

Recent United States Developments in Keyword Advertising and Domain Name Law

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Google Trademark Policy (selected portions)

What is Google's trademark policy for resellers and informational sites?

As a provider of space for advertisements, please note that Google is not in a position to arbitrate trademark disputes between the advertisers and trademark owners. As stated in our Terms and Conditions, the advertisers themselves are responsible for the keywords and ad content that they choose to use. Accordingly, we encourage trademark owners to resolve their disputes directly with the advertisers, particularly because the advertisers may have similar advertisements on other sites.

However, as a courtesy to trademark owners, we are willing to perform a limited investigation of reasonable complaints about use of trademarks in ads. In the US, Canada, the UK, and Ireland, our policy permits use of the trademark in the ad text in the following circumstances:

- * Ads which use the term in a descriptive or generic way, and not in reference to the trademark owner or the goods or services corresponding to the trademark term

- * Ads which use the trademark in a nominative manner to refer to the trademark or its owner, specifically the following:

- Resale of the trademarked goods or services: The landing page of the ad must sell (or clearly facilitate the sale of) the goods or services corresponding to a trademark term. The landing page must also clearly demonstrate that a user is able to purchase the goods or services corresponding to a trademark.

- Sale of components, replacement parts, or compatible products corresponding to a trademark: The landing page of the ad must sell (or clearly facilitate the sale of) the components, replacement parts, or compatible products relating to the goods or services of the trademark. The landing page must also clearly demonstrate that a user is able to purchase the components, parts, or compatible products corresponding to the trademark term.

- Informational sites: The primary purpose of the landing page of the ad must be to provide informative details about the goods or services corresponding to the trademark term. Additionally, the landing page may not sell or facilitate the sale of the goods or services of a competitor of the trademark owner.

In the case of resellers and retailers of components, replacement parts, or compatible products, the landing page must be primarily dedicated to the sale or facilitation of the sale of the goods or services corresponding to the trademark. The landing page may not be dedicated to the goods or services of a competitor of the trademark owner.

Trademark Owner Gets Injunction Against Keyword Ad Campaign That Generated No Sales for the Advertiser

InternetShopsInc.com v. Six C Consulting, Inc., 2011 WL 1113445 (N.D. Ga. March 24, 2011)

I hate sounding like a broken record, but I'll say it again. Most keyword ad lawsuits are not economically justified, so trademark owners are almost invariably making a bad business decision bringing them. Check out this beautiful case study of that principle.

The plaintiff has a trademark in "Dura Pro" for practice golf mats. Six C is a competitor who outsourced its PPC campaign to Channel Advisor. Channel Advisor placed competitive keyword ads triggered by "Dura Pro." In January 2009, the trademark owner complained to Six C, who promptly told Channel Advisor to drop the keyword. Channel Advisor didn't follow this instruction completely, meaning that some ads continued despite Six C's instructions. The plaintiff sued March 2009, and the court indicates that Channel Advisor fully dropped the term by April 2009 (although elsewhere it says the rogue ads persisted for 14 months).

For reasons not explained in this opinion, Six C admitted that its keyword ad buys constituted trademark infringement, narrowing the issues in this case to remedies for the admitted infringement.

The court rejects the plaintiff's claims for lost sales. The plaintiff submitted a spreadsheet showing a decrease in sales, but the court says the spreadsheet showed monthly fluctuations in sales, and the plaintiff only showed correlation, not causation, with the post-advertising decrease.

The plaintiff also sought the defendant's profits from the keyword advertising, and this is where the lawsuit gets farcical. It turns out that the defendant only got 1,319 impressions on its Dura Pro ads, 35 clicks from those impressions (2.6% clickthrough rate) and NO SALES from those clicks. Are you kidding me? The plaintiff sued over a keyword ad campaign that generated ZERO SALES for the defendant? It seems like the plaintiff should have been thrilled that its competitor was wasting money on an ineffective campaign. Instead, foolishly, the trademark owner spent its own money to pay its lawyers to get the defendant to stop wasting its advertising dollars. Great business decision, guys.

The court also denies attorneys' fees, citing Six C's responsiveness to the trademark owner's initial C&D (even if Channel Advisor didn't properly execute Six C's instructions). The court does award the trademark owner the court costs of the action, but these should be relatively small.

Finally, the court grants the trademark owner's request for an injunction (with the exact restrictions to be hashed out), but big whoop. Six C dropped the keyword a long time ago, and given the keyword's conversion rate, that wasn't really a sacrifice. The court says that the trademark owner was suffering irreparable injury "regardless of the fact that defendant's unauthorized use appears to have been unintentional, and that it did not result in any readily quantifiable harm to plaintiff." I think the judge could have more aggressively scrutinized the

trademark owner's arguments on this point, but an injunction is a logical outcome for an admitted trademark infringement, even if it's mostly inconsequential in this case.

Notice that the defendant gets a decent outcome here in large part because it chose to quickly drop the keyword at the trademark owner's request. Not all advertisers would be so risk-adverse. Then again, I would expect most advertisers to fight the trademark infringement claim rather than admitting to it.

I'm adding this outcome to the list of irrational keyword ad lawsuits. Other precedents in that genre:

- King v. ZymoGenetics. The defendant advertiser got 84 clicks.
- Storus v. Aroa. The defendant advertiser got 1,374 clicks over 11 months.
- 800-JR Cigar v. GoTo.com. The search engine defendant generated \$345 in revenue from the litigated terms.
- Sellify v. Amazon. The defendant got 1,000 impressions and 61 clicks.
- 1-800 Contacts v. Lens.com. 1-800 Contacts spent no less than \$650k (and was willing to spend \$1.1M) to pursue Lens.com, which made \$20 of profit from competitive keyword ads. It also tried to hold Lens.com responsible for affiliate ad buys which generated about 1,800 clicks, which under the most favorable computations were worth about \$40k.
- and now InternetShopsInc.com v. Six C. The defendant got 1,319 impressions, 35 clicks and zero sales.

Important Ninth Circuit Ruling on Keyword Advertising, Plus Recaps of the Past 4 Months of Keyword Ad Decisions

Network Automation, Inc. v. Advanced System Concepts, Inc., 2011 WL 815806 (9th Cir. March 8, 2011)

Introduction

We've had surprisingly few appellate decisions involving keyword advertising generally, and almost none involving trademark owners' lawsuits against keyword advertisers (as opposed to suing keyword sellers like search engines). On that basis alone, this ruling is important. The case is also remarkable because the opinion, written by highly regarded Judge Wardlaw, gets so many things right. Perhaps that sounds like damning with faint praise, but the reality is that the Ninth Circuit's Internet trademark law has become horribly tortured due to deeply flawed opinions like the 1999 Brookfield case. This opinion deftly cuts through the accumulated doctrinal cruft and lays a nice foundation for future Internet trademark jurisprudence.

