

# Keyword Search Advertising: Whose Name Is It Anyway?

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Google, Inc., the Mountain View, California-based Internet behemoth, is taking on the Lanham Act in what may be the next great battle for trademark rights in cyberspace. On April 18, 2007, in Google's own backyard, a federal court in the Northern District of California issued an order that could have forced Google to trial over whether Internet keyword search advertising, a practice that accounts for a significant portion of Google's revenue, constitutes trademark infringement and unfair competition. Although the case was settled out of court, Google is embroiled in similar disputes that may shape the future of Internet commerce.

In *Google, Inc. v. American Blind & Wallpaper Factory, Inc.*, Google filed an action for declaratory relief "seeking a judicial determination that its 'AdWords' advertising program does not infringe" trademarks, a ruling that would allow Google to continue selling the mark COKE to PepsiCo to help drive traffic to Pepsi's website.<sup>1</sup> Google then moved for summary judgment, asking the court "to declare that, as a matter of law, Google's sale of trademarked keywords in its AdWords program does not constitute a use in commerce under the Lanham Act," an essential element of any federal claim for trademark infringement.<sup>2</sup> In carefully surveying the recent developments in trademark law with regard to Internet keyword advertising, the court issued a decision that is cause for celebration among protective trademark owners and cause for concern among such search engine companies as Google, Yahoo!, and MSN.com. It denied Google's motion for summary judgment, thereby allowing the case to proceed to jury trial.<sup>3</sup> Faced with a

looming trial date, Google and American Blind settled the case.<sup>4</sup> Although Google has declared the settlement a victory (issuing a strongly worded press release to that effect), it is easy to speculate that having lost its arguments for pretrial dismissal as a matter of law and with jury selection scheduled for November 9, 2007, Google may have foreseen impending disaster in a trial.

By no means is Google out of the woods yet. Several other cases are pending against it or against its customers, and Google concedes that certain European courts already have declared illegal the practice of selling trademarks as advertising keywords.<sup>5</sup> On August 16, 2007, American Airlines filed the latest lawsuit against Google in the Northern District of Texas alleging, among other things, trademark infringement and unfair competition arising out of Google's keyword advertising program.<sup>6</sup>

This article first examines the business of keyword advertising and the general concept of trademarks and goodwill. It then analyzes the legal conundrum created by the impact of trademark law on the lucrative keyword advertising industry by looking at the past, present, and future applications of trademark law to the Internet and keyword advertising.

## Business of Keyword Advertising

"Keyword advertising refers to any advertising that is linked to specific words or phrases."<sup>7</sup> The most popular form of keyword advertising is Google's AdWords.<sup>8</sup>

In its motion for summary judgment in *American Blind*, Google's attorneys described Google's AdWords program as follows:

Google's AdWords program allows advertisers to place targeted advertising on the results page of a Google search. Specifically, when a user types a query into Google's search

engine, that query can trigger advertisements—or Sponsored Links—that will be displayed in two special sections of the search results page: (1) the right hand column of the page, under a heading titled "Sponsored Links," and (2) above the natural search results, with a colored background, next to an insignia that says "Sponsored Links." The ads contain text and a link to the advertiser's website. . . . In order to have their ads appear on Google's search results page, hundreds of thousands of Google advertisers bid on keywords or keyword phrases. If a user's search terms "match" the keyword or keyword phrase, the advertiser's ad *might* be displayed on the search results page.<sup>9</sup>

The controversy surrounding the practice of keyword advertising in general and Google's AdWords program is that Google allegedly sells competitors' trademarks to advertisers as searchable keywords.<sup>10</sup> As a result, trademark owners are suing Google and the purchasers of such keyword advertising (keyword advertisers) for trademark infringement and unfair competition.

Trademark owners argue that the practice constitutes trademark infringement because (1) Internet users cannot distinguish between the trademark owner's websites and a keyword advertiser's website when both sites appear as a paid-for search engine result,<sup>11</sup> and (2) Google is allowing keyword advertisers to piggyback on the goodwill of their competitors.<sup>12</sup>

In contrast, Google and the keyword advertisers argue that the practice is not actionable but rather a permissible form of comparative advertising. Google has even gone as far as analogizing the practice to a digital form of product placement,<sup>13</sup> a concept discussed further below.

Google is just one of the many Internet companies that have developed novel methods of reaching

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consumers via the Internet, but it is axiomatic that Google is the market leader in Internet search engine technology. The *New York Times* recently wrote that Google “dominates the business of placing text ads alongside search results and on sites across the Web.”<sup>14</sup> In its U.S. Securities and Exchange Commission filings, Google notes that nearly all (about 99 percent) of its revenue is derived from advertising, with a majority of its revenue derived from fees that Google receives from advertisers through its AdWords and AdSense programs.<sup>15</sup> Although no specific figures are publicly available, given Google’s tenacity in defending the practice through litigation, one might surmise that a significant portion of Google’s AdWords and AdSense revenues are derived from the sale of competitors’ trademarks.

Google itself has noted that a “reduction in spending by or loss of advertisers could seriously harm [its] business.”<sup>16</sup> Accordingly, if the adverse *American Blind* order is a harbinger of how the law will finally settle with regard to Google’s advertising practices, Google may stand to lose a major source of revenue. Google’s worldwide revenues stand at an estimated \$15 billion a year.<sup>17</sup> A substantial portion of those revenues could evaporate if Google is forced to settle an aggregated number of lawsuits similar to *American Blind* or to battle it out with a more widely known opponent, such as American Airlines, which can afford to push the case to trial.

### Trademarks and Goodwill

“[T]rademark law is a species of the generic law of unfair competition,”<sup>18</sup> noted J. Thomas McCarthy. “A trademark is a very peculiar kind of property . . . [because] it has no existence apart from the goodwill of the product or service it symbolizes.”<sup>19</sup> Furthermore, “[t]he owner of a trade-mark may not, like the proprietor of a patented invention, make a negative and merely prohibitive use of it as a monopoly.”<sup>20</sup> Instead, “a trade-mark is merely one of the visible mediums by which the good will [of a business] is identified, bought, and sold, and known to the public.”<sup>21</sup> Unlike other types of intellectual property, such as copyrights, patents, or trade secrets, trademarks do not

“depend upon novelty, invention, discovery, or any work of the brain . . . [and they] require[] no fancy or imagination, no genius, no laborious thought.”<sup>22</sup>

A company’s goodwill is essentially the economic value that consumers associate with the company and its trademark or brand.<sup>23</sup> However, “a trademark may be more than a mere symbol of good will; it may itself be an instrument for creating good will. . . . When an article bearing a trademark is sold, the good will that trademark symbolizes is a factor in making the sale.”<sup>24</sup>

As Justice Frankfurter said, when a customer’s psychological reaction to the trademark symbol is favorable, “the trademark owner has something of value.” This “something of value” is most usually characterized as “good will,” which is the best semantic term we have to describe the consumer recognition or drawing power of a trademark.<sup>25</sup>

### The Lanham Act and the Internet

As with many other areas of the law, statutory trademark law originated from the common law. Generally, common law trademark owners have the exclusive right to use the mark in those geographical areas where the marked products are sold or advertised in order to protect the goodwill they invested in the mark.<sup>26</sup> As characterized by early case law,

the adoption of a trade-mark does not, at least in the absence of some valid legislation enacted for the purpose, project the right of protection in advance of the extension of the trade, or operate as a claim of territorial rights over areas into which it thereafter may be deemed desirable to extend the trade. And the expression, sometimes met with, that a trade-mark right is not limited in its enjoyment by territorial bounds, is true only in the sense that wherever the trade goes, attended by the use of the mark, the right of the trader to be protected against the sale by others of their wares in the place of his wares will be sustained.<sup>27</sup>

