development of case law. Section 1115(b)(4) of the Lanham Act allows for use of another’s mark when the mark is used in good faith not “in a trademark sense . . . but rather only to describe the user’s goods or services or their geographic origin.”<sup>113</sup> In other words, the defense allows third parties to use the trademark to accurately describe a characteristic of their own goods.<sup>114</sup> This use encompasses comparative advertising, in which companies use others’

---

109. 15 U.S.C. § 1125(c)(1) (emphasis added).

110. *Tiffany, Inc. v. eBay, Inc.*, 576 F. Supp. 2d 463, 521 (S.D.N.Y. 2008) (quoting *Hormel Foods Corp. v. Jim Henson Prods.*, 73 F.3d 497, 506 (2d Cir. 1996)).

111. *Id.* (quoting *Allied Maint. Corp v. Allied Mech. Trades, Inc.*, 369 N.E.2d 1162, 1166 (N.Y. 1977)).

112. Alicia Gamez, Note, *WhenU.com, Inc. & Google Inc.: Parsing Trademark’s Use Requirement*, 21 BERKELEY TECH. L.J. 403, 406 (2006) (quoting *Prestonettes, Inc. v. Coty*, 264 U.S. 359, 368 (1924)).

113. 15 U.S.C. § 1115(b)(4); Rajzer, *supra* note 95, at 435 (internal citations omitted). The Act also lists certain specific allowed uses with regard to a dilution claim, including use for the purposes of comparative advertising and identification, or parody and criticisms. 15 U.S.C. § 1125(c)(3).

114. *See New Kids on the Block v. News Am. Publ’g, Inc.*, 971 F.2d 302, 306 (9th Cir. 1992). Further limitations on liability are detailed in 15 U.S.C. § 1114(2), encompassing mainly innocent publishers and printers.

trademarks to distinguish themselves from their competitors.<sup>115</sup> A well-known example of such comparative advertising would be the popular Apple television ads that mention Microsoft's trademarked software programs "Vista" and "Windows" as a way to distinguish Apple from Microsoft.<sup>116</sup> Such uses are permissible because the advertiser is not attempting to capitalize on consumer confusion or to deceive the public as to the source of a product<sup>117</sup> and because it is difficult to refer to a trademarked product without using the trademark itself. Another type of fair use, nominative fair use, applies where a defendant uses the trademark holder's mark to describe the holder's product, though the user's main purpose is to describe his own product.<sup>118</sup> An example of nominative fair use is a car repair shop's use of the term "Volkswagen" to indicate it repairs Volkswagen vehicles.<sup>119</sup>

#### 4. Summary

In order to prevail on a Lanham Act infringement claim, a plaintiff must show that (a) the defendant's use of the trademark was a use in commerce as defined by the Act and (b) the use caused a likelihood of confusion.<sup>120</sup> In analyzing infringement claims in the Internet search engine context, some courts have chosen to apply the initial interest confusion doctrine, rather than the traditional confusion analysis.<sup>121</sup> This doctrine rejects multi-factored attempts to determine the existence of genuine consumer confusion, instead reaching a finding of a likelihood of confusion based on potential for consumer diversion.<sup>122</sup>

---

115. See, e.g., *Diversified Mktg., Inc. v. Estee Lauder, Inc.*, 705 F. Supp. 128, 130, 132 (S.D.N.Y. 1988) (finding the phrase "If You Like Estee Lauder . . . You'll Love Beauty USA" to be lawful comparative advertising). See also Sarah J. Givan, *Using Trademarks as Location Tools on the Internet: Use in Commerce?*, 2005 UCLA J.L. & TECH. 4, ¶ 52; Rajzer, *supra* note 95, at 435.

116. Video clips of Apple's television ads are available at Get a Mac: Watch the TV Ads, [www.apple.com/getamac/ads](http://www.apple.com/getamac/ads) (last visited Dec. 20, 2009). Ads referring to Microsoft's Vista software by name include those on the website entitled "Broken Promises" (2009) and "Choose a Vista" (2007). *Id.*

117. *New Kids on the Block*, 971 F.2d at 307-08.

118. MCCARTHY, *supra* note 5, § 23:11 (quoting *Cairns v. Franklin Mint Co.*, 292 F.3d 1139, 1151 (9th Cir. 2002)).

119. *Volkswagenwerk Aktiengesellschaft v. Church*, 411 F.2d 350, 351-52 (9th Cir. 1969).

120. See discussion *supra* Part I.B.1.

121. See *supra* note 97.

122. See *supra* notes 101-104 and accompanying text.

Initial interest confusion thus is particularly well-suited for targeting uses of trademarks by websites selling goods that are closely related to those of the mark holder, which could result in a competitive threat to the mark holder if consumer diversion occurs.<sup>123</sup> This type of diversion is the central issue in keyword advertising cases: a competitor is attempting to divert consumers by reaping the goodwill of a trademark held by another.<sup>124</sup> Therefore, initial interest confusion should be used as a vehicle for shifting the focus of these cases from traditional source confusion to goodwill, as the following sections will discuss.

## II. ANALYSIS: WHY CONFUSION SHOULD NOT BE THE FOCUS OF KEYWORD ADVERTISING CLAIMS

### *A. Purpose and History of the Confusion Requirement in the Development of Trademark Law*

Abandoning the requirement of the likelihood of consumer confusion in a trademark claim is an extreme proposition, since consumer confusion is considered the “touchstone” of an infringement claim.<sup>125</sup> However, some courts’ willingness to find a likelihood of confusion on the basis of a capture and diversion of consumers’ interest—rather than actual confusion—is evidence that courts want to find a way to protect the value attached to the mark itself,<sup>126</sup> as opposed to concentrating on consumers’ interests alone and giving little or no weight to the mark’s inherent value. In order to fully understand why it is wrong to focus on confusion as the mainstay of a keyword advertising trademark claim, the purpose and history of the confusion requirement, along with the policy goals of trademark law, must be examined.

Trademark law was developed with dual policy goals in mind: to protect the trademark owner’s interest in not having the “fruit of his labor misappropriated” on the one hand and to shield the public from deception by illegitimate retailers on the other.<sup>127</sup>

---

123. See *supra* note 107 and accompanying text.

124. See, e.g., *Soilworks, LLC v. Midwest Indus. Supply, Inc.*, 575 F. Supp. 2d 1118, 1132 (D. Ariz. 2008) (“Soilworks admits that its intent in using the phrase ‘soil sement’ [as keywords and metatags] on the Internet was to trade off Midwest’s goodwill in its Soil-Sement mark by diverting potential customers to Soilworks’ Soiltac product.”).

125. MCCARTHY, *supra* note 5, § 23:1.

126. See discussion *infra* Part II.B.3.

127. MCCARTHY, *supra* note 5, § 2:1 (internal quotation omitted).

### 1. Protecting the Public from Deception

The requirement of proving a likelihood of confusion in a trademark infringement claim reflects the interest of protecting the public from deceptive retailers and focuses on the public's role as consumer in the marketplace.<sup>128</sup> An essential function of a trademark is to distinguish the source or sponsorship of goods;<sup>129</sup> therefore, when a trademark is used in an infringing manner, it "deprives consumers of their ability to distinguish among the goods of competing manufacturers" and creates a problem of misinformation.<sup>130</sup> Because any infringement analysis must determine whether the trademark use is deceptive to consumers, the consumer's state of mind is paramount in a trademark infringement suit, even though the consumer is not an actual party to the suit.<sup>131</sup> Trademark law in this sense is a mode of consumer protection.<sup>132</sup>

The need to distinguish goods and services is directly tied to consumers' desires to continue to buy goods and services that they like instead of ones that they dislike.<sup>133</sup> When presented with an array of choices, a consumer can look to a trademark as a reference for determining which product he desires to purchase.<sup>134</sup> Assuming that the consumer has a previous familiarity with a particular brand, the trademark helps to reduce confusion between similar, or seemingly similar, products and services by allowing the consumer to zero in on a product displaying a mark familiar to him.<sup>135</sup> Importantly, the trademark does not merely help consumers distinguish products and services, but serves as "the objective symbol of the good will that a business has built up."<sup>136</sup> This goodwill is what causes a consumer to purchase a product time after time based on its name or source and is considered to be inseparable from the mark itself.<sup>137</sup> The ability of a

---

128. See *Bonito Boats v. Thunder Craft Boats*, 489 U.S. 141, 157 (1989) ("The law of unfair competition has its roots in the common-law tort of deceit: its general concern is with protecting *consumers* from confusion as to source.") (emphasis in original); see also *supra* notes 87-96 and accompanying text (explanation of likelihood of confusion requirement).