The only sour note is that the opinion makes some unnecessary and empirically shaky "presumptions"--exactly the kind of unfortunate appellate court fact-finding that got the Ninth Circuit into trouble into the first place. Still, given how this opinion could have turned out, I still give this opinion very high marks.

Background

The litigants both make software for job scheduling and management. This is reasonably expensive (\$1k-\$10k) software targeted at businesses. The advertiser (Network Automation) purchased the trademark owner's trademark as keywords (at both Google AdWords and Bing) for comparative advertising. Thus, this case deals with a nice, clean example of comparative competitive keyword advertising.

The ad copy read:

The text of Network's advertisements begin with phrases such as "Job Scheduler," "Intuitive Job Scheduler," or "Batch Job Scheduling," and end with the company's web site address, www.NetworkAutomation.com. The middle line reads: "Windows Job Scheduling + Much More. Easy to Deploy, Scalable. D/L Trial."

The ad copy doesn't reference the trademark, presumably because the trademark owner blocked it via the search engines' trademark policies.

The lower court proceedings appear to be fairly typical (other than the fact the advertiser initiated the litigation with a declaratory judgment; hence why its name is first). The trademark owner argued that the comparative competitive ads created initial interest confusion; the court used a bastardized form of the Sleekcraft multi-factor likelihood of consumer confusion test to slam the advertiser; and the court issued a preliminary injunction.

Use in Commerce

The court actually addresses this factor explicitly, a vast improvement over the garbled words in *Playboy v. Netscape*. Unsurprisingly, the court says that buying keyword ads constitutes a use in commerce. I say unsurprisingly only because no court outside the Second Circuit has ruled otherwise, and the Second Circuit said that selling keyword ads was a use in commerce in the *Rescuecom* case.

The court doesn't explore the potential differences between selling keywords (a la *Rescuecom*) and buying keywords (this case). Even so, it continues to be clear that courts aren't going to adopt the use in commerce defense to either buying or selling keyword advertising. Oh well.

A Side Note About Metatags

In recounting the history of the *Brookfield* case and its discussion of metatags, the court drops FN3: "Modern search engines such as Google no longer use metatags. Instead they rely on their own algorithms to find websites. See *McCarthy* at § 25:69." Metatag plaintiffs, take note. I don't think this footnote puts the nail in the coffin of judicial overreactions to metatags, but it's a nice incremental step retreating from *Brookfield*.

Likelihood of Consumer Confusion

As a procedural matter, the court addressed the "Internet trinity/Internet troika" variation of the standard *Sleekcraft* test. In *Brookfield*, and then again in the 2000 *GoTo* case, the Ninth Circuit said that 3 of the 8 *Sleekcraft* factors were more important in Internet trademark cases and thus should get priority. This expedited version of *Sleekcraft* tended to work in plaintiffs' favor. Here, the court tries to kill the Internet trinity variation, saying:

we did not intend *Brookfield* to be read so expansively as to forever enshrine these three factors — now often referred to as the “Internet trinity” or “Internet troika” — as the test for trademark infringement on the Internet. *Brookfield* was the first to present a claim of initial interest confusion on the Internet; we recognized at the time it would not be the last, and so emphasized flexibility over rigidity....Given the multifaceted nature of the Internet and the ever-expanding ways in which we all use the technology, however, it makes no sense to prioritize the same three factors for every type of potential online commercial activity. The “troika” is a particularly poor fit for the question presented here.

The court also does not expressly kill off initial interest confusion. Instead, it sidesteps that issue altogether. For example, it doesn't define initial interest confusion or explain when it may or may not be present. Nevertheless, it subtly tries to merge initial interest confusion into the standard *Sleekcraft* test:

when we examine initial interest confusion, the owner of the mark must demonstrate likely confusion, not mere diversion.

Well, if you're going to have to use the *Sleekcraft* test to evaluate likely confusion, exactly what work does the initial interest confusion doctrine do? It would have been great if the court had just

gone ahead and said that initial interest confusion is worthless, but I'll take this. I especially like that the court say diversion isn't enough. Although that is not an express repudiation of the initial interest confusion standard in Brookfield, the Brookfield case was all about diversion, and here the court implicitly undercuts it.

The court then proceeds to work through a standard Sleekcraft test:

Mark Strength. This is the first place (of several) where the court makes unnecessary and unfounded factual assumptions. The court says "a user searching for a distinctive term is more likely to be looking for a particular product, and therefore could be more susceptible to confusion when sponsored links appear that advertise a similar product from a different source. The court continues "Because the mark is both Systems' product name and a suggestive federally registered trademark, consumers searching for the term are presumably looking for its specific product, and not a category of goods."

Uh, no. We can't accurately infer a searcher's objectives when they use a trademark as a search term. In fact, there are circumstances where searchers may use a trademark as the search query for a class of goods. The court's presumption here, an empirical question that the court doesn't defend, is off-base.

The court partially redeems itself when it says "if the ordinary consumers of this particular product are particularly sophisticated and knowledgeable, they might also be aware that Systems is the source of ActiveBatch software and not be confused at all." True, but I don't think a high degree of sophistication is required to make this type of source distinction. Even poorly educated consumers can distinguish Coke and Pepsi in the marketplace and will not be confused if a Pepsi ad appears in response to a keyword search for Coke. It's not the consumer sophistication that matters; it's whether or not the consumer already has a mental map of the various existing brands in the market niche. Ironically, because Google and Microsoft don't allow a comparative competitive ad to explain the relationship between the brands, it may be harder for comparative advertisers to teach consumers in the ad copy about the relationship between competitive brands.

Proximity of Goods. The court adds a new twist: "the proximity of the goods would become less important if advertisements are clearly labeled or consumers exercise a high degree of care."

Mark Similarity. The court says this factor also depends on ad labeling and consumer sophistication.

Evidence of Actual Confusion. No evidence was introduced for the preliminary injunction, so the court weighs this as a non-factor. This is actually good news, because many courts have counted this factor against defendants by hypothesizing the existence of initial interest confusion as a substitute for any evidence of actual confusion.

Marketing Channels. Given that most companies have an Internet presence now, the court said the district court erred by counting this factor against the defendant.

