



# Use of Trademarks as Keywords to Trigger Internet Search Engine Advertisements

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## Summary

The use of trademarks in connection with Internet-based advertising has sparked disputes between trademark owners, advertisers, and Internet search engine operators over whether such activity violates federal trademark law. Specifically, trademark owners have expressed concern over the sale of their trademarks by Internet search engines to third parties that want to have “banner” advertisements, “sponsored links,” or “sponsored results” appear on a search results Web page when those trademarked words are entered as a search query. For example, the shoe company Reebok may purchase the trademark “Nike” from the Internet search engine Google as a “keyword.” If a consumer conducts a search for the term “Nike” on Google’s website, the consumer would be presented with paid advertisements for Reebok’s products in the right-hand margin of the Web page immediately next to the search results for Nike’s shoes and apparel.

Whether the use of trademarks as “keywords” that trigger such online advertisements constitutes actionable trademark infringement is a question that has been the subject of much litigation over the past five years. However, to date there have been very few final court rulings on the legality of keyword advertising; most cases have involved rulings from judges on procedural pre-trial motions filed by the parties. The primary issue for these courts was not whether the trademark owner would prevail in a lawsuit brought against a keyword seller (search engines) or keyword buyer (advertisers), but whether the plaintiff was entitled to proceed to trial to offer evidence in support of the trademark infringement claim. For example, most courts have had to answer a threshold question about whether a trademark owner would be able to overcome defense motions to dismiss the case for failure to state a claim for relief, on the grounds that the use of a trademark as a paid keyword is not a “use in commerce” within the meaning of the Lanham Act. Until recently, there was a split in opinion among the federal courts in different circuits concerning this question. The April 2009 decision of the U.S. Court of Appeals for the Second Circuit in *Rescuecom Corp. v. Google, Inc.* resolved the circuit conflict in favor of a determination that the use of a trademark as a keyword trigger (or facilitating such use) *does* constitute a “use in commerce” for purposes of the Lanham Act. However, establishing that a defendant uses another’s mark in commerce is only one element of the infringement claim; for a violation of the Lanham Act to be found, such use must be likely to cause consumer confusion or mistake as to the origin, sponsorship, or approval of the goods or services offered by the defendant. So far, there is a lack of judicial consensus on this second element, and thus the legality of using trademarks for keyword-triggered advertising remains unsettled.

This report provides a summary and analysis of judicial opinions that have developed the current state of trademark law governing keyword-triggered advertising.

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## Introduction

Internet search engine<sup>1</sup> operators such as Google, Microsoft, and Yahoo generate significant revenue by selling words or phrases (referred to as “keywords”) that trigger paid advertisements that appear on their search result Web pages. There has been much litigation over the past five years concerning the sale or purchase of trademarks as keywords to trigger sponsored search engine results. Federal courts have struggled to determine whether such trademark usage constitutes actionable trademark infringement. This report first provides a brief general overview of trademark law and then reviews court opinions in this rapidly changing area of law.

## Background

A “trademark” is any word, name, symbol, or device or any combination thereof adopted and used by a manufacturer or merchant (1) to indicate the source of his or her goods or services and (2) to identify and distinguish the goods or services from those offered by others.<sup>2</sup> The principal federal statute governing trademarks is the Trademark Act of 1946 (conventionally known as the Lanham Act).<sup>3</sup> Unlike the other major branches of intellectual property law (copyright and patent), the constitutional basis for federal trademark law is not the Intellectual Property (IP) Clause of the U.S. Constitution, but rather the Commerce Clause.<sup>4</sup>

Under the Lanham Act, a merchant or manufacturer that wants to use a particular word or symbol (referred to as a “mark” in trademark law parlance) in association with a product or service must register the mark with the U.S. Patent and Trademark Office to obtain federal protection for the mark.<sup>5</sup> The Lanham Act provides a trademark owner with the right to prevent business competitors from using that mark.<sup>6</sup> The purpose and benefits of trademark law have been described by the U.S. Supreme Court as follows:

In principle, trademark law, by preventing others from copying a source-identifying mark, reduces the customer’s costs of shopping and making purchasing decisions ... for it quickly

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<sup>1</sup> As defined by one federal appellate court, “A search engine will find all web pages on the Internet with a particular word or phrase. Given the current state of search engine technology, that search will often produce a list of hundreds of web sites through which the user must sort in order to find what he or she is looking for.” *Sporty’s Farm L.L.C. v. Sportsman’s Market, Inc.*, 202 F.3d 489, 493 (2d Cir. 2000).

<sup>2</sup> 15 U.S.C. § 1127.

<sup>3</sup> P.L. 79-489, 60 Stat. 427, as amended, codified in 15 U. S. C. § 1051 et seq. Trademarks may also be protected under state law.

<sup>4</sup> The Copyright Act and the Patent Act, codified in Title 17 and Title 35 of the United States Code, respectively, have as their legal foundation the Copyright and Patent Clause, U.S. CONST. art. I, § 8, cl. 8 (“The Congress shall have Power ... To promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries.”). In the *Trade-Mark Cases*, 100 U.S. 82, 93-94 (1879), the U.S. Supreme Court held the first federal trademark act to be unconstitutional because it was enacted pursuant to the IP clause (“Any attempt ... to identify the essential characteristics of a trade-mark with inventions and discoveries in the arts and sciences, or with the writings of authors, will show that the effort is surrounded with insurmountable difficulties.”). Subsequent federal trademark laws avoided this problem because they were adopted pursuant to Congress’s power to regulate interstate commerce, foreign commerce, and commerce with the Indian Tribes.

<sup>5</sup> 15 U.S.C. § 1051.

<sup>6</sup> 15 U.S.C. § 1114(1).

and easily assures a potential customer that this item – the item with this mark – is made by the same producer as other similarly marked items that he or she liked (or disliked) in the past. At the same time, the law helps assure a producer that it (and not an imitating competitor) will reap the financial, reputation-related rewards associated with a desirable product. The law thereby encourages the production of quality products ... and simultaneously discourages those who hope to sell inferior products by capitalizing on a consumer’s inability quickly to evaluate the quality of an item offered for sale.<sup>7</sup>

## **Trademark Infringement**

The trademark owner may pursue several federal private causes of action to prevent, and obtain damages for, unauthorized uses of the trademark (called “infringement”).<sup>8</sup> The following sections of the Lanham Act govern federal trademark infringement claims:

- Section 32(1): “Any person who shall, without the consent of the registrant—use in commerce any reproduction, counterfeit, copy, or colorable imitation of a registered mark in connection with the sale, offering for sale, distribution, or advertising of any goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive ... shall be liable in a civil action by the registrant...”<sup>9</sup>
- Section 43(a): “Any person who, on or in connection with any goods or services, or any container for goods, uses in commerce any word, term, name, symbol, or device, or any combination thereof, or any false designation of origin, false or misleading description of fact, or false or misleading representation of fact, which—is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person ... shall be liable in a civil action by any person who believes that he or she is or is likely to be damaged by such act.”<sup>10</sup>

In order to establish a violation of either Section 32(1) or Section 43(a) of the Lanham Act, the trademark owner (plaintiff) must demonstrate that the following elements are satisfied:

1. The plaintiff possess a mark that is valid and protectable under the Lanham Act.
2. The defendant used the mark in commerce in connection with any goods or services without the consent of the plaintiff.
3. The defendant’s use of the mark is likely to cause consumer confusion concerning the origin or sponsorship of the goods or services.<sup>11</sup>

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<sup>7</sup> *Qualitex Co. v. Jacobson Prods. Co.*, 514 U.S. 159, 163-64 (1995) (internal quotations and citations omitted).