The common law of trademarks was codified into a single federal body of law in 1946 through the Lanham Act (more formally known as the 1946

Trademark Act).<sup>28</sup> The act was named after its sponsor, Fritz Garland Lanham, an attorney and Democratic congressman from Fort Worth, Texas.<sup>29</sup>

According to Congressman Lanham, the act served two goals: “to protect legitimate business and [to protect] the consumers of the country.”<sup>30</sup> The legislative history of the act elaborated on these two goals:

The purpose underlying any trade mark statute is twofold. One is to protect the public so it may be confident that, in purchasing a product bearing a particular trade mark which it favorably knows, it will get the product which it asks for and wants to get. Secondly, where the owner of a trade mark has spent energy, time, and money in presenting to the public the product, he is protected in his investment from its misappropriation by pirates and cheats. This is the well established rule of law protecting both the public and the trade mark owner. . . . By protecting trademarks, Congress hoped to protect the public from deceit, to foster fair competition, and to secure to the business community the advantages of reputation and goodwill by preventing their diversion from those who have created them to those who have not. This is the end to which this bill is directed.<sup>31</sup>

In *Inwood Laboratories, Inc. v. Ives Laboratories, Inc.*, the Supreme Court, citing legislative history, stated that blatant trademark infringement “inhibits competition” and “subverts both goals of the Lanham Act” by depriving the trademark owner of goodwill and by depriving consumers of the ability to distinguish among goods of competing manufacturers. Justice White, concurring in the same case, stated that “the purpose of the Lanham Act was to codify and unify the common law of unfair competition and trademark protection.”<sup>32</sup>

The Lanham Act serves to protect federally registered trademarks via a claim for trademark infringement under 15 U.S.C. § 1114(1) (§ 32(1) of the Lanham Act).<sup>33</sup> It also protects unregistered marks via a statutory prohibition against unfair methods of competition, e.g., false designation of

origin, sponsorship, or approval, under 15 U.S.C. § 1125(a) (§ 43(a) of the Lanham Act).<sup>34</sup>

The elements for causes of action under §§ 32(1) and 43(a) are essentially the same.<sup>35</sup> To prevail under a claim for trademark infringement or unfair competition, a plaintiff must prove that (1) the mark is valid and legally protectable; (2) the plaintiff owns the mark; (3) the defendant used the mark in commerce; (4) such use was made in connection with the sale, offering for sale, distribution, or advertising of any goods or services; and (5) such use was in a manner likely to confuse customers.<sup>36</sup>

In addition, 15 U.S.C. § 1125(c) (§ 43(c) of the Lanham Act) protects “famous” trademarks from dilution by “blurring” or “tarnishment.” Blurring occurs where the unauthorized use of the mark lessens the distinctiveness of the mark; that is, the use deprives the mark of its ability to bring to mind only the products of the mark’s owner.<sup>37</sup>

### Early Trademark Cases Involving the Internet

Early case law applying the Lanham Act to the Internet, a technological feat unanticipated by anyone, let alone Congress, in 1946, has set the stage for the current issues facing keyword advertising. Two particular developments of the Internet, domain names and pop-up advertising, illustrate how the courts have struggled to apply trademark law, which is grounded in the association of intangible goodwill to tangible property, to the intangible and amorphous reality of the Internet.

### Domain Names

In *Brookfield Communications, Inc. v. West Coast Entertainment Corp.*, a decision from the Ninth Circuit, defendant West Coast, a retail video store chain, registered the Internet domain name “moviebuff.com” in connection with an online movie search database.<sup>38</sup> Plaintiff Brookfield, owner of the MOVIE BUFF trademark, sued to enjoin defendant from using its MOVIE BUFF trademark in defendant’s domain name and in the site’s metatags.<sup>39</sup> Metatags are HyperText Markup Language (or HTML) code that is embedded in a website or webpage and “intended to describe the contents of the website” or webpage.<sup>40</sup>

Applying its traditional factor test for likelihood of confusion, as outlined in *AMF, Inc. v. Sleekcraft Boats*,<sup>41</sup> the court held that the domain name infringed upon plaintiff’s trademark because (1) the domain name and the trademark were similar, (2) the parties were direct competitors, and (3) the parties both used Internet websites as their sales channels.<sup>42</sup>

Unlike domain names, metatags are not visible to Internet users; accordingly, the court was unable to find actual confusion where a competitor used another’s trademark as a metatag because it could not apply the traditional factor test for likelihood of confusion.<sup>43</sup> The court recognized, however, that defendant was benefiting from the goodwill that plaintiff had accrued in its trademark.<sup>44</sup> Therefore, in an effort to prevent defendant from riding on the coattails of plaintiff’s goodwill, the court deployed a doctrine called “initial interest confusion” to find infringement.<sup>45</sup> As discussed further below, *Brookfield* “was the first major case to apply the initial interest confusion doctrine to the Internet context.”<sup>46</sup>

### Pop-Up Advertisements

“Pop-up advertisements are advertisements that appear on an [I]nternet user’s screen without the user’s consent.”<sup>47</sup> In *1-800 Contacts v. WhenU.com, Inc.*, a decision from the Second Circuit, plaintiff sued an Internet advertising company for trademark infringement because the advertising company’s “SaveNow” software program used

a directory of commonly used search phrases, commonly visit[s] web addresses, and various keyword algorithms [which included plaintiff’s website address/trademark] . . . to scan[] [a] user’s Internet activity to determine whether any of the terms, web addresses, or content match the information in the directory . . . [and then it] determines whether the user’s computer should receive a pop-up advertisement that is selected at random from [defendant’s] clients which match the category of the user’s activity.<sup>48</sup>

In determining whether defendant’s actions constituted trademark infringement, the court focused on the

“trademark use” requirement.<sup>49</sup> Strictly applying the Lanham Act definition of *use in commerce*, the court concluded that defendant did not “use” plaintiff’s trademark

in the manner ordinarily at issue in an infringement claim: it does not ‘place’ 1-800 trademarks on any goods or services in order to pass them off as emanating from or authorized by [plaintiff]. . . . The fact is that [defendant] does not reproduce or display [plaintiff’s] trademarks at all.<sup>50</sup>

The court reasoned that defendant’s use of plaintiff’s trademark was merely an “internal use” of the trademark, which is not actionable trademark use.<sup>51</sup> In support of its conclusion, the court analogized defendant’s internal use of the trademark in a pop-up advertisement to product placement:

Indeed, it is routine for vendors to seek specific “product placement” in retail stores precisely to capitalize on their competitors’ name recognition. For example, a drug store typically places its own store-brand generic products next to the trademarked products they emulate in order to induce a customer who has specifically sought out the trademarked product to consider the store’s less-expensive alternative. [Defendant] employs this same marketing strategy by informing []users who have sought out a specific trademarked product about available coupons, discounts, or alternative products that may be of interest to them.<sup>52</sup>

Therefore, because defendant did not make an actionable trademark use of plaintiff’s trademark, the court held that defendant was not liable for trademark infringement.<sup>53</sup>

### Split Decisions

The issue of whether keyword advertising constitutes actionable trademark infringement under § 32(1) (trademark infringement),<sup>54</sup> under § 43(a) (false designation of origin, sponsorship, or approval)<sup>55</sup> of the Lanham Act, or both centers around the issue of whether the use of another’s trademark in

connection with a keyword advertisement is an actionable use in commerce (or trademark use).

