

Keyword Case Law



2011 McCARTHY INSTITUTE SYMPOSIUM

ECJ Holdings in *LVMH v. Google* (March 23, 2010)

- Advertiser liability: *Can advertisers infringe?*
- Search engine liability: *Can Google infringe?*
- Search engine immunity: *Is Google's AdWords system a "hosting service" that can qualify for the e-Commerce Directive's safe haven?*

LVMH v. Google
French Supreme Court Decision
(July 13, 2010)

Holdings 1 & 2

- **The competence of the French courts**
 - In order for there to be infringement or unfair competition in France based on a website, it must be shown that the website was intended for the French public. Reversed and remanded.
- **The special protection accorded to hosting services**
 - Were the materials in question unlawful?
 - Did Google participate in the creation of the materials?

Holdings 3 & 4

- Whether the AdWords service constitutes trademark infringement
 - No. Paris Court of Appeals is reversed.
- Distinguishing between the products of the advertiser and genuine products
 - Is the distinction between natural and sponsored results sufficient to avoid deception?
 - Knowledge of unlawful ads?
 - Expeditious takedown of unlawful ads?

ECJ Advocate General's Opinion in *L'Oreal SA v. eBay International AG* (December 7, 2010)

- “The marketplace operator merely allows its clients to use signs which are identical with trademarks without using those signs itself”
- “Where a trader operating an electronic marketplace purchases the use of a sign which is identical to a registered trade mark as a keyword from a search engine operator so that the sign is displayed to a user by the search engine in a sponsored link to the website of the operator of the electronic marketplace, the display of the sign in the sponsored link constitutes ‘use’ of the sign”
- “The exemption from liability does not apply ... in cases where the electronic marketplace operator has been notified of the infringing use of a trademark, and the same user continues or repeats the same infringement”

U.S. Keyword Cases

U.S. AdWords Cases vs. Google



Rescuecom v. Google (2d Cir. 2009)

- Lower district court originally held that use of a trademark as a keyword is not “trademark use”; case dismissed
- Second Circuit appellate court distinguished from pop-up ads cases and reversed/remanded case back to the lower district court for further proceedings (settled March, 2010, see “Geek Squad”)

U.S. AdWords Cases vs. Google



Rosetta Stone v. Google (E.D. Va 2010)

- Summary judgment granted: No likelihood of confusion from using trademarks as keyword triggers
- Functionality doctrine: Keywords have an essential indexing function
- No dilution
 - Google “does not sell language learning software”
 - Rosetta Stone’s overall brand recognition increased during the period of alleged infringement
- Appeal pending

Nominative Fair Use/Use Other Than As A Mark

- ***Tiffany (NJ) Inc. v. eBay, Inc.*, 600 F.3d 93, 107-08, 111-12 (2d Cir. 2010)**
 - eBay used the Tiffany mark on its website and in sponsored links to advertise lawful Tiffany products available on eBay
 - ✦ “Tiffany”
 - ✦ “Tiffany on eBay. Find Tiffany items at low prices.”
 - Trademark Infringement: Affirmed judgment for eBay on Tiffany’s trademark infringement claim. A “defendant may lawfully use a plaintiff’s trademark where doing so is necessary to describe the plaintiff’s product and does not imply a false affiliation or endorsement by the plaintiff of the defendant.”
- Dilution: Affirmed the entry of judgment for eBay on Tiffany’s dilution claim.
 - Because eBay never used Tiffany’s marks in an effort to create an association with its product, but instead used the marks directly to advertise and identify the availability of Tiffany merchandise on eBay’s website, the court held there could be no dilution.
 - “There is no second mark or product at issue here to blur with or tarnish.”

Decisions on the Merits

- More sponsored link cases reaching summary judgment or trial
- Difficult hurdle for plaintiffs to show confusion or dilution
- Many cases involve fair use or lawful advertising
- When liability is found, it often is based on other factors (not simply the sponsored links)
- Whether relief is available may depend on the court's willingness to apply the initial interest confusion doctrine.