<sup>8</sup> The usual remedy for trademark infringement is injunctive relief, 15 U.S.C. § 1116, although monetary relief is also available, 15 U.S.C. § 1117(a) (permitting recovery of the infringer’s profits, plaintiff’s damages and litigation costs, and attorney fees). For a more thorough description of remedies available under trademark law, see CRS Report RL34109, *Intellectual Property Rights Violations: Federal Civil Remedies and Criminal Penalties Related to Copyrights, Trademarks, and Patents*, by (name redacted).

<sup>9</sup> Section 32(1) of the Lanham Act, codified at 15 U.S.C. § 1114(1).

<sup>10</sup> Section 43(a) of the Lanham Act, codified at 15 U.S.C. § 1125(a)(1).

<sup>11</sup> See *People for the Ethical Treatment of Animals v. Doughney*, 263 F.3d 359, 364 (4<sup>th</sup> Cir. 2001); *Fisons Horticulture v. Vigoro Indus.*, 30 F.3d 466, 472 (3d Cir. 1994); *Brookfield Comm. v. W. Coast Entertainment Corp.*, 174 F.3d 1036, (continued...)

The first element is typically straightforward for the plaintiff to show. According to the Lanham Act, a certificate of registration issued by the U.S. Patent and Trademark Office serves as “prima facie evidence of the validity of the registered mark and of the registration of the mark, of the registrant’s ownership of the mark, and of the registrant’s exclusive right to use the registered mark in commerce on or in connection with the goods or services specified in the certificate.”<sup>12</sup>

The second prerequisite to establish a defendant’s liability is to show that the defendant’s use of the plaintiff’s trademark is a commercial use of the mark as a trademark—that is, the defendant used the mark “in commerce,” in connection with the sale of goods or services.<sup>13</sup> However, this second element has caused courts interpretive difficulties because there are two relevant statutory definitions that may apply to the phrase “use in commerce.”<sup>14</sup> The first definition provides that the word “commerce” means “all commerce which may lawfully be regulated by Congress.”<sup>15</sup> The second definition defines the specific phrase “use in commerce” to mean

the bona fide use of a mark in the ordinary course of trade, and not made merely to reserve a right in a mark. For purposes of this Act, a mark shall be deemed to be in use in commerce— (1) on goods when—(A) it is placed in any manner on the goods or their containers or the displays associated therewith or on the tags or labels affixed thereto, or if the nature of the goods makes such placement impracticable, then on documents associated with the goods or their sale, and (B) the goods are sold or transported in commerce, and (2) on services when it is used or displayed in the sale or advertising of services and the services are rendered in commerce, or the services are rendered in more than one State or in the United States and a foreign country and the person rendering the services is engaged in commerce in connection with the services.<sup>16</sup>

As this report will discuss later, the “use” prong of a trademark infringement claim has been the focus of much of the keyword advertising litigation.

Under the third element, “likelihood of confusion,” the plaintiff need not show that actual consumer confusion has occurred as a result of defendant’s use of the trademark, but rather that consumer confusion as to the source of the goods is *probable*.<sup>17</sup> The likelihood of confusion analysis is a fact-specific inquiry that examines whether “the allegedly infringing conduct carries with it a likelihood of confounding an appreciable number of reasonably prudent purchasers

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(...continued)

1051 (9<sup>th</sup> Cir. 1999).

<sup>12</sup> 15 U.S.C. § 1057(b).

<sup>13</sup> *Bosley Med. Inst., Inc. v. Kremer*, 403 F.3d 672, 676 (9<sup>th</sup> Cir. 2005) (“[T]rademark infringement law prevents only unauthorized uses of a trademark in connection with a commercial transaction ...”); *Wells Fargo & Co. v. WhenU.com, Inc.*, 293 F. Supp.2d 734, 757 (E.D. Mich. 2003) (“There can be no liability under the Lanham Act absent the use of a trademark in a way that identifies the products and services being advertised by the defendant.”).

<sup>14</sup> 15 U.S.C. § 1127.

<sup>15</sup> *Id.*

<sup>16</sup> *Id.* See also *Holiday Inns v. 800 Reservation*, 86 F.3d 619, 626 (6<sup>th</sup> Cir. 1996) (“[T]he defendants’ use of a protected mark ... is a prerequisite to the finding of a Lanham Act violation.”); *Miss Dig Sys., Inc. v. Power Plus Engineering, Inc.*, 944 F. Supp. 600, 602 (E.D. Mich. 1996) (“As the language of these statutory provisions shows ... the court ... must first find that the defendant ... has made an actual ‘use’ of the plaintiff’s trademark. In the absence of this preliminary finding, there can be no liability for trademark infringement or unfair competition under the Lanham Act.”).

<sup>17</sup> See, e.g., *Rodeo Collection, Ltd. v. West Seventh*, 812 F.2d 1215, 1217 (9<sup>th</sup> Cir. 1987) (explaining that “[l]ikelihood of confusion requires that confusion be probable, not simply a possibility”).

exercising ordinary care.”<sup>18</sup> Evidence to prove or disprove this third element often takes the form of customer surveys.<sup>19</sup> Specific court opinions in each of the federal circuits have set forth a list of factors that courts are to consider in trademark infringement cases when analyzing “likelihood of confusion.” For example, the U.S. Court of Appeals for the First Circuit has identified the following eight relevant criteria:

the similarity of the marks; the similarity of the goods; the relationship between the parties’ channels of trade; the relationship between the parties’ advertising; the classes of prospective purchasers; evidence of actual confusion; the defendants’ intent in adopting its mark; and the strength of the plaintiff’s mark.<sup>20</sup>

However, as one federal court has explained, “[n]ot all of the factors are always relevant; nor are they of equal importance in each case.... Consequently, no one factor is dispositive on the determination of likelihood of confusion.”<sup>21</sup>

## Defenses

Even if the plaintiff can establish a prima facie case of trademark infringement by satisfying the three elements discussed above, the defendant can assert several defenses to escape liability.<sup>22</sup> One of these defenses is the first sale exhaustion doctrine, in which there is no trademark infringement when the defendant is reselling a “genuine” good that bears the trademark.<sup>23</sup> A second defense is “nominative fair use,” in which the defendant is using the plaintiff’s trademark to specifically identify the plaintiff for certain purposes—such as comparative advertising or advertising repair services or replacement parts for the plaintiff’s goods.<sup>24</sup> In order to qualify for a nominative fair use defense, the following three-part test may be applied:

First, the product or service in question must be one not readily identifiable without use of the trademark; second, only so much of the mark or marks may be used as is reasonably

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<sup>18</sup> Int’l Ass’n of Machinists & Aero. Workers v. Winship Green Nursing Ctr., 103 F.3d 196, 201 (1<sup>st</sup> Cir. 1996).