129. MCCARTHY, *supra* note 5, § 3:2.

130. *Id.* § 2:33 (quoting *Inwood Laboratories, Inc. v. Ives Laboratories, Inc.*, 456 U.S. 844, n.14 (1982)).

131. *Id.* § 2:33.

132. *Id.*

133. *Id.* § 3:2 ("Without the identification function performed by trademarks, buyers would have no way of returning to buy products that they have used and liked.")

134. *Id.*

135. *Id.*

136. *Id.*

137. See STIM, *supra* note 5.



mark to cause a favorable psychological reaction in a consumer is of undeniable value to the mark's owner.<sup>138</sup>

## 2. Protecting the Trademark's Goodwill

Even if a consumer is not confused as to the source or sponsor of an advertisement, if the consumer chooses to visit an advertised website that appears only because the trademark keyword has been purchased by the advertiser, the advertiser has used the goodwill associated with the trademark to steal consumers. While some means of capitalizing on the name recognition of another's brand are considered permissive advertising, such as retail stores' placement of the store-brand product next to a brand name product, keyword advertising cases are different in that the advertiser has intentionally purchased a competitor's specific trademark as a trigger for its advertisement.<sup>139</sup> The argument that such a use of another's trademark is akin to product placement in a brick and mortar retail store is untenable because, in a retail store, a consumer is able to compare different products side by side and choose the one he prefers. In contrast, on the Internet, a consumer can only view one website at a time. Therefore, once the consumer has arrived at a brand's website, he does not have the benefit of viewing multiple products. The owner of the trademark that is being used as a search term is thus deprived of a visitor to its site. Even if the consumer quickly realizes his error and navigates to the trademark owner's site, the trademark owner has still been harmed by the diversion of the consumer. Moreover, the search engine profits when competitors bid to have their ads appear at the top of the Sponsored Link list for a certain keyword,<sup>140</sup> thus indirectly benefitting from the usurpation of the goodwill.<sup>141</sup> Focusing on a defendant's intent in misappropriating the goodwill of a trademark and the *intent* to deceive consumers, rather than whether consumers are actually deceived, realigns trademark litigation with the goal of protecting the interests of the producer.

---

138. MCCARTHY, *supra* note 5, § 2:15.

139. *See, e.g.,* Soilworks, LLC v. Midwest Indus. Supply, Inc., 575 F. Supp. 2d 1118, 1132 (D. Ariz. 2008) ("Soilworks admits that its intent in using the phrase 'soil sement' [as keywords and metatags] on the Internet was to trade off Midwest's goodwill in its Soil-Sement mark by diverting potential customers to Soilworks' Soiltac product.").

140. *See supra* notes 28, 29 and accompanying text.

141. *See supra* notes 101-102 and accompanying text.

According to Professor Mark McKenna, the focus on consumer confusion is a product of modern trademark law and was never a part of the original designs behind trademark policy.<sup>142</sup> Under this view, those who criticize the expansion of trademark law and claim that it has departed from its roots of protecting consumers and increasing information available in the marketplace misunderstand the true original goals of trademark law.<sup>143</sup> Through an analysis of early trademark law cases, McKenna demonstrates that trademark law originally intended to prevent trade diversion, not consumer confusion.<sup>144</sup> That is, trademark law in the nineteenth century viewed trademarks as property-like interests and sought to “prevent competitors from dishonestly diverting customers who otherwise would have gone to the senior user of a mark.”<sup>145</sup> However, by the twentieth century, this traditional approach gave way to the modern approach under which courts view “the possibility of consumer confusion as an evil in itself.”<sup>146</sup> Therefore, characterizing the harm of keyword-triggered sponsored links as trade diversion actually brings trademark law back to its original formulations. In addition, viewing trademarks as property makes sense in this context because the mark is an extension of the goods or services to which it attaches. Just as the trademarked good belongs to the mark holder, so should the mark itself, at least to the extent it would enable a mark holder to prevent others from using its mark to draw consumers from the mark holder.

*B. Rescuecom, Initial Interest Confusion and the Focus on a Mark’s Goodwill*

In analyzing cases where a competitor purchases the plaintiff’s trademark as a keyword trigger but the mark does not appear in the text of the ad, courts should focus on the competitor’s unfair advantage and harm to the goodwill of the mark, rather than on whether actual consumer confusion has been caused—which would be almost impossible to prove when the trademark does not appear in the ad text. With its 2009 decision in *Rescuecom Corporation v. Google*,

---

142. Mark P. McKenna, *The Normative Foundations of Trademark Law*, 82 NOTRE DAME L. REV. 1839, 1840-41 (2007).

143. *Id.* at 1841.

144. *See generally id.* at 1849-70 (discussing the early English and American trademark cases’ focus on protecting the producer’s interest, with benefits to the consumer only an added benefit of trademark law, rather than its focus).

145. *Id.* at 1843.

146. *Id.*

*Inc.*, the Second Circuit harmonized the Courts of Appeals on the issue of whether the use of trademarks as triggers in keyword advertising qualifies as a use in commerce under the Act.<sup>147</sup> With courts now in agreement that the use of trademarks in this context does qualify as an actionable trademark use, infringement claims now will boil down to the question of whether the sponsored link at issue causes a likelihood of consumer confusion. The development of the initial interest confusion doctrine, however, shows that courts are less concerned with the concept of confusion itself than with consumer diversion, as discussed below. This is the correct approach because a focus on confusion would overshadow a central question of these trademark claims, namely, whether the third party is free riding on the goodwill of the trademark holder.<sup>148</sup>

### 1. 1-800 Contacts: A Narrow Interpretation of the Use in Commerce Requirement

Until 2009, courts in the Second Circuit had narrowly interpreted the Lanham Act's use in commerce requirement, refusing to deem the use of trademarks in keyword advertising an actionable trademark use irrespective of whether the defendant was a purchaser or seller of a keyword.<sup>149</sup> In doing so, these courts relied on the reasoning of a 2005 case from the Second Circuit involving pop-up advertising,<sup>150</sup> *1-800 Contacts, Inc. v. WhenU.com, Inc.*, where the

---

147. See *supra* note 21 and accompanying text. This is true at least among Courts of Appeals that have addressed the issue.

148. "Free riding" is generally used in this Note to refer to conduct aimed to capitalize on the goodwill, reputation and/or recognition of a popular, well-known brand by a less successful brand. See MCCARTHY, *supra* note 5, § 2:4.

In economic parlance, the infringer who 'reaps where he has not sown,' would be known as a 'free rider.' As applied to the law of trademarks, the infringer is taking a free ride on the senior user's mark and reputation by deceiving customers as to source and quality. Such a 'free rider' is an economic parasite who must be enjoined by the law. If such an infringer is not enjoined, the quality encouragement function is destroyed. If all may take a free ride on the successful seller's mark and reputation, there is no incentive to distinguish one's own goods and services.

