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INTERNET GENERATION

## Can One's Trademark Be Another's Keyword? Recent Case Developments and the Future of Keyword Advertising

Holland Campbell, ESPN  
Jonathan Moskin, Foley & Lardner LLP  
Craig Fochler, Foley & Lardner LLP

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## Speakers



**R. Holland Campbell**  
Counsel  
ESPN, Inc.



**Craig Fochler**  
**Foley & Lardner LLP**  
Partner, IP Litigation;  
Trademark, Copyright  
& Advertising



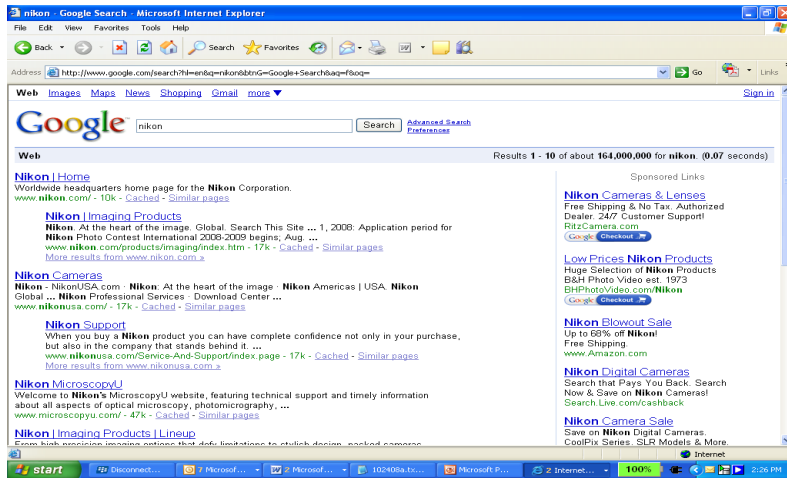
**Jonathan Moskin**  
**Foley & Lardner LLP**  
Partner, IP Litigation

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## What Is a Keyword Ad?



## Google “PageRank” Algorithm

- Google combines PageRank (our view of a page's importance) with sophisticated text-matching techniques to display pages that are both important and relevant to each search.
- Google counts the number of votes a page receives as part of its PageRank assessment, interpreting a link from page A to page B as a vote by page A for page B. Votes cast by pages that are themselves "important" weigh more heavily and help to make other pages "important."
- <http://www.google.com/support/webmasters/bin/answer.py?answer=40349&ctx=related>



# Google AdWords Search - Camera

Google AdWords: Keyword Tool - Microsoft Internet Explorer

Address: <https://adwords.google.com/select/KeywordToolExternal?defaultView=2>

Keywords	Approx Avg Search Volume	Search Volume Trends (May 2007 - Apr 2008)	Highest Volume Occurred In	Match Type
<b>Keywords related to term(s) entered - sorted by relevance</b>				
camera	37,200,000	[Bar chart]	Dec	<a href="#">Add</a>
camera reviews	246,000	[Bar chart]	Dec	<a href="#">Add</a>
camera digital	24,900,000	[Bar chart]	Dec	<a href="#">Add</a>
casio camera	301,000	[Bar chart]	Dec	<a href="#">Add</a>
camera battery	301,000	[Bar chart]	Dec	<a href="#">Add</a>
slr camera	1,830,000	[Bar chart]	Dec	<a href="#">Add</a>
camera lenses	550,000	[Bar chart]	Jul	<a href="#">Add</a>
camera lens	450,000	[Bar chart]	Dec	<a href="#">Add</a>
nikon camera	1,500,000	[Bar chart]	Dec	<a href="#">Add</a>
pentax camera	246,000	[Bar chart]	Dec	<a href="#">Add</a>
video camera	823,000	[Bar chart]	Nov	<a href="#">Add</a>
canon camera	4,090,000	[Bar chart]	Dec	<a href="#">Add</a>
olympus camera	823,000	[Bar chart]	Dec	<a href="#">Add</a>
digital camera reviews	165,000	[Bar chart]	Dec	<a href="#">Add</a>
compact camera	135,000	[Bar chart]	Jul	<a href="#">Add</a>

