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Keyword Law

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Mercedes at CarMax

Prima Facie TM Infringement Case

- Ownership of valid trademark
- Priority
- Use in commerce in connection with sale of goods/services
- Likelihood of consumer confusion

Use in Commerce

- Reading #1: Use in “commerce” = “all commerce which may lawfully be regulated by Congress” (15 U.S.C. §1127)
 - Ex: SMJ Group v. 417 Lafayette Restaurant, 439 F. Supp. 2d 281 (S.D.N.Y. 2006) (griper’s service was distributing educational literature)
- Reading #2: “Use in commerce” = “bona fide use of a mark in the ordinary course of trade” (15 U.S.C. §1127)
 - Non-commercial actors don’t make “trade” usage
 - Requires trademark use to be perceivable by consumers
 - Commercial referential uses aren’t use in commerce. Ex: Universal Communication Systems v. Lycos, 2007 WL 549111 (1st Cir. Feb. 23, 2007)
- THE STATUTE IS FACIALLY AMBIGUOUS

Keyword Triggering = Use in Commerce?

	Advertisers	Adware Vendors	Search Engines
YES	<p>Rescuecom v. Computer Troubleshooters USA, 464 F. Supp. 2d 1263 (N.D. Ga. Sept. 16, 2005).</p> <p>Edina Realty v. TheMLSonline.com, 2006 WL 737064 (D. Minn. Mar. 20, 2006)</p> <p>Buying for the Home v. Humble Abode, 459 F. Supp. 2d 310 (D.N.J. Oct. 20, 2006)</p> <p>J.G. Wentworth v. Settlement Funding, 2007 WL 30115 (E.D. Pa. Jan. 4, 2007)</p> <p>Boston Duck Tours, LP v. Super Duck Tours, LLC, 2007 WL 4465464 (D. Mass. Dec. 5, 2007)</p> <p>T.D.I. International v. Golf Preservations, 2008 WL 294531 (E.D. Ky. Jan. 31, 2008)</p> <p>Finance Express LLC v. Nowcom Corp., 2008 WL 2477430 (C.D. Cal. June 18, 2008)</p> <p>Hysitron Inc. v. MTS Systems Corp., 2008 WL 3161969 (D. Minn. Aug. 1, 2008)</p> <p>Market America v. Optihealth Products, Inc., 2008 WL 5069802 (M.D.N.C. Nov. 21, 2008) (jurisdiction ruling)</p> <p>Hearts on Fire Co. v. Blue Nile, Inc., 2009 WL 794482 (D. Mass. March 27, 2009)</p>	<p>[Washingtonpost v. Gator, 2002 WL 31356645 (E.D. Va. 2002)]</p>	<p>[Playboy v. Netscape, 354 F.3d 1020 (9th Cir. 2004)]</p> <p>GEICO v. Google, 330 F. Supp. 2d 700 (E.D. Va. 2004)</p> <p>Google v. American Blinds, 2005 WL 832398 (N.D. Cal. 2005); motion reconsidered 2007 WL 1159950 (N.D. Cal. Apr. 27, 2007)</p> <p>800-JR Cigar v. GoTo.com, 437 F. Supp. 2d 273 (D. N.J. 2006)</p> <p>Rescuecom Corp. v. Google Inc., 2009 WL 875447 (2d Cir. April 3, 2009)</p>
NO	<p>Merck v. Mediplan Health Consulting, 425 F. Supp. 2d 402 (S.D.N.Y. Mar. 30, 2006); motion for reconsideration denied, 431 F. Supp. 2d 425 (S.D.N.Y. May 24, 2006)</p> <p>Hamzik v. Zale Corp./Delaware, 2007 WL 1174863 (N.D.N.Y. Apr. 19, 2007) (WRT triggering only)</p> <p>Site Pro-1 v. Better Metal, 506 F. Supp. 2d 123 (E.D.N.Y. May 9, 2007)</p> <p>FragranceNet.com v. FragranceX.com, 493 F. Supp. 2d 545 (E.D.N.Y. June 12, 2007)</p> <p>S&L Vitamins v. Australian Gold, 521 F. Supp. 2d 188 (E.D.N.Y. Sept. 30, 2007)</p> <p>Tiffany v. eBay, 2008 WL 2755787 (S.D.N.Y. July 14, 2008) (WRT triggering only)</p>	<p>U-Haul v. WhenU, 279 F. Supp. 2d 723 (E.D. Va. 2003)</p> <p>Wells Fargo v. WhenU, 293 F. Supp. 2d 734 (E.D. Mich. 2003)</p> <p>1-800 Contacts v. WhenU, 414 F.3d 400 (2d Cir. 2005)</p>	