*Id.*

149. See *Rescuecom Corp. v. Google, Inc.*, 456 F. Supp. 2d 393 (N.D.N.Y. 2006), *vacated and remanded*, 562 F. 3d 123 (2d Cir. 2009), and *Merck & Co., Inc. v. Mediplan Health Consulting, Inc.*, 431 F. Supp. 2d 425 (S.D.N.Y. 2006) for examples in which the court ruled in favor of the defendant and refused to deem trademark use in keyword advertising as an actionable use.

150. See, e.g., *Rescuecom Corp.*, 456 F. Supp. 2d 393, 403 (holding that internal use is not an actionable use, and emphasizing that no goods were passed off by defendant as emanating from the trademark holder); *Merck & Co., Inc.*, 431 F. Supp. 2d 425, 427 (S.D.N.Y. 2006) (comparing internal use of keywords to product placement marketing strategies); S & L

court found no actionable trademark use by defendant's software program, which triggered pop-up advertisements of the plaintiff's competitors to appear on the computer screen when the computer user visited the plaintiff's website.<sup>151</sup> The plaintiff's website address—which in this case also contained the trademark of plaintiff's company—was listed in an internal directory of websites compiled by the defendant for the software, and 1-800 Contacts argued that listing their trademarked web address name in the directory to trigger a pop-up ad constituted a use in commerce.<sup>152</sup> In rejecting the trademark claim, the court emphasized that the plaintiff's trademark did not actually appear in WhenU.com's pop-up ads and WhenU.com did not allow its advertising clients "to request or purchase specified keywords" as triggers for advertisements.<sup>153</sup> To the court, the marketing strategy of WhenU.com's software was comparable to the practice of product placement in retail stores where generic brands are intentionally placed next to name brands in order to capitalize on the name recognition of the competitor.<sup>154</sup> Applying the precedent of *1-800 Contacts* to the keyword advertising context, lower courts in the Second Circuit refused to find trademark infringement when the use of the trademark was not visible to the public and was not used to represent the source or sponsorship of products.<sup>155</sup> The court's position in *1-800 Contacts* was an outlier among the Courts of Appeals, several of which later criticized the Second Circuit's reasoning in the case and ruled that the use of trademarks in keyword advertising was a use in commerce.<sup>156</sup>

---

Vitamins, Inc. v. Austl. Gold, Inc., 521 F. Supp. 2d 188, 199-202 (E.D.N.Y. 2007) (holding that internal use of a trademark does not constitute trademark use within the meaning of the Lanham Act); see also Tiffany, Inc. v. eBay, Inc., 576 F. Supp. 2d 463, 499 (S.D.N.Y. 2008) (listing cases that have followed *1-800 Contacts*).

151. 414 F.3d 400, 404-05 (2d Cir. 2005).

152. *1-800 Contacts, Inc.*, 414 F.3d at 409.

153. *Id.*

154. *Id.* at 411.

155. See Tiffany, Inc. v. eBay, Inc., 576 F. Supp. 2d 463, 499 (S.D.N.Y. 2008) (listing cases that have followed *1-800 Contacts*).

156. N. Am. Med. Corp. v. Axiom Worldwide, Inc., 522 F.3d 1211, 1219-20 (11th Cir. 2008) (calling the Second Circuit's reasoning in *1-800 Contacts* "questionable" and holding that the use of a third party competitor's trademark in website metatags, along with the display of the competitor's trademark in a search result description of defendant's site, constituted "use" under the Lanham Act). District courts across different circuits had also rejected the Second Circuit's *1-800 Contacts* reasoning as inappropriate or inconclusive as applied to the keyword advertising context, or simply found an actionable trademark use was apparent for other reasons. See, e.g., Mkt. Am. v. Optihealth Prods., Inc., No. 1:07CV00855, 2008 U.S. Dist. LEXIS 95337, at \*18-19 (M.D.N.C. Nov. 21, 2008); J.G. Wentworth, S.S.C. Ltd. P'ship v. Settlement Funding LLC, Civil Action No. 06-0597, 2007 U.S. Dist. LEXIS 288, \*14-16 (E.D. Pa. Jan. 4,

## 2. *Rescuecom*: Resolving the Issue of Use

*Rescuecom Corp. v. Google, Inc.* clarified the Second Circuit's view on the use in commerce issue and brought it in line with the other circuits.<sup>157</sup> In that case, the court distinguished the pop-up advertising at issue in *1-800 Contacts* from keyword advertising, holding that Google's practice of recommending, offering, and selling Rescuecom's trademarks as keyword advertising triggers amounted to a use in commerce under the Lanham Act.<sup>158</sup> Rescuecom had sued Google for trademark infringement, alleging that Google's sale of Rescuecom's trademark as a keyword—which Google had specifically recommended to Rescuecom's competitors through its Keyword Suggestion Tool—deceived customers into thinking the advertisements were sponsored by Rescuecom.<sup>159</sup> The court stated that *1-800 Contacts* was not meant to imply that an internal, non-visible use of a trademark in a software program's or website's internal directory, such as in Google's internal search algorithm, precludes a finding of trademark use.<sup>160</sup> Further, whereas the defendant in *1-800 Contacts* had not used, displayed, or even sold trademarks to advertisers, Google actively displayed, offered, and sold Rescuecom's mark to Google's advertising customers and encouraged its purchase through the Keyword Suggestion Tool.<sup>161</sup>

The court also rejected the product placement analogy, distinguishing between benign product placement that does not cause consumer confusion and a retailer being paid "to arrange product display and delivery in such a way that customers seeking to purchase a famous brand would receive the off-brand, believing they had gotten the brand they were seeking."<sup>162</sup> The court stated that Rescuecom's allegation that Google's display of sponsored links of competing brands created a likelihood of consumer confusion as to trademarks was

---

2007); *Edina Realty, Inc. v. TheMLSOnline.com*, Civil No. 04-4371 (JRT/FLN), 2006 U.S. Dist LEXIS 13775, at \*10 (D. Minn. Mar. 20, 2006) ("While not a conventional 'use in commerce,' defendant nevertheless uses the Edina Realty mark commercially [by purchasing] search terms that include the Edina Realty mark to generate its sponsored [advertisements].") (does not mention *1-800 Contacts*).

157. See *supra* notes 18-21 and accompanying text.

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

159. *Id.* at 126-27.

160. *Id.* at 129-30.

161. *Id.* at 129.

162. *Id.* at 130.

sufficient to survive a motion to dismiss.<sup>163</sup> Accordingly, it reversed the lower court's dismissal of the case.<sup>164</sup>

By resolving the issue of use, the *Rescuecom* decision brings the issue of likelihood of confusion, the other main obstacle to a trademark infringement claim,<sup>165</sup> to the forefront of a keyword advertising claim.<sup>166</sup> Still, it will be challenging for Rescuecom or other similarly situated plaintiffs to prove that a sponsored link is likely to cause consumer confusion, making the victory a hollow one. Because the advertiser's use of the trademark is often hidden from view,<sup>167</sup> the traditional confusion approach is not appropriate. Courts will eventually have to decide how to address the consumer confusion prong of an infringement claim when faced with cases arising out of the keyword context. Courts should choose the initial interest confusion approach, since its focus on consumer diversion is more applicable to the keyword advertising context where competitors seek to divert consumers,<sup>168</sup> but not necessarily to deceive or confuse them.

### 3. Initial Interest Confusion: A Shortcut Around the Traditional Likelihood of Confusion Analysis

Focusing on the defendant's intent and the harm to the goodwill of the mark is more appropriate than focusing on confusion in situations where the sponsored ad does not contain the purchased trademark in the text of the ad. When the competing advertisement does not actually display the purchased trademark, the ad's mere

---

163. *Id.* at 131.

