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Ninth Circuit Nine-Plus -- Settling the Law in Internet Keyword Advertising and Trademark Use

Andrew Leahey

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NINTH CIRCUIT NINE PLUS — SETTLING THE LAW WITH REGARDS TO INTERNET KEYWORD ADVERTISING AND TRADEMARK USE

Andrew Leahey
Introduction

The Internet fills an increasing number of roles in American life: from entertainment and communication to staying abreast of current events, the Internet is the machine that keeps us informed, amused, and sated. If the Internet is an information machine, advertising revenue is the oil that keeps the gears humming along. Internet advertising is the fastest growing advertising medium, and for good reason: online advertising can be more tailored


5 “Without question, a strong Internet presence has become increasingly important for business in recent years, especially for franchise systems that rely heavily on brand recognition.” Judith A. Powell & Lauren Sullins Ralls. Best Practices for Internet Marketing and Advertising, 29 FRANCHISE L. J. 4, at 231 (2010).

6 “Now Internet search engines serve as quick one-stop shops for identifying and locating providers. Looking for a plumber to fix a leaky faucet in your Chicago home? Simply type
than any other form, keeping end users from seeing ads they aren’t interested in\(^7\) and allowing advertisers to target individuals more granularly than they ever dared dream.

Google AdSense is exemplary of the targeted keyword\(^8\) model of advertising: search for the keyword Lexus and, if your area Lexus dealers have paid their bills, several nearby dealerships should be the highest results on the page\(^9\). For most users this makes intuitive

\(\begin{array}{l}
\text{plumber Chicago} \text{ into any search engine, and you instantly have pages upon pages of results.”} \text{ Id.}
\end{array}\)

\(^7\) For example, many advertisers now ask for immediate feedback as to whether a user found the ad relevant to them.

\(^8\) “In keyword advertising, an advertisement with a link to the company’s website appears as a sponsored link on search engine results whenever consumers enter search terms incorporating the purchased word.” Judith A. Powell & Lauren Sullins Ralls. \textit{Best Practices for Internet Marketing and Advertising}, 29 FRANCHISE L. J. 4, at 234 (2010).

\(^9\) That said, search results are often dynamic and are personalized or tailored to each individual user based on a wide array of factors kept by the search engine about the user:

\(\begin{array}{l}
\text{For example, since I always search for [recipes] and often click on results from epicurious.com, Google might rank epicurious.com higher on the results page the next time I look for recipes. Other times, when I'm looking for news about Cornell University's sports teams, I search for [big red]. Because I frequently click on www. cornellbigred.com, Google might show me this result first, instead of the Big Red soda company or others.}
\end{array}\)
sense, if you are searching for a specific brand, you are likely in the market for information regarding that brand. But what if the first results weren’t for Lexus\textsuperscript{10}? What if they were for nearby Ford\textsuperscript{11} dealerships? Or Tesla\textsuperscript{12}? In the current legal schema there is no clarity regarding whether Ford or Tesla would be legally curtailed from simply outbidding Lexus for the targeted keyword. If Lexus is currently paying $0.08 per thousand displays (CPM), or $0.80 per click, technically Ford need only offer $0.09 or $0.81, respectively.

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\textsuperscript{10}“As the opportunity for brand promotion increases, however, so, too, do the risks of brand tarnishment and dilution.” Judith A. Powell & Lauren Sullins Ralls. \textit{Best Practices for Internet Marketing and Advertising}, 29 FRANCHISE L. J. 4, at 231 (2010).

\textsuperscript{11}Indeed, this has, and commonly does, happen. There have been several cases contemplating this situation, of which \textit{Rescuecom, supra}, will be discussed below.

\textsuperscript{12}In fact, it is unlikely that Tesla would compete for advertising this way, or advertise at all, as the company is notorious for not using print, TV or even traditional online advertising. Instead, it employs its own unique method by advertising product releases on social media, straight from the CEO. \textit{See} Eric Loveday, \textit{Automakers Take Note: Tesla Motors Success Comes Without Conventional Multi-Billion $ Advertising}, INSIDEEVS http://insideevs.com/automakers-take-note-tesla-motors-success-comes-without-conventional-multi-billion-advertising/ ; Michael McCarthy \textit{Tesla Generates Small Sales, Big Buzz Without Paid Ads}, ADVERTISING AGE http://adage.com/article/news/tesla-generates-small-sales-big-buzz-paid-ads/241994/.
This note will examine the ambiguity of the current law in the area of trademarked keyword advertising\(^\text{13}\) and the circuit split\(^\text{14}\) that contributed therein. Further, it will argue that for all intents and purposes the purchase of a trademarked keyword for the purposes of advertising is no different than any other trademark use, and thus should be treated in the law uniformly. Currently, in the Second Circuit, the “use” of a keyword for the purposes of the Lanham Act\(^\text{15}\) is more stringently looked at than other trademark uses. The bar is thus set highest on just the area of law where the most growth and future potential for infringement lies.

This note begins with an overview of keywords and sponsored search results, along with an explanation of keyword suggestions and sponsoring infringement. The Lanham Act is discussed to give a foundation for understanding the issue at hand: the ninth and second circuit’s incongruous interpretations. The Fifth Circuit’s attempt at resolution is also presented. The impact of the Second Circuit’s attempt at reconciling conflicting precedent is discussed, followed by an outline of a proposed solution. The author proposed the addition of a tenth factor to the current Ninth Circuit test: \textit{res ipsa infringer}. This note concludes with


\(^\text{15}\) 15 U.S.C. § 1051 et seq.
a discussion of the policy implications of the proposed addition, for both the ninth circuit and for search engine companies.

I. Background

A rudimentary understanding of the technology involved in keyword-targeted advertising and a broad examination of sponsored search result model will be instructive in viewing the current state of the law. Additionally, an understanding of the requirements for a trademark infringement claim under the Lanham Act, and a brief history of the role of trademark protection in the United States, will suffice to give sufficient background to lend context to the current state of the law in the circuits.

A. Keywords and the Sponsored Search Result

Search engines respond to a user’s query for information in two ways: First, they return “unbiased” results that the search engine algorithm determines are most likely to suit the user’s need.\(^\text{16}\) Second, they return “sponsored search results,” which are pay-for-placement advertisements by entities seeking to capitalize on the internet traffic surrounding the particular term.\(^\text{17}\) Keyword-targeted advertising or “sponsored search results” date back to the mid-1990s, helping to monetize nascent search engine companies by providing targeted ads to individuals searching for specific keywords, allowing search engine

\[\text{16} \text{ See Zhongming Ma, Gautam Pant, Olivia R.L. Sheng, Examining Organic and Sponsored Search Results: A Vendor Reliability Perspective, JOURNAL OF COMPUTER INFORMATION SYSTEMS, 30 (2010).}\]

\[\text{17} \text{ Id.}\]
technology to develop as a free service. There are variations within the industry, but the basic model remains the same: An advertiser that is seeking to have their results appear at the top of a user generated search for a specific keyword bids on that keyword. The bid generally will be for the amount the advertiser is willing to pay per click on their ad or per display of the ad, with the former being more common. The advertiser can further limit their sponsored search advertisement by geographic region, language, and other constraints.

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18 Bernard J. Jansen & Tracy Mullen. *Sponsored Search: An Overview of the Concept, History, and Technology* 6 INT’L J. OF ELEC. BUS. 114, 115 (2008). Search engines and search engine technology incur expenses like any other industry, from web servers to research and development, short of subsidizing a search platform with other products advertising one of the few business models that allows for the product, the search engine, to be provided to users free of cost.