Use in commerce is a threshold element of any federal action for trademark infringement. The Lanham Act defines the term *use in commerce* (as it appears in §§ 32(1), 43(a), and 43(c) of the Lanham Act) as

the bona fide use of a mark in the ordinary course of trade, and not made merely to reserve a right in a mark. . . . [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>56</sup>

It appears that the outcome of any keyword advertising case is determined by whether the court strictly or liberally construes the statutory definition of *use in commerce*.

### The View from New York

Federal courts in the Southern, Northern, and Eastern Districts of New York and the Second Circuit have taken a narrow approach to analyzing the use requirement by strictly interpreting the Lanham Act's definition of *use in commerce*.<sup>57</sup>

In *Merck & Co., Inc. v. Medioplan Health Consulting, Inc. (Merck I)*, the first of the New York decisions, Judge Chin ruled that a keyword advertiser's use of another's mark in a sponsored link was an internal use of the mark and therefore did not constitute a trademark use because, in accordance with the statutory definition of *use in commerce*,

defendants did 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>58</sup>

Judge Chin based his ruling in *Merck I* on the Second Circuit's decision in *1-800 Contacts*, which, as discussed above, involved the use of a trademark in Internet pop-up ads. In *1-800 Contacts*, the Second Circuit held that a "company's internal utilization of a trademark in a way that does not communicate it to the public . . . simply does not violate the Lanham Act."<sup>59</sup>

On a subsequent motion for reconsideration, as set forth in the decision styled *Merck & Co., Inc. v. Medioplan Health Consulting, Inc. (Merck II)*, Judge Chin both reaffirmed and expanded his ruling in *Merck I*.<sup>60</sup> In the words of Judge Chin:

The search engine companies included the keyword "Zocor" in their internal directories of keywords. . . . This internal use of the keyword "ZOCOR" is not use of the ZOCOR mark to indicate source or sponsorship. It may be commercial use, in a general sense, but it is not trademark use. Indeed, if anything, key-wording is less intrusive than pop-up ads as it involves no aggressive overlaying of an advertisement on top of a trademark owner's webpage.<sup>61</sup> Relying again on *1-800 Contacts*, the court in *Merck II* observed that in the search engine context, defendants do not "place" the ZOCOR marks on goods, containers, displays, or associated documents, nor do they use the marks to indicate source or sponsorship. Rather, the marks are 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.<sup>62</sup>

Accordingly, the court characterized the advertiser's activities as an electronic form of product placement, which is a legal and legitimate form of marketing.<sup>63</sup>

It should be noted, however, that the *Merck I & II* decisions contradict *Bihari v. Gross*, an earlier decision from the Southern District of New York in which Judge Scheindlin ruled that defendant's use of plaintiff's trademarks in metatags in defendant's website was a "trademark use" because they "effectively act[ed] as a conduit, steering potential customers away from [plaintiff's business] and toward its competitors."<sup>64</sup>

Shortly after *Merck I & II*, a federal court in the Northern District of New York held that a search engine's internal use of a trademark (as opposed to a keyword advertiser's internal use of a trademark, as was the case in *Merck I & II*) did not violate the Lanham Act because the internal use of a trademark to trigger sponsored links was not a trademark use.<sup>65</sup> Like the court in *Merck I & II*, Chief Judge Mordue in *Rescuecom Corp. v. Google, Inc.*, based his decision on the precedent of *1-800 Contacts*.<sup>66</sup>

However, Chief Judge Mordue went one step further and, based on a strict reading of the use in commerce definition, required a visible display of the competitor's trademark on the Internet search engine's resulting link or the keyword advertiser's website before the court would find an actionable trademark use.<sup>67</sup> In the court's words, Google'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, because there is no allegation that [Google] places plaintiff's trademark on any goods, containers, displays, or advertisements, or that its internal use is visible to the public.<sup>68</sup>

In a recent decision involving Yahoo!'s sponsored links (Yahoo! Search Marketing), a magistrate judge in the Eastern District of New York adopted the rule of *Rescuecom* while expressly rejecting the precedents of other jurisdictions, especially the Ninth Circuit (a line of authority that

is discussed below).<sup>69</sup> In *Site Pro-1, Inc. v. Better Metal, LLC*, the court held that a keyword advertiser's use of plaintiff's mark in Yahoo!'s sponsored link was not a trademark use because the mark "was *not* displayed in the sponsored search result linking to the [keyword advertiser's] website."<sup>70</sup>

Given that judges in three of the Second Circuit's six districts have taken the same narrow approach to analyzing trademark use under *1-800 Contacts* and strictly interpreted the Lanham Act's definition of *use in commerce*, it is entirely possible that other courts in the Second Circuit, including in its remaining districts (the Western District of New York, the District of Connecticut, and the District of Vermont), and even the Second Circuit Court of Appeals, will follow suit.

### The Majority View

Every jurisdiction outside of the Second Circuit to look at the issue has taken a broader approach to the use requirement by analyzing the defendant's use in the context of the total circumstances, regardless of whether the plaintiff's trademark is visible to Internet users.<sup>71</sup>

For example, if the defendant is an Internet search engine, such as Google or Yahoo!, then a court might find a trademark use when the defendant (1) "trades on the value of the [plaintiff's] marks" by accepting bids on the plaintiff's mark from the plaintiff's competitors, (2) acts "as a conduit to steer potential customers away" from the plaintiff to the plaintiff's competitors, and (3) "identifies those of [the plaintiff's] marks which are effective search terms and markets them to [the plaintiff's] competitors."<sup>72</sup>

Where the defendant is a keyword advertiser, like the customer of Google's AdWords program, then a court might find a trademark use when the defendant (1) trades "on the value of the plaintiff's mark" by purchasing the plaintiff's mark as a keyword and then (2) uses that keyword "to trigger internet advertisements for itself."<sup>73</sup>

In *Government Employees Insurance Co. v. Google, Inc. (GEICO)*, plaintiff trademark owner sued search engines Google and Overture for direct, contributory, and vicarious

trademark infringement because defendants used plaintiff's GEICO trademark in their sponsored links, although the keyword advertisers did not display plaintiff's trademark in the resulting advertisements.<sup>74</sup> Utilizing the internal use argument, defendants moved to dismiss plaintiff's infringement claims because plaintiff failed to allege an actionable trademark use.<sup>75</sup>

In rejecting defendants' argument, the Eastern District of Virginia liberally interpreted the Lanham Act definition of *use in commerce* and held that plaintiff sufficiently alleged that defendants made an actionable trademark use of plaintiff's trademark.<sup>76</sup>

The complaint clearly alleges that defendants use plaintiff's trademarks to sell advertising, and then link that advertising to results of searches. Those links appear to the user as "sponsored links." Thus, a fair reading of the complaint reveals that plaintiff alleges that defendants have unlawfully used its trademarks by allowing advertisers to bid on the trademarks and pay defendants to be linked to the trademarks. . . . Plaintiff further alleges that under theories of contributory and vicarious liability, defendants are liable when the advertisers themselves make "trademark use" of the GEICO marks by incorporating them into the advertisements, which are likely to deceive customers into believing that the advertisers provide accurate information about GEICO products or are somehow related to GEICO.<sup>77</sup>