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# Google AdWords - Nikon

Google AdWords: Keyword Tool - Microsoft Internet Explorer

Address: <https://adwords.google.com/select/KeywordToolExternal?defaultView=2>

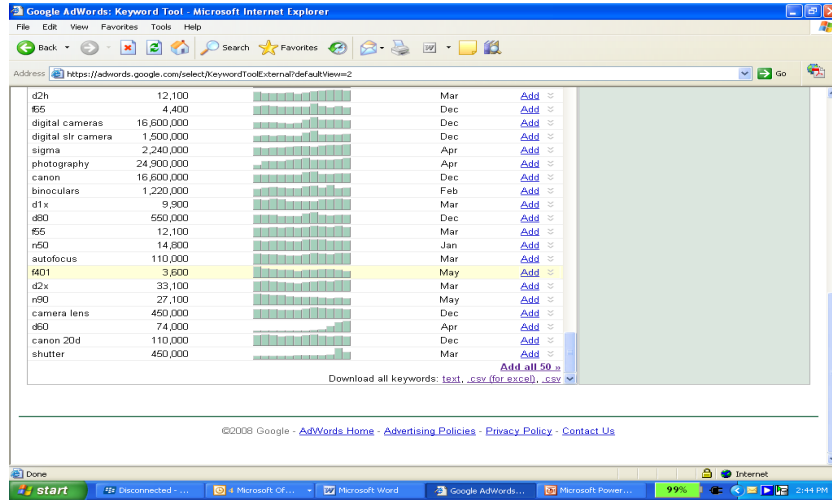
Keywords	Approx Avg Search Volume	Search Volume Trends (May 2007 - Apr 2008)	Highest Volume Occurred In	Match Type
<b>Keywords related to term(s) entered - sorted by relevance</b>				
nikon	6,120,000	[Bar chart]	Dec	<a href="#">Add</a>
nikon d70	110,000	[Bar chart]	Dec	<a href="#">Add</a>
nikon d70s	49,500	[Bar chart]	May	<a href="#">Add</a>
nikon slr	673,000	[Bar chart]	Dec	<a href="#">Add</a>
nikon n80	14,800	[Bar chart]	Sep	<a href="#">Add</a>
nikon f100	12,100	[Bar chart]	Sep	<a href="#">Add</a>
nikon d100	27,100	[Bar chart]	Dec	<a href="#">Add</a>
nikon coolpix	673,000	[Bar chart]	Dec	<a href="#">Add</a>
nikon camera	1,500,000	[Bar chart]	Dec	<a href="#">Add</a>
nikon lens	450,000	[Bar chart]	Dec	<a href="#">Add</a>
nikon f4	18,100	[Bar chart]	Dec	<a href="#">Add</a>
nikon d2h	8,100	[Bar chart]	Mar	<a href="#">Add</a>
nikon f3	12,100	[Bar chart]	Dec	<a href="#">Add</a>
nikon lenses	135,000	[Bar chart]	Dec	<a href="#">Add</a>
nikon cameras	550,000	[Bar chart]	May	<a href="#">Add</a>
nikon d2x	22,200	[Bar chart]	Jun	<a href="#">Add</a>

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# Google AdWords - Nikon



# Background: 1-800 Telephone Numbers – Divided Conclusions

- Holiday Inns, Inc. v. 800 Reservations, Inc., 86 F.3d 619 (6th Cir. 1996) (holding opportunistic purchase of 1-800-HOLIDAY number without advertising did not constitute use in commerce).
- Dial-A-Mattress Franchise Corp. v. Page, 880 F.2d 657 (2nd Cir. 1989)(granting trademark protection to “(area code)-MATTRESS”).



## Background: Metatags – Generally Likely to Cause Confusion

- Brookfield Communications, Inc. v. West Coast Entertainment Corp., 174 F.3d 1036 (9th Cir. 1999) (Defendant’s use of “MovieBuff” in metatag hidden code of D’s website infringed P’s mark because it was akin to a misleading sign on a freeway; applying initial interest confusion rule).
- Bihari v. Gross 119 F.Supp. 2d 309 (S.D.N.Y. 2000) (Use of plaintiff’s mark in metatag for purposes of criticism a permitted fair use)



## Background: Pop-Up Ads – No Violation of the Lanham Act

- 1-800 Contacts, Inc. v. WhenU.com Inc., 414 F.3d 400, 409, 410 (2d Cir. 2005)
  - (“A company’s internal utilization of a trademark in a way that does not communicate it to the public is analogous to a [sic] individual’s private thoughts about a trademark.” ....“
  - [T]he appearance of When-U’s pop-up ad is not contingent upon or related to 1-800’s trademark, the trademark’s appearance on 1-800’s website, or the mark’s similarity to 1-800’s website address.”)



## Use in Commerce – The New York Rule for Keyword Ads

- Merck & Co. v. MediPlan Health Consulting, Inc., 431 F. Supp.2d 425, 427 (S.D.N.Y. 2006)
  - “Commercial use is not the equivalent of ‘use in commerce’”
- S&L Vitamins, Inc. v. Australian Gold, Inc., 521 F. Supp. 2d 188, 199 (E.D.N.Y. 2007)
  - (“the general rule in this Circuit is that use of a trademark in keywords and metatags, where the use is strictly internal and not communicated to the public, does not constitute Lanham Act “use” and, therefore, does not support a Lanham Act claim.”).