<sup>19</sup> See, e.g., Mutual of Omaha Ins. Co. v. Novak, 836 F.2d 397, 400 (8<sup>th</sup> Cir. 1987) (“As to incidents of actual confusion, Mutual produced evidence of actual confusion in the form of a survey conducted by Sorenson Marketing and Management Corporation of New York. We consider this appropriate, for surveys are often used to demonstrate actual consumer confusion.”); Sara Lee Corp. v. Kayser-Roth Corp., 81 F.3d 455, 467 n.15 (4<sup>th</sup> Cir. 1996) (“We may infer from the case law that survey evidence clearly favors the defendant when it demonstrates a level of confusion much below ten percent.”).

<sup>20</sup> Pignons S. A. de Mecanique de Precision v. Polaroid Corp., 657 F.2d 482, 487 (1<sup>st</sup> Cir. 1981).

<sup>21</sup> IDV N. Am. v. S & M Brands, 26 F. Supp. 2d 815, 824 (E.D.Va. 1998) (citation omitted).

<sup>22</sup> The trademark law recognizes many defenses to infringement including innocent infringement, laches, acquiescence, unclean hands, fraud, and abandonment. See ROGER E. SCHECHTER & JOHN R. THOMAS, INTELLECTUAL PROPERTY: THE LAW OF COPYRIGHTS, PATENTS AND TRADEMARKS, § 31.4 (2003). This report describes the three major categories of defenses that are most commonly asserted in trademark infringement litigation.

<sup>23</sup> Sebastian Int’l v. Longs Drug Stores Corp., 53 F.3d 1073, 1074 (9<sup>th</sup> Cir. 1995) (“[C]ourts have recognized a basic limitation on the right of a trademark owner under the Lanham Act to control the distribution of its own products. ... [T]he right of a producer to control distribution of its trademarked product does not extend beyond the first sale of the product. Resale by the first purchaser of the original article under the producer’s trademark is neither trademark infringement nor unfair competition.”).

<sup>24</sup> ROGER E. SCHECHTER & JOHN R. THOMAS, INTELLECTUAL PROPERTY: THE LAW OF COPYRIGHTS, PATENTS AND TRADEMARKS, § 31.2 (2003).

necessary to identify the product or service; and third, the user must do nothing that would, in conjunction with the mark, suggest sponsorship or endorsement by the trademark holder.<sup>25</sup>

A third defense is “descriptive fair use.” Descriptive words that directly inform the consumer of a characteristic, quality, ingredient, or function of a product may be protectable as a trademark if such words have acquired “secondary meaning.”<sup>26</sup> For example, if a substantial part of the public has come to regard certain descriptive words as signifying a single and unique source of the product, rather than merely a description of the product itself, then the words or phrase has “secondary meaning.” An example of such a trademark is “PARK ’N FLY,” which not only is descriptive of the functional aspects of an off-site long-term parking lot near airports, but the mark is associated by frequent air travelers with a particular business that operates such a parking service.<sup>27</sup>

The defendant that asserts the “descriptive fair use” defense is claiming that he is using, in good faith, the particular descriptive words to communicate information to the public about the defendant’s own goods or services. This defense has been codified in the Lanham Act:

[T]he use of the name, term, or device charged to be an infringement is a use, otherwise than as a mark, of the party’s individual name in his own business, or of the individual name of anyone in privity with such party, or of a term or device which is descriptive of and used fairly and in good faith only to describe the goods or services of such party, or their geographic origin....<sup>28</sup>

## Keyword Advertising

Internet search engines such as Google, Yahoo, or Microsoft’s Bing generate significant revenue from the sale of keywords to trigger online advertisements that appear on search result pages.<sup>29</sup> These advertisements typically relate to search terms entered by Internet users and appear as “banner” advertisements on the top of the Web page or “sponsored links” that are displayed on the right column of a Web page or before relevant search results; such Web ads, if clicked on, direct the user to the website of the advertiser.<sup>30</sup> For example, General Electric (GE) could

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<sup>25</sup> *New Kids on the Block v. News America Pub., Inc.*, 971 F.2d 302, 308 (9<sup>th</sup> Cir. 1992) (citation omitted).

<sup>26</sup> 15 U.S.C. § 1052(f). The statutory language does not use the term “secondary meaning,” but rather states that a descriptive mark may be registered if it “has become distinctive.” Courts frequently refer to acquired distinctiveness as “secondary meaning.” See, e.g., *Two Pesos v. Taco Cabana*, 505 U.S. 763, 769 (1992) (“[D]escriptive marks may acquire the distinctiveness which will allow them to be protected under the Act.”)

<sup>27</sup> *Park ’n Fly v. Dollar Park & Fly*, 469 U.S. 189, 194 (1985) (“A ‘merely descriptive’ mark ... describes the qualities or characteristics of a good or service, and this type of mark may be registered only if the registrant shows that it has acquired secondary meaning, i.e., it ‘has become distinctive of the applicant’s goods in commerce.’”) (citation omitted).

<sup>28</sup> 15 U.S.C. § 1115(b)(4).

<sup>29</sup> See Miguel Helft, *Order of Ads On Google Leads to Suit*, N.Y. TIMES, May 15, 2009, at B1 (“[A]nalysts say selling ads linked to trademarks is a big business for Google, which gets the bulk of its revenue from search advertising that it sells through an auction system.”); see also *Rescuecom Corp. v. Google, Inc.*, 562 F.3d 123, 126 (2d Cir. 2009) (“Rescuecom alleges that Google makes 97% of its revenue from selling advertisements through its AdWords program. Google therefore has an economic incentive to increase the number of advertisements and links that appear for every term entered into its search engine.”).