164. *Id.*

165. See discussion *supra* Part I.B.1.

166. See Posting of Eric Goldman (*Graeme Dinwoodie on Rescuecom v. Google*) to Technology & Marketing Law Blog, [http://blog.ericgoldman.org/archives/2009/04/graeme\\_dinwoodi.htm](http://blog.ericgoldman.org/archives/2009/04/graeme_dinwoodi.htm) (Apr. 15, 2009, 07:28 EST) (quoting Professor Graeme Dinwoodie as saying that, in the *Rescuecom* decision, "the Second Circuit has decided to opt for analysis of 'confusion' over 'use', and has decided that we should litigate the scope of trademark law, with due regard for 'context.'").

167. The use at issue when advertisers purchase search terms is the sale itself of a search term that is identical to a trademark name. This use is a transaction between a search engine and the advertiser and, when the advertiser does not display the purchased trademarked term in the text of its ad, the only appearance of the trademark term comes from the consumer's typing it into the search box.

168. See, e.g., *Soilworks, LLC v. Midwest Indus. Supply, Inc.*, 575 F. Supp. 2d 1118, 1132 (D. Ariz. 2008) ("Soilworks admits that its intent in using the phrase 'soil sement' [as keywords and metatags] on the Internet was to trade off Midwest's goodwill in its Soil-Sement mark by diverting potential customers to Soilworks' Soiltac product.").

appearance alongside search results may seem harmless and one could argue that such ads are not confusing to most computer users, as Google maintains.<sup>169</sup> However, it would be wrong to conclude that no infringement has occurred. Drawing consumers by purchasing another's trademark as a keyword misappropriates the goodwill of the trademark holder and runs contrary to the expectations of consumers.<sup>170</sup> While a defendant's intent in using the plaintiff's mark has always been a factor in the likelihood of confusion analysis,<sup>171</sup> it should be given special prominence in the keyword advertising context, because of the quasi-bad faith nature of using another's trademark—and its goodwill—to promote a competing business. It should be presumed that a defendant who places an ad triggered by a another party's trademark desires to divert customers to his website, and does so through illicit free riding, unless the criteria for fair trademark use are satisfied.

The development of the initial interest confusion doctrine shows that courts are already moving in this direction.<sup>172</sup> While the initial interest confusion doctrine is still technically considered part of the confusion analysis, it focuses more on the goodwill behind a mark than on a consumer's actual confusion.<sup>173</sup> Courts that have applied the doctrine to the Internet context view an advertiser's intent to misappropriate the goodwill of a trademark as a significant factor in showing a likelihood of confusion.<sup>174</sup> Though some courts applying the doctrine continue to require a more searching determination of confusion before finding infringement,<sup>175</sup> other courts will impose

---

169. Helft, *supra* note 11.

170. See *Venture Tape Corp. v. McGills Glass Warehouse*, 540 F.3d 56, 61-62 (1st Cir. 2008), *cert. denied*, 129 S. Ct. 1622 (2009) (finding infringement in a metatags case in part due to the defendant's subjective intent to trade on the plaintiff's reputation).

171. MCCARTHY, *supra* note 5, § 23:11.

172. See *Cody*, *supra* note 102, at 659 (explaining that the initial interest confusion doctrine “attempts to prevent a junior user of a mark from misappropriating the goodwill of a trademark owner and from securing an advantage otherwise unavailable,” and that courts applying the doctrine recognize that consumers are not confused about the identity of the seller).

173. *Id.*

174. *Id.*; *Austl. Gold, Inc. v. Hatfield*, 436 F.3d 1228, 1239 (10th Cir. 2006) (“Defendants used the goodwill associated with Plaintiffs' trademarks in such a way that consumers might be lured to the lotions from Plaintiffs' competitors. This is a violation of the Lanham Act.”) (metatags case).

175. See, e.g., *Designer Skin, LLC v. S & L Vitamins, Inc.*, 560 F. Supp. 2d 811, 817-20 (D. Ariz. 2008) (finding that defendant internet reseller's use of plaintiff's trademarks did not cause initial interest confusion when used to accurately describe contents of website, and emphasizing that deception is an essential element of initial interest confusion); see also *Jamie N. Nafziger, Dorsey & Whitney LLP, Keyword Advertising After Rescuecom: Predictability Remains Elusive 6* (2009), [http://www.dorsey.com/files/upload/nafziger\\_keyword\\_advertising\\_cle.pdf](http://www.dorsey.com/files/upload/nafziger_keyword_advertising_cle.pdf).

liability based on the potential for harm caused by consumer diversion in itself.<sup>176</sup> The doctrine posits that harm to the trademark owner occurs when a consumer is diverted to a competitor's site, even if the consumer does not end up making a purchase on the other's site.<sup>177</sup> Indeed, one justification for its application is that the trademark's goodwill is harmed as a result of the initial credibility the consumer may attach to the infringer's products or services, "customer consideration that otherwise may be unwarranted and that may be built on the strength of the protected mark, reputation[,] and goodwill."<sup>178</sup>

The Ninth Circuit has singled out three factors from the traditional likelihood of confusion analysis as most important to a determination of initial interest confusion, evidence of actual confusion not being one of them.<sup>179</sup> The three factors considered to be the most significant, known as the "internet trinity," are "(1) the similarity of the marks, (2) the relatedness of the goods or services, and (3) the parties' simultaneous use of the Web as a marketing channel."<sup>180</sup> When an application of these three factors suggests that confusion is likely, the other factors in the traditional *Sleekcraft* likelihood of confusion analysis must "weigh strongly" in favor of the defendant in order to avoid a finding of infringement.<sup>181</sup> Notably, these three factors will almost always be met in the keyword advertising context where a defendant purchases a competitor's trademark as a trigger for the defendant's advertisement.<sup>182</sup>

Lower courts in the Ninth Circuit have based a determination of likelihood of confusion on a satisfaction of these three factors alone when the defendant fails to present evidence in his favor on the

---

176. See, e.g., *Storus Corp. v. Aroa Marketing, Inc.*, No. C-06-2454 MMC, 2008 WL 449835, at \*4 (N.D. Cal. Feb. 15, 2008) (rejecting defendant's argument that a likelihood of confusion did not exist because of an absence of source confusion once consumer's arrived at defendant's site, noting that "under the 'initial interest confusion' theory of trademark liability, 'source confusion' need not occur; rather, in the internet context, the wrongful act is the defendant's use of the plaintiff's mark to 'divert' consumers to a website that 'consumers know' is not Storus' website").

177. See *Austl. Gold, Inc.*, 436 F.3d at 1239 (metatag case).

178. *Id.*

179. *Interstellar Starship Servs, Ltd. v. Epix, Inc.*, 304 F.3d 936, 942 (9th Cir. 2002).

180. *Id.* (internal citations omitted).

181. *Id.* (internal citations omitted). See *supra* note 95 and accompanying text for the rest of the *Sleekcraft* factors.

182. See Nafziger, *supra* note 175, at 7.



remaining confusion factors.<sup>183</sup> In *Storus Corp. v. Aroa Marketing, Inc.*, the court held that evidence that some web visitors clicked on defendant's advertisements and visited defendant's website was sufficient to satisfy the three-factored test, noting that "under the 'initial interest confusion' theory of trademark liability, 'source confusion' need not occur; rather, in the internet context, the wrongful act is the defendant's use of the plaintiff's mark to 'divert' consumers."<sup>184</sup> Similarly, the court in *Soilworks, LLC v. Midwest Indus. Supply, Inc.* used the "Internet trinity" factors to determine that the defendant, who used plaintiff's trademarks in keywords and metatags, intended to divert potential consumers and trade off plaintiff's goodwill.<sup>185</sup> These courts have essentially eliminated evidence of actual confusion from the likelihood of confusion analysis.