19 “The pay-per-click model is the most common payment method, although others such as pay-for-impression, pay-per-action, and pay-per-call also exist.” *Id.* at 118.

20 *Id.* at 117. Alternatively, some advertising platforms allow users to bid on a block of keywords in a given geographic region.

21 *Id.* at 118. The ads displayed are sponsored search results; thus the advertiser is less interested in paying for an advertisement that was merely displayed than they are in paying for each click the advertisement garners. The sponsored search results are intended to look similar to the unsponsored results, thus they are usually links to the advertiser’s website with some small amount of information related to the keyword searched for. Thus the sponsored search result model is not as conducive to the “brand recognition” model of advertising as
The advantages of these targeted advertising schemas over more traditional advertising models can be viewed from three perspectives. From the advertiser’s perspective, they are more able to track the efficacy of a specific advertising campaign and adjust their keyword bids accordingly. The advertiser can quickly learn which keyword might be seen on television or in print, wherein an advertiser is mostly interested in advertising the brand to the consumer, more than any specific product or service.

Id. at 118. With search engines such as Google branching out into other service areas, such as providing users with free email addresses, advertisers can become increasingly granular with their target market. By combing through a user’s sent and received email, sponsored search result providers such as Google’s Adwords can offer advertiser’s more information about an individual user’s likelihood to be in the market for the given product or service.

Advertisers have exceptional control over their bids:

Once a user types in a search query, an auction is formed using bids that match the search term. Advertisers specify if they want their keywords to match the user’s search query exactly (e.g., do not match if the user types in extra keyword terms), more broadly, or they can exclude negative matches (e.g., match ‘truffles’ but not if combined with the keyword ‘chocolate’). Advertisers can also specify criteria such as geographic region or time period in which they would like their advertisements to display. The advertisement with the highest ranking is placed at the top of the sponsored search listings, the next highest under it and so on. If the search term has no bids, or no bids above the minimum bid, then no advertisements are assigned to
campaigns perform well, and which do not, and hone in on that which is most effective – putting increased advertisement revenue in to that campaign.\textsuperscript{24} From the user’s perspective, ads are tailored to the search they are performing and thus there is a higher degree certainty that the advertisements are relevant to their interests.\textsuperscript{25} Finally, from the advertising platform owner’s perspective, generally the search engine, analyses of metrics such as the click-through rate (CTR) can help ensure that the ads being displayed by advertisers are not so distracting or unhelpful to searchers that they are not being clicked.\textsuperscript{26} They can also use

\begin{quote}
the page, and the inventory is wasted. This makes advertising placements on SERPs a very perishable commodity (think ‘airline seats’)."
\end{quote}

\textit{Id.} at 123.

\textsuperscript{24} This largely eliminates the need for consumer surveys, as information such as referring advertisement campaign and other consumer behavior information can be gleaned at the point of sale, directly.

\textsuperscript{25} Conversely, this can be viewed as a negative, and indeed may be more readily framed as a net loss for consumer’s in their privacy. The more information an advertiser has on a given consumer demographic, the more “tailored” their advertisements can be to that segment of the population – whether that is a positive or negative is in the eye of the beholder.

\textsuperscript{26} \textit{Id.} at 118. A search engine is only as useful as an advertising platform as user’s find it an effective tool for finding the information they need. Without consideration of metrics such as the CTR of a given advertising campaign, advertisers could cluster their advertising dollars around a few keywords, selling entirely unrelated products and services at the expense of the usability of the search engine.
information regarding the CTR and competitiveness of a specific keyword to help set a minimum bid that is congruent with the keyword’s popularity.\textsuperscript{27}

Search engines use different ways of distinguishing advertisements from actual search results for end users.\textsuperscript{28} Some may differentiate the former from the latter by adding a “Sponsored Search Results” heading, or flat out referring to the sponsored results as “Ads.”\textsuperscript{29} Others distinguish advertisements by changing the background of the area in which sponsored results can be purchased, visually distinguishing for users those results that are organic and those that have been purchased for preferred placement. Search engines are

\footnotesize{\textsuperscript{27} Id. at 118.}

\footnotesize{\textsuperscript{28} The Federal Trade Commission reported that search engines do not adequately label sponsored links. … [M]ost searchers d[o] not recognise sponsored links. The Pew Internet and American Life Project reported that 38% of searchers reported that they were unaware of the distinction between sponsored links and non-sponsored links. In the same study, fewer than 17% of survey respondents reported that they could always tell which links were sponsored and which were non-sponsored. When searchers do recognize sponsored links, they tend to find them less relevant.\textsuperscript{id. at 115.} (internal citations omitted).

\textsuperscript{29} These strategies are not merely reflections of differing ideas for user interface design, they have legal implications in that one form or another can be viewed as more or less likely to confuse consumers. See Rescuecom Corp. v. Google Inc, 562 F. 3d 123 (2d Cir. 2009).}
incentivized to walk the delicate balance between so clearly distinguishing advertisements from results so as to render them valueless, and eroding consumer confidence and trust by allowing advertisers to entirely “game” or pay for placement in organic search results.\textsuperscript{30}

As is laid out more fully below, search engines are also tasked with walking this delicate balance when there are trademarked keywords to be considered. Broadly speaking, and all things equal, a search engine that clearly demarcates the portion of its results page that contains sponsored links or advertisements and separates those links from organic search results will be less likely to have advertisements that are deemed confusing to customers, internet searchers, and are thus more attractive to those advertisers wishing to employ advertising campaigns that include trademark keywords for which they are not the markholder.

B. Keyword Suggestions and Sponsoring Infringement

One area in which search engines trod on less clear-cut legal grounds, is in the implementation of keyword suggestion tools\textsuperscript{31}. Keyword suggestion tools do for advertisers

\textsuperscript{30} As laid out more fully below, there can be legal implications as well, specifically in the realm of trademark law. The \textit{Rescuecom} court seemed to suggest that a more clearly designated advertisement, separated from the organic search results on a search engine page, may more fully insulate a potential trademark infringer from confusing customers as to the relationship between the term searched for, the potentially infringed mark, and the results given. Simply put, a clearly designated advertisement section on a results page may help clearly indicate to users that the trademark searched for is not sponsoring the result.
exactly what one would expect: they suggest valuable keywords to purchase. For instance, an advertiser seeking to purchase keywords pertaining to automobile parts might have suggestions returned including “Chevrolet parts” or “Chevy parts.” Most search engine users would not be searching for “automobile parts,” and thus search engine owners provide a valuable service using their own information regarding search engine usage habits to inform advertisers as to the keywords that are most likely to garner them a successful campaign.

The search engine company is in the best position to inform advertisers what works and what does not, and such search trends are valuable trade information, so the advertiser is not likely able to glean said information from other sources.

For the purposes of informing later discussion, it is worth noting there is a distinction to be made between a search engine retaining search habit information that may itself contain

31 Rescuecom Corp. v. Google Inc., 562 F. 3d 123, 131 (2d Cir. 2009). Courts have given some indication that, while suggesting an advertiser purchase a trademarked keyword may be an infringing use of said trademark, it is possible that an advertising platform that does something to insulate itself from that direct involvement in a keyword purchase may be relieved of liability. This insulating factor may be something as simple as aggregating keywords into categories which are then suggested, rather than actual trademarks.