## Use In Commerce

- “Adware companies do not engage in ‘use in commerce’ under the literal language of the Lanham Act when, even for a fee, they employ technical means to cause computer users visiting specific Internet shopping sites to see pop-up ads for competing merchants.”
- “Entirely veiled machine-linking function was not a trademark use, since it did not entail having the mark ‘placed . . . on the goods or their containers or the displays associated therewith.’”
- 1-800 Contacts, Inc. v. WhenU.com Inc., 414 F.3d 400 (2d Cir. 2005)



## End of the NY Rule – Rescuecom v. Google

- When one considers the entire definition of ‘use in commerce’ set forth in §1127, it becomes plainly apparent that this definition was intended to apply to the Act’s use of that term in defining favored conduct, which qualifies to receive the protection of the Act.”
- Rescuecom Corp. v. Google, Inc., 562 F.3d 123 (2d Cir. 2009).



## Underlying Logic To Find Infringement or Not

- Yes, infringement because -
  - No Free Ride
  - Initial Interest Confusion
  - Narrowed Internet-Only Test of Confusion
- No infringement because –
  - No different from product placement on store shelves or information in Yellow Pages
  - Balancing test



## Underlying Logic To Find Infringement No Free Ride

- Unfair competition cases regularly turn on perceived unfairness/ deliberate copying.
- “...Nowcom engaged in deliberate copying by registering domain names containing Finance Express marks and name, by purchasing keywords from search engines that contained Finance Express name and marks, and by embedding Finance Express name and marks in the HTML code of Nowcom’s website.” Finance Express LLC v. Nowcom Corp., 2008 WL 2477430 (C.D. Cal. 2008) (Emphasis added).

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## Underlying Logic To Find Infringement Narrowed Legal Test

- “In the context of the Web”, the focus need be confined (perhaps entirely) to a so-called “Internet trinity” or “controlling troika” of three factors: similarity of the marks, relatedness of the goods or services, and the simultaneity of the parties’ use of the Internet for marketing. Storus Corp. v. Aroa Marketing, Inc., 2008 WL 449835 (N.D. Cal. Feb. 15, 2008)
- When applied in a competitor keyword case, all factors automatically favor the plaintiff.

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## Underlying Logic To Find Infringement Initial Interest Confusion

- Suppose West Coast's competitor (let's call it "Blockbuster") puts up a billboard on a highway reading – "West Coast Video 2 miles ahead at Exit 7" – where West Coast is really located at Exit 8 but Blockbuster is located at Exit 7. Customer's looking for West Coast's store will pull off at Exit 7 and drive around looking for it. Unable to locate West Coast, but seeing the Blockbuster store right by the highway entrance, they may simply rent there.
- Brookfield Cummun's, Inc. v West Coast Entertainment Corp., 174 F.3d 1036, 1064 (9th Cir. 1999).

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## What Is Initial Interest Confusion ?

- Courts vary widely as to what constitutes Initial Interest Confusion
- At one end of the spectrum, they prohibit mere "Free Riding" by use of another's mark as a keyword, resulting in a consumer visit to the defendant's website, regardless of source confusion
- At the other end, they apply the pre-Internet "Presale Confusion" doctrine requiring some level and duration of source confusion

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## Initial Interest Confusion Examined

- “Even if they realize ‘immediately upon accessing’ the competitor’s site that they have reached a site ‘wholly unrelated to’ [Playboy’s], the damage has been done. Through initial interest confusion, the competitor ‘will have gained a customer by appropriating the goodwill that [Playboy] has developed in its mark.’ Playboy Enterprises, Inc. v. Netscape Commun’s Corp. , 354 F.3d 1020, 1025 (9th Cir. 2004), quoting Brookfield.



## Initial Interest Confusion – A Contrary View

- “At no point are potential consumers ‘taken by a search engine’ to defendant’s website... Rather ... a link to defendant’s website appears on the search results page as one of many choices for the potential consumer to investigate.” J.G. Wentworth, S.S.C. v. Settlement Funding LLC, 2007 WL 30115 at \*7 (E.D.Pa. 2007).
- “Harm” to trademark owner may be no greater than that caused by non-key word search results.



## Initial Interest Confusion – A Contrary View

- It is “not ... reasonable to find initial interest confusion when a consumer is never confused as to source or affiliation, but instead knows, or should know, from the outset that a product or web link is not related to that of the trademark holder because the list produced by the search engine so informs him.” Google, Inc. v. American Blind & Wallpaper Factory, Inc., 2007 WL 1159950 (N.D.Cal. 2007).