Following *GEICO*, two courts in the District of New Jersey reached similar decisions. In *800-JR Cigar, Inc. v. GoTo.com, Inc.*, the court relied on the precedent of *GEICO* in holding that a "pay-for-priority Internet search engine" made an actionable trademark use of plaintiff's trademark when it "solicit[ed] bids from advertisers for key words or phrases to be used as search terms, giving priority results on searches for those terms to the highest-paying advertiser."<sup>78</sup> Defendant argued that its conduct was "merely limited to accepting the advertiser's bid on the search term after determining that the term is relevant to the advertiser's Web site."<sup>79</sup> However, similar

to the allegations of the complaint in *GEICO*, the complaint in *800-JR Cigar* addressed "more than the defendant's use of the trademarks in their internal computer coding" because "the complaint addressed defendant's selling of and profiting from GEICO's marks."<sup>80</sup> The court found actionable trademark use for the following reasons:

First, by accepting bids from those competitors of [plaintiff] desiring to pay for prominence in search results, [defendant] trades on the value of the marks. Second, by ranking its paid advertisers before any "natural" listings in a search results list, [defendant] has injected itself into the marketplace, acting as a conduit to steer potential customers away from [plaintiff] to [plaintiff's] competitors. Finally, through the Search Term Suggestion Tool, [defendant] identifies those of [plaintiff's] marks which are effective search terms and markets them to [plaintiff's] competitors. Presumably, the more money advertisers bid and the more frequently advertisers include [plaintiff's] trademarks among their selected search terms, the more advertising income [defendant] is likely to gain.<sup>81</sup>

In *Buying for the Home, LLC v. Humble Abode, LLC*, the court, after surveying the various splits in authority (including decisions from New York and the Ninth Circuit), held that a keyword advertiser that purchased trademarks as sponsored link keywords from Google and Yahoo! had made a trademark use.<sup>82</sup> The court found actionable trademark use for the following reasons:

First, the alleged purchase of the keyword was a commercial transaction that occurred "in commerce," trading on the value of Plaintiff's mark. Second, Defendants' alleged use was both "in commerce" and "in connection with any goods or services" in that Plaintiff's mark was allegedly used to trigger commercial advertising which included a link to Defendants' furniture retailing website. Therefore, not only was the alleged use of Plaintiff's mark tied to

the promotion of Defendants' goods and retail services, but the mark was used to provide a computer user with direct access (*i.e.*, a link) to Defendants' website through which the user could make furniture purchases. The Court finds that these allegations clearly satisfy the Lanham Act's "use" requirements.<sup>83</sup>

The court reached this conclusion even though the advertisement did not display plaintiff's trademark.<sup>84</sup>

Other district courts have reached similar conclusions. "Based on the plain meaning of the Lanham Act," a court in the District of Minnesota held that the purchase of a trademark as a search term by a keyword advertiser

## **Playboy confuses the entire trademark infringement analysis in the context of keyword advertising.**

was a trademark use because defendant purchased the trademark from Google and Yahoo! "to generate its sponsored link advertisements."<sup>85</sup>

Likewise, even though "[t]he law in the Seventh Circuit is silent on whether the use of a trademark as a keyword in an online search program such as Google's Adwords is a use 'in commerce' under the Lanham Act," a district court in the Northern District of Illinois granted plaintiff a temporary restraining order against an Internet advertiser because, among other things, plaintiff had established "through affidavits and attached materials that defendants are using terms trademarked by [plaintiff] as search terms in Google's Adwords program in a manner likely to cause confusion."<sup>86</sup>

One court in the Eastern District of Pennsylvania also reached the same conclusion. In *J.G. Wentworth, S.S.C. Ltd. Partnership v. Settlement Funding LLC*, the court considered a keyword advertiser's use of plaintiff's trademark "in two ways: (1) through Google's AdWords program; and (2) in the 'meta tags' for defendant's website."<sup>87</sup> The court rejected the rationale of *1-800*

*Contacts* that "[a] company's internal utilization of a trademark in a way that does not communicate it to the public is analogous to an individual's private thoughts about a trademark . . . [and, therefore,] simply does not violate the Lanham Act."<sup>88</sup> "By establishing an opportunity to reach customers 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>89</sup> Instead, the court chose to follow the approach of *Buying for the Home* and, accordingly, held that defendant's conduct was a trademark use.<sup>90</sup>

Unlike in any of the previous decisions, the court then turned to the issue of likelihood of confusion.<sup>91</sup> In applying the doctrine of initial interest confusion, however, the court held that initial interest confusion did not exist because "[d]ue to the separate and distinct nature of any of the search pages in question, potential customers . . . [did not have] an opportunity to confuse defendant's services, goods, advertisements, links or websites for those of plaintiff."<sup>92</sup>

Accordingly, the court dismissed plaintiff's claims because a likelihood of confusion did not exist.<sup>93</sup>

### **Variations from the Ninth Circuit**

The Ninth Circuit has taken a position that achieves a result similar to those of the majority view, albeit through rather confusing means. In *Playboy Entertainment, Inc. v. Netscape Communications, Corp.*, Playboy sued two Internet search engines (Netscape and Excite, Inc.) for trademark infringement and dilution resulting from the search engines' practice of "keying" (or "linking advertisements to pre-identified terms")<sup>94</sup> banner advertisements to Playboy's trademarks PLAYBOY and PLAYMATE.<sup>95</sup> Relying on its earlier decision in *Brookfield*, which applied the initial interest confusion doctrine to infringing Internet domain names, the Ninth Circuit analyzed trademark use in terms of initial interest confusion and then held that the mere placement of a competitor's trademark in the metatag of a website constitutes a use in commerce when "used . . . in a way calculated to deceive consumers

into thinking" that the trademark owner is the sponsored advertiser.<sup>96</sup> As noted by the Northern District of California in *American Blind*, the *Playboy* decision "suggests that the Ninth Circuit would assume use in commerce" in keyword advertising cases because the Ninth Circuit "focused its analysis on initial interest confusion and did not question whether the metatags were used in commerce."<sup>97</sup>

Indeed, the *Playboy* decision complicates matters because the doctrine of initial interest confusion (a doctrine that some courts accept and others reject) is intended to be a substitute for actual confusion in the trademark infringement analysis.<sup>98</sup> The initial interest confusion doctrine applies when "similar marks could ultimately affect a consumer's consideration of the defendant's product as well as affect the plaintiff's goodwill with its customers."<sup>99</sup> In the context of the Internet, for instance, a court might find initial interest confusion when Internet users realize the website they have accessed is not the one they were looking for but decide to purchase or use the offerings of the keyword advertiser's site regardless.<sup>100</sup>

Accordingly, the precedent of *Playboy* confuses the entire trademark infringement analysis in the context of keyword advertising by ignoring the trademark use element, assuming trademark use, or combining the trademark use element with the likelihood of confusion element.<sup>101</sup>

Some jurisdictions that followed the Ninth Circuit in adopting the initial interest confusion doctrine in other Internet contexts are now following the Ninth Circuit in analyzing trademark use in terms of initial interest confusion, as happened in an unreported decision from the Northern District of Texas.<sup>102</sup>