Purchaser Care. The district court said that Internet consumers categorically exercise low care. Given the rich information on the Internet and the ability of consumers to do more research than ever, this has always been a dumb standard (see, e.g., Ann Bartow's Likelihood of Confusion article).

This court rightly shreds that assumption. The court says we should not rely on "a conclusion reached by our court more than a decade ago in *Brookfield and GoTo.com* that Internet users on the whole exercise a low degree of care."

Intent. The court says the lower court improperly assumed deceptive intent by the advertiser without considering the advertiser's desire for comparative advertising.

Product Line Expansion. Unimportant when the litigants are already in direct competition, such as in this case.

Other Factors. In a footnote, the court rejects the bonus 7 factor test from the *Hearts on Fire* case. However, going back to language from *Playboy v. Netscape*, the court says the "appearance of the advertisements and their surrounding context on the user's screen" are important, and the search engines' presentation of ads--separated and labeled--should also be considered.

Instead of the Internet trinity or the *Hearts on Fire* supplemental test, the court possibly offers up an Internet quadrangle of Sleekcraft factors:

the most relevant factors to the analysis of the likelihood of confusion are: (1) the strength of the mark; (2) the evidence of actual confusion; (3) the type of goods and degree of care likely to be exercised by the purchaser; and (4) the labeling and appearance of the advertisements and the surrounding context on the screen displaying the results page.

I'm not sure a new expedited form of Sleekcraft avoids the problems we saw with the Internet trinity. But these factors are a step forward.

Holding

After dissolving the preliminary injunction, the court remands the case to the district court. It's not clear to me what will happen there. On the one hand, the district court judge showed that it was moved by the plaintiff's story, so it still may be sympathetic to the trademark owner. On the other hand, the Ninth Circuit opinion has a lot of language favoring the advertiser, and the district court judge might interpret that language as an imperative to rule for the advertiser lest it get reversed again. I think this is a close call.

Implications

I am often asked by other Internet Law professors for a single keyword advertising case they should consider teaching. Until now, I haven't had a good answer. I've taught several keyword ad cases over the years. The last two years I've taught the *Hearts on Fire* case, which has been pretty good. Other folks have taught the Second Circuit's *Rescuecom* case, a theoretically interesting

case but a lousy teaching case. In my opinion, this ruling is clearly the best keyword advertising teaching case now available. Unless something better comes along, I'll be substituting this case for the Hearts on Fire case in my Internet Law reader. Assuming many of my colleagues make the same choice, I expect this opinion will be an instant classic.

I have accrued a bunch of other keyword advertising cases over the past 4 months that I simply haven't had time to blog. In the remainder of this post, I'll catch up with recaps of those cases as well. However, for the most part, this nicely written Ninth Circuit opinion trumps the remaining precedential import of these other cases.

Defense Wins

Montana Camo, Inc. v. Cabela's Inc., 2011 WL 744771 (D. Mont. Feb. 23, 2011). Cabela's buys fabric from Montana Camo and manufactures clothes using the fabric. In a hangtag, Cabela's indicates that the fabric is from Montana Camo. Cabela's buys "Montana Camo" as keywords.

The court rejects Montana Camo's 1125(a)(1)(B) false statement of fact claim because "the purchasing of a sponsored link is not a statement of fact. Further, considering that Montana Camo products were sold on Cabela's website, it was not a false statement of fact." The court rejects the 1125(a)(1)(A) unfair competition claim because Montana Camo didn't marshal enough evidence of confusion.

Thus, this case indicates that a manufacturer may be able to bid on the trademarks of its component suppliers without running afoul of Lanham Act false advertising rules.

Consumerinfo.com, Inc., v. One Techs., LP, CV-09-3783-VBF (MANx) (C.D. Cal. jury verdict Jan. 12, 2011).

The TM owner asserted its purported TM rights in "freecreditreport.com," a problematic domain name designed to take advantage of misdirected consumers who were really seeking *annualcreditreport.com*, the government-mandated website that lets consumers get free access to their credit reports. Consumers at freecreditreport.com get coopted into credit monitoring services that they may not want and probably don't need.

Given the marginal legitimacy of freecreditreport.com, you'd think it would lay low legally. Instead, like other owners of crappy trademarks (see, e.g., 1-800 Contacts, discussed below), they tend to be more bare-knuckled litigious than typical trademark owners. In this case, they sued businesses that registered typosquatting domain name variations of freecreditreport.com. I trust you see the irony--freecreditreport.com plays on consumer misrecollections of *annualcreditreport.com*, yet they don't like anyone doing the same to their purported trademark. Nice. The jury awarded a big cybersquatting judgment under the ACPA to the tune of \$1.9M; however, the jury found that the defendants' keyword bidding did not create a likelihood of consumer confusion.

We don't have many jury verdicts about keyword advertising. The two I can think of are *College Network v. Moore* and *Fair Isaac v. Experian*. This would make the third time a jury has found in favor of the keyword advertiser over the trademark owner when the jury finally gets the question asked to them. This reinforces that juries may be more tolerant of keyword advertising than judges (and are certainly more tolerant than trademark owners!). This particular jury ruling is especially noteworthy because the jury thought the defendants were bad guys (hence the very large ACPA judgment), yet the jury still approved the keyword advertising.

1-800 Contacts, Inc. v. Lens.com, Inc., 2010 U.S. Dist. LEXIS 132389 (D. Utah Dec. 14, 2010).

This case, another suit over competitive keyword bidding, got stuck in my blogging queue. It's a tremendously important ruling and a terribly embarrassing one for 1-800 Contacts, so I planned to devote a lengthy blog post exploring its interstices. Unfortunately, the time never materialized in my schedule. Why was this case so high on my list? Three highlights:

1) It was a resounding loss for 1-800 Contacts, a company that has earned my ire over the years for their duplicity and pugnaciousness about trademarks and keywords. Some lowlights in 1-800 Contacts' track record:

- * they are hyper-aggressive about protecting a marginal trademark. In my mind, it's not a trademark at all, it's a phone number. Frankly, I think we should categorically declare phone numbers as ineligible for trademark protection, just like we no longer recognize trademarks in [noun].[tld].

- * they buy third party competitors' trademarks as keyword triggers, yet they sue competitors for buying their name (I can't really call it a trademark) as keyword triggers. Indeed, the court recounts that 1-800 Contacts bought "1 800 lens; 1 800 lense; 1 800 lenses; 1 800 the lens; 1 800 Lens; 1-800 lens; 1800lenses; 1800lens; 1800lenses; 1-800-lenses; 800 lens; 800 lenses; 800lens. These keywords generated 91,768 impressions, 8,477 clicks, and about \$219,314 in profits for Plaintiff." HYPOCRITE ALERT. (BTW, their \$26 of profits per click is mind-bogglingly impressive).