<sup>30</sup> See *Google Adwords*, at <http://adwords.google.com/>; *Microsoft Bing adCenter*, at <http://advertising.microsoft.com/search-advertising/traffic>; *Yahoo Sponsored Search*, at <http://sem.smallbusiness.yahoo.com/searchenginemarketing/>.



purchase the word “refrigerator” from Google in order to have a “sponsored link” advertisement for GE’s refrigerators appear next to relevant search results. Someone interested in refrigerators who searches for that generic, descriptive word that has been purchased by GE as a keyword would then be presented with a sponsored advertisement that links to GE’s website concerning its refrigerators. If Whirlpool or Frigidaire also wanted to purchase the keyword “refrigerator” from Google, the search engine could follow a priority of request system or conduct an auction for the three refrigerator makers to bid on the term.<sup>31</sup>

While the sale of a descriptive word such as “refrigerator” by Internet search engines does not raise trademark concerns, the sale of a competitor’s brand name or trademark as a keyword may be actionable as a violation of federal trademark law. For example, Google or Yahoo could choose to sell the trademark name “Whirlpool” to GE, such that an advertisement for GE appliances would appear as a “sponsored link” on the computer screen of a person who searched for “Whirlpool.” In response, Whirlpool may file a trademark infringement lawsuit against either the search engine (as the seller of its trademark) or GE (as the purchaser), complaining that such unauthorized use of its trademark may create a likelihood of consumer confusion as to whether GE’s advertisement is in some manner sponsored by, endorsed by, approved by, or affiliated with Whirlpool. The prospects of Whirlpool winning such a lawsuit to restrain the practice or obtain damages are unclear, however, due to a lack of case law that has specifically addressed the “likelihood of confusion” element of the trademark infringement claim.

While trademark owners may be unhappy that their competitors’ advertisements appear in an Internet search for their trademarked names, they also may be upset over having to pay more to secure their own trademarks as keywords in an auction system.<sup>32</sup> However, some observers claim that an Internet search engine’s practice of selling trademarks as keywords benefits consumers, as it helps them to discover competing products that may be less expensive or of higher quality.<sup>33</sup> Also, sponsored advertisements allow consumers to comparison shop and may inform consumers about relevant news and criticism about the searched-for trademark name.<sup>34</sup>

## Litigation Over Keyword Advertising

Keyword-triggered advertising cases have involved trademark owners bringing suit against either keyword sellers (Internet search engines) or keyword buyers (advertisers).<sup>35</sup> In trying to hold search engines responsible for trademark infringement, trademark owners have tried two approaches: (1) direct trademark infringement, in which the search engine is making an illegal use of the mark by selling keywords, and (2) contributory infringement, in which the search

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<sup>31</sup> See Official Google Blog, *Introduction to the Ad Auction*, at <http://googleblog.blogspot.com/2009/03/introduction-to-ad-auction.html>.

<sup>32</sup> Miguel Helft, *Order of Ads On Google Leads to Suit*, N.Y. TIMES, May 15, 2009, at B1.

<sup>33</sup> *Id.*

<sup>34</sup> Corynne McSherry & Jason Schultz, *Fight Over Google’s “Sponsored Links” Threatens Internet Free Speech*, Electronic Frontier Foundation, Feb. 22, 2007, at <http://www.eff.org/press/archives/2007/02/22>.

<sup>35</sup> An Internet search engine operator may have a policy that permits trademark owners to submit a complaint directly to the search engine company regarding alleged trademark infringement, as an alternative to litigation. The search engine operator can undertake an investigation into the complaint and may require the alleged infringer to remove the trademarked term from ad text or keyword list. See, e.g., Google Adwords Trademark Complaint Form, at [https://services.google.com/inquiry/aw\\_tmcomplaint](https://services.google.com/inquiry/aw_tmcomplaint).

engine is liable for facilitating the advertiser's direct infringement.<sup>36</sup> Although lawsuits against Internet search engines such as Google may garner more attention in the press, the vast majority of the cases have involved the trademark owner directly suing the keyword buyer, who is usually the advertiser of a competing good or service. Whether a case has been brought against the keyword seller or buyer, courts have treated the trademark infringement issues in generally the same manner.

It is important to note that there have been very few final court rulings in keyword advertising cases, as most opinions have involved pre-trial rulings from judges on procedural motions filed by the parties. For example, courts have had to address a threshold question about whether a trademark owner would be able to overcome defense motions to dismiss the case for failure to state a claim for relief (pursuant to Federal Rules of Civil Procedure 12(b)(6)), on the grounds that the use of a trademark as a paid keyword is not a "use in commerce" within the meaning of the Lanham Act. In considering these motions, the courts have had to determine whether genuine issues of material fact exist that would prevent a summary judgment ruling in favor of the alleged infringer.<sup>37</sup> A genuine issue for trial exists if the trademark owner presents evidence from which a reasonable jury, viewing the evidence in the light most favorable to the trademark owner, could resolve the material issue in his or her favor.<sup>38</sup> As the U.S. Court of Appeals for the Ninth Circuit has previously explained:

The moving party – in this case, the defendants – bears the initial burden of identifying for the court the portions of the materials on file that it believes demonstrate the absence of any genuine issue of material fact. If the moving party meets its initial burden, the burden shifts to the non-moving party to set forth ... specific facts showing that there is a genuine issue for trial. We may not weigh the evidence or determine the truth of the matter but may only determine whether there is a genuine issue for trial.<sup>39</sup>

Therefore, judges that have presided over most keyword advertising cases to date have not been concerned about whether a plaintiff will ultimately prevail in the lawsuit, but whether he or she "is entitled to offer evidence to support the claim[]." <sup>40</sup>

## **"Use in Commerce"**

Until recently, there was a split in opinion among the federal courts in different circuits concerning the use of trademarks as keyword triggers for online advertising. District courts in the Third, Fourth, Seventh, Eighth, and Ninth Circuit have found that the use of a trademark as a keyword trigger (or facilitating such use) *does* constitute a "use in commerce" for purposes of the

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<sup>36</sup> Stacey L. Dogan & Mark A. Lemley, *Trademarks and Consumer Search Costs on the Internet*, 41 Hous. L. Rev. 777, 804 (2004).

<sup>37</sup> Fed. R. Civ. P. 56(c).

<sup>38</sup> *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 248 (1986) ("[A]t the summary judgment stage the judge's function is not himself to weigh the evidence and determine the truth of the matter but to determine whether there is a genuine issue for trial. ... [T]here is no issue for trial unless there is sufficient evidence favoring the nonmoving party for a jury to return a verdict for that party.").

<sup>39</sup> *Playboy Enters. v. Netscape Communs. Corp.*, 354 F.3d 1020, 1023-24 (9<sup>th</sup> Cir. 2004) (internal quotations and citations omitted).

<sup>40</sup> *Scheuer v. Rhodes*, 416 U.S. 232, 236 (1974). *See Rescucom Corp. v. Google*, 562 F.3d 123, 131 (2d Cir. 2009) ("Whether Google's actual practice is in fact benign or confusing is not for us to judge at this time. We consider at the 12(b)(6) stage only what is alleged in the Complaint.").