Decisions on the Merits

- ***Mary Kay, Inc. v. Weber*, 601 F. Supp. 2d 839 (N.D. Tex. 2009)**
 - Suit vs unauthorized Internet resellers who spent \$20K/month on 79 keywords on Google (75 of which referenced Mary Kay or Mary Kay products)
 - SJ denied (nominative fair use vs. infringement)
 - Ad: “Mary Kay Sale 50% Off: Free Shipping on Orders over \$100 Get up to 50% Off-Fast Shipping www.touchofpinkcosmetics.com.”
 - Pink website “[o]ne could easily conclude from this ad that the entity offering the sale either is Mary Kay, or has Mary Kay's approval.”
 - Later jury verdict for plaintiff: enjoined from using the color pink or selling expired products but *not* from purchasing key words that included “Mary Kay” *See **Mary Kay, Inc. v. Weber**, 661 F. Supp. 2d 632 (N.D. Tex. 2009)*

Decisions on the Merits

- ***Harry J. Binder, et al. v. Disability Group, Inc., et al.*, Central District of California, January 25, 2011**
 - Suit vs unauthorized use of plaintiff's TM's as keywords to trigger ads for defendant's competitive services on Google
 - Court held for the plaintiff on all 3 claims: trademark infringement and false representation under the Lanham Act, unfair competition under California common law
 - Court awarded lost profits, doubled for willfulness, and awarded attorneys' fees and costs
 - Limited survey evidence (17 polled), but favored plaintiff (16 confused). Defendant's overt attempts to undermine survey noted by the court.
 - 8 non-exhaustive "Sleekcraft factors" weighed, but special emphasis on the "Internet trilogy"
 - ✦ Similarity of the marks
 - ✦ Relatedness of the goods or services
 - ✦ Simultaneous use of the Web as a marketing channel

Initial Interest Confusion – Lenient Treatment

- ***Morningware, Inc. v. Hearthware Home Prods., Inc.*, 673 F. Supp. 2d 630 (N.D. Ill. 2009)**
 - Denying motion to dismiss where plaintiff alleged initial interest confusion.
- ***Storus Corp. v. Aroa Mktg., Inc., et al.*, 2008 WL 449835 (N.D. Cal. Feb. 15, 2008)**
 - Granting summary judgment for the plaintiff in a sponsored link case based on the Ninth Circuit's more expansive interpretation of the initial interest confusion doctrine.

Initial Interest Confusion – Lenient Treatment

- ***Finance Express, LLC v. Nowcom Corp.*, 564 F. Supp. 2d 1160 (C.D. Cal. 2008)**
 - Preliminarily enjoining the defendant from using plaintiff's marks to trigger banner advertisements that were labeled, but nonetheless were found likely to create initial interest confusion.
- ***Soilworks, LLC v. Midwest Industrial Supply, Inc.*, 575 F. Supp. 2d 1118 (D. Ariz. 2008)**
 - Granting summary judgment for the plaintiff on the issue of liability for trademark infringement based on the defendant's use of plaintiff's "SOIL-SEMENT" mark as a keyword, but not in ad text, which only contained defendant's "SOILTAC" mark.

Initial Interest Confusion – Stricter Treatment

- ***Designer Skin, LLC v. S&L Vitamins, Inc.*, 2008 WL 2116646 (D. Ariz. May 20, 2008)**
 - Granting summary judgment for the defendant
 - Merely using a mark to trigger a sponsored link does not result in initial interest confusion
 - Court drew a sharp distinction between (1) using a mark to attract potential customers to a website that only offers products of the mark holder's competitors and (2) using a mark to attract potential customers to a website that offers the mark holder's genuine products as well as the products of competitors. If the latter, no “bait and switch”--or initial interest confusion--occurs.
 - Nominative fair use
- ***J.G. Wentworth S.S.C. Ltd. P'ship v. Settlement Funding, LLC*, 85 U.S.P.Q.2d 1780, 2007 WL 30115 (E.D. Pa. 2007)**
 - Granting summary judgment for the defendant
 - No possibility of confusion where plaintiff's mark not used in the text of the ad
 - Sponsored links “one of many choices for the potential consumer to investigate”
 - Even under the initial interest confusion doctrine, there must be confusion “as to the source of the goods or services or a misunderstanding as to an association between the mark holder and the mark user.”

The Future of Sleekcraft?

- ***Hearts on Fire Co. LLC v. Blue Nile, Inc.*, 603 F. Supp. 2d 274 (D. Mass. 2009)**
 - Dicta: additional nonexhaustive likelihood of confusion factors for online situations
 - ✦ Mechanics of web browsing
 - ✦ Mechanics of the specific search at issue
 - ✦ Content of the SERP
 - ✦ Content of the advertiser's landing page
 - ✦ Sophistication of potential customers
 - ✦ Context of consumer's search intent
 - ✦ Duration of any resulting confusion