- * they flip-flopped on the Utah legislature's efforts to ban keyword advertising, helping to kibosh the first law and then trying to sneak in a second law that favored their interests--aided by the fact that their in-house lobbyist is also a legislator and voted in favor of the bill her employer advocated. Yet, on its site, 1-800 Contacts claims "1-800 CONTACTS engages on public policy issues related to ocular health and the right of contact lens wearers to choose where they fill their prescriptions. We have not and will not get involved in public policy outside of the scope of this interest." Sorry, I'm going to have to call BS on that.

2) The case rejects 1-800 Contacts' attempt to hold the defendant Lens.com liable for keyword ad buys made by Lens.com's affiliates. Trademark owners have been angling to establish a legal doctrine that online retailers are automatically liable for keyword ad buys by affiliates, but this case gives some additional reason to believe that trademark owners have been overreaching.

3) The case gets into details about how much money Lens.com made and, in theory, 1-800 Contacts lost due to Lens.com's keyword ad buys. The court says Lens.com bought the following keywords:

1 800 contact lenses; 1800 contact lenses; 800 contact lenses; 800comtacts.com; 800contacta.com; 800contavts.com;800contaxts.com; 800contzcts.com; and 800conyacts.com. These nine keywords generated about 1,626 impressions, 25 clicks, and \$20.51 in profits

Wait, what? The parties are fighting over Lens.com's \$20 of profits??? Hey, 1-800 Contacts, if you'll stop bringing pitiful lawsuits, I'll send you an Andrew Jackson out of my own pocket. Clearly, the real thrust of this lawsuit were the affiliates' keyword ad buys, but even those weren't voluminous: one affiliate bought 65,000 allegedly infringing impressions generating 352 clicks, and another affiliate allegedly bought 240,000 impressions generating 1,445 clicks.

Are ~1,800 allegedly misdirected clicks worth making a federal case out of? Even at 1-800 Contacts' impressive (and probably overstated) \$26 of profit per click, we're talking about less than \$40k of value that 1-800 Contacts purportedly lost. Yet, 1-800 Contacts was prepared to spend **\$1.1 MILLION** on this lawsuit (and actually spent at least \$650k). Great business decision there, guys. **WHAT A WASTE**. As I wrote in that earlier blog post, "I'm super-skeptical that the value of the consumers "diverted" (whatever that means) by Lens.com's competitive keyword advertising is more than \$1.1M." The financial details in the case reinforce that I was 100% right about that.

Substantively, the court says keyword ad buys are a use in commerce. The court correctly explores the effect of broad matching on searches like "1-800 Contacts"--due to broad matching, competitive ads keyed to "contacts" may show up. The court grants summary judgment to Lens.com for its ads.

It suggests that some of Lens.com affiliates' ads may have infringed because they mention 1-800 Contacts in the ad copy. (The court later clarifies that it wasn't the ad buy that infringed; it was the ad copy). However, those actions aren't imputed to Lens.com because Lens.com got its affiliates through Commission Junction, and therefore Lens.com didn't know their identity and had little direct contact with them. The court also rejects 1-800 Contacts' takedown notice to Lens.com because 1-800 Contacts didn't give enough information to find the affiliate who ran the ad.

Finally, 1-800 Contacts tried to argue that Lens.com contractually agreed not to buy its trademarks as keywords during their various correspondences in response to 1-800 Contacts' legal threats. This is similar to *Barnes v. Yahoo* and *Scott P. v. Craigslist* in that the plaintiff is arguing that the defendant promised to remediate and thus its failure to do so is a contract breach. The court rejects this bypass.

You can see why I love this opinion. It's a long but rewarding read. Check it out.

Plaintiff Wins

FTC v. Cantkier, 2011 WL 742647 (D.D.C. March 3, 2011). The court's recap of the complaint: The FTC has alleged that Lady and certain other defendants were running deceptive online advertisements featuring the names, phone numbers, and website

addresses of federal homeowner relief and financial stability programs. The advertisements allegedly appeared on popular web search engines, such as Google and MSN, and were targeted to users using as search terms keywords related to the federal assistance programs. The Second Amended Complaint alleges that the advertisements represented that they were sponsored by federal homeowner relief and financial stability programs by featuring text and titles associated with those programs, including "makinghomeaffordable.gov" and "financialstability.gov." When web users clicked these ads, they were not directed to the websites for the federal programs, but rather to private Internet websites ("lead collection websites") that collected marketing leads for mortgage loan modification or foreclosure relief services. These lead collection websites had no actual connection with government programs; they solicited consumers to enter personal identifying and confidential financial information, and then the operators of the websites sold the consumers' confidential information as marketing leads to persons who sell mortgage loan modification or foreclosure relief services.... Plaintiff alleges that Lady purchased advertisements on www.google.com ("Google"). On Google, Lady bid on keywords "financial stability.gov," "fha.com," "financialsecurity.gov," "hope now alliance," "hope for homeowners," "www.makinghomeaffordable.gov," and "makinghomeaffordable.gov." On Google, his advertisements displayed titles "Makinghomeaffordable.gov," "Financial Stability.gov," "Fha Gov," "www.hud.gov," "www.995hope.org," and "www.hopenow.com/." The FTC alleges that consumers who clicked on Lady's advertisements were not directed to the government websites, but rather to his own websites that collected marketing leads for mortgage loan modification or foreclosure relief services. Lady's websites prompted consumers to enter personal identifying and confidential financial information, which Lady then allegedly sold as marketing leads to persons who sell mortgage loan modification or foreclosure relief services. (cites omitted)

On this basis, the FTC alleged deceptive acts under the FTC Act. The court rejects the defendant's motion to dismiss.

There are a number of interesting points in the discussion. Some highlights:

- * the defendant argued that consumers understood they were clicking on ads. The court acknowledges this but says the FTC's complaint is that the ad copy was deceptive.
- * the defendant argued that his advertised websites didn't look like official government websites. The court responds: "Internet users may not know what the real federal program website looks like until they successfully navigate to it. If they are diverted by advertisements bearing the name and web address of the federal program before ever reaching the program's actual website, reasonable consumers could assume they have reached their intended destination, when, in fact, they have reached a commercial service."