Lanham Act.<sup>41</sup> Therefore, a trademark infringement suit brought in those courts would survive a defendant's procedural 12(b)(6) motion to dismiss the case, thus allowing the trademark owner to attempt to show that the defendant's use causes a likelihood of confusion as to the origin of the defendant's goods or services. As one federal district judge explained:

I recognize that defendant's use of plaintiff's marks to trigger internet advertisements for itself is the type of use consistent with the language in the Lanham Act which makes it a violation to use "in commerce" protected marks "in connection with the sale, offering for sale, distribution, or advertising of any goods or services," or "in connection with any goods or services." 15 U.S.C. §§ 1114(1) and 1125(a)(1).... By establishing an opportunity to reach consumers via alleged purchase and/or use of a protected trademark, defendant has crossed the line from internal use to use in commerce under the Lanham Act.<sup>42</sup>

In the past several years, district courts in the Second Circuit have issued opinions that held that the use of a trademark keyword to trigger an online advertisement is *not* a "use in commerce" for purposes of satisfying the second prong of a trademark infringement claim, because they believed that such an "internal" use of a trademark (in which the competitor advertisements did not themselves exhibit the trademark) is not a "use in commerce."<sup>43</sup> For example, a federal district court explained:

Here, in the search engine context, defendants do not "place" the ZOCOR marks on any goods or containers or displays or associated documents, nor do they use them in any way to indicate source or sponsorship. Rather, the ZOCOR mark is "used" only in the sense that a computer user's search of the keyword "Zocor" will trigger the display of sponsored links to defendants' websites. This internal use of the mark "Zocor" as a key word to trigger the display of sponsored links is not use of the mark in a trademark sense.<sup>44</sup>

However, this district court decision, and similar ones issued by district courts in the Second Circuit, were effectively overruled in April 2009 by the U.S. Court of Appeals for the Second Circuit in *Rescuecom Corp. v. Google, Inc.*<sup>45</sup> In this case, the appellate court reversed the district court's decision to grant Google's motion to dismiss, by ruling that the trademark owner in the case had adequately alleged an actionable claim for trademark infringement under the Lanham Act.

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<sup>41</sup> See *GEICO v. Google, Inc.*, 330 F. Supp.2d 700 (E.D. Va. 2004); *Buying for the Home, LLC v. Humble Abode, LLC*, 459 F. Supp. 2d 310 (D. N.J. 2006); *Int'l Profit Assocs. v. Paisola*, 461 F. Supp. 2d 672 (N.D. Ill. 2006); *Edina Realty, Inc. v. TheMLSonline.com*, 2006 WL 737064 (D. Minn. 2006); *Google, Inc. v. Am. Blind & Wallpaper Factory, Inc.*, 2007 U.S. Dist. LEXIS 32450 (N.D. Cal. 2007).

<sup>42</sup> *J.G. Wentworth v. Settlement Fund*, 2007 U.S. Dist. LEXIS 288 (E.D. Pa. 2007), at \*17. See also *Hearts on Fire Co., LLC v. Blue Nile, Inc.*, 603 F. Supp. 2d 274, 282 (D. Mass. 2009) ("The purchase of a competitor's trademark to trigger search-engine advertising is precisely such a use in commerce, even if the trademark is never affixed to the goods themselves. In effect, one company has relied on its competitor's trademark to place advertisements for its own products in front of consumers searching for that exact mark. The Lanham Act's use requirement is not so narrow or cramped that it would fail to treat this conduct as a 'use in commerce.'").

<sup>43</sup> See *Merck & Co. v. Mediplan Health Consulting*, 425 F. Supp. 2d 402, 415-16 (S.D.N.Y. 2006); *Rescuecom Corp. v. Google, Inc.*, 456 F.Supp.2d 393 (N.D.N.Y.2006); *Site Pro-1, Inc. v. Better Metal, LLC*, 506 F.Supp.2d 123 (E.D.N.Y. 2007).

<sup>44</sup> *Merck & Co.*, 425 F. Supp. 2d at 415.

<sup>45</sup> 562 F.3d 123 (2d Cir. 2009).

## **Rescuecom Corp. v. Google, Inc.**

Rescuecom is a computer service franchising company that offers on-site computer services and sales; the trademark name “Rescuecom” was federally registered in 1998.<sup>46</sup> AdWords is the name of Google’s program through which advertisers may purchase keywords. Google also offers a Keyword Suggestion Tool, a program that recommends certain keywords to advertisers for purchase. Google had recommended to Rescuecom’s competitors through its Keyword Suggestion Tool the trademark “Rescuecom” as a search term to be purchased. Therefore, when a computer user searched for the term “Rescuecom,” wanting to be directed to Rescuecom’s website, the competitors’ advertisements and links appeared on the searcher’s screen. Rescuecom filed a trademark infringement lawsuit against Google, alleging that such keyword triggering is “likely to cause the searcher to believe mistakenly that a competitor’s advertisement (and website link) is sponsored by, endorsed by, approved by, or affiliated with Rescuecom.”<sup>47</sup> The district court in *Rescuecom* rejected the plaintiff’s “use in commerce” argument in concluding the following:

Defendant’s internal use of plaintiff’s trademark to trigger sponsored links is not a use of a trademark within the meaning of the Lanham Act, either because there is no allegation that defendant places plaintiff’s trademark on any goods, containers, displays, or advertisements, or that its internal use is visible to the public.<sup>48</sup>

By failing to satisfy this gatekeeper matter, the plaintiff was unable to overcome Google’s motion, pursuant to Federal Rules of Civil Procedure 12(b)(6), to dismiss the case for failure to state a claim for relief.<sup>49</sup>

Rescuecom appealed the lower court’s judgment that granted Google’s motion to the U.S. Court of Appeals for the Second Circuit. The appellate court vacated the lower court’s decision to dismiss the action and remanded the case for further proceedings. The Second Circuit found a “use in commerce” when Google recommends and sells to its advertisers Rescuecom’s trademark. Through its Keyword Suggestion Tool, Google displays, offers, and encourages the purchase of Rescuecom’s mark.<sup>50</sup> The Second Circuit was not convinced that so-called “internal uses” of trademarks, in which the trademark is never visibly displayed to customers, is beyond the scope of the Lanham Act’s protections, because if that were true, search engine operators could freely use trademarks in ways that could deceive and cause consumer confusion:

For example, instead of having a separate “sponsored links” or paid advertisement section, search engines could allow advertisers to pay to appear at the top of the “relevance” list based on a user entering a competitor’s trademark—a functionality that would be highly likely to cause consumer confusion. Alternatively, sellers of products or services could pay to have the operators of search engines automatically divert users to their website when the users enter a competitor’s trademark as a search term. Such conduct is surely not beyond judicial review merely because it is engineered through the internal workings of a computer program.<sup>51</sup>

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<sup>46</sup> *Id.* at 125.