## “Pre-Sale” Initial Interest Confusion

- Pre-Internet cases involved Defendants’ uses of trademarks that were similar to Plaintiff’s mark.
- Requires internet consumer to believe initially and for some duration that Defendant and Plaintiff or their products are connected. Hearts on Fire v. Blue Nile, Inc., 603 F. Supp. 2d 274 (D.Ma. 2009).
- Requires consideration of all relevant likelihood of confusion factors, some of which may be unique to keyword cases. Id.



## Underlying Logic for No Infringement Product Placement

- [A] drug store typically places its own store-brand generic products next to the trademarked products they emulate in order to induce a customer who has specifically sought out the trademarked product to consider the store's less expensive alternative. WhenU employs this same marketing strategy by informing [computer]-users who have sought out a specific trademarked product about available alternative products that may be of interest to them.
- 1-800 Contacts, Inc. v. WhenU.com Inc., 414 F.3d 400, 411 (2d Cir. 2005).



## Analytical Alternative - Balancing

- "Balancing Consumer Confusion and Consumer Search Costs ...The choice-enhancing properties of internet advertising should not be stifled on account of fleeting confusion among competing products. Trademark protections must ultimately accrue to the consumer's benefit.""
- Hearts on Fire Co. v Blue Nile, Inc., 603 F. Supp. 2d 274 (D.Ma. 2009)



## Analytical Alternative - Balancing

- “[T]he law will destroy the valuable resource that search engines have become if it prevents those search engines from doing what they are designed to do: present users with the information they seek as well as related information the user may also find helpful or interesting.” Mary Kay, Inc. v. Weber, 601 F. Supp. 2d 839 (N.D. Tex. 2009).



## Infringement - A Question of Fact

- Gov't Empl. Ins. Co. v Google, Inc., 330 F.Supp.2d 700, 704 (E.D.Va. 2004) ([W]here keyword placement of...advertising is being sold, the portals and search engines are taking advantage of the drawing power and goodwill of these famous marks. The question is whether this activity is fair competition or whether it is a form of unfair free riding on the fame of well-known marks. J. Thomas McCarthy, McCarthy on Trademarks & Unfair Competition § 25:70.1 (2004). Whether defendants' uses are legitimate fair uses of the trademarks in competition, and whether they create a likelihood of confusion, are fact-specific issues not properly resolved through a motion to dismiss.)



## Proving/Disproving Infringement As A Question of Fact (cont.)

- Facts to consider
  - The overall mechanics of web-browsing/ease of reversing course
  - Sophistication of users
  - Downstream content on the linked website
  - Duration of confusion
  - Specific context of searches
  - See Hearts on Fire v. Blue Nile, Inc., 603 F. Supp. 2d 274, 289 (D. Ma. 2009)



## Proving/Disproving Confusion As A Question of Fact

- Web analytics
  - Page impression data
  - Click-through data
  - Conversion rates
- Survey evidence
  - Geico v. Google, Inc., 2005 WL 1903128 (E.D.Va. 2005); Google, Inc. v. American Blind & Wallpaper, 2007 WL 1159950 (N.D. Cal. 2007); Fair Isaac Corp. v. Experian Info Solutions, Inc., 2009 WL 2252583 (D. Minn. 2009).



## Defense to Liability – Fair Use

- “The fair use doctrine allows second hand sellers to inform customers that it sells a mark holder’s product so long as it conveys the information ‘fairly’; i.e., in a way that uses no more of the mark than necessary to identify the product, and does not suggest affiliation or sponsorship.”
- Mary Kay, Inc. v. Weber, 601 F. Supp. 2d 839 (N.D. Tex. 2009), citing Tiffany (NJ) Inc. v. eBay, Inc., 576 F. Supp 2d 463 (S.D.N.Y. 2008).



## Google “Quality guidelines”

- Avoid hidden text or hidden links.
- Don't use cloaking or sneaky redirects.
- Don't load pages with irrelevant keywords.
- Don't create multiple pages, subdomains, or domains with substantially duplicate content.
- Don't create pages with malicious behavior, such as phishing or installing viruses, trojans, or other badware.



## Google “Quality guidelines”

- Avoid "doorway" pages created just for search engines, or other "cookie cutter" approaches such as affiliate programs with little or no original content.
- If your site participates in an affiliate program, make sure that your site adds value. Provide unique and relevant content that gives users a reason to visit your site first.
- See  
<http://www.google.com/support/webmasters/bin/answer.py?answer=35769#quality>



## Discussion



**R. Holland Campbell**  
Counsel  
ESPN, Inc.



**Craig Fochler**  
Foley & Lardner LLP  
Partner, IP Litigation;  
Trademark, Copyright  
& Advertising



**Jonathan Moskin**  
Foley & Lardner LLP  
Partner, IP Litigation