This is a little like the old *Promatek v. Equitrac* discussion of diversion, to which the "back button" is a solid retort. However, it feels qualitatively different to me that we're dealing with

allegedly false ad copy trying to mimic official government services. Contrast the rulings in the Consumerinfo case above, where the jury found no consumer confusion from keyword advertising for a website replicating a government-mandated website, and the recent Canadian decision in *Private Career Training Institutions Agency v. Vancouver Career College (Burnaby) Inc.*, where the defendants' websites mimicked community colleges. In the latter case, the court said that prospective students would figure out any confusion before enrolling in college. That case clearly expected consumers to be more sophisticated than the FTC did in this case. Also along this lines (but not a keyword ad case) is the lawsuit over dmv.org.

Binder v. Disability Group, 2011 WL 284469 (C.D. Cal. Jan. 25, 2011). This is another lawyer-as-plaintiff suit, so you know we're in trouble. The advertiser, a direct competitor, purchased the law firm's name as keywords. The court breezily says that keyword purchases are a use in commerce. The district court found a likelihood of confusion by focusing on the Internet trinity of factors; the opinion also made a number of other statements inconsistent with the Network Automation case. Unlike Network Automation, in this case there was some evidence presented of actual confusion, including after users clicked on the ad (so the confusion was not solely attributable to the keyword ad). That might suggest the ruling would withstand further scrutiny, especially given that we're talking about law firms competing with each other and clients could get into trouble by connecting with the wrong law firm.

In underdeveloped parts of the opinion, the court also finds Lanham Act false advertising and California unfair competition violations, saying "Plaintiffs have proven by a preponderance of the evidence that Defendants used Plaintiffs' mark in their advertising campaign through Google to market their business in a manner that was likely to confuse potential clients and that deceived potential clients into thinking they were being led to Plaintiffs' website" and "Plaintiffs have proven by a preponderance of the evidence that Defendants used Plaintiffs' marks in their online campaign and in doing so attempted to pass off their website as Plaintiffs', and/or infringed on Plaintiffs' trademarks." This deserved way more words than the court gave it. The court also has some garbled discussion that the TM owner did not need to mitigate harm by complaining to Google.

Using some questionable methodologies about conversion rates (18%!), revenue per case and costs of serviced cases (95% revenue margin!), the court calculated damages and then doubled them for willfulness to nearly \$300k. Regarding willfulness, the court says:

Plaintiffs have established willfulness in this case. As described above, Defendants chose Plaintiffs' marks based on the market. In doing so, Defendants intentionally misled potential clients and directed business away from Plaintiffs and to their own websites. Defendants had the deliberate intent to direct clients to their sites with the false impression that they were Binder and Binder. Defendants also intentionally chose Plaintiffs' marks with knowledge that they were registered trademarks and in an attempt to profit from them.

Equating willfulness with exceptional, the court also awards attorneys' fees and costs. The court also extended liability to the defendant's principal personally. However, the court refused a request for corrective advertising and punitive damages (which were available for the CA unfair competition claim).

On the surface, this looks like a problematic case. Partially in response to this case, a Search Engine Land contributor asked if "Is It Time To Rethink Bidding On Trademarks?". However, there are three mitigating factors that undercut its import:

- 1) the suggestion that the advertisers engaged in misleading activity after the keyword ad.
- 2) the court clearly disbelieved the defendant's principal, never a good indicator of a successful defense.
- 3) I wonder how much of this case survives the Network Automation ruling. It appears potentially vulnerable to an appeal or rehearing request.

1-800 Contacts, Inc. v. Memorial Eye, PA, 2010 WL 5149269 (D. Utah Dec. 13, 2010).

In one of 1-800 Contacts' multitudinous trademark lawsuits against competitors over competitive keyword ad bidding, the advertiser asserted an unclean hands defense (on the basis that 1-800 Contacts buys competitors' trademarks for competitive keyword advertising itself) and a trademark misuse counterclaim. The court rejects both. In general, this ruling is trumped in importance by the Lens.com ruling. However, it is interesting that the court thought 1-800 Contacts engaging in identical behavior as the behavior it was suing over wasn't good enough for an unclean hands defense. In the court of popular opinion, 1-800 Contacts is unacceptably duplicitous.

Microsoft Adopts Google-Style Trademark Policy for Keyword Advertising

I have gotten several emails relaying this announcement from Microsoft:

We are writing to alert you to some pending changes to the trademark policy within the Microsoft Advertising adCenter Intellectual Property Guidelines. Starting March 3, 2011, adCenter will no longer review trademark keyword complaints. However, adCenter will continue to investigate brand owner complaints related to trademark use in ad text.

We want to make it easier for you to manage your search advertising campaigns. By aligning the adCenter trademark policy with the current industry standard, we hope to help simplify your marketing efforts across the various online advertising programs. Please take a moment to review our updated trademark policy in the Intellectual Property Guidelines so that you may prepare for this change. If you have questions or need further assistance, please contact our support teams.

Microsoft's reference to "the current industry standard" is interesting. For many years, Google's trademark policy has differed from almost every other search engine. But since Google is nearly 80% of the keyword ad market, I guess Microsoft can acknowledge them abstractly as the "industry standard" without actually referencing Google by name. Now that Yahoo has outsourced keyword ad sales to Microsoft as part of their overall search integration, this policy change automatically applies to Yahoo's search engine as well.

I'm interested in the timing of Microsoft's announcement. On the one hand, as I mentioned last year, the keyword ad battles--especially against search engines--seem to be winding down, and Google appears to have prevailed decisively. Given that Google has done all of the hard legal work for Microsoft, Microsoft can free-ride on its results. On the other hand, we still have a major pending appeal in the Rosetta Stone v. Google case, and the appeals court could issue a ruling that casts doubt on both Google's and (now) Microsoft's trademark policies. I guess Microsoft is willing to take that risk. The good news for Google is that with Microsoft and Google both standardized on the same program, Google doesn't look like an industry outlier, and it has gained a new and well-financed ally to support its policies.

Although Microsoft's new policy makes sense to me both doctrinally and as a matter of policy, Microsoft's decision reiterates how badly it is trailing Google, such that it has to follow the market leader. Microsoft is much more used to dictating terms rather than having to adopt someone else's. Also, I wonder if this is really just a cash grab. In the past, Microsoft's margins were so outrageous that it could ignore low-hanging revenue fruit if it wanted to. This development could be a suggestion that those days are over--especially in search, where Bing isn't profitable, so Microsoft's online endeavors need every cent they can get to keep up with the Google juggernaut.