This complexity of the Ninth Circuit's approach is compounded by another Ninth Circuit decision that characterizes the precedent of *Brookfield* as a general rule and the precedent of *Playboy* as an exception to the general rule:

Upon further discovery, such as obtaining records from Google or Yahoo!, [Plaintiff] Picture it Sold may be able to prove that [Defendant]

I Sold It was indeed purchasing advertising on its trademark at some point in the past. If so, it would then be necessary for the district court to resolve the somewhat difficult question of whether this activity is sufficiently analogous to metatag use so as to be prohibited by *Brookfield* under its rather broad discussion of initial interest confusion, 174 F.3d at 1062–65, or whether the activity might fall within the possible exception to *Brookfield* that this court suggested in *Playboy Enterprises, Inc. v. Netscape Communications Corp.*, 354 F.3d 1020, 1029 & n. 43 (9th Cir. 2004); see also *id.* at 1025 n.16; but see *id.* at 1034–36 (Berzon, J., concurring).<sup>103</sup>

Fortunately, district courts in the Ninth Circuit have started to recognize and avoid the apparent inconsistencies of *Playboy* and later cases. In *Rhino Sports, Inc. v. Sport Court, Inc.*, an Arizona federal court recently refused to interpret *Playboy* as establishing any precedent on the issue of trademark use.<sup>104</sup> However, the court did not (and, given the facts and procedural posture of the case, was likely unable to) reconcile the confusion created by *Playboy*.

*American Blind*, however, apparently brought resolve to the complexity of *Playboy* and its progeny by characterizing the *Playboy* decision as a case in which the court merely assumed use in commerce. The court in *American Blind* chose instead to follow the majority view set by “the courts in *GE-ICO*, *800-JR Cigar*, *Humble Abode*, *Edina Realty*, and *Wentworth*” and thus denied Google’s motion for summary judgment.<sup>105</sup> Specifically, the court held that “the sale of trademarked terms in the [Google] AdWords program is a use in commerce for the purposes of the Lanham Act.”<sup>106</sup>

### The Future

The issue of whether keyword advertising constitutes trademark infringement is another example of how the law persistently rides on the heels of technology and presents a cacophony that is confusing for the courts and clients.

With such a vast split in authority across the various circuits, it is entirely possible for a case to eventually reach the U.S. Supreme Court. In fact,

*American Airlines, Inc. v. Google, Inc.*, the first major keyword advertising suit filed on the heels of the *American Blind* decision, may be just that case.<sup>107</sup> *American Airlines* is somewhat unique in that it represents the first time that a major corporation with deep pockets has directly challenged Google’s keyword advertising practices, and it “is the first suit brought by a company with such a well-known and broad portfolio of trademarks.”<sup>108</sup>

But even if the Supreme Court eventually hears a keyword advertising case, it is entirely possible that it will reserve the issue for congressional action. If Congress becomes involved in the matter, then it may update the Lanham Act for the digital realm in a manner similar to the way in which it updated the 1976 Copyright Act through the 1998 Digital Millennium Copyright Act (DMCA).

Through the DMCA, Congress updated federal copyright law by, among other things, carving out new exemptions (or safe harbor provisions) for Internet service providers that otherwise could be held liable for copyright infringement.<sup>109</sup> This limitation on liability for Internet service providers was the congressional response to two feuding constituents: the entertainment industry and the burgeoning Internet industry.<sup>110</sup> After prolonged negotiations between them over copyright infringement liability in cyberspace, Congress came to realize the need for balanced legislative involvement: to “protect the intellectual property rights of creative works available online in ways that promote the use of the Internet, both by content providers and users.”<sup>111</sup>

Such an effort by Congress may be needed to properly balance the intellectual property rights and ancillary interests of (1) trademark owners, whose businesses rely heavily on the preservation of their brand names and goodwill; and (2) Internet companies like Google, whose business models depend on the ability to continue the practice of keyword advertising. The congressional effort also may be needed to prevent consumer confusion regarding the affiliation a keyword advertiser may have with its competitors.<sup>112</sup>

As recent decisions like *American Blind* demonstrate, the Internet has taken trademark law beyond the physical

realm. Trademark law, which originally gave trademark owners the exclusive right to use their marks in those geographical areas where their marked products were sold or advertised in order to protect the goodwill invested in their marks, can no longer assume geographic boundaries as a relevant factor in determining trademark usage because the Internet transcends physical geographic boundaries.

Until the law crystallizes, keyword advertisers must determine whether the risk of possible infringement is worth the reward of potential increased business, and trademark owners must ask themselves whether the cost of litigating a claim based on unsettled law outweighs the damage being done to their marks and business. Unless the Supreme Court adopts the Second Circuit’s minority approach or Congress takes action, Google and its fellow search engine providers may have no option but to cease selling competitors’ trademarks as keywords, a decision that may significantly affect their bottom line. 

### Endnotes

1. No. C 03-5340 JF (RS), WL 2007 1159950, at \*1 (N.D. Cal. Apr. 18, 2007).
2. *Id.* at \*2.
3. *Id.* at \*6.
4. Stipulation of Dismissal of Action with Prejudice, [Proposed] Order, Google, Inc. v. Am. Blind & Wallpaper Factory, Inc., No. C 03-5340-JF (RS) (Aug. 31, 2007) (signed by Judge Jeremy Fogel on Sept. 5, 2007); Eric Auchard, *Trademark Plaintiff Drops Suit vs Google over Ads*, REUTERS (Sept. 4, 2007), available at [http://investing.reuters.co.uk/news/articleinvesting.aspx?type\\_tnBusinessNews&storyID\\_2007-09-04T055929Z\\_01\\_N03361244\\_RTRIDST\\_0\\_BUSINESS-GOOGLE-TRADEMARK-DC.XML](http://investing.reuters.co.uk/news/articleinvesting.aspx?type_tnBusinessNews&storyID_2007-09-04T055929Z_01_N03361244_RTRIDST_0_BUSINESS-GOOGLE-TRADEMARK-DC.XML) (last visited Sept. 6, 2007) (“The settlement is one of a string of U.S. lawsuits where Google has successfully defended its practice of allowing advertisers to bid for keyword search words, even for trademarked terms.”).
5. Google, Inc., Form 10-Q, at 12 (for the quarterly period ended June 30, 2007) (“Legal Matters. Companies have filed trademark infringement and related claims against us over the display of ads in response to user queries that include trademark terms. The outcomes of these lawsuits have differed from jurisdiction to jurisdiction. Courts in France have held us

liable for allowing advertisers to select certain trademarked terms as keywords. We are appealing those decisions. We were also subject to two lawsuits in Germany on similar matters where the courts held that we are not liable for the actions of our advertisers prior to notification of trademark rights. We are litigating or have recently litigated similar issues in other cases in the U.S., France, Germany, Israel, Italy, Austria and Australia.”).

6. See generally, Complaint, Am. Airlines, Inc. v. Google, Inc., No. 4-07CV-487-A (N.D. Tex. Aug. 16, 2007).

7. *Keyword Advertising*, in WIKIPEDIA, at [http://en.wikipedia.org/wiki/Keyword\\_advertising](http://en.wikipedia.org/wiki/Keyword_advertising) (last visited Sept. 1, 2007) (“Common forms of keyword advertising are known by many other terms, including pay per click (PPC) and cost per action (CPA).”).