These cases are only the most recent illustration of courts' focus on consumer diversion and misappropriation of goodwill in the Internet context. In 2004, a year before the Second Circuit's *1-800 Contacts* decision, the Ninth Circuit held in *Playboy Enterprises, Inc. v. Netscape Communications Corp.* that a search engine's use of trademarked keywords as triggers for advertising was a "use in commerce" and that the intent to divert customers from a competitor through such use could amount to trademark infringement.<sup>186</sup> The case arose when Playboy sued Netscape and Excite, Inc. for programming banner advertisements for adult-oriented companies to appear next to search results when a user entered plaintiff's trademarks "Playboy" and "Playmate" into the search engine.<sup>187</sup> Playboy argued that the defendant search engine misappropriated the goodwill of its trademarks by diverting consumers to competitors' sites.<sup>188</sup>

The court stated outright that linking advertisements to plaintiff's trademarks was a use in commerce.<sup>189</sup> The court held that a fact issue existed with regard to confusion and that the defendants' use was at least suggestive of an intent to confuse, since Netscape did not do anything to prevent the confusion and even profited from it

---

183. See, e.g., *Storus Corp. v. Aroa Marketing, Inc.*, No. C-06-2454 MMC, 2008 WL 449835, at \*4 (N.D. Cal. Feb. 15, 2008); *Soilworks, LLC v. Midwest Indus. Supply, Inc.*, 575 F. Supp. 2d 1118, 1131 (D. Ariz. 2008)..

184. *Storus Corp.*, 2008 WL 449835, at \*4.

185. *Soilworks, LLC*, 575 F. Supp. 2d at 1131.

186. 354 F.3d 1020, 1031 (9th Cir. 2004).

187. *Id.* at 1023.

188. *Id.* at 1023, 1025.

189. *Id.* at 1024, 1032.

when consumers visited the advertised links.<sup>190</sup> Based on initial interest confusion alone, the court held that a strong overall likelihood of confusion existed since the ads were not clearly labeled as advertisements unaffiliated with Playboy, causing the possibility that site visitors would click through to the advertisement, thinking the link to be an ad for Playboy.<sup>191</sup> As the court plainly stated,

Some consumers, initially seeking [Playboy's] sites, may initially believe that unlabeled banner advertisements are links to [Playboy's] sites or to sites affiliated with [Playboy]. Once they follow the instructions to "click here," and they access the site, they may well realize that they are not at a [Playboy]-sponsored site. . . . [However,] [t]he Internet user will have reached the [advertised] site because of defendants' use of [Playboy's] mark. Such use is actionable.<sup>192</sup>

*Playboy* is a prime example of a court's applying the initial interest confusion doctrine to find an actionable trademark use in the keyword advertising context on the basis of a defendant's misappropriation of the goodwill associated with a trademark, irrespective of whether harm to the consumer occurs.

In sum, courts applying the initial interest confusion doctrine essentially determine likelihood of confusion by focusing on whether the advertisement caused any consumers to arrive at the competitor's site, with little emphasis on how long the consumer stayed there or whether the consumer actually was confused about the sponsor of the website.<sup>193</sup> As the Seventh Circuit noted in a case where a competitor used the plaintiff's trademarks in the metatags of his website in order to attract plaintiff's consumers to his site, "What is important is not the duration of the confusion, it is the misappropriation of [the trademark owner's] goodwill."<sup>194</sup> Similarly, the First Circuit has held that, when an advertiser's purpose in using a competitor's trademark is to attract customers to its site, there is no genuine dispute as to

---

190. *Id.* at 1028.

191. *Id.* at 1023, 1027.

192. *Id.* at 1026. The court also rejected the defendants' assertions of nominative fair use, finding that defendants could use other marks besides the plaintiff's trademarks to trigger the adult-oriented advertising, and therefore, use of the mark was not necessary to identify a product or service that is "not readily identifiable without use of the trademark," a requirement under the court's nominative fair use test. *Id.* at 1029-30.

193. *See, e.g.,* Austl. Gold, Inc. v. Hatfield, 436 F.3d 1228, 1238-40 (10th Cir. 2006) (using the doctrine of initial interest to find that defendant's purchase of plaintiff's trademarks as keywords and use of the trademarks in metatags caused a likelihood of consumer confusion).

194. Promatek Indus., LTD v. Equitrac Corp., 300 F.3d 808, 812-13 (7th Cir. 2002) (affirming plaintiff's motion for a preliminary injunction against defendant based on an initial interest confusion analysis of plaintiff's trademark infringement claim).

likelihood of confusion.<sup>195</sup> In a case involving a defendant's purchase of another's trademarks as keywords and the use of the keywords in metatags on defendant's site, the Tenth Circuit affirmed a five million dollar verdict for plaintiffs, emphasizing that, "Defendants used the goodwill associated with Plaintiffs' trademarks in such a way that consumers might be lured to the [products of] Plaintiffs' competitors. This is a violation of the Lanham Act."<sup>196</sup>

Aside from arguing initial interest confusion, a trademark plaintiff could also choose to base its claim on dilution, rather than infringement. The use of dilution as a cause of action in keyword infringement cases would go a step beyond initial interest confusion by not just sidestepping the issue of actual confusion, but avoiding it altogether since a federal dilution claim does not require a showing of confusion.<sup>197</sup> The theory behind a dilution claim is that marks lose value even in the absence of consumer confusion "because the value of the mark is the consumer association with product quality."<sup>198</sup> While a cause of action for dilution remains a viable mode of protection in the keyword advertising context, its use is restricted to those marks that meet the threshold for being considered famous under the Lanham Act.<sup>199</sup> However, some mode of protection is also necessary for marks that may not meet the threshold for being considered famous under the Lanham Act but are still well-known enough that users are intentionally searching for the mark names and competitors are intentionally purchasing the search term as a keyword trigger. There is no reason that owners of trademarks that fall within this category should have to prove the added obstacle of confusion in order to obtain relief under the Act, while owners of famous marks do not. Moreover, smaller companies (which would presumably be less well-known, and thus would not qualify as famous under the Act) that cannot afford to outbid other advertisers are arguably the ones most in need of protection. If a company is outbid on its own trademark, it cannot post an advertisement when its trademark is used as a search term. If this occurs, small companies would be precluded from having

---

195. See *Venture Tape Corp. v. McGills Glass Warehouse*, 540 F.3d 56, 62 (1st Cir. 2008), cert. denied, 129 S. Ct. 1622 (2009).

196. *Austl. Gold, Inc.*, 436 F.3d at 1231, 1239.

197. See discussion *supra* Part I.B.2.

198. Erich D. Schiefelbine, *Stopping a Trojan Horse: Challenging Pop-up Advertisements and Embedded Software Schemes on the Internet Through Unfair Competition Laws*, 19 SANTA CLARA COMPUTER & HIGH TECH. L.J. 499, 517-18 (2003).

199. See discussion *supra* Part I.B.2.

access to the powerful advertising venue of a site like Google if their trademarks are not adequately protected.<sup>200</sup>

### III. LOOKING OUTSIDE THE U.S.: FOREIGN LAW & DECISIONS

In attempting to prescribe a rule of law regarding advertising in the Internet context, foreign laws and judicial decisions should be taken into account. Due to the global nature of the Internet,<sup>201</sup> trademark laws for keyword advertising should be uniform across national boundaries so that plaintiffs can expect the same protection for their marks irrespective of where the infringement occurs.<sup>202</sup> Different search engine advertising policies for different countries means that advertisers can skirt the restrictions of one country by simply advertising on a search engine's foreign version of its website and waiting for domestic consumers to see the ad on that website.<sup>203</sup> In other words, "[i]f an adword buyer in France can circumvent the trademark decisions of its home courts by purchasing trademarked adwords from www.google.com in the United States and then waiting for French buyers to use the American site, the result undercuts international efforts to ensure protections for mark holders across borders."<sup>204</sup> The prospect of a consumer visiting Google's main website instead of a country-specific one is a more plausible scenario, because of Google's universal ".com" domain. In either case, a strategic advertiser can exploit the difference in policies on the Google websites and continue to profit off the goodwill of the trademark holder by simply advertising to a different Internet audience.<sup>205</sup> An attempt at transnational harmonization of trademark law in this particular context would be beneficial, as national boundaries on the Internet are essentially nonexistent from the user's perspective, and advertising in

---

200. See notes 42-44 and accompanying text.

201. See Bains, *supra* note 2, at ¶ 3.

202. Trademarks registered in the United States and infringed in another country are still protected by U.S. law if the goods which display the foreign mark are imported into the United States. When a mark is infringed on an Internet website that can be accessed in the United States, the use may also constitute infringement in the United States. MCCARTHY, *supra* note 5, § 29:56.