Google Gets Complete Win in Rosetta Stone Case

Rosetta Stone Ltd. v. Google Inc., 1:09-cv-00736-GBL-TCB (E.D. Va.). Opinion granting Google's motion to dismiss filed August 3, 2010, 2010 WL 3063152. Order granting Google's motion to dismiss the unjust enrichment claim filed August 2, 2010, 2010 WL 3063857.

Back in late April, many of us were eagerly awaiting the impending trial in Rosetta Stone v. Google, which was going to be the first trial in a trademark owner v. search engine keyword advertising case since the GEICO v. Google case in 2004. Then, just days before the scheduled trial, the judge granted Google's motions to end the case, which negated the scheduled trial. However, because the case had been moving too fast in the Rocket Docket, the judge made that ruling without providing any written explanation of why. For about 3 months, we've been wondering how good a win Google got.

The opinions are finally out, and we've learned that Google got a complete win, in that the judge endorsed Google's basic business structure. As I explore below, the specifics are a little sketchy (the judge obviously cut some analytical corners), but the opinion's overall tenor is that the judge completely rejected Rosetta Stone's fundamental contention that Google was doing something wrong by making money off Rosetta Stone's trademarks. Because Rosetta Stone's core liability paradigm failed to convince the judge, all of opinion's detailed reasoning is less essential.

Unfortunately for Google, the opinion contains several minor doctrinal errors that could attract attention from an appellate court. That makes this ruling vulnerable on appeal. I could see why Rosetta Stone would choose to appeal the case to fix those errors--although even a Fourth Circuit reversal would be only marginally helpful to Rosetta Stone if the case gets remanded to the same judge, who clearly isn't going to find for Rosetta Stone.

Irrespective of subsequent proceedings in this case, for now this opinion could prove extremely useful to Google in trying to finish off the half-dozen remaining trademark lawsuits against AdWords (and thwarting new cases). In particular, I expect Google will tout two of the key rulings in this opinion--summary judgment on the likelihood of consumer confusion, and Google's eligibility for the trademark functionality defense. If other judges accept either of these two rulings, Google might quickly clear its AdWords litigation docket.

A deeper look at some of the judge's discussion:

* the judge grants Google summary judgment on the likelihood of consumer confusion question. The court says "no reasonable trier of fact could find that Google's practice of auctioning Rosetta Stone's trademarks as keyword triggers to third party advertisers creates a likelihood of confusion as to the source and origin of Rosetta Stone's products." This is just the latest defense win on the factual question consumer confusion attributable to keyword advertising, joining such recent cases as College Network v. Moore and Fair Isaac v. Experian (both trademark owner v. advertiser lawsuits). As precedent builds that trademark owners aren't likely to win on the central consumer confusion question, we might see a categorical reduction in AdWords-related litigation.

* In reaching this conclusion, the court rejects several typical plaintiff arguments:

- on the question of Google's intent, the court rejects that an intent to profit is sufficient, even if Google liberalized its trademark policy to goose its revenues. Instead, the judge requires evidence of palming off by Google--which keyword ad sales clearly are not.
- on the question of actual confusion, Rosetta Stone offers the testimony of 5 allegedly confused individuals. The court says this de minimis confusion out of the 100M ad impressions delivered on searches for Rosetta Stone's trademarks. Further, those 5 testimonials apparently all relate to counterfeit Rosetta Stone purchases, and the court attributes those sales to confusing web vendors and not Google's role in the keyword advertising of those sites. Other consumer complaints in Rosetta Stone's logs weren't necessarily attributable to keyword advertising. Finally, the court rejects the plaintiff's survey on whether consumers thought Rosetta Stone "endorsed" the ads, saying endorsement confusion isn't the same as source confusion. I'm not sure about that distinction, but clearly the court wasn't interested in the survey.
- on the question of consumer sophistication, a language learning system is an expensive and complicated purchase, which makes consumers more cautious.
- the court says the parties didn't contest the other likelihood of consumer confusion factors, although it's unclear how many of those other uncontested factors favored Rosetta Stone. Thus, the court does a truncated multi-factor analysis, only looking at the 3 contested factors, saying they all weigh in favor of Google, and then finding this supports SJ for Google. I could see an appellate court wanting to look more closely at the other undiscussed factors.

* The court's most novel ruling is that Google's use of trademarks as keyword ad triggers qualifies for the trademark functionality doctrine. Typically, the functionality defense arises only in trade dress cases. The functionality defense in the keyword advertising context failed in the 9th Circuit's *Playboy v. Netscape* ruling, which this court surprisingly doesn't cite. The court says that the trademarked keyword triggers "have an essential indexing function because they enable Google to readily identify in its database relevant information in response to a web user's query." This is correct, of course, but doctrinally I think this conclusion better fits into a doctrinal conclusion that Google isn't using the trademark *as a mark*. Nevertheless, Google and other keyword advertising sellers will be thrilled if other courts accept the functionality defense. I expect most other courts will address the 9th Circuit's *Netscape* ruling before doing so.

* Google's keyword suggestion tool does not constitute inducement for contributory trademark infringement. The court says it's smart business practices, not inducement, for Google to upsell its advertisers. Per *Tiffany v. eBay*, Google also lacks the requisite scienter because it contractually prohibits counterfeit ads, honors takedown notices, and has a Trust & Safety team looking for problems. Plus, like eBay, Google had no way of confirming if advertisers were selling legitimate or counterfeit goods.

* The court uses a goofy legal standard for vicarious trademark infringers, which it says can occur if "Google has joint ownership or controls the allegedly infringing advertisements appearing on its site." This standard is WRONG. Unlike vicarious copyright infringement, vicarious trademark infringement is rooted strictly in agency law. So the vicarious infringer normally requires a principal/agency-like control over the direct infringer's conduct. Here, the court devolves the vicarious trademark infringement test into a bastardized version of the vicarious copyright infringement test. This is a significant doctrinal error. Nevertheless, it proves

to be harmless for Google because "Rosetta Stone has not shown that Google controls the appearance and content of the Sponsored Links and the use of the Rosetta Stone Marks in those Links."

* I'm no fan of the dilution doctrine, but this court's rejection of the dilution claim was bizarre. Google wins the dilution claim because it "does not sell language learning software," i.e., Google wasn't using the trademark as an identifier of its own products. Huh? The court also says blurring did not occur because Rosetta Stone's brand awareness grew during the period of time Google is selling keyword-triggered ads. Huh? This confuses correlation with causation. What would Rosetta Stone's brand awareness have been without the keyword ads? We have had very few rulings addressing keyword advertising and dilution (an uncited 2007 ruling is the only one that comes immediately to mind), so this conclusion on dilution could be a fairly influential ruling as well.