32 Value, in this regard, means value to the advertiser. Keywords are suggested that are expected to lead to the most user response, in the form of clicks. Advertiser and advertising platform’s interests converge on ensuring users finds the advertisement relevant, as the advertising platform—the search engine is generally only paid for clicks on an advertisement, not displays.
registered marks, and conveying that information to advertisers. For instance, a search engine may retain within an internal directory a list of websites often clicked on when one searches for a specific mark, for instance, the aforementioned “Chevrolet.” That search engine may then provide advertisements relevant to the search habits suggested by the keyword entered by the user. Thus, a search engine may display ads for Ford Motor Company on a search engine result page for Chevrolet for reasons other than Ford having purchased said ads; their internal algorithm may have simply determined that individuals searching for Chevrolet, as a term, often click results for Ford. In an effort to get the most clicks per display, then, the search engine is simply attempting to display ads to those individuals most likely to click the ads, and thus maximize their own profit from advertisers who pay per click. This scenario stands apart from the alternative, wherein the internal directory or algorithm is used to suggest to an advertiser they purchase ads on their competitor’s results page.

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33 1-800 Contacts, Inc. v. WhenU.Com, Inc., 414 F. 3d 400 (2d Cir. 2005). “A company's internal utilization of a trademark in a way that does not communicate it to the public is analogous to a 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.” Id. at 409.

34 See Gov't Employees Ins. Co. v. Google, Inc., 330 F. Supp. 2d 700, 704 (E.D.Va. 2004) (“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.”)
For the sake of clearly distinguishing the two, let us take a moment to lay out the alternative scenario. The search engine possesses sufficient information on user search habits to know that individuals searching for “Chevrolet” will often click on Ford results. Rather than simply displaying advertiser Ford’s advertisement on the results page for “Chevrolet,” the search engine allows the advertiser to retain ultimate control over where and when their ad is displayed. The search engine still wishes to monetize the data it has gathered on search habits, however, and thus makes use of a keyword suggestion tool that suggests to advertising Ford that they place ads on the search engine results page for Chevrolet. The resulting page may be identical, when an individual searches for “Chevrolet,” they are shown ads for Ford Motor Company. However, in the former internal directory scenario, the mark “Chevrolet” has never been shown to advertiser Ford Motor Company, or “used.” Behind the scenes, an algorithm has been tied to a director that contains said mark, but that mark has not been used in a public sense and has not been displayed to facilitate a transaction.  

In either case, however, it can be said that there is some degree of consumer confusion possible. Depending on the level of sophistication of the search engine user, one

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35 This is something closer to the implementation of marks contemplated in the *WhenU* case.

36 Interestingly, an examination of Google Adwords use of trademarked words in their ads in the hotel industry revealed:

[This study, focused on the hotel industry, found] some evidence that allowing third-party sellers to use a trademark in their online search advertising weakly reduced the likelihood of a consumer clicking on a trademark holder’s paid search ads. However, the decrease in paid clicks was outweighed by a large increase in consumers clicking
presented with a result for Ford Motor Company when searching for Chevrolet may be under the impression that there is some affiliation between the two companies. 37 There may be some level of initial interest confusion for any user that clicks said link. 38 That is to say,


37 One study indicated that trademark holders suffered little to no harm when their trademarked material was sold as a keyword to its competitors,

We find little evidence of harm to the trademarks’ direct channels. The trademark holders’ websites did receive (marginally) fewer clicks on their paid search ads after the change in policy. However, the decrease was outweighed by a large increase in the number of clicks on the nonpaid links to the trademark holders’ websites within the main search results. When third party ads started displaying the trademarks, search engine users started clicking directly on the main links to the trademark holders’ websites.


38 Initial interest confusion occurs when an infringer “improperly benefits from the goodwill” of a mark holder. See *Brookfield Commc’ns, Inc. v. W. Coast Entmt Corp.*, 174 F.3d 1036,
while by the time a transaction has occurred, say the purchasing of an automobile, it will have been made abundantly clear to the user that what they are looking at is not a Chevrolet page selling Chevrolet cars. However, some users may find the product offered by Ford

1062 (9th Cir. 1999). In this way, merely capturing consumer interest may itself be an infringement, even if there is no consumer confusion at the point of sale. See Dr. Seuss Enterprises, L.P. v. Penguin Books USA, Inc., 109 F.3d 1394, 1405 (9th Cir. 1997).

39 The Internet creates an environment where initial consumer confusion is easily created and difficult to remedy:

Because Internet users connect with commercial websites either by typing a URL directly into a Web browser or by channeling their searches through search engines, the online marketplace provides competitors with opportunities unmatched in the offline marketplace for manipulating consumers and luring them to their products. Existing property rules and the logistics of the physical marketplace make it more difficult offline than it is online to poach customers that have already undertaken efforts to reach a certain store or product. Whereas it is impractical to draw consumers to a Circuit City offline by handing out flyers in front of a Best Buy store, or to draw consumers to a Burger King by erecting a makeshift sign on the highway that advertises a McDonald's two exits down when in reality only a Burger King exists at that exit, it is surprisingly easy to draw consumers to a Chevrolet dealership website by using "www.ford.com" as a domain name or by using Toyota in the website's metatags. Because the mechanics of the Internet are beyond the ken of the average Internet user, confusing uses of marks online are more likely to be effective and less likely to draw attention or to cause consumer backlash than are analogous
Motor Company sufficiently analogous to the Chevrolet products so as to effectively pilfer a purchase from the latter. 40

C. The Lanham Act

The Lanham Act permits “owner of a trademark used in commerce” to register its trademark on the principle register with the United States Patent and Trademark Office. 41 Registration is not required, but it confers upon the mark holder nationwide constructive use

offline uses. Moreover, initial interest confusion is less remediable online than it is offline. Because of the tangibility of the physical marketplace, Best Buy could eject the person distributing the competing flyers from its doorstep to, at least, the edge of the parking lot, and McDonald's could tear down the misleading sign from the public highway, whereas neither Ford nor Toyota could make recourse to self help measures to change the dealership's domain name or to expunge its name from that website's metatags.


40 This scenario has been contemplated by the Brookfield Commc’ns court, and held to be a real possibility, especially in situations where the potential infringer and would-be infringe’s products are sufficiently similar so as to allow for the possibility that a confused consumer would find the former’s offering close enough to the latter’s product to simply accept the substitution, thereby pilfering a sale from the infringer mark holder.

and notice, federal court jurisdiction, and attractive incentives for remedies. Trademarks are defined as a word, name, symbol or device intended to be used to identify and distinguish and indicate the source of goods. In order to prevail in a trademark infringement claim under the Lanham Act, “a plaintiff must establish that (1) it has a valid mark that is entitled to protection under the Lanham Act; and that (2) the defendant used the mark, (3) in commerce, (4) ‘connection with the sale … or advertising of goods or services.’”

Section 32 of the Lanham Act holds that any person who uses a registered mark in commerce will suffer consequences, provided that use causes confusion. Prospectively

42 15 U.S.C.A. § 1117 (West). “In assessing damages under subsection (a) for any violation of section 1114(1)(a) of this title or section 220506 of Title 36, in a case involving use of a counterfeit mark or designation (as defined in section 1116(d) of this title), the court shall, unless the court finds extenuating circumstances, enter judgment for three times such profits or damages, whichever amount is greater, together with a reasonable attorney's fee…” Id.

43 10 U.S.C. § 1051.