203. Recent Development, *Making Your Mark on Google*, 18 HARV. J.L. & TECH. 479, 491 (2005).

204. *Id.*

205. See *supra* Hansell, note 28 and accompanying text; *supra* note 178 and accompanying text.

a different country can be accomplished merely by changing a couple of letters in Google's domain name.<sup>206</sup>

An analysis of the judicial landscape in other common law countries reveals that the element of confusion poses an equally challenging obstacle to foreign plaintiffs, although the case law in these countries is not as well developed as it is in the United States. In 2009, UK courts first faced a case where a brand owner claimed infringement directly against a competitor, rather than a search engine.<sup>207</sup> In that case, *Interflora, Inc. v. Marks & Spencer Plc*, the plaintiff, an operator of a flower delivery network, sued a flower delivery service that was not part of the plaintiff's network.<sup>208</sup> The defendant had purchased multiple keyword phrases containing the plaintiff's "Interflora" mark as a trigger for its sponsored advertisement.<sup>209</sup> The plaintiff alleged that, in competing with the defendant to purchase its own trademark as an advertising trigger, in order to prevent the defendant's ads from being triggered by the plaintiff's trademark, the plaintiff's advertising costs increased \$750,000 over the course of a year.<sup>210</sup> In addition to arguing that the defendant's acts amounted to use in the course of trade (a prerequisite for a finding of infringement analogous to the Lanham Act's use in commerce requirement)<sup>211</sup> and were likely to cause confusion, the plaintiff also argued that, even if there was no likelihood of confusion, the acts were detrimental to the distinctive character of the trademarks and amounted to free riding on the reputation of the marks at a direct cost to the plaintiff.<sup>212</sup> Instead of rendering a decision on the claims, the High Court of Justice chose to refer the questions at issue to the European Court of Justice (ECJ), the body

---

206. The Country Code Top-Level Domain (ccTLD) appears at the end of a website address to indicate the name of a country, such as ".es" for Spain. Google Spain therefore operates under the domain name [www.google.es](http://www.google.es); Google France likewise operates under [www.google.fr](http://www.google.fr). See Internet Assigned Numbers Authority (IANA), Root Zone Database, <http://www.iana.org/domains/root/ctld/> (last visited Dec. 20, 2009) ("Country-code Top-level Domains (ccTLDs) are two-letter top-level domains especially designated for a particular country or autonomous territory to use to service their community.").

207. [2009] EWHC (Ch) 1095 (Eng. and Wales), available at <http://www.bailii.org/ew/cases/EWHC/Ch/2009/1095.html>.

208. *Id.* at [11]-[13].

209. *Id.* at [28]-[29].

210. *Id.* at [31].

211. The term "use in the course of trade" is not defined in the Trade Marks Act of 1994, but the term "trade" is defined as "include[ing] any business or profession." See Trade Marks Act, 1994, c. 26, pt. 1, §§ 10, 103(1) (Eng.); TONY MARTINO, TRADEMARK DILUTION 90 (Oxford University Press 1996).

212. [2009] EWHC (Ch) 1095 at [47]-[49].

responsible for ensuring that European Union legislation is applied the same way in member states.<sup>213</sup> The European Union's position on whether keyword advertising constitutes a use in commerce has not been settled and several other national courts in the European Union had similar questions pending on referral to the ECJ at the time.<sup>214</sup>

In September 2009, the Advocate General of the ECJ issued an advisory opinion in Google's favor on three keyword cases that had been referred to the ECJ by French courts.<sup>215</sup> The opinion, which addressed whether Google's AdWords program constitutes infringement under European Union law, posited that Google does not infringe trademarks by selling the marks as keywords and that the mere display of sponsored links triggered by trademarks does not amount to infringement.<sup>216</sup> The opinion rejected the claim that a display of sponsored links causes a risk of confusion, noting that "Google's search engine is no more than a tool: the link that it establishes between keywords corresponding to trade marks and natural results, even the more relevant sites, is not enough to lead to confusion."<sup>217</sup> The opinion expressed a concern that a contrary ruling would, in effect, amount to awarding trademark holders absolute

---

213. Microsoft Encarta Online Encyclopedia, European Court of Justice, <http://encarta.msn.com/encnet/features/dictionary/DictionaryResults.aspx?lextype=3&search=european%20court%20of%20justice> (last visited Dec. 20, 2009). See also Council Directive, *supra* note 61.

214. *Interflora, Inc.*, [2009] EWHC (Ch) 1095, at [93]; see also *Update on Interflora vs Marks & Spencer AdWords Trademark Row*, JATINMAHINDRA.COM, Sept. 2, 2009, <http://www.jatinmahindra.com/2009/09/02/update-on-interflora-vs-marks-spencer-adwords-trademark-row/>. For two earlier UK cases in which the courts found for the trademark defendant, see *Reed Executive Plc v. Reed Business Information Ltd.*, [2004] EWCA (Civ) 159, [140], 2004 R.P.C. 40 (Eng. and Wales), available at <http://www.bailii.org/ew/cases/EWCA/Civ/2004/159.html> and *Wilson v. Yahoo! UK Ltd.*, [2008] EWHC (Ch) 361, [83], 2008 E.T.M.R. 33 (Ch D) (Eng. and Wales), available at <http://www.bailii.org/ew/cases/EWHC/Ch/2008/361.html>.

215. Emma Barraclough, *Google Wins Round One of ECJ Adwords Case*, MANAGING INTELLECTUAL PROPERTY, Sept. 22, 2009, <http://www.managingip.com/Article/2300732/Google-wins-round-one-of-ECJ-adwords-case.html>.

216. *Id.*

217. Opinion of Advocate General Poirares Maduro, Joined Cases 236, 237, & 238/08, *Google France v. Louis Vuitton Malletier, Viaticum Luteciel, CNRRH*, ¶ 89 (E.C.J. Sept. 22, 2009), available at <http://curia.europa.eu/jurisp/cgi-bin/form.pl?lang=en&jurcdj=jurcdj&newform=newform&docj=docj&docop=docop&docnoj=docnoj&typeord=ALLTYP&numaff=&ddatefs=15&mdatefs=9&ydatefs=2009&ddatefe=22&mdatefe=9&ydatefe=2009&nomusuel=&domaine=&mots=&resmax=100&Submit=Re> (follow "C-236/08" hyperlink) [hereinafter *Maduro Opinion*].

rights in their marks.<sup>218</sup> The advisory opinion is nonbinding, though the ECJ usually follows such opinions in 80 percent of cases.<sup>219</sup>

The French cases are distinguishable from *Interflora*, on which the ECJ has yet to issue a decision.<sup>220</sup> The French cases all involved claims against a search engine, rather than a competitor.<sup>221</sup> The Advocate General's opinion also focused on consumer confusion, whereas the crux of *Interflora*'s claim is competitive bidding on trademarks.<sup>222</sup> The questions referred by *Interflora* specifically ask the ECJ to address whether a search engine can refuse to allow a brand owner to prohibit others from bidding on its name as a keyword.<sup>223</sup> Any of these factors could cause the court to depart from the advisory opinion's analysis in the French cases and rule in favor of the trademark holder.