* In a separate opinion, the judge rejected Rosetta Stone's unjust enrichment claim on a motion to dismiss. It's a little odd to be dealing with a pending motion to dismiss when the case was on the brink of trial, but that's the consequence of racing too fast in the Rocket Docket. The court rejects the unjust enrichment claim for failure to satisfy the requisite claim elements--basically, because this is not a quasi-contract situation where Google made an implied promise to pay Rosetta Stone. As I mentioned earlier, the court otherwise rejected Rosetta Stone's basic contention that Google has money it doesn't deserve. Interestingly, the court also rejects the unjust enrichment on 47 USC 230 grounds, basically treating the unjust enrichment claim as an attempt to hold Google liable for third party conduct. I didn't totally follow the judge's reasoning, and frankly I'm not sure 230 is the right basis to squelch the unjust enrichment claim. Nevertheless, unjust enrichment claims are almost always junky/throwaway claims, so a 230 immunity would be an effective way to clean them up fast.

Anti-Cybersquatting Consumer Protection Act (selected provisions)

15 U.S.C. §1125(d) Cyberpiracy prevention

(1)

(A) A person shall be liable in a civil action by the owner of a mark, including a personal name which is protected as a mark under this section, if, without regard to the goods or services of the parties, that person—

(i) has a bad faith intent to profit from that mark, including a personal name which is protected as a mark under this section; and

(ii) registers, traffics in, or uses a domain name that—

(I) in the case of a mark that is distinctive at the time of registration of the domain name, is identical or confusingly similar to that mark;

(II) in the case of a famous mark that is famous at the time of registration of the domain name, is identical or confusingly similar to or dilutive of that mark; or

(III) is a trademark, word, or name protected by reason of section 706 of title 18 or section 220506 of title 36.

(B)

(i) In determining whether a person has a bad faith intent described under subparagraph (A), a court may consider factors such as, but not limited to—

(I) the trademark or other intellectual property rights of the person, if any, in the domain name;

(II) the extent to which the domain name consists of the legal name of the person or a name that is otherwise commonly used to identify that person;

(III) the person's prior use, if any, of the domain name in connection with the bona fide offering of any goods or services;

(IV) the person's bona fide noncommercial or fair use of the mark in a site accessible under the domain name;

(V) the person's intent to divert consumers from the mark owner's online location to a site accessible under the domain name that could harm the goodwill represented by the mark, either for commercial gain or with the intent to tarnish or disparage the mark, by creating a likelihood of confusion as to the source, sponsorship, affiliation, or endorsement of the site;

(VI) the person's offer to transfer, sell, or otherwise assign the domain name to the mark owner or any third party for financial gain without having used, or having an intent to use, the domain name in the bona fide offering of any goods or services, or the person's prior conduct indicating a pattern of such conduct;

(VII) the person's provision of material and misleading false contact information when applying for the registration of the domain name, the person's intentional failure to maintain accurate

contact information, or the person's prior conduct indicating a pattern of such conduct;

(VIII) the person's registration or acquisition of multiple domain names which the person knows are identical or confusingly similar to marks of others that are distinctive at the time of registration of such domain names, or dilutive of famous marks of others that are famous at the time of registration of such domain names, without regard to the goods or services of the parties; and

(IX) the extent to which the mark incorporated in the person's domain name registration is or is not distinctive and famous within the meaning of subsection (c).

(ii) Bad faith intent described under subparagraph (A) shall not be found in any case in which the court determines that the person believed and had reasonable grounds to believe that the use of the domain name was a fair use or otherwise lawful.

(C) In any civil action involving the registration, trafficking, or use of a domain name under this paragraph, a court may order the forfeiture or cancellation of the domain name or the transfer of the domain name to the owner of the mark.

(D) A person shall be liable for using a domain name under subparagraph (A) only if that person is the domain name registrant or that registrant's authorized licensee.

(E) As used in this paragraph, the term "traffics in" refers to transactions that include, but are not limited to, sales, purchases, loans, pledges, licenses, exchanges of currency, and any other transfer for consideration or receipt in exchange for consideration.

(2)

(A) The owner of a mark may file an in rem civil action against a domain name in the judicial district in which the domain name registrar, domain name registry, or other domain name authority that registered or assigned the domain name is located if—

(i) the domain name violates any right of the owner of a mark registered in the Patent and Trademark Office, or protected under subsection (a) or (c) of this section; and

(ii) the court finds that the owner—

(I) is not able to obtain in personam jurisdiction over a person who would have been a defendant in a civil action under paragraph (1);
or

(II) through due diligence was not able to find a person who would have been a defendant in a civil action under paragraph (1) by—

(aa) sending a notice of the alleged violation and intent to proceed under this paragraph to the registrant of the domain name at the postal and e-mail address provided by the registrant to the registrar; and

(bb) publishing notice of the action as the court may direct promptly after filing the action.

(B) The actions under subparagraph (A)(ii) shall constitute service of process.

(C) In an in rem action under this paragraph, a domain name shall be deemed to have its situs in the judicial district in which—

- (i) the domain name registrar, registry, or other domain name authority that registered or assigned the domain name is located; or
- (ii) documents sufficient to establish control and authority regarding the disposition of the registration and use of the domain name are deposited with the court.

(D)

(i) The remedies in an in rem action under this paragraph shall be limited to a court order for the forfeiture or cancellation of the domain name or the transfer of the domain name to the owner of the mark. Upon receipt of written notification of a filed, stamped copy of a complaint filed by the owner of a mark in a United States district court under this paragraph, the domain name registrar, domain name registry, or other domain name authority shall—

- (I) expeditiously deposit with the court documents sufficient to establish the court's control and authority regarding the disposition of the registration and use of the domain name to the court; and
- (II) not transfer, suspend, or otherwise modify the domain name during the pendency of the action, except upon order of the court.

(ii) The domain name registrar or registry or other domain name authority shall not be liable for injunctive or monetary relief under this paragraph except in the case of bad faith or reckless disregard, which includes a willful failure to comply with any such court order.

(3) The civil action established under paragraph (1) and the in rem action established under paragraph (2), and any remedy available under either such action, shall be in addition to any other civil action or remedy otherwise applicable.

(4) The in rem jurisdiction established under paragraph (2) shall be in addition to any other jurisdiction that otherwise exists, whether in rem or in personam.

15 U.S.C. § 8131 Cyberpiracy protections for individuals

(1) In general

(A) Civil liability

Any person who registers a domain name that consists of the name of another living person, or a name substantially and confusingly similar thereto, without that person's consent, with the specific intent to profit from such name by selling the domain name for financial gain to that person or any third party, shall be liable in a civil action by such person.