8. *Id.* (“Other [Internet] search engines offering keyword advertising include Yahoo! Search Marketing, Microsoft AdCenter, B2B ITAH AdLinks, Looksmart, Miva (Findwhat and e-Spotting are now part of Miva), Kanoodle. . .”).

9. Memorandum of Points and Authorities in Support of Google’s Motion for Summary Judgment at 3, Google, Inc. v. Am. Blind & Wallpaper Factory, Inc., No. C 03-5340-JF (RS) (N.D. Cal. Jan. 30, 2006).

10. American Blind & Wallpaper Factory, Inc.’s Opposition to Google’s Motion for Summary Judgment at 1, Google, Inc. v. Am. Blind & Wallpaper Factory, Inc., No. C 03-5340-JF (RS) (N.D. Cal. Feb. 16, 2007) (“It is undisputed that Google recommends and sells American Blind’s trademarks to the highest bidder, usually American Blind’s direct competitors, so that their advertisements will appear at the top (and along the sides) of Google’s search results as ‘Sponsored Links’ when users input a query with American Blind’s marks.”).

11. See *id.* (“Google does not clearly identify its ads because, for Google, confusion is good.”).

12. See Complaint at 1–2, Am. Airlines, Inc. v. Google, Inc., No. 4-07CV-487-A (N.D. Tex. Aug. 16, 2007) (“Unfortunately, some individuals and entities attempt to take advantage of consumers by marketing their products or services using the brands of others. . . . This lawsuit involves exactly such a situation—efforts by certain companies to free ride on American Airlines’ brands through use of Google’s technology.”).

13. Memorandum of Points and Authorities in Support of Google’s Motion for Summary Judgment at 1 (“[S]earch engines such as the one operated by Google, Inc. engage in ‘the electronic equivalent of product placement.’”)

14. Miguel Helft, *Congress to Examine Google-DoubleClick Deal*, N.Y. TIMES, July 19, 2007.

15. Google, Inc., Form 10-Q, at 18, 34 (for the quarterly period ended June 30, 2007).

16. Google, Inc., Form 10-Q/A, Amendment No. 1, at 34 (for the quarterly period ended Mar. 31, 2007).

17. Google, Inc., Form 10-Q, at 4, 15 (for the quarterly period ended June 30, 2007).

18. J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 2:7 (2007).

19. *Id.* § 2:15; United Drug Co. v. Theodore Rectanus Co., 248 U.S. 90, 98 (1918) (“In truth, a trade-mark confers no monopoly whatever in a proper sense, but is merely a convenient means for facilitating the protection of one’s good-will in trade by placing a distinguishing mark or symbol—a commercial signature—upon the merchandise or the package in which it is sold.”).

20. *United Drug*, 248 U.S. at 97–98.

21. Coca-Cola Bottling Co. v. Coca-Cola Co., 269 F. 796, 806 (D. Del. 1920) (“Separate from the good will of the business it identifies, it [(i.e., a trademark)] is useless, valueless.”).

22. *In re Trade-Mark Cases*, 100 U.S. 82, 94 (1879) (holding that Congress exceeded its power when it enacted the first federal trademark statute because the statute protected all marks regardless of novelty or originality and, therefore, could not be supported by the Patent and Copyright Clause of the U.S. Constitution).

23. MCCARTHY, *supra* note 18, §§ 2:16–2:20 (describing the various attempts to define or characterize “goodwill” within the body of trademark law).

24. *Id.* § 2:15.

25. *Id.* (quoting Mishawaka Rubber & Woolen Mfg. Co. v. S.S. Kresge Co., 316 U.S. 203, 205 (1942)).

26. Hanover Star Milling Co. v. Metcalf, 240 U.S. 403 (1916).

27. United Drug Co. v. Theodore Rectanus Co., 248 U.S. 90, 98 (1918).

28. MCCARTHY, *supra* note 18, § 5:4.

29. *Id.*

30. Two Pesos, Inc. v. Taco Cabana, Inc., 505 U.S. 763, 781–82 (1992) (quoting 92 CONG. REC. 7524 (1946)).

31. *Id.* at n.15 (quoting S. REP. NO., at 3–4 (1946)).

32. MCCARTHY, *supra* note 18, § 5:4 (quoting Inwood Labs., Inc. v. Ives Labs., Inc., 456 U.S. 844 (1982)).

33. The Lanham Act, § 32(1) (15 U.S.C. § 1114(1)(a)) sets forth a federal claim for the infringement of a registered trademark:

Any person who shall, without the consent of the registrant—(a) 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 for the remedies hereinafter provided.

34. The Lanham Act, § 43(a) (15 U.S.C. § 1125(a)(1)(A)) sets forth a federal claim for unfair methods of competition involving a mark, regardless of whether the mark is a registered trademark:

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—(A) 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.

35. Lamparello v. Falwell, 420 F.3d 309, 313 (4th Cir. 2005) (“Both infringement and false designation of origin have [the same] five elements.”); J.G. Wentworth, S.S.C. Ltd. P’ship v. Settlement Funding LLC, No. 06-0597, 2007 WL 30115, at \*3 (E.D. Pa. Jan. 4, 2007); Rescucom Corp. v. Google, Inc., 456 F. Supp. 2d 393, 398 (N.D.N.Y. 2006).

36. 15 U.S.C. § 1114(1)(a); J.G. Wentworth, 2007 WL 30115, at \*3; Buying for the Home, LLC v. Humble Abode, LLC, 459 F. Supp. 2d 310, 318 (D.N.J. 2006); Rescucom Corp., 456 F. Supp. 2d at 398.

37. Robert J. Shaughnessy, *The Two Theories of Trademark Protection*, in TRADEMARK PARODY: A FAIR USE AND FIRST AMENDMENT ANALYSIS, 77 Trademark Rep. 177 (1987) (excerpt).

38. 174 F.3d 1036, 1042 (9th Cir. 1999).

39. *Brookfield*, 174 F.3d at 1041. It is worth noting here that “[t]he great majority of search engines [including Google] now ignore metatags . . . because they realized that allowing site owners to choose their own sites’ keywords would lead to irrelevant results.”

Zachary J. Zweihorn, *Searching for Confusion: The Initial Interest Confusion Doctrine and Its Misapplication to Search Engine Sponsored Links*, 91 CORNELL L. REV. 1343, 1363 (2006); Eric Goldman, *Deregulating Relevancy in Internet Trademark Law*, 54 EMORY L.J. 507, 567 (2005) (“[A]most all search engines have removed keyword metatags from their relevancy algorithms.”). Cases that illustrate the impact of the Lanham Act upon metatags include *Brookfield*, 174 F.3d at 1042, and *Promatek Indus., Ltd. v. Equitrac Corp.*, 300 F.3d 808 (7th Cir. 2002).

40. *Promatek Indus.*, 300 F.3d at 810 n.1; *Brookfield*, 174 F.3d at 1043.

41. 599 F.2d 341 (9th Cir. 1979).

42. *Brookfield*, 174 F.3d at 1055–58.

43. *Id.* at 1062.

44. *Id.*

45. *Id.*

46. Zweihorn, *supra* note 39, at 1352.

47. Isaiah A. Fishman, Comment, *Why Are Competitor’s Advertising Links Displayed When I Google My Product? An Analysis of Internet Search Engine Liability for Trademark Infringement*, 5 J. MARSHALL REV. INTELL. PROP. L. 431, 437 (2006).