<sup>47</sup> *Id.* at 127.

<sup>48</sup> *Rescuecom*, 456 F. Supp. at 403.

<sup>49</sup> *Id.*

<sup>50</sup> *Rescuecom*, 562 F.3d at 129.

<sup>51</sup> *Id.* at 130 n.4.

While the federal appellate court resolved the “use in commerce” issue in favor of the trademark owner, the opinion only permits Rescuecom to proceed with the trademark infringement lawsuit on remand and prove that Google’s use of Rescuecom’s trademark causes likelihood of confusion or mistake.<sup>52</sup>

In an unusual step, the Second Circuit Court of Appeals attached a lengthy appendix to its *Rescuecom* decision, which is expressly labeled dicta and therefore not a binding opinion of the court. The appendix explored an issue that has caused much confusion among the lower courts—interpretations of the Lanham Act’s “use in commerce” requirement. At the end of the appendix, the appellate court opined: “It would be helpful for Congress to study and clear up this ambiguity.”<sup>53</sup>

The Second Circuit noted that while the phrase “use in commerce” is defined by the Lanham Act’s definitions section (codified at 15 U.S.C. § 1127), the court did not believe Congress intended for such definition to apply to trademark infringement claims brought under 15 U.S.C. §§ 1114 and 1125.<sup>54</sup> The appellate court observed that the Lanham Act’s definitions section begins by explaining that the defined terms shall have those assigned meanings in construing the Act “unless the contrary is plainly apparent from the context.” In the Second Circuit’s opinion, the statutory definition of “use in commerce” is more properly applied in the context of trademark registration and a description of the benefits and protections provided by the Lanham Act, rather than specifying the conduct in which an alleged infringer must engage in order to be liable for infringement.<sup>55</sup> The court explained:

[T]he opening phrase of the definition of “use in commerce” ... makes it “plainly apparent from the context” that the full definition set forth in § 1127 cannot apply to the infringement sections. The definition in § 1127 begins by saying, “The term ‘use in commerce’ means the *bona fide* use of a mark in the ordinary course of trade, and not made merely to reserve a right in a mark.” 15 U.S.C. § 1127 (emphasis added). The requirement that a use be a *bona fide* use in the ordinary course of trade in order to be considered a “use in commerce” makes clear that the particular definition was not intended as a limitation on conduct of an accused infringer that might cause liability. If § 1127’s definition is applied to the definition of conduct giving rise to liability in §§ 1114 and 1125, this would mean that an accused infringer would escape liability, notwithstanding deliberate deception, precisely because he acted in bad faith. A bad faith infringer would not have made a use in commerce, and therefore a necessary element of liability would be lacking. Liability would fall only on those defendants who acted in good faith. We think it inconceivable that the statute could have

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<sup>52</sup> *Id.* at 130-31. However, in early March 2010, Rescuecom and Google agreed to dismiss without prejudice all claims and counterclaims between the parties. See *Rescuecom Corp. v. Google, Inc.*, No. 5:04-cv-01055 (N.D.N.Y. Mar. 5, 2010) (order granting stipulation of dismissal), available at <http://newsroom.law360.com/articlefiles/154003-google.pdf>. The reason for Rescuecom’s voluntary abandonment of the lawsuit against Google is not clear, although there is speculation that the expense of the multi-year litigation against Google played a factor, as well as another keyword advertising lawsuit with which Rescuecom is involved. See Eric Goldman, *Rescuecom Abandons Its Litigation Against Google*, Mar. 5, 2010, at [http://blog.ericgoldman.org/archives/2010/03/rescuecom\\_aband.htm](http://blog.ericgoldman.org/archives/2010/03/rescuecom_aband.htm) (“Rescuecom is defending a trademark lawsuit brought by Best Buy over Rescuecom’s competitive AdWords purchases of the ‘geek squad’ trademark. Rescuecom was caught in the duplicitous position of making plaintiff-side arguments against Google while making highly contradictory defense-side arguments against Best Buy. As a result, every positive step in its Google case had the potential to degrade its position in the Best Buy case. By abandoning the Google fight, Rescuecom avoids this difficult dilemma.”).

<sup>53</sup> *Rescuecom*, 562 F.3d at 140-41.

<sup>54</sup> *Id.* at 132.

<sup>55</sup> *Id.* at 133.

intended to exempt infringers from liability because they acted in bad faith. Such an interpretation of the statute makes no sense whatsoever.<sup>56</sup>

The Second Circuit instead suggested that the “use in commerce” language that appears in the trademark infringement causes of action was a way for Congress to invoke its jurisdiction to regulate this area under the Commerce Clause of the U.S. Constitution.<sup>57</sup> The court observed that the Lanham’s Act contains a definition of “commerce” to mean “all commerce which may lawfully be regulated by Congress.”<sup>58</sup> The court then noted that the Lanham Act frequently employs the word “use” as either a noun or verb in order to describe what one does with a trademark. The court traced the complex legislative history of the revisions to the Lanham Act, in which the words “commerce” and “use” were joined together.<sup>59</sup> The appellate court believes that Congress did not intend for the statutory definition of “use in commerce” to define conduct that determines an infringer’s liability for trademark infringement, but rather Congress wanted “to make clear that liability would be imposed for acts that occur in or affect commerce, i.e. those within Congress’s Commerce Clause power.”<sup>60</sup>

The Second Circuit stated, however, “Congress does not enact intentions. It enacts statutes. And the process of enacting legislation is of such complexity that understandably the words of statutes do not always conform perfectly to the motivating intentions. This can create for courts difficult problems of interpretation.”<sup>61</sup>

The impact of *Rescuecom* is significant. First, it clarifies the “use in commerce” requirement for keyword advertising cases brought within the Second Circuit, thereby bringing the circuit in conformity with other judicial circuits on this matter. It also may very well end attempts by defendants to dismiss keyword advertising cases for failure to state a claim on the basis that such trademark use is not a “use in commerce.” By allowing such cases to move forward, *Rescuecom* should permit district courts in the Second Circuit to focus their attention on the more crucial element of a trademark infringement claim, the “likelihood of confusion.” In addition, because defendants in keyword advertising cases would need to defend themselves at trial rather than being able to dismiss the case using pre-trial motions, the increased costs of litigation may encourage more settlements of these cases.<sup>62</sup> However, some observers are concerned that *Rescuecom* may have a “chilling effect” on Internet search engines’ keyword advertising practices that will hamper consumers’ ability to find information about competitors’ products or criticism about the trademark owner.<sup>63</sup>

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<sup>56</sup> *Id.* at 132-33.

<sup>57</sup> U.S. CONST. art. I, § 8, cl. 3.

