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

- THE STATUTE IS FACIALLY AMBIGUOUS
<table>
<thead>
<tr>
<th>Keyword Triggering = Use in Commerce?</th>
<th>Advertisers</th>
<th>Adware Vendors</th>
<th>Search Engines</th>
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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 ≠ use in commerce
  - Invisible triggering ≠ use in commerce
  - Extend 15 U.S.C. §1114(2)(D)(iii) to search engines


Lemley & Dogan, *Grounding Trademark Law Through Trademark Use* (Feb. 2007) (companion piece to Dinwoodie/Janis)