45 Confusion on behalf of the consumer takes advantage of the goodwill that the trademark owner has cultivated:

We are apt to think that a trade-mark is one thing, and is more or less a legal abstraction, and that good will is something else equally abstract. Trade-marks, names and brands are merely visible good will, and good will is good reputation as ill will is bad reputation. There have been innumerable definitions of good will. It is hard to improve on Mr. Justice Holmes' statement that good will is the inclination to
inferring the likelihood of confusion requires an analysis of the distinctiveness of the mark: the more distinctive the mark, the more likely consumers are to be confused if that mark is associated with a product that is not sourced or provided by the holder of the mark. Thus, there are broadly four types of marks that are to be considered when deciding whether or not a mark is eligible for protection under the Lanham Act, and it is worth briefly going over the distinctions that are made between these four broad categories.

First, arbitrary and fanciful marks, which are inherently distinctive, are automatically given the most protection. Fanciful marks are those that are entirely invented. Conversely, the closer a mark gets to being a generic word, symbol, or device, the less likely a consumer is to be confused as to the origin of the item. For instance, selling an automobile and referring to it as a “car” does not conjure in the mind of the consumer a specific automobile manufacturer. Thus referring to your offered product as a “car,” a generic term, does not give the consumer any information as to the source of that product, and thus no automobile manufacturer would be able to sustain a claim of infringement – a generic mark is no mark at all.


46 Conversely, the closer a mark gets to being a generic word, symbol, or device, the less likely a consumer is to be confused as to the origin of the item. For instance, selling an automobile and referring to it as a “car” does not conjure in the mind of the consumer a specific automobile manufacturer. Thus referring to your offered product as a “car,” a generic term, does not give the consumer any information as to the source of that product, and thus no automobile manufacturer would be able to sustain a claim of infringement – a generic mark is no mark at all.

47
Illustrations of trademarks determined to be arbitrary, or fanciful, or inherently distinctive include terms and symbols as disparate as Budweiser, the “Olympic Rings” symbol, the “Audi Ring” logo, the “Heisman Trophy,” “Ambi,” “Leachco,” “Knukle” “Mystique” for ladies' fashion sandals, “Chanel” as applied to accessories, “Lokar for hot rod products,” “Tracfone” for cell phones and services, “Polar” for beverages, the letters “PPH” for tax preparation services, “Polo” for fragrances, “Vaser” and “Vaser Lipo” for surgical devices “Shaq” for t-shirts, “Mystic” for casino services, “Maya” for bikinis, “the Platters” for a musical group, “Artofex” for baking products “Gold Club” for gentlemen's club, “Pandora” for jewelry store services, “Angry Birds” for video games, “Swatch” for watches Virgin, Viagra, “Atlantis” for casino services, “Dominion” for banking services, "Oil of Olay,""Nugget," the Playboy "Rabbit Head," "E.T. " for a motion picture, "Autumn" for bread, "HRS" for hair replacement services, "Jelly Beans" for a skating rink and club, "Horizon" for banking services, "Drifters" for a musical group, "Carnival" for cruise lines, “Hydril” for oil field equipment, "Hot Damn!" for schnapps, "Materna" for prenatal vitamin and mineral tablets, "SMI" for transducers, "Old Plantation" for spices, “Entrepreneur” as applied to plaintiff’s magazine, computer programs and manuals and "OAG Travel Planner" for directory. Illustrations of trademarks held not to be arbitrary include a bumper sticker.

1 Federal Unfair Competition: Lanham Act 43(a) § 3:7

The idea here is that an arbitrary or fanciful mark has been entirely invented, for lack of a better term, by the mark holder. Any knowledge of that mark in the social consciousness is purely due to the marketing and advertising efforts of said mark holder. A common example
for use with the product; terms that, save for the mark holder’s advertising and branding
efforts, no one would recognize as terms. Arbitrary marks are marks that may themselves
have meaning, but their meaning has nothing to do with the product with which the mark is
being associated.

Second, suggestive marks, are inherently distinctive as well, and merely suggest the
product. The term itself may, with the addition of some imagination, render in the mind of
the consumer an idea of what the product does, or an attribute of the product.\footnote{For example,
“Huck” for shoes, “Namedrop,” the slogan “Where Health Meets Beauty,” “Road Dawgs” for a motorcycle club, “Miss USA” for beauty pageants, “Customer First” for banking and financial services, “TNT Titanium Neutron Technology” for car stereo equipment, “Commerce” for banking services, “Magna Doodle” for children's toys, “Palantir” for web design services, “Ballerina” as applied to herbal dietary tea supplements, “Pet Stop” “Now” for watches “Majestic” as applied to discrete jewelry products, the mark “SOUL” for headphone products, "Conversive" and "Conversive Agent" for computer software products and services, “Spark” for energy beverages, “Bruxzir” for dental crowns, "Fair & White" as applied to cosmetic products designed to lighten the skin, “5-hour Energy” for a beverage, "Sexy Little Things" as applied to lingerie products, "Resource Lenders" for the provision of real estate mortgage loans, "Freedom Calls" for charitable communication network services "Visa" as applied to}
Third, descriptive marks, describe the product. These are seen as less deserving of trademark protection\(^{50}\), and require secondary meaning to be protected by the Lanham Act.\(^{51}\)


1 Federal Unfair Competition: Lanham Act 43(a) § 3:6

Descriptive marks are deemed less deserving of protection for two reasons. First, they typically are an example of a mark holder seeking to describe their product, with terms such as “light” or “fast acting.” The mark holder is merely attempting to describe the product being offered, which implicates the second reason descriptive marks are deemed less deserving of protection: they are often necessary for a competitor to describe their own product. If, for example, RCA owned the trademark “tubeless” or “lightweight,” it would be restrict the market, or other company’s, abilities to accurately describe competing offerings.

For example,

“America's Team” for professional football services, “Lipolaser” for surgical devices, “DrugCheck” as applied to test cups for the detection of drugs in urine, “college transfer. net” for the provision of college transfer information and
solutions, “Interfood” for a dairy foods business, “Tastemakers” for a publication, “Moscow Cats Theatre” for theatrical services, “Homes & Land” for a magazine directed to real estate professionals, “App Store” for discrete software applications, "Casa de Bandini" and "Casa de Pico," "Catholic News Service" and "CNS" for news services “Soul Man” and variations thereof for a musical group and song title, "Healthcare Advocates" for the provision of assistance to medical patients, "Telsave" for telecommunications services, the mark “SinuCleanse” for a sinus irrigation product, "Arthriticare," "24 Hour Fitness" "U. S. Gold" used in connection with retail sale of bullion coins, "Pocket", "Traditional" as applied to feta cheese, "The Hole In One Club" as applied to a service organization directed to golfers,"Lights" for cigarettes, "Your Hometown Radio Station" for radio station services, "Sportscreme" for a topical analgesic designed to relieve the muscle soreness as sociated with sports activities," "Blacks In Government" for a service seeking to enhance the employment opportunities of black government employees, "X" for shipboard electrical cables covered with cross-linked polymer, "Honey Roasted" for nuts, "Curly Lorie Walker" for a walking doll, "Collector's Extravaganza" for exhibitions of collectors and antique dealers, "Continental Corrugated" for packaging materials, "Music Marathon" for a commercial free radio musical program, "Fudge" for a soft drink, "Auto Page" for an automatic dialing device, "Litter Basket" for an automobile trash receptacle, "Golden" for children's writing slate, "San Francisco Chronicle" for newspapers, "B-100" for vitamins, "Maid in America" for cleaning services, and last, but not necessarily least, "Blue Roses" for a lip gloss. Cases in which descriptiveness was not found are numerous including magazine titles and book titles. Since there are
Fourth and finally, generic marks, can never be protected under the Lanham Act. These marks most often merely describe an entire class of products, such as “vehicle” or “soap.”\(^{52}\) They belong to no one and, perhaps more importantly, are required to successfully describe any product belonging to that class of products; it would be difficult to market a new
countless cases upholding a challenge of descriptiveness, and since each case is governed by its peculiar facts, particularly with respect to the term employed in relation to the products before the courts, this list of cases is intended to be merely illustrative. A U. S. Patent and Trademark Office determination of non-descriptiveness may be entitled to "great weight."