<sup>58</sup> 15 U.S.C. § 1127.

<sup>59</sup> *Rescuecom*, 562 F.3d at 134.

<sup>60</sup> *Id.* at 138.

<sup>61</sup> *Id.* at 139.

<sup>62</sup> Corynne McSherry, *Second Circuit Expands Trademark Rights, Restricts Consumer Search Options*, Electronic Frontier Foundation, April 3, 2009, at <http://www.eff.org/deeplinks/2009/04/second-circuit-expands-trademark-rights-restricts->.

<sup>63</sup> *Id.* (“[C]onsider a consumer seeking comparative information on hybrid vehicles, searching on the (trademarked) term ‘Prius.’ That consumer might like to know about GM’s hybrid offerings ... but after today, the threat of litigation may make Google hesitant to let GM buy a ‘sponsored link’ triggered by the term ‘Prius’ [owned by Toyota].”).

## **“Likelihood of Confusion”**

As noted above, establishing that a defendant uses another’s mark in commerce is only one element of the infringement claim; for a violation of the Lanham Act to be found, such use must be unauthorized and “likely to cause confusion, or to cause mistake, or to deceive as to the affiliation ... or as to the origin, sponsorship, or approval of ... goods [or] services.”<sup>64</sup> There have been relatively few court opinions that have directly ruled on the issue of whether the use of trademarks in keyword-triggered advertising creates a likelihood of confusion, in part because many of the district courts in the Second Circuit had dismissed cases for failing to satisfy the “use in commerce” requirement. However, the courts that have reached this question have issued divergent opinions, depending on the factual circumstances.

## **Trademarks Appearing in the Text of Keyword-Triggered Online Advertisements**

If the trademark appears within the actual text of the online advertisement, courts have found that there may be a likelihood of confusion. The district court in *GEICO v. Google, Inc.* stated that the “plaintiff has established a likelihood of confusion, and therefore a violation of the Lanham Act, solely with regard to those Sponsored Links that use GEICO’s trademarks in their headings or text.”<sup>65</sup> However, while the appearance of trademarks within the text of keyword-triggered online advertisements may be deemed infringing, at least one court has found that such use is subject to the nominative fair use defense.<sup>66</sup>

## **Trademarks Used Solely to Trigger Online Advertisements**

If the trademark is used only as a keyword to trigger the appearance of an online advertisement (such that the trademark is not visibly displayed within the ad text), then there *may* or *may not* be a likelihood of confusion.<sup>67</sup> One federal district court granted a summary judgment for the advertiser defendant, explaining that there is no likelihood of confusion when trademarks are used solely as keywords:

[A] link to defendant’s website appears on the search results page as one of many choices for the potential consumer to investigate.... [T]he links to defendant’s website always appear as independent and distinct links on the search result pages.... Due to the separate and distinct

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<sup>64</sup> 15 U.S.C. § 1125(a).

<sup>65</sup> 2005 U.S. Dist. LEXIS 18642 (E.D. Va. 2005), at \*26-27. *See also* *Storus Corp. v. Aroa Marketing, Inc.*, 2008 U.S. Dist. LEXIS 11698 (N.D. Cal. 2008), at \*16 (“[T]he Court finds Storur has shown no material issue exists as to a likelihood of confusion by reason of Aroa’s having used Google’s AdWords program in the above-described manner.”).

<sup>66</sup> *See Tiffany Inc. v. eBay, Inc.*, 576 F. Supp. 2d 463, 501 (S.D.N.Y. 2008) (“[T]he Court finds that eBay’s practice of purchasing sponsored links to advertise Tiffany merchandise is protected by the defense of nominative fair use ...”).

<sup>67</sup> *See GEICO v. Google, Inc.*, 2005 U.S. Dist. LEXIS 18642 (E.D. Va. 2005), at \*25-26 (“[T]he Court finds that plaintiff has failed to establish a likelihood of confusion stemming from Google’s use of GEICO’s trademark as a keyword and has not produced sufficient evidence to proceed on the question of whether the Sponsored Links that do not reference GEICO’s marks in their headings or text create a sufficient likelihood of confusion to violate either the Lanham Act or Virginia common law.”); *J.G. Wentworth*, 2007 U.S. Dist. LEXIS 288, at \*6 (“Even accepting plaintiff’s allegations as true – i.e., assuming that defendant did in fact use plaintiff’s marks through Google’s AdWords program ... – as a matter of law defendant’s actions do not result in any actionable likelihood of confusion under the Lanham Act.”).

nature of the links created on any of the search results pages in question, potential consumers have no opportunity to confuse defendant's services, goods, advertisements, links or websites for those of plaintiff.<sup>68</sup>

Another federal court has suggested that courts may need to consider several new factors in applying the "likelihood of confusion" test to keyword advertising, beyond the traditional eight factors:

[U]nder the circumstances here, the likelihood of confusion will ultimately turn on what the consumer saw on the screen and reasonably believed, given the context. This content and context includes: (1) the overall mechanics of web-browsing and internet navigation, in which a consumer can easily reverse course; (2) the mechanics of the specific consumer search at issue; (3) the content of the search results webpage that was displayed, including the content of the sponsored link itself; (4) downstream content on the Defendant's linked website likely to compound any confusion; (5) the web-savvy and sophistication of the Plaintiff's potential customers; (6) the specific context of a consumer who has deliberately searched for trademarked diamonds only to find a sponsored link to a diamond retailer; and, in light of the foregoing factors, (7) the duration of any resulting confusion.<sup>69</sup>

In one of the few keyword advertising cases in which a jury has ruled on the issue of likelihood of consumer confusion, the federal court in *Fair Isaac Corp. v. Experian Information Solutions, Inc.* rejected the plaintiff's keyword advertising claims because it determined that

the weight of evidence adduced at trial [did] not support a credible inference that Experian's and Trans Union's purchases of Fair Isaac's trademarks as keyword search terms was likely to confuse consumers. The only evidence adduced at trial in support of the assertion that the keyword advertising was likely to cause confusion—the opinion testimony of Fair Isaac's expert James Berger—lacks credibility.<sup>70</sup>

### *Initial Interest Confusion*

Several plaintiffs have attempted to invoke the "initial interest confusion" doctrine to show that keyword-triggered advertising creates a likelihood of confusion. This doctrine has been likened to a "bait and switch scheme,"<sup>71</sup> and refers to "the distraction or diversion of a potential customer from the Web site he was initially seeking to another site, based on the user's belief that the second site is associated with the one he originally sought."<sup>72</sup> Therefore, the alleged harm that is caused to the trademark owner is the intentional diversion by the defendant of the consumer's attention from one trademarked good to a competitor's good. A federal appellate court has offered this example of "initial interest confusion:"

Suppose West Coast's competitor (let's call it "Blockbuster") puts up a billboard on a highway reading – "West Coast Video: 2 miles ahead at Exit 7" – where West Coast is really located at Exit 8 but Blockbuster is located at Exit 7. Customers looking for West Coast's

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<sup>68</sup> *J.G. Wentworth*, 2007 U.S. Dist. LEXIS 288, at \*22-23.