Likelihood of Consumer Confusion

- Multi-factor tests are generally unpredictable...
- ...especially when they don't fit
 - When defendants aren't in business at all
 - When defendant intermediaries are in totally different business
 - Contributory infringement is more appropriate
- Bypass: “Initial interest confusion”
 - Brookfield: “use of another’s trademark in a manner reasonably calculated to capture initial consumer attention, even though no actual sale is finally completed as a result of the confusion”
 - Harm paradigms
 - Sponsorship confusion (2d Cir.)
 - Attention diversion (Brookfield)
 - Deceptive diversion (7th Cir.)
 - Competitive diversion (9th Cir., 3rd Cir.)
 - Don't recognize IIC at all (1st Cir.?, 4th Cir.?)
- Confusion should not be amenable to SJ
 - But defense SJs: J.G. Wentworth, Designer Skin
 - And plaintiff SJs: Storus

Infringement Defenses

- **Nominative use**
 - Not readily identifiable without TM reference
 - Took only what was necessary
 - No implied sponsorship/endorsement
 - Compare Tiffany v. eBay and Standard Process v. Total Health Discount
- **Descriptive fair use (15 U.S.C. §1115(b)(4))**
- **Limited printer/publisher remedies (15 U.S.C. §1114(2))**
- **Imperfections of defenses**
 - Defense bears burden
 - Fair use doctrines are narrow
 - Nominative use doctrine not universally recognized
 - Parody/comparative ad doctrines inadequate and incomplete

State Anti-Keyword Laws

- Utah/Alaska prohibit using adware to display TM-triggered pop-up ads...but moot?
 - Utah Spyware Control Act (13-40-102 to 13-40-301): requires TM infringement
 - Alaska SB 140: consumers can consent to pop-up ad delivery
- Utah SB 236 (the “Trademark Protection Act”) = repealed
- Utah HB 450 = failed

Tips for TM Owners

- **Use search engines' TM complaint policies**
 - Yahoo and MSN allow TM owners to block some competitive keyword buys
 - Google allows TM owners to block TM references in ad copy
- **Don't be duplicitous**
 - Ex: Humble Abode settlement
- **Be rational (invest litigation \$ wisely)**
 - Cost of keyword litigation > value of “diverted” consumers
 - In 800-JR Cigar, search engine had gross revenues of \$345
 - In Storus, advertiser got 1,347 clicks in 11 months

An Academic's Observations

- Courts need to get their facts straight
 - Keyword metatags
 - Broad matching [Picture It Sold v. iSOLD It, 199 Fed. Appx. 631 (9th Cir. Aug. 28, 2006); Rhino Sports v. Sport Court, 2007 WL 1302745 (D. Ariz. May 2, 2007)]
 - Differences in ad copy
- We need to clarify how keyword triggering creates harm
 - The initial interest confusion doctrine hurts the discourse
 - Courts can't define it
 - Defendants can't defend against it
 - Completely lacks social science support
 - Harmonize online/offline paradigms
 - Does TM law protect consumers or producers?
- Keywords efficiently help consumers express their preferences
 - Searching for "TM" doesn't mean consumers want TM
 - Regulating keywords reduces intermediaries' ability to cater to searcher preferences
 - Misapplied, trademark law can counterproductively *increase* consumer search costs
- We should deregulate keywords
 - Commercial referential uses \neq use in commerce
 - Invisible triggering \neq use in commerce
 - Extend 15 U.S.C. §1114(2)(D)(iii) to search engines