1 Federal Unfair Competition: Lanham Act 43(a) § 3:4.

\(^{52}\) Frequently cited illustrations of generic terms are "thermos," "cola," "cellophane," "trampoline," "escalator," "yo-yo," "aspirin," "vacuum," and "shredded wheat." For more recent cases considering the question of genericness, see […] Borescopes R Us v. 1800endoscope.com, LLC (plaintiff’s putative mark and domain name “borescopesrus” were adjudged to be generic for businesses engaged in the sale and repair of borescopes) […] American Online, Inc. v. AT&T Corp. (AOL) (court adjudged the phrase “You Have Mail” to be generic when applied to the presence of an email message) […] Image Online Design, Inc. v. Internet Corp. for Assigned Names and Numbers (‘‘WEB” for computer registry services was found to be generic).
brand of soap without using the term “soap.” If a soap manufacturer owned the rights to the term, it would almost certainly have an exclusionary effect on the marketplace.

II. The Issue at Hand

The current state of the law can be sliced along one axis, leaving the Second Circuit on one side, and the rest of the circuit courts on the other. An examination of the Ninth and Tenth Circuit’s positions on the “use” of trademarks for the purposes of generating advertisements will follow, followed by an overview of the current state of the law in the Second Circuit. In addition, the Fifth Circuit’s attempt at skirting the issue entirely is discussed. The Second Circuit has strained to distinguish an earlier case that permitted the purchasing of a competitor’s trademark for advertising display purposes as not an infringing use, and thus injected further ambiguity and uncertainty into the body of case law.

A. The Ninth Circuit and the “Internet Troika”

The Ninth Circuit examined a situation in which keywords were purchased on search result pages for terms including “playboy” and “playmate.”53 The court applied the theory of “initial interest confusion” (IIC) in determining whether consumers would be confused by the use of the aforementioned terms in links not leading to Playboy Enterprises International

53 Playboy Enters., Inc. v. Netscape Commc’ns Corp., 354 F.3d 1020, 1023 (9th Cir. 2004). PEI had further alleged that the sponsored results were not labeled clearly enough to give the average consumer the impression that the results were sponsored, and not pure search results. PEI claimed this practice injured their business and diluted their trademark, by using consumer goodwill for PEI products to lure searchers into visits to websites unrelated to PEI.
(PEI) websites.54 IIC occurs when an individual is confused before any purchase occurs, but is nonetheless falsely encouraged to seek more information from a sales prompt.55 IIC need not always, but may sometimes, lead to sales being purloined from the infringed trademark holder’s business; as in the aforementioned keyword example, an individual linked to a competitor’s website when searching for the term “playboy” may find that competitor’s site an acceptable alternative to the services provided by PEI.

Perhaps more instructively, the Ninth Circuit in West Coast Entertainment correctly identified the likelihood of consumer confusion between “Trademark” and “trademark.com” as early as 1999: the court held that the addition of “.com” to the end of a trademark was an inconsequential difference.56 The West Coast Entertainment court broke the analysis

54 Id. at 1025. “Initial interest confusion,” also mentioned above, was first clearly articulated in Mobil Oil Corp. v. Pegasus Petroleum Corp., 818 F.2d 254, 260 (2d Cir. 1987), wherein the court held confusion was present due to the fact “potential purchasers would be misled into an initial interest in [defendant]. ” Id. at 260.

55 Id. IIC thus need not lead to an actual purchase to be found to dilute the plaintiff’s trademark.

56 Brookfield Commc’ns, Inc. v. W. Coast Entm’t Corp., 174 F.3d 1036, 1055 (9th Cir. 1999). The court considered a situation wherein the defendant was using a trademarked term plus the suffix “.com” in a meta-tag. Meta-tags are tags used in hypertext markup language (HTML) pages to identify to a search engine relevant terms and keywords that can be used to find the page, it is a way for a webpage owner or designer to designate what sort of information can be found on their page. Now largely outdated for reasons such as the situation considered in Brookfield, namely the “gameability” of the tags, meta-tags were once
of the similarity between the two marks along several lines. First, the visual similarity was outlined: the addition of “.com,” or presumably any other top-level domain name, appended to the end of a trademark does little to distinguish the mark visually. Second, in terms of sound, the two are pronounced identically save for the addition of a “dot com” at the end of the mark. Third, the addition of a “.com” does little to distinguish the mark with regards to meaning, as many internet users may incorrectly assume that trademark.com always refers to the official website of said trademark.

the chief way website search engines indexed and categorized websites. West Coast Entertainment included the tag “moviebuff.com” in their meta-tags; MovieBuff was a competing service, which held the mark “MovieBuff,” but not “MovieBuff.com.” The relevant question the court grappled with, then, was whether the use of “Trademark.com” was a trademark infringement on “Trademark.”

Top-level domain names is a term used to refer to the highest level of the hierarchical domain system used to organize the internet. An easy example of a top-level domain name is “example.com” or “example.edu.”

Id. at 1055.

Id.

In fact, By the late-1990s, consumers generally were conditioned to the fact that the website of their favorite brands likely could be found by typing in the names of the companies followed by “.com.” See Sporty’s Farm LLC v. Sportsman’s Mkt., Inc., 202 F.3d 489, 499 (2d Cir. 2000) (“The most common method of locating an unknown domain name is simply to type in the company name or logo with the suffix.com.”);
The Brookfield court, in so many words, made the registration of a domain name in the form of trademark, com, where the registrant is not the owner of said trademark, evidence of initial interest confusion. An individual user could reasonably believe that, in order to reach the website of Trademark Company, an individual should visit “trademark. com.” Regardless of whether or not the user is disabused of this notion prior to the point of

Brookfield Commc'ns. v. W. Coast Entm't Corp. , 174 F. 3d 1036, 1045 (9th Cir. 1999) ("Web users often assume, as a rule of thumb, that the domain name of a particular company will be the company name followed by '.com.'"); Lockheed Martin Corp. v. Network Solutions, 985 F. Supp. 949, 952 (C.D.Cal. 1997) ("Internet users intuitively try to find businesses by typing in the corporate or trade name as the second-level domain name, as in 'acme.com'"). See also 4 MCCARTHY, supra note 42, at § 25:73 ("through habit and convention, Internet users have come to expect that to reach the Web site of a company they should be able to type in the name of the company or its major trademark, along with the '.com' designation.").


Id. The court was cautious, however, in indicating that the likelihood of consumer confusion for the purposes of the Lanham Act is a factual assessment requiring a close analysis thereof.
sale, initial interest confusion exists; but for the existence and notoriety of the trademark, the user would not be visiting the website in question.  

The Ninth Circuit moved the goalposts and settled the debate once and for all with regards to a keyword purchase being a “use in commerce” in Network Automation, Inc. v. Advanced Sys. Concepts, Inc., 638 F.3d 1137 (9th Cir. 2011). There, the Ninth Circuit expressly concluded that the tacit assumption that had been made within the circuit that a purchase of a keyword constituted a “use in commerce” was now an explicit rule.  