Canadian courts have encountered similar challenges applying trademark law to the Internet, though they have yet to directly address a keyword advertising infringement claim. In the closest case on point, one Canadian court held in part that invisible trademark use in the metatags of a website, without visually misleading or confusing content on the website, could not amount to "passing off,"<sup>224</sup> a tort under Canadian law which requires proof of goodwill, deception through misrepresentation, and actual or potential damage to the plaintiff.<sup>225</sup> In *British Columbia Automobile Ass'n v. Office & Professional Employees International Union*, defendant Union established a website to support a strike against the British Columbia Automobile Association (BCAA) and included BCAA's trademarks in

---

218. *Id.* ¶¶ 108-10.

219. Michael Herman, *Google Wins Latest Round in Brand Names Dispute*, TIMES ONLINE (UK), Sept. 22, 2009, <http://business.timesonline.co.uk/tol/business/law/article6844086.ece>.

220. Posting of Ann Bampton (*Interflora versus Marks & Spencer Court Action*) to Interflora Blog, <http://blog.interflora.co.uk/interflora-versus-marks-spencer-court-action/> (Sept. 29, 2009).

221. *Id.*; *supra* note 207.

222. Posting of Ann Bampton (*Interflora versus Marks & Spencer Court Action*) to Interflora Blog, <http://blog.interflora.co.uk/interflora-versus-marks-spencer-court-action/> (Sept. 29, 2009).

223. *Id.*

224. *B.C. Auto. Ass'n v. Office & Prof'l Employees Int'l Union Local 378*, No. C992100, 2001 B.C.T.C. LEXIS 51, at \*21-24, 61 (B.C.S.C. Jan. 26, 2001), available at <http://www.courts.gov.bc.ca/jdb-txt/sc/01/01/2001bcsc0156.htm>. The holding of this case is only useful for purposes of analogy rather than direct application to the keyword advertising context because the defendant here was not a search engine, an advertiser, or even anyone in competition with the plaintiff. See *id.* at \*7, 39.

225. DANIEL GERVAIS & ELIZABETH F. JUDGE, INTELLECTUAL PROPERTY: THE LAW IN CANADA 296, 304 (2005).

their metatags and domain names.<sup>226</sup> The court held the use was simply a lawful way for the Union to attract web visitors and the content on the site made it clear that the site was not endorsed by the BCAA.<sup>227</sup> The court refused to apply an initial interest confusion analysis, stating, “The fact that the current [I]nternet site is not associated with the [BCAA] is quickly apparent from looking at the site.”<sup>228</sup> Though duration of a visitor’s confusion does not matter for the purposes of initial interest confusion analysis, the court emphasized the lack of commercial competition or close identity between the parties, traditional factors in the confusion analysis.<sup>229</sup> In dicta, the court implied that if the Union’s site had been commercial in nature and competitive with the BCAA, and if the marks used had been identical to the BCAA’s marks, the outcome of these claims would likely have been different.<sup>230</sup> This suggests that the court might treat a keyword advertising infringement claim differently and perhaps apply initial interest confusion, at least when the defendant is a competitor of the mark holder, because in that situation the purchased keyword would likely be identical to the plaintiff’s mark and the commercial nature of the transaction would be more evident.

This examination of foreign case law is important in devising a solution to the keyword advertising problem because Google appears to modify its trademark policies in response to how receptive a country’s courts are to trademark claims against search engines.<sup>231</sup> For example, Yahoo!’s favorable decision in 2008 in *Wilson v. Yahoo! UK* was likely a catalyst for Google’s implementing a change in its trademark policy for the UK and Ireland two months after the decision was issued,<sup>232</sup> despite the fact that the case did not even squarely address the issue of the sale or purchase of a keyword

---

226. *B.C. Auto Ass’n*, 2001 B.C.T.C. LEXIS 51 at \*10, 16-19.

227. *Id.* at \*63-64.

228. *Id.* at \*61.

229. *Id.* at \*38-39; see also Rajzer, *supra* note 95, at 433 and accompanying text.

230. *B.C. Auto Ass’n*, 2001 B.C.T.C. LEXIS 51 at \*64 (“[T]he use of similar meta tags unconnected to a defendant’s business or operation might indicate deception and might be a significant factor in determining if there is passing-off”). See also Teresa Scassa, Intellectual Property on the Cyber-Picket Line: A Comment on *British Columbia Automobile Assn. v. Office and Professional Employee’s International Union, Local 378*, 39 ALBERTA L. REV. 934, 941 (2002). (“It is not clear how the use of identical meta tags would change the passing off analysis in the present case, so long as such use did not result in misrepresentation . . . . It may be that the use of identical meta tags would have to be actionable on some basis other than passing off, such as trademark depreciation under s. 22 of the *Trade-marks Act.*”).

231. See *supra* note 62.

232. Tebbutt, *supra* note 65, at 399-400.



identical to a third party's trademark.<sup>233</sup> If the ECJ chooses to follow the recent advisory opinion on the French keyword cases issued in Google's favor, Google would likely react by lifting its prohibition on bidding for trademarks held in France.<sup>234</sup> Since there is no indication that Google will proactively issue trademark policies that are more favorable to trademark holders than a country's courts are, the ECJ should seriously consider the effect of its ruling on trademark holders and the online advertising community, not just on search engines.<sup>235</sup> In particular, foreign courts should emulate the lead taken by domestic courts in moving towards an infringement analysis that focuses on trade diversion and protecting the producer's interest behind a mark, rather than placing so much emphasis on the issue of consumer confusion.

#### IV. CONCLUSION

Keyword-triggered advertising presents unique challenges to the application of trademark law. Courts both inside and outside the U.S. have struggled to resolve the issues of trademark use and consumer confusion in a way that promotes fair competition while also giving effect to the trademark policies that protect the trademark owner's rights, including those of the mark's reputation and goodwill. Use of a competitor's trademark explicitly to generate business should be viewed as an unfair form of competition because the trademark use functionally amounts to free riding on the goodwill of a more well-known or more popular brand. Therefore, rather than focusing on actual source confusion and use, the goodwill and reputation of a mark—and a defendant's intent in profiting from it—should become the focal points of the infringement analysis of keyword advertising. Focusing on the defendant's intent is also important for situations where the well-known brand buys trademarks of a less familiar brand in order to ensure that the well-known company's advertisements appear in place of those for the lesser known brand. In such cases the concern of free-riding is diminished (because free riding typically arises in the reverse scenario, with an unpopular or unknown company trying to capitalize on the recognition of a more successful

---

233. See *supra* note 230 and accompanying text.

234. See Atkins-Krüger, *supra* note 53 and accompanying text.

235. As Advocate General Maduro warned, "It is no exaggeration to say that, if Google were to be placed under such an unrestricted obligation [to prohibit the sale of trademarks as keywords], the nature of the internet and search engines as we know it would change." See *Maduro Opinion*, *supra* note 217, ¶ 122.

brand),<sup>236</sup> but consumer diversion nonetheless still poses a genuine threat to the mark holder.

Now that the circuits appear to agree that keyword advertising constitutes a use in commerce, more cases should survive a motion to dismiss since plaintiffs will be able to overcome this initial hurdle of an infringement claim.<sup>237</sup> Under the current trademark regime, though, even if the appropriate use is found, trademark owners must still prove that the third party usage is likely to cause consumer confusion. Plaintiffs often lose on the element of confusion when their trademarks are used as triggers but are not visible to computer users in the text of ads. While it may be true that most Internet users ignore the ad banners that accompany search results,<sup>238</sup> the fact remains that some users do click through to the advertisements.<sup>239</sup> In those cases, the intentional trade diversion results in a profit to both Google and the advertiser, who has introduced a new customer to his site who arguably would never have arrived there if the advertiser had not purchased the search term as a keyword. Even when the consumer's visit to the advertised site is only transitory and the consumer does not complete a purchase on the site, the harm to the trademark has already occurred from the trade diversion triggered by the mark itself.