48. 414 F.3d 400, 404 (2d Cir. 2005); *U-Haul Int’l, Inc. v. WhenU.com, Inc.*, 279 F. Supp. 2d 723, 725–26 (E.D. Va. 2003).

49. *See 1-800 Contacts*, 414 F.3d at 407–12. 50. *Id.* at 408.

51. *Id.* at 409 (“A company’s internal utilization of a trademark in a way that does not communicate it to the public is analogous to an individual’s private thoughts about a trademark. Such conduct simply does not violate the Lanham Act, which is concerned with the use of trademarks in connection with the sale of goods or services in a manner likely to lead to consumer confusion as to the source of such goods or services.”).

52. *Id.* at 411.

53. *Id.* at 410 (“Absent improper use of 1-800’s trademark, however, such conduct does not violate the Lanham Act.”).

54. 15 U.S.C. § 1114(1)(a) (barring, among other things, use “in connection with the sale, offering for sale, distribution, or advertising of any goods or services”).

55. 15 U.S.C. § 1125(a)(1)(A) (barring, among other things, use that tends “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”).

56. 15 U.S.C. § 1127.

57. *Buying for the Home, LLC v. Humble Abode, LLC*, 459 F. Supp. 2d 310, 321 (D.N.J.

2006) (observing that some courts presented with claims “involving the purchase or sale of trademarks as search engine keywords generally have . . . examined ‘use’ by looking more specifically at the definition of ‘use in commerce’ under the Lanham Act”).

58. 425 F. Supp. 2d 402, 408, 415 (S.D.N.Y. 2006).

59. *1-800 Contacts v. WhenU.com, Inc.*, 414 F.3d 400, 409 (2d Cir. 2005).

60. 431 F. Supp. 2d 425, 427 (S.D.N.Y. 2006) (denying motion for reconsideration).

61. *Id.*

62. *Id.* at 427.

63. *Id.* (“This internal use of the keyword ‘Zocor’ is not use of the mark in the trademark sense; rather, this use is more akin to the product placement marketing strategy employed in retail stores, where, for example, a drug store places its generic products alongside similar national brand products to capitalize on the latter’s name recognition.”). Since *Merck II*, defendants in keyword advertising cases have heavily used the product placement argument to justify their use of a plaintiff’s mark. *E.g.*, Memorandum of Points and Authorities in Support of Google’s Motion for Summary Judgment at 1, *Google, Inc. v. Am. Blind & Wallpaper Factory, Inc.*, No. C 03-5340-JF (RS) (Jan. 30, 2006) (“The primary issue in this case is whether product placement—a practice that is entirely legal under trademark law in the physical world—suddenly becomes illegal when it takes place on the Internet.”).

64. 119 F. Supp. 2d 309, 318 (S.D.N.Y. 2000). *But see Rescucom Corp. v. Google, Inc.*, 456 F. Supp. 2d 393, 402 (N.D.N.Y. 2006) (distinguishing *Bihari* because, unlike plaintiff in *Bihari*, plaintiff in *Rescucom* did not allege its “trademark is displayed in any of the sponsored links.”).

65. *Rescucom*, 456 F. Supp. 2d at 403.

66. *Id.* at 403.

67. *Id.* at 402, 403 (granting Google’s motion to dismiss pursuant to Rule 12(b)(6) of the Federal Rules of Civil Procedure because *Rescucom*’s complaint failed to properly allege trademark use by not showing that (1) Google’s internal use of *Rescucom*’s mark by way of metatags places *Rescucom*’s mark “on any goods, containers, displays, or advertisements, or that its internal use is visible to the public,” and (2) Google displayed *Rescucom*’s mark in any of Google’s sponsored links).

68. *Id.* at 403.

69. *Site Pro-I, Inc. v. Better Metal, LLC*, No. 06-CV-6508 (ILG)(RER), 2007 WL 1385730, at \*4 (E.D.N.Y. May 9, 2007) (“I am persuaded by the reasoning of the district

courts in *Merck* and *Rescucom*, as well as by the underlying rationale of *1-800 Contacts* . . . [and] I find unavailing [plaintiff] SitePro I’s ‘initial source confusion’ argument, as well as its attempts to distinguish the case law from this Circuit.”).

70. *Id.* at \*1, 4 (“[N]o Lanham Act ‘use’ has been alleged. . . . [Defendant] Better Metal did not place plaintiff’s SITE PRO 1® trademark on any of its goods, or any advertisements or displays associated with the sale of its goods.”).

71. *J.G. Wentworth, S.S.C. Ltd. P’ship v. Settlement Funding LLC*, No. 06-0597, 2007 WL 30115, at \*6 (E.D. Pa. Jan. 4, 2007); *Buying for the Home, LLC v. Humble Abode, LLC*, 459 F. Supp. 2d 310, 321, 323 (D.N.J. 2006) (Some courts presented with claims “involving the purchase or sale of trademarks as search engine keywords generally have examined whether the defendant’s alleged ‘use’ of the mark constituted a ‘trademark use’ generally, i.e., commercial use of the mark as a trademark.”); *800-JR Cigar, Inc. v. GoTo.com, Inc.*, 437 F. Supp. 2d 273, 285 (D.N.J. 2006); *Edina Realty, Inc. v. TheMLSonline.com*, No. 04-4371JRTFLN, 2006 WL 737064, at \*3 (D. Minn. Mar. 20, 2006).

72. *800-JR Cigar*, 437 F. Supp. 2d at 285.

73. *J.G. Wentworth*, 2007 WL 30115, at \*6; *Buying for the Home*, 459 F. Supp. 2d at 323.

74. 330 F. Supp. 2d 700, 701–02 (E.D. Va. 2004).

75. *Id.* at 702–03.

76. *Id.* at 704 (“[P]laintiffs have alleged facts sufficient to support their claims that advertisers make a ‘trademark use’ of GEICO’s marks, and that defendants may be liable for such ‘trademark use.’”).

77. *Id.* at 703–04.

78. 437 F. Supp. 2d 273, 277–78, 285 (D.N.J. 2006).

79. *Id.* at 282–83.

80. *Id.* at 284 (quoting *GEICO*, 330 F. Supp. 2d at 703).

81. *Id.* at 285.

82. 459 F. Supp. 2d 310, 323 (D.N.J. 2006).

83. *Id.* at 323 (emphasis in original).

84. *Id.* at 321.

85. *Edina Realty, Inc. v. TheMLSonline.com*, No. 04-4371JRTFLN, 2006 WL 737064, at \*3 (D. Minn. Mar. 20, 2006) (“While not a conventional ‘use in commerce,’ defendant nevertheless uses the Edina Realty mark commercially.”).

86. *Int’l Profit Assocs., Inc. v. Paisola*, 461 F. Supp. 2d 672, 675, 676–77, n.3 (N.D. Ill. 2006).

87. No. 06-0597, 2007 WL 30115, at \*1 (E.D. Pa. Jan. 4, 2007).

88. *Id.* at \*5, 6 (quoting 1-800 Contacts v. WhenU.com, Inc., 414 F.3d 400, 409 (2d Cir. 2005)) (“Such use is not analogous to ‘an individual’s private thoughts’ as defendant suggests.”).

89. *Id.*

90. *Id.* (“[L]ike the Court in *Buying for the Home*, I recognize that defendant’s use of plaintiff’s marks to trigger advertisements for itself is the type of use consistent with the language of 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.’”).

91. *Id.*

92. *Id.* at \*8.