The new question for the court to grapple with would instead be solely whether or not there was consumer confusion and, unlike the Brookfield court which considered only three factors in assessing likelihood of confusion, the Network Automation court held that all eight factors typically utilized in consumer confusion analyses for trademarks would be weighed.  

This stands apart from the notion of cybersquatting, a cause of action created by the Anticybersquatting Consumer Protection Act. 15 U.S.C.A. § 1125 (West). Cybersquatting can be distinguished from the issues in question here by the fact that a cybersquatter actually purchases the domain name bearing the trademark holders mark, as in trademark.com. The domain redirects to the infringing parties website, creating initial interest confusion and pilfering a potential visitor or customer from the trademark holder at a higher point in the process than is considered here. The ACPA, importantly, requires bad faith intent on the part of the squatter for liability to be found. 


court went further and discussed the possibility of including a ninth factor, to be used solely in situations where purchased keywords are being considered. The ninth factor, an analysis of the visual distinction made between organic results and sponsored results or advertisements, would help further inform whether or not the average internet user would be aware what they were seeing was an advertisement.65

The court examined the “similarity of the mark” factor when assessing the likelihood of customer confusion and noted that the similarity had to be viewed in the context in which the average consumer will confront the situation “encountered in the marketplace.”66 This distinction is necessary as earlier inquiries into the similarity between the mark and the potentially infringing use have turned on measures that do not translate well into the digital world, such as similarity when pronounced and visual similarity.67 In a radio ad, a difference in pronunciation between the mark and a potentially infringing use could lead two marks that are spelled in the identical manner to have virtually no potential for consumer confusion.

Conversely, on the internet and specifically in situations involving website search engines and keyword purchases, all search terms, keywords, and trademarks need to be reduced to a string of alphanumeric characters that can be typed by the user. There can be no type of goods and the degree of care likely to be exercised by the purchaser; [7] defendant's intent in selecting the mark; and [8] likelihood of expansion of the product lines.” Id.

65 Id. at 1150.

66 Id. at 1151.

67 See AMF Inc. v. Sleekcraft Boats, 599 F. 2d 341 (9th Cir. 1979) abrogated by Mattel, Inc. v. Walking Mountain Prods, 353 F.3d 792 (9th Cir. 2003).
way to input the Nike swoosh symbol into a search engine field and return a result, the user must search for the actual term “Nike” if they wish to return results relevant to the company. It must, then, be within this context that consumer confusion, real or potential, is assessed.

B. WhenU Struggle to Distinguish: The Second Circuit Goes the Long Way Around

The Second Circuit considered the “use” of a trademarked keyword in the context of pop-up ads in *1-800 Contacts, Inc. v. WhenU.com, Inc.*, and held that for the purposes of the Lanham Act such a “use” was not a use. The court stringently held that there was a distinction to be made between a web address and an underlying company trademark.

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68 *1-800 Contacts, Inc. v. WhenU.Com, Inc.*, 414 F.3d 400, 409 (2d Cir. 2005). Importantly in this case the court was considering the use of a trademarked term as a trigger for a pop-up ad, rather than a sponsored link. When a user would visit a website while running defendant’s software, the website universal resource locator (URL) would be checked against a database of known websites. *Id.* at 404. The visited URL would be matched with an advertiser that had purchased ads related to either that URL specifically, or more generally related to the field, and a pop-up ad would be displayed over the user’s view of the visited website. *Id.* at 405. In practice, thus, the technology behind the advertisement method used in *1-800 Contacts* is not dissimilar from the sponsored search result method in which this note is interested.

69 *Id.* at 408. “The fact is that WhenU does not reproduce or display 1-800’s trademarks at all, nor does it cause the trademarks to be displayed to a C-user. Rather, WhenU reproduces 1-800’s website address, «www.1800contacts.com. », which is similar, but not identical, to 1-800’s 1-800CONTACTS trademark.” *Id.*
analogizing the internal algorithm by which a company utilizes another company’s trademark, unbeknownst to the general public, as comparable to an individual’s thoughts about a trademark.\textsuperscript{70} Lower courts within the Second Circuit have utilized this “individual’s thoughts” analogy to apply the logic of 1-800 Contacts to cases involving keyword advertisement purchases.\textsuperscript{71} In a later opinion, the Second Circuit considered a case brought against a search engine operator, alleging the operator permitted advertisers to purchase trademarked keywords for the purposes of displaying advertisements.\textsuperscript{72} The court held that such a use was indeed a “use in commerce” for the purposes of the Lanham Act, but distinguished 1-800 Contacts and thus did not perfectly clarify the legality of the practice. Indicating that the 1-800 Contacts decision was “undoubtedly correct,” Judge Leval indicated that since the defendants did not use the plaintiff’s trademark precisely, merely their URL, they did not “use, reproduce, or display” plaintiff’s mark.\textsuperscript{73}

\textsuperscript{70} Id. at 409. The court thus separated what an end user “says,” in the form of what they enter in to a URL field, from what a potentially infringing company does with that information. Showing a competitor’s advertisement when an end user types in a specific company’s trademark thus does not constitute a “use” for the purposes of the Lanham Act unless that competitor’s advertisement in some way displays the trademark directly.

\textsuperscript{71} See Merck & Co. v. Mediplan Health Consulting, Inc., 425 F.Supp. 2d 402, 415 (S.D.N.Y. 2006) (holding that there is nothing infringing in purchasing sponsored links for a competitor’s trademark used as a keyword).

\textsuperscript{72} Rescuecom Corp. v. Google Inc., 562 F. 3d 123, 131 (2d Cir. 2009).

\textsuperscript{73} Id. at 128.
This holding to a literal interpretation of use, and struggle to distinguish the *1-800 Contacts* case, wherein said mark is used only when it is “use[d], reproduce[d], or display[ed]” merits unpacking. First, the *Rescuecom* court has sought to distinguish between cases wherein there is a direct purchasing of ads for a given keyword, and those scenarios in which there is some intermediary step between the two. In the *1-800 Contacts* case, that intermediary step was the aggregation of keywords in to product categories, for which ads were then sold. While that was the specific insulator between the marks and the sold ads in the aforementioned case, there is no reason to believe that is the only method by which an advertiser may insulate itself from trademark use.

Second, the *Rescuecom* court cited the search engine, Google’s, use of the keyword suggestion tool to encourage the purchase of trademarks. This, it would seem, is closer to “usin[ing], reproduc[ing], or display[ing]” the marks than advertisers should be permitted. This distinction, however, would appear to also be subject to a comparable mechanism to the aforementioned insulator.  

74 Additionally, it should be noted, in a lengthy appendix the court made mention of the fact that a “use in commerce” for the purposes of a mark holder’s registration should not be assumed to be the same thing as a “use in commerce” for the purposes of infringement.

75 That is to say, it seems to leave open the possibility that an internet advertising platform or search engine could continue to use a keyword suggestion tool that suggests and sells advertisements for trademarked terms, if those terms were simply aggregated in to categories of some sort. Entering “Ford Motor Company” in to the keyword suggestion tool could merely return “automotive companies” and, with a wink and a nod, advertisers and
C. The Fifth Circuit Avoids the Question Entirely

It is worth mentioning, with commensurate brevity, that the Fifth Circuit has also faced, and however dodged, the issue of trademark “use” and internet advertising, in *Coll. Network, Inc. v. Moore Educ. Publishers, Inc.*, 378 F. App’x 403 (5th Cir. 2010). The court there declined to answer the question of whether a keyword purchase constituted a “use in commerce” for Lanham Act purposes, as the question of the “likelihood of confusion” had been put to a jury in the district court, and the jury determined there was none. Explicit in the court’s analysis, however, was a rejection of the “internet troika” test, in agreement with the Second Circuit’s decision in *Network Automation*, supra. Interestingly, six years earlier, the Fifth Circuit considered a similar situation and unveiled a “digits of confusion” test.

Advertising platforms could continue their practice of selling trademarked keywords to competitors.

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77 *Id.* at 413.

78 *Id.* at 414.

79 The court held:

> In assessing whether use of a mark creates a likelihood of confusion as to affiliation or endorsement, we consider the “digits of confusion,” a list of factors that tend to prove or to disprove that consumer confusion is likely. Those factors are: (1) the type of mark allegedly infringed; (2) the similarity between the two marks; (3) the similarity of the products or services; (4) the identity of retail outlets and purchasers; (5) the identity of the advertising media used; (6) the defendant's intent; and (7) any evidence of actual confusion.
This test made paramount the question of whether customer confusion was likely, but was largely ignored by Coll Network, Inc.

III. The Impact of Compromise: Loopholes Courtesy of Stretched Distinctions

In struggling to distinguish, and not overturn, the 1-800 Contacts case, the Second Circuit in Rescuecom has opened a few ambiguities, which create loopholes in the law. First, in the wake of the distinction from 1-800 Contacts, it seems the Second Circuit feels search engines need only insulate themselves technically, such as through the use of product categories. While selling advertisements for the keyword “Chevrolet” to Ford Motor Company may be of questionable legality, it seems if the search engine merely aggregated the Chevrolet keyword, along with other similar keywords, in to a product category – say, “Detroit motor companies” – there would be no issue. It would be with a wink and a nod that the search engine sells a pack of keywords labeled such to an advertiser; both parties would know full well what was being sold and what was being purchased, and yet merely adding a layer of abstraction would, at least possibly, render the entire affair noninfringing.

This “internal directory” loophole raises more questions than it answers. At what point does an internal directory, abstracted by the use of categories, see the categories and keywords merge? At the far end of the spectrum, one can reasonable expect that a category entitled “Automobile manufacturers” would be sufficiently abstract so as to render it non-infringing to the trademarks there contained. However, can the same be said for “Detroit

Scott Fetzer Co. v. House of Vacuums Inc., 381 F.3d 477, 484-85 (5th Cir. 2004) (internal citations omitted).
 automobile manufacturers whose names begin with C?” The metaphor of an internal directory being the equivalent of an individual’s private thoughts about a corporation breaks down when that internal directory is, in some way and through some layer of abstraction, interfaced with the public.\(^8\) An individual’s private thoughts cease to be private when they are voiced, there exists no such clear demarcation between an internal directory and the general public.

Additionally, it would seem search engines can use keyword suggestion tools to sell “packs” of keywords, which may themselves contain brands. The chief issue the Rescuecom court appeared to have with the Google Keyword Suggestion tool was the actual displaying, in the form of the suggestion, of a mark for an advertiser to purchase. Creating the aforementioned layer of abstraction, through the use of keyword categories, would then seem to insulate the search engine from infringement. The advertiser would know, or quickly realize through simply examining their own advertisement campaigns, that the suggestion tool is simply suggesting a category based on their chosen market – creating a very

\(^8\) There seems, also, to be some philosophical difference between the two owing to the ability to infer the contents of an internal directory through interaction. If the metaphor is to stand, it could be more accurately refined to be the equivalent of an individual’s private thoughts about a corporation, with that individual having agreed to answer questions with regards to their thoughts on said corporation, stopping just short of actually divulging them. Through a series of 20-question-esque inquiries, savvy questioners could deduce their opinions.
“gameable” system. It would not take a particularly sophisticated advertiser to realize that they need to consider what category the search result page they wish to appear on would fall under, and chose their category accordingly. True, it would mean that an advertiser would not be able to have full certainty that their ad would appear at the top of every search for “trademark,” as their advertising campaign would be spread across all of the terms contained in “trademark category,” but for the individual user who searches for one trademark and sees an advertisement for a competitor, consumer confusion is a real possibility.

If the chief goal of trademark law is to avoid consumer confusion, this is an utter failure. The distinction made between an internal directory wherein keyword search terms

81 Lest one imagine this is a fanciful possibility, Google is frequently gamed allowing for the manipulation of organic search results. So-called “Google bombing” involves an individual or organization spending linking a particular phrase to a particular website across the web, leading Google’s algorithm to believe that the term is being used in connection with the site, and ranking it higher in search results, sometimes with troubling implications. See Danny Sullivan, Google in Controversy Over Top Ranking For Anti-Jewish Site, SEARCH ENGINE WATCH, http://searchenginewatch.com/sew/news/2065217/google-in-controversy-over-top-ranking-for-anti-jewish-site (2004).

82 This is not an uncontroverted position. Some argue the chief goal of trademark law is the encouragement of economic activity. See Paul L. Bonewitz, Beyond Confusion: Reexamining Trademark Law Goals in the World of Online Advertising, 81 ST. JOHN’S L. R. , 899, 904 (2007).

83 Yet, one study indicates that allowing the purchase and use of trademarked words as advertising keywords actually benefits the trademark holder:
are matched with advertising terms, and one in which the advertiser is given the choice to choose the search result page on which the advertisements will display, contains no actual difference from the consumer standpoint. To put a fine point on it, an individual searching for one trademark is still seeing an advertisement for a competitor’s page. The *Rescuecom* decision creates a legal framework bogged down in formalities and technicalities, and a layer of abstraction created between acceptable practice and the intent of trademark law, the avoidance of consumer confusion.

IV. **Settling the Law: Applying the Ninth Circuit Nine Factors--Plus**

Metaphors are an excellent tool for allowing existing legal frameworks to bend and flex to winds of change. However, metaphors and stretched case law begin to crack when subjected to the strains of significant paradigm shifts. For example, and indeed as aforementioned, an internal directory is simply not akin to one’s private thoughts about a company. One’s private thoughts cannot be, through the use of a line of code, interfaced with a public-facing mechanism and used to make a practically infinite number of decisions.

Although trademark holders lost paid clicks, this decrease was outweighed by a fourfold increase in nonpaid clicks. We present evidence that shows when third-party sellers highlight brands in their ads, they reduce their sellers’ ability to convey messages distinct from the other ads, such as offering lower prices. As a result, consumers are less likely to be diverted by paid ads and more likely to click on the main nonpaid link.

per minute. One’s individual thoughts are not typically subjected to the kind of constant
testing and prodding that a search engine, or any public-facing web interface, is. When
existing case law and legal architecture fail, one must return to the intent of legislature, or the
broad intent of a body of law, in determining how to proceed forward. The chief aim of the
trademark system is to prevent consumer confusion in the market space. The Ninth Circuit
has, in large part, already accounted for the challenges of furthering this aim in the unique
marketplace of the internet. Applying the concept of initial-interest confusion to the internet,
and specifically to internet keyword advertising, in addition to the nine traditional factors for
examining a potential trademark infringement, is both elegant and efficient.

Indeed, the Second Circuit, and their fellow circuits that have not yet faced the issue
at hand, need neither invent a set of factors including this consideration, nor, in the former,
look any further than their own precedent, in order to find a usable test for keyword
trademark disputes. In the Second Circuit, the Polaroid court held that, in determining a
plaintiff’s chance of success on an infringement claim, factors including the strength of the
mark, the similarity of the two marks, the proximity of the products, good faith, actual
consumer confusion, and the sophistication of the average consumer within that market
should all be taken in to account. Applying these confusion factors to the trademarked


85 Polaroid Corp. v. Polarad Elecs. Corp., 287 F. 2d 492, 495 (2d Cir. 1961). The
Polaroid court considered a factual situation wherein the main customer base for the
defendant were sophisticated consumers, including industrial users and government
applications. The Polaroid case, then, stands for the proposition that there is no universal
keyword space is illuminating, and should prove instructive in illustrating a clear path to settle the law. For the sake of brevity, the factors are grouped according to their overarching idea, rather than separately in to nine subheadings.

a. *Strength of the Mark*

Perhaps the most case-by-case factor of the five is the strength of the mark consideration. Focusing on the strength of the would-be infringed mark serves two purposes, from the perspective of consumer confusion: first, it tends to show how plausible it is that the mark would be known by the average consumer; it tends to aid one in determining whether there is any brand knowledge in the minds of consumers to confuse. Second, it as a good threshold test for eliminating claims of infringement made by trademark holders that are regionally or field-bound.86

Moving afield of the policy motivation for trademark law, namely avoiding consumer confusion, examining the strength of a trademark in a claim of infringement for a keyword advertisement helps illuminate how likely it is that a given keyword purchase was indeed “consumer” of whose likelihood of confusion we can determine. Instead, the average consumer within a given sphere is the standard which must be used to determine the likelihood of confusion.

86 That is to say, scenarios wherein a mark holder has a very region-specific mark of some local notoriety, and is seeking a claim of infringement against a use that would be unlikely to actually confuse a consumer.
intended to capitalize on given mark.\textsuperscript{87} From a public policy perspective, examining the strength of a given mark in a would-be infringement case sends a strong message to trademark holders that their advertising dollars and branding efforts are not for naught. Simply, trademark holders would be encouraged to strengthen their mark if the strength of said mark is itself a factor to be considered when situations involving infringement arise. In the context of the internet, and specifically keyword-advertising purchases through keyword suggestion tools, it further gives evidence as to whether or not the search-engine advertiser should have had the mark excluded from suggested keyword purchases. That is to say, there is a threshold of strength for a mark, beyond which, any suggestion tool should not permit advertisers other than the mark holder to purchase the term.\textsuperscript{88}

\textit{b. Similarity of the Two Marks}

In the context of an internet keyword advertisement, this factor would morph in to an examination of the similarity of the given mark and the keyword purchased. An obvious shortcoming of this factor in the realm of keyword purchases is the fact that “similarity” is not something that can always be easily determined when examining any given keyword purchase or trademark. For instance, the Olympics rings logo, instantly recognizable to

\textsuperscript{87} Assuming, for the sake here, that it is unlikely that an advertiser would purchase a given keyword to capitalize on a trademark that does not have much public recognition to tap in to.

\textsuperscript{88} For instance, it stands to reason that Google should not suggest an individual purchase, or suggest an individual purchase, the keyword “Ford Motor Company. ” The strength of this mark is high, and thus, some threshold of identity or affiliation with the mark holder should need be met before the keyword can be purchased.
many, has no search engine equivalent. \(^{89}\) In the same vein, marks that rely primarily on their sound simultaneously cannot be easily protected or easily infringed in the context of a keyword. \(^{90}\)

c. *Proximity of the Products*

Using a proximity test for purchased keywords representing products and their would-be infringed trademarks seems simple enough, but as is true of many things, the context of the internet renders the subject more murky. For instance, and to use a straightforward example, determining what the “product” being offered is on a blog may be difficult; to some extent, the product is the author’s thoughts, or words. A closer examination might indicate that the product is in fact referrals or affiliate links to online merchants.\(^{91}\) If the owner of said blog purchased a keyword advertisement, for example “Lenovo laptops,” hoping to garner more visitors and ultimately get more click-throughs to their affiliate merchants, can at once be said to be offering a product that is editorial and, albeit indirectly, perhaps laptops by competitors to Lenovo, Inc.

\(^{89}\) Which invariably raises the question, should a keyword purchase for “three interlocking rings,” or any phrase that describes a trademarked logo, be even considered as potentially infringing?

\(^{90}\) The NBC three-chime trademark sound, for instance.

\(^{91}\) A blog reviewing new pieces of technology, for instance, may on its face be offering the thoughts of the author or authors, but in fact generate its revenue from advertisements displayed or referral links to online merchants for those products.
Additionally, viewing it from a market perspective, the fact that the mark is being used to advertise for the competitors product would suggest, in and of itself, there is some proximity between the two products. It may simply be that the advertiser is leveraging the brand recognition of the mark holder to garner clicks to their website as an end unto itself.\textsuperscript{92} In a unique way, the internet muddies the waters with regards to what exactly any given website is marketing as a “product,” leaving courts little choice but to look to the fact that the keyword was purchased, as indication that there is some proximity between the two products being offered. As such, examining the proximity of the two products would be instructive as a factor, but could certainly not be weighed heavily.

\textit{d. Good Faith}

In establishing good faith for the purposes of analyzing a keyword purchase, a uniform system of analysis need look no further than the Anticybersquatting Consumer Protection act.\textsuperscript{93} Therein, Congress instructs courts to consider a number of factors, starting

\textsuperscript{92} This is essentially initial interest confusion, which has been discussed by the court and is mentioned above.

\textsuperscript{93} (B)(i) In determining whether a person has a bad faith intent described under subparagraph (A), a court may consider factors such as, but not limited to--

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

\textsuperscript{(II)} the extent to which the domain name consists of the legal name of the person or a name that is otherwise commonly used to identify that person;
(III) the person's prior use, if any, of the domain name in connection with the bona fide offering of any goods or services;

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

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

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

(VII) the person's provision of material and misleading false contact information when applying for the registration of the domain name, the person's intentional failure to maintain accurate contact information, or the person's prior conduct indicating a pattern of such conduct;

(VIII) the person's registration or acquisition of multiple domain names which the person knows are identical or confusingly similar to marks of others that are distinctive at the time of registration of such domain names, or dilutive of famous marks of others that are famous at the time of registration of such domain names, without regard to the goods or services of the parties; and
first with the trademark or other intellectual property rights of the would-be infringer. In the context of a keyword purchase, this should be the first step in any analysis; obviously, a keyword purchase by a trademark holder should not raise any red flags. From there, the court would examine the likelihood of the domain holder, here the keyword purchaser, intended to divert consumers away from the mark holder to their own domain. A comparable analysis would be instructive in ascertaining good faith in a keyword purchase.94

Thereafter, the court would examine the domain holder, here the keyword purchaser, for indications that they are a serial mark infringer. In the context of keyword purchases, this might be determined by ascertaining whether the keyword purchaser exhibits a pattern of infringing purchases; that is to say, are their keyword purchases chiefly, or commonly, of strong marks for the purposes of pilfering traffic?

e. Consumer Considerations – Confusion and Sophistication

Consumer confusion in the context of an internet keyword purchase is a relatively straightforward analysis. It would require an examination of the actual advertisement (IX) the extent to which the mark incorporated in the person's domain name registration is or is not distinctive and famous within the meaning of subsection (c) of this section.


94 For instance, an individual may not intend to divert traffic away from the website of “Ford Motor Company” in purchasing the keyword “ford,” if they are a retailer of aftermarket or replacement parts for Ford vehicles.
purchased, and an assessment by the court regarding whether or not a consumer is likely to be confused by said advertisement. To use the repeating example, an advertising keyword purchase on “