

# Santa Clara University

## Keyword Law

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# 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>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>[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)</p> <p>800-JR Cigar v. GoTo.com, 437 F. Supp. 2d 273 (D. N.J. 2006)</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>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>	<p>Rescuecom v. Google, 456 F. Supp. 2d 393 (N.D.N.Y. Sept. 28, 2006)</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 generally isn't amenable to SJ
  - But J.G. Wentworth case

# Infringement Defenses

- **Nominative use**
  - Not readily identifiable without TM reference
  - Took only what was necessary
  - No implied sponsorship/endorsement
- **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,” March 19, 2007)
  - “Electronic Registration Mark” = “word, term, or name that represents a business, goods, or a service”
  - Infringement to use an ERM “to cause the delivery or display of an advertisement for a business, goods, or a service: (i) of the same class...other than the [ERM registrant’s business]; or (ii) if that advertisement is likely to cause confusion between the [two businesses]” if ad displayed in Utah or advertiser/keyword vendor located in Utah
  - Legal challenges
    - Dormant Commerce Clause
    - First Amendment
    - Conflict preemption?
    - 47 USC 230 [Perfect 10 v. CCBill, 2007 WL 925727 (9th Cir. March 29, 2007)]



# 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

# 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)]
  - 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

# Selected Academic Literature

- Margreth Barrett, *Internet Trademark Suits and the Demise of "Trademark Use,"* 39 U.C. Davis L. Rev. 371 (2006)
- Dinwoodie & Janis, *Confusion Over Use: Contextualism in Trademark Law* (Aug. 2006) (companion piece to Lemley/Dogan)
- Stacey Dogan & Mark Lemley, *Trademarks and Consumer Search Costs on the Internet,* 41 Houston L. Rev. 777 (2004)
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