93. *Id.*

94. *Keying* is apparently short for *keyword advertising*, which “refers to any advertising that is linked to specific words or phrases.” *Keyword Advertising*, in WIKIPEDIA, at [http://en.wikipedia.org/wiki/Keyword\\_advertising](http://en.wikipedia.org/wiki/Keyword_advertising) (last visited July 19, 2007). It seems that keyword advertising appears in several forms, including “sponsored links” (“text-based advertisements that describe an advertiser’s Web site and the products and services offered . . . [and includes a hyperlink], so that interested consumers may click on the advertisement and go to the advertised site,” e.g., Google AdWords, Yahoo! Search Marketing, Microsoft AdCenter, B2B ITAH AdLinks, Looksmart, Miva, Kanoodle), *Sponsored Link*, in WIKIPEDIA, at [http://en.wikipedia.org/wiki/Sponsored\\_link](http://en.wikipedia.org/wiki/Sponsored_link) (last visited July 19, 2007); and “banner advertisements” (“[a] form of online advertising [that] entails embedding an advertisement into a web page [that links users] to the web site of the advertiser . . . [and] is constructed from an image (GIF, JPEG, PNG), JavaScript program or multimedia object . . . [that is] usually in a high-aspect ratio shape (i.e. either wide and short, or tall and narrow) hence the reference to banners”), *Web Banner*, in WIKIPEDIA, at [http://en.wikipedia.org/wiki/Web\\_banner](http://en.wikipedia.org/wiki/Web_banner) (last visited July 19, 2007).

95. 354 F.3d 1020, 1023–24 (9th Cir. 2004).

96. *Id.* at 1025–26 (applying the initial interest confusion doctrine to the practice of “keying” sponsor banner ads).

97. No. C 03-5340 JF (RS), 2007 WL 1159950, at \*5 (N.D. Cal. Apr. 18, 2007); see *Playboy*, 354 F.3d at 1025–26 (“[Playboy] claims that defendants, in conjunction with advertisers, have misappropriated the goodwill of [Playboy’s] marks by leading

Internet users to competitors’ websites just as . . . [defendants in *Brookfield*] misappropriated the goodwill of Brookfield’s mark [(i.e., initial interest confusion)]. . . . The Internet user will have reached the [infringing] site because of defendants’ use of [Playboy’s] mark. Such use is actionable.”).

98. *E.g.*, Promatek Indus., Ltd. v. Equitrac Corp., 300 F.3d 808, 813, 814 (7th Cir. 2002) (applying the initial interest confusion doctrine as a means of finding a “likelihood of confusion”).

99. *Id.*

100. *Brookfield Commc’ns, Inc. v. W. Coast Entm’t Corp.*, 174 F.3d 1036, 1062 (9th Cir. 1999).

101. *Site Pro-I, Inc. v. Better Metal, LLC*, No. 06-CV-6508 (ILG)(RER), 2007 WL 1385730, at \*4 (E.D.N.Y. May 9, 2007) (quoting 1-800 Contacts v. WhenU.com, Inc., 414 F.3d 400, 412 (2d Cir. 2005)). (“[T]his rationale puts the cart before the horse. Not only are ‘use,’ ‘in commerce,’ and ‘likelihood of confusion’ three distinct elements of a trademark infringement claim, but ‘use’ must be decided as a threshold matter because, while any number of activities may be ‘in commerce’ or create a likelihood of confusion, no such activity is actionable under the Lanham Act absent the ‘use’ of a trademark.”).

102. *Kinetic Concepts, Inc. v. Bluesky Med. Group Inc.*, No. SA-03-CA-0832-RF, 2005 WL 3068223, at \*8 (W.D.Tex. Nov. 1, 2005) (denying defendant’s motion for summary judgment because defendant’s “mere use of trademarked keywords” constituted “sufficient evidence to raise a fact issue” as to a likelihood of initial interest confusion); *Verdict at \*1, Kinetic Concepts, Inc. v. Bluesky Med. Group Inc.*, No. SA-03-CA-0832-RF, 2006 WL 3932855 (W.D. Tex. Aug. 3, 2006) (ruling for defendant because “[t]he jury found no direct infringement, contributory infringement or inducement of infringement”).

103. *Picture It Sold, Inc. v. iSold It, LLC*, No. 06-15112, 2006 WL 2467552 (9th Cir. 2006).

104. Nos. CV-02-1815-PHX-JAT (Lead), CV-06-3066-PHX-JAT (Cons), WL 2007 1302745, at \*8 (D. Ariz. May 2, 2007) (“*Playboy* only advances the proposition that sponsored links that clearly identify their sources to consumers *might* avoid a finding of likelihood of initial interest confusion. . . . The Court concludes that, unless the Ninth Circuit expressly analyzes and holds that keyword use of a trademark does not constitute ‘use in commerce,’ then regardless of whether or not such use is a ‘use in commerce’ under the Lanham Act, there has been no change in the Ninth

Circuit on this matter since the permanent injunction was ordered.”).

105. *Google, Inc. v. Am. Blind & Wallpaper Factory, Inc.*, No. C 03-5340 JF (RS), 2007 WL 1159950, at \*6 (N.D. Cal. Apr. 18, 2007).

106. *Id.* (“[T]he Court will deny Google’s motion for summary judgment to the extent that it is brought on the basis of an asserted absence of trademark use.”).

107. In short, American Airlines has alleged eleven causes of action arising from Google’s advertising practices, including (1) trademark/service mark infringement under the Lanham Act, (2) contributory trademark/service mark infringement under the Lanham Act, (3) vicarious trademark/service mark infringement under the Lanham Act, (4) false representation under the Lanham Act, (5) dilution under the Lanham Act, (6) trademark infringement under Texas state law, (7) trademark dilution under Texas state law, (8) unfair competition under Texas state law, (9) misappropriation under Texas state law, (10) tortious interference with contract, and (11) money had and received. *Complaint at 19–28, Am. Airlines, Inc. v. Google, Inc.*, No. 4-07CV-487-A (N.D. Tex. Aug. 16, 2007).

108. Richard Koman, *American Airlines Sues Google over AdWords*, YAHOO! NEWS (Aug. 20, 2007), at [news.yahoo.com/s/nf/20070820/tc\\_nf/54753&printer\\_1:\\_ylt\\_AiaGk1Gp1DZ0dzlIF\\_PfheKfD8C](http://news.yahoo.com/s/nf/20070820/tc_nf/54753&printer_1:_ylt_AiaGk1Gp1DZ0dzlIF_PfheKfD8C) (last visited Sept. 6, 2007).

109. See 17 U.S.C. § 512 (Title II of the DMCA).

110. 144 CONG. REC. 7, 9234 (1998) (“Title II [of the DMCA], for example, reflects 3 months of negotiations between the major copyright owners and the major OSPs, and ISPs.”).

111. H.R. REP. NO. 105-551, pt. II, at 49 (1998) (“Title II [of the DMCA] preserves strong incentives for service providers and copyright owners to cooperate to detect and deal with copyright infringements that take place in the digital networked environment. At the same time, it provides greater certainty to service providers concerning their legal exposure for infringements that may occur in the course of their activities.”).

112. *Complaint at 7, Am. Airlines*, No. 4-07CV-487-A (“Upon information and belief, many web users who are presented with such Sponsored Links to third-party advertiser websites are not aware that the third-party advertiser may have no affiliation with American Airlines and/or may not be an authorized provider of American Airlines products and services.”).