While some courts' application of the initial interest confusion doctrine appears to indicate a willingness to provide a remedy for injury to goodwill and to shortcut the usual confusion analysis that examines the existence of confusion as to the source of a good or service, not all circuits have adopted the doctrine as part of the likelihood of confusion analysis.<sup>240</sup> In any case, initial interest confusion, while a temporary solution, is not a permanent resolution to the issue; it is merely a launching pad for what should be a drive to more strongly consider the goodwill associated with a mark and the attempt by a competitor to unfairly reap this goodwill. Such an approach makes sense where the advertiser and the trademark holder are in a competing line of business and market similar products,

---

236. See *supra* note 148.

237. See *supra* note 165 and accompanying text; see also discussion *supra* Part I.B.1.

238. See Kaminer, *supra* note 23, at 48-49.

239. See *Storus Corp. v. Aroa Marketing, Inc.*, No. C-06-2454 MMC, 2008 WL 449835, at \*5 (N.D. Cal. Feb. 15, 2008) (discussing evidence of the number of times that consumers clicked on defendant's sponsored link after entering plaintiff's trademark as a search term).

240. See *Edina Realty, Inc. v. TheMLSonline.com*, Civil No. 04-4371 (JRT/FLN), 2006 U.S. Dist LEXIS 13775, at \*13 n.4 (D. Minn. Mar. 20, 2006); *supra* text accompanying notes 99-100, 240.

because this is when it is most beneficial for the advertiser to benefit from the goodwill of the trademark holder.

Google has inhibited the development of unfavorable precedent in the U.S. by settling lawsuits brought by trademark owners before they reach the circuit level and by keeping the terms of the settlements confidential.<sup>241</sup> By settling, Google not only avoids liability but also avoids verdicts that would require it to modify its policies. Though trademark owners have the choice of whether to settle or not, they often are induced to doing so to avoid long-term litigation costs, particularly when faced with the prospect of competing with Google in terms of available resources for funding litigation.<sup>242</sup> Moreover, from a practical standpoint, few trademark owners are willing to sue Google in the first place due to the fact that Google's vast resources make it an unattractive litigation target.<sup>243</sup> Therefore, a trademark holder's only viable recourse is to sue each and every advertiser that has bought a keyword including its trademark. Forcing a company to sue multiple infringers is a costly and inefficient mechanism for ensuring trademark protection, and such inefficiencies

---

241. See Mills, *supra* note 63 (discussing the unknown terms of American Blind's settlement with Google); Posting of Eric Goldman (*American Airlines and Google Settle Keyword Advertising Lawsuit*) to Technology & Marketing Law Blog, [http://blog.ericgoldman.org/archives/2008/07/american\\_airlin\\_1.htm](http://blog.ericgoldman.org/archives/2008/07/american_airlin_1.htm) (July 19, 2008, 09:05 EST); Posting of Eric Goldman (*American Blinds-Google Lawsuit Settles*) to Technology & Marketing Law Blog, [http://blog.ericgoldman.org/archives/2007/08/american\\_blinds\\_1.htm](http://blog.ericgoldman.org/archives/2007/08/american_blinds_1.htm) (Aug. 31, 2007, 16:43 EST); Larson, *supra* note 14; Kevin Newcomb, *Geico, Google Settle Trademark Dispute*, CLICKZ, Sept. 8, 2005, <http://www.clickz.com/3547356>.

242. See *American Blind Settles Out of Court with Google*, INTERNET RETAILER, Sept. 5, 2007, <http://www.internetretailer.com/internet/marketing-conference/00096-american-blind-settles-out-court-google.html> (quoting American Blind CEO's explanation of the company's decision to settle with Google: "We didn't want to have to fight this for the next 20 years or until Congress decides to act."). See also Miguel Helft, *Google's Profit Beats Wall St. Forecast*, N.Y. Times, Apr. 17, 2008, <http://www.nytimes.com/2008/04/17/technology/17cnd-google.html> (reporting on Google's net income for 2008 of \$1.31 billion).

243. The class action vehicle can provide a way for claimants who otherwise would not have the resources to sue a company like Google to join forces and do so. In the spring of 2009, two trademark class actions filed against Google alleged that Google's AdWords practice of selling trademarks in advertising amounts to trademark infringement. See Complaint, John Beck Amazing Profits, LLC v. Google, Inc., No. 2:2009cv00151 (E.D. Tex. May 14, 2009), available at <http://news.justia.com/cases/featured/texas/txedce/2:2009cv00151/116195>; Complaint, FPX, LLC v. Google, Inc., No. 2:2009cv00142 (E.D. Tex. May 11, 2009), available at <http://news.justia.com/cases/featured/texas/txedce/2:2009cv00142/116152>. If the two classes of plaintiffs succeed in obtaining class certification, the class action forum may provide trademark owners with a powerful means of joining forces against large corporations like Google. See Gregory T. Casamento et al., *Implications of Google AdWords Class Actions*, LAW360, July 30, 2009, [http://www.lockelord.com/files/News/d6deed39-5df1-4c8b-9248-9d594462084e/Presentation/NewsAttachment/dcb3e1df-08c8-4b3b-bc1b-9e8367285609/2009-08\\_Houston\\_ImplicationsGoogle\\_VanSlyke.pdf](http://www.lockelord.com/files/News/d6deed39-5df1-4c8b-9248-9d594462084e/Presentation/NewsAttachment/dcb3e1df-08c8-4b3b-bc1b-9e8367285609/2009-08_Houston_ImplicationsGoogle_VanSlyke.pdf).

are only multiplied when advertisers do business in multiple countries. Since Google is a near monopolist in the search engine market,<sup>244</sup> it can effectively forestall the development of judicial precedent that would benefit all parties by providing needed uniformity.

Rather than precluding the development of case law, Google and other search engines should help remedy the situation by adopting policies that are more favorable to trademark holders and consistent across national boundaries. One route would be for Google to preclude the bidding of trademarked keywords worldwide. Alternatively, since free riding is more likely an issue for famous marks, Google could at least prohibit the sale of famous trademarks as keywords in countries, such as the U.S., where Google does not currently restrict the use of trademarks as keywords. However, such a remedy would fail to cover many trademark owners who may not be considered famous but are well-known enough that competitors will pay to use their trademarks as keywords. Another option would be for Google to adopt a policy similar to Yahoo!'s and prohibit competitors from purchasing trademarks unless they affirm that the advertisement will meet certain non-competitive conditions.<sup>245</sup> Such changes would still allow Google to reap revenue from selling keywords and would not significantly interfere with the search engine's goal of providing information to the computer user.

An amendment to the Lanham Act would also be beneficial and would provide clear guidance to both courts and search engines about how to approach the issue. The Act was already amended once to respond to trademark issues arising from the Internet context when the Anticybersquatting Consumer Protection Act was enacted in 1999.<sup>246</sup> Since the Lanham Act as written provides hollow remedies for trademark plaintiffs in the keyword advertising context, an amendment to handle this new, invisible use of trademarks should place more emphasis on protecting the goodwill in a trademark and preventing unlawful free riding off another's name recognition. Until the Supreme Court or Congress decides to step in, however, Google should modify its policies to provide consistent protection for trademark keywords across national boundaries.

---

244. See *supra* note 44 and accompanying text.

245. See *supra* notes 74-75 and accompanying text.

246. Anticybersquatting Consumer Protection Act (ACPA), 15 U.S.C. § 1125(d) (2009). The ACPA provides a remedy for cybersquatting trademarked domain names. *Id.*

*Rachel R. Friedman\**

---

\* J.D. Candidate, Vanderbilt University Law School, 2010; B.A., History, University of Pennsylvania, 2007. The author wishes to thank her mother Linda, a trademark practitioner, for her invaluable guidance with this Note from start to finish. She would also like to thank Professor Daniel Gervais for his help at various stages of the writing process and in navigating foreign law on the topic.