(B) Exception

A person who in good faith registers a domain name consisting of the name of another living person, or a name substantially and confusingly similar thereto, shall not be liable under this paragraph if such name is used in, affiliated with, or related to a work of authorship protected under title 17, including a work made for

hire as defined in section 101 of title 17, and if the person registering the domain name is the copyright owner or licensee of the work, the person intends to sell the domain name in conjunction with the lawful exploitation of the work, and such registration is not prohibited by a contract between the registrant and the named person. The exception under this subparagraph shall apply only to a civil action brought under paragraph (1) and shall in no manner limit the protections afforded under the Trademark Act of 1946 (15 U.S.C. 1051 et seq.) or other provision of Federal or State law.

(2) Remedies

In any civil action brought under paragraph (1), a court may award injunctive relief, including the forfeiture or cancellation of the domain name or the transfer of the domain name to the plaintiff. The court may also, in its discretion, award costs and attorneys fees to the prevailing party.

Note on Department of Homeland Security Domain Name Seizures

From my perspective, the Department of Homeland Security (DHS) domain name seizures are one of the US government's top 5 all-time worst assaults on the Internet's integrity. DHS's ICE division is grabbing domain names—the virtual equivalent of printing presses—citing half-baked legal theories and poorly researched factual claims without any advance notice or adversarial proceedings. This is exactly what we expect our government won't do.

Yet, I haven't seen a proportionate blowback. Why aren't affected domain name owners suing the government for improperly seizing their printing presses? (This takes me back to the 2-decade-old Steve Jackson Games case and the EFF's founding). Why aren't there Congressional hearings asking DHS to defend its behavior? Where aren't other parts of the administration forcing DHS to justify itself? Why aren't judges pushing DHS to do a better job of demonstrating their cases on an ex parte basis? I'm a little baffled why there hasn't been a revolt against the DHS's baldfaced abuse of government power. I confess I'm part of the problem in that I haven't grabbed the pitchforks either, but I'm not sure how I can best help. If you have any thoughts, I'd welcome them.

Court Allows Microsoft's Claims for Contributory Cybersquatting and Dilution to Move Forward -- Microsoft v. Shah

[Post by Venkat Balasubramani]

Microsoft Corp. v. Shah, et al., C10-0653 (W.D. Wash. Jan. 12, 2011)

WSJ's Law Blog reports that Judge Martinez in the Western District of Washington (Seattle) issued an order allowing Microsoft to proceed on a novel theory of cybersquatting. Judge Martinez rejected defendants' motion to dismiss and held that Microsoft properly alleged claims for contributory cybersquatting and contributory trademark dilution.

The court's discussion of the background facts is brief:

Defendants are alleged to have registered domain names containing Microsoft trademarks in order to drive traffic to their website. Consumers seeking a Microsoft website or product are mistakenly drawn to Defendants' website through Defendants' alleged use of Microsoft trademarks. Consumers who believe they are downloading a Microsoft product are then allegedly tricked into interacting with Defendants, who in turn solicit users to download emoticons. Defendants allegedly receive payment when a visitor clicks on links or advertisements displayed on their website, or when a visitor downloads or installs a product such as the emoticon toolbar.

Moreover, Defendants are alleged to have induced others to engage in infringement and cybersquatting by providing instruction on how to misleadingly use Microsoft marks to increase website traffic. Further, Defendants also allegedly sold a product that contained software to allow buyers to easily create websites incorporating Microsoft marks. This product allegedly included a video narrated by Defendant Shah.

[emphasis added]

Contributory Cybersquatting: Defendants moved to dismiss on the basis that claims for contributory cybersquatting and dilution are "not recognized." The court looks to two prior cases (Ford Motor v. Greatdomains.com and Solid Host v. Namecheap) and concludes that plaintiffs can assert claims for contributory cybersquatting. In Greatdomains, the district court discussed the "flea market" analysis but also found that since the cybersquatting statute required bad faith, a claim for cybersquatting would require a heightened standard - a cause of action against "cyber-landlords" would only be available in "exceptional circumstances." The court in Greatdomains declined to hold the defendant liable for contributory cybersquatting. Solid Host is a case where domain proxy registration services declined to turn over the identity of alleged thief and Solid Host brought contributory cybersquatting claims against the entity offering the proxy registration services. As an earlier blog post from Professor Goldman notes, the court there cited to the knowledge and control standard from the Ninth Circuit's Lockheed case, under which a plaintiff was required to prove:

that the defendant had knowledge and '[d]irect control and monitoring of the instrumentality used by the third party to infringe the plaintiff's mark'.

In addition to these two cases, the court also cites to a recent case where the Ninth Circuit held - based on its view of an expansive reach of the ACPA - that a defendant who held on to a domain name to gain leverage in a business dispute (where the defendant claimed he was owed money) could be held liable under the ACPA.

Oddly, the court's discussion of the facts doesn't connect the dots. The court several times cites to the fact that the defendants sought to profit from "teaching others how to trade off the . . . recognition of [Microsoft's] mark in order to drive traffic to a given website," but the complaint doesn't seem to say that defendants sold any domain names to these third parties or helped these third parties acquire any domain names. The facts actually remind me of the SEO/web designer case Professor Goldman blogged about a couple of weeks ago where contributory trademark claims based on counseling and coaching were allowed to proceed against a web designer/SEO firm. Unless you have some revenue sharing arrangement going on, or benefit from the exploitation, it doesn't seem like giving someone the tools that would allow them to infringe should on its own subject you to liability.

Contributory Dilution: The court also declined to dismiss the cause of action for contributory dilution based on defendants "encourage[ment] of others to utilize the famous Microsoft mark in such a way that could cause dilution of the . . . mark." Plaintiffs consistently push for contributory dilution claims, and courts are not receptive to them. It's less than satisfying here for the court to recognize the cause of action, but treat the discussion of it as an afterthought.

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The court gives lip service to the heightened test that is appropriate for a cause of action for contributory cybersquatting, but seems to give Microsoft a pass applying either of the tests to the allegations. It's tough to say whether this cause of action will alter the landscape for either cybersquatting or dilution, or whether this is a scenario where the court let the contributory claims move forward since Microsoft alleged primary claims for cybersquatting that on their face look strong. (Courts seem to have this bad habit.) If it sticks, it seems like a broadening of the scope of ACPA liability, which courts in the Ninth Circuit seem willing to do.