<sup>69</sup> *Hearts on Fire*, 603 F. Supp. 2d at 289.

<sup>70</sup> 2009 WL 4263699 (D.Minn. 2009), at \*1.

<sup>71</sup> *Checkpoint Sys., Inc. v. Check Point Software Techs., Inc.*, 269 F.3d 270, 294 (3d Cir. 2001).

<sup>72</sup> *GEICO*, 2005 U.S. Dist. LEXIS 18642, at \*14.



store will pull off at Exit 7 and drive around looking for it. Unable to locate West Coast, but seeing the Blockbuster store right by the highway entrance, they may simply rent there.<sup>73</sup>

However, the billboard analogy may not translate in the Internet context, especially in keyword advertising cases in which the defendant does not use the trademarked term in his or her advertisement. A federal court that has examined the applicability of the initial interest confusion doctrine to keyword advertising offered an alternative to the billboard example:

Initial interest confusion ... has been invoked in circumstances where one company “piggybacks” on its competitor’s trademark, rewarding his search for one particular product with a choice among several similar items. Infringement is not nearly so obvious from this vantage point. Rather than a misleading billboard, this analogy is more akin to a menu – one that offers a variety of distinct products, all keyed to the consumer’s initial search. Sponsored linking may achieve precisely this result, depending on the specific product search and its context. When a consumer searches for a trademarked item, she receives a search results list that includes links to both the trademarked product’s website and a competitor’s website. Where the distinction between these vendors is clear, she now has a simple choice between products, each of which is as easily accessible as the next. If the consumer ultimately selects a competitor’s product, she has been diverted to a more attractive offer but she has not been confused or misled.

This court then remarked that “[t]rademark infringement would seem to be unsupportable in this scenario. Mere diversion, without any hint of confusion, is not enough.”<sup>74</sup> Nevertheless, the court in this case found that the plaintiff had alleged a “plausible likelihood of confusion based on the overall context in which a consumer performs his internet search” and thus allowed the plaintiff to proceed on an initial interest confusion theory.<sup>75</sup>

Another federal court has accepted the use of the initial interest doctrine in proving likelihood of confusion in keyword advertising cases because of the misappropriation of the trademark owner’s goodwill:

[T]he practice of [keyword advertising] may initially confuse consumers into clicking on Nowcom’s banner advertisement. Once the consumer arrives at Nowcom’s site, he may realize he is not at a Finance Express-sponsored site. However, he may be content to remain on Nowcom’s site, allowing Nowcom to misappropriate Finance Express’ goodwill.... Such use is actionable.<sup>76</sup>

In *Morningware, Inc. v. Hearthware Home Products, Inc.*,<sup>77</sup> the federal court found that the trademark owner had alleged sufficient facts in its complaint to establish the potential for initial interest confusion on the part of consumers. The plaintiff uses the MORNINGWARE trademark on its counter-top electric ovens. Hearthware is the plaintiff’s closest competitor in the counter-top electric oven market; the defendant purchased the plaintiff’s trademark as a keyword for use in Google’s AdWords program.<sup>78</sup> The district court observed that “initial interest confusion can

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<sup>73</sup> *Brookfield Communications Inc. v. West Coast Entertainment Corp.*, 174 F.3d 1036, 1064 (9<sup>th</sup> Cir. 1999).

<sup>74</sup> *Hearts on Fire*, 603 F. Supp. 2d at 285.

<sup>75</sup> *Id.* at 288.

<sup>76</sup> *Fin. Express LLC v. Nowcom Corp.*, 564 F. Supp. 2d 1160, 1177 (C.D. Cal. 2008) (internal quotations and citations omitted).

<sup>77</sup> 2009 WL 3878251 (N.D. Ill. 2009), at \*5.

<sup>78</sup> *Id.* at \*1-2.

arise even if consumers who are misled to a website are only briefly confused.”<sup>79</sup> In reaching this conclusion, the court relied upon a Seventh Circuit appellate case that had involved the use of trademarks in metatags,<sup>80</sup> rather than keyword-triggered advertising:

[A]lthough consumers were not confused when they reach a competitor’s website, there is nevertheless initial interest confusion. This is true in this case, because by Equitrac’s placing the term Copitrack [Promatek’s trademark] in its metatage, consumers are diverted to its website and Equitrac reaps the goodwill Promatek developed in the Copitrak mark. ... That consumers who are misled to Equitrac’s website are only briefly confused is of little or no consequence. In fact, “that confusion as to the source of a product or service is eventually dispelled does not eliminate the trademark infringement which has already occurred.” ... What is important is not the duration of the confusion, it is the misappropriation of Promatek’s goodwill. ... Consumers who are directed to Equitrac’s webpage are likely to learn more about Equitrac and its products before beginning a new search for Promatek and Copitrak. Therefore, given the likelihood of initial consumer confusion, the district court was correct in finding Promatek could succeed on the merits.<sup>81</sup>

However, several courts have not been persuaded by the plaintiff’s “initial interest confusion” argument.<sup>82</sup>

## Conclusion

The legality of using trademarks as keywords to trigger online advertising has been much litigated in recent years, although there is not yet a definitive answer. The courts thus far have appeared to resolve the initial “use in commerce” threshold for purposes of the Lanham Act. However, as discussed above, there is a lack of judicial consensus concerning the more important question of whether such trademark use causes likelihood of confusion. Courts have also not yet fully examined the extent to which a defendant may assert affirmative defenses, nor have they explored what kind of remedies would be appropriate for such infringement. Therefore, this issue will continue to occupy the federal courts and be a source of dispute between trademark owners and keyword buyers and sellers.

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<sup>79</sup> *Id.* at \*7.

<sup>80</sup> A metatag is an indexing tool, a component of a website’s programming that is read by search engine web browsers and is used to increase the probability that the website will be seen by a computer user who has typed a particular search query into his or her search engine. *Australian Gold, Inc. v. Hatfield*, 436 F.3d 1228, 1233 n3 (10<sup>th</sup> Cir. 2006).

<sup>81</sup> *Promatek Indus., LTD v. Equitrac Corp.*, 300 F.3d 808, 812-13 (7<sup>th</sup> Cir. 2002) (citations omitted).

<sup>82</sup> *See, e.g., GEICO*, 2005 U.S. Dist. LEXIS 18642, *J.G. Wentworth*, 2007 U.S. Dist. LEXIS 288; *Storus Corp.*, 2008 U.S. Dist. LEXIS 11698.

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