Keyword Law

Prof. Eric Goldman
Director, High Tech Law Institute
http://www.ericgoldman.org • http://hightechlaw.scu.edu
egoldman@gmail.com
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

- **THE STATUTE IS FACIALLY AMBIGUOUS**
## Keyword Triggering = Use in Commerce?

<table>
<thead>
<tr>
<th>Advertisers</th>
<th>Adware Vendors</th>
<th>Search Engines</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>[Site Pro-1 v. Better Metal, 506 F. Supp. 2d 123 (E.D.N.Y. May 9, 2007)]</td>
<td>[1-800 Contacts v. WhenU, 414 F.3d 400 (2d Cir. 2005)]</td>
</tr>
<tr>
<td></td>
<td>[FragranceNet.com v. FragranceX.com, 493 F. Supp. 2d 545 (E.D.N.Y. June 12, 2007)]</td>
<td></td>
</tr>
<tr>
<td></td>
<td>[Tiffany v. eBay, 2008 WL 2755787 (S.D.N.Y. July 14, 2008) (WRT triggering only)]</td>
<td></td>
</tr>
</tbody>
</table>
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
  - 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 ≠ use in commerce
  - Invisible triggering ≠ use in commerce
  - Extend 15 U.S.C. §1114(2)(D)(iii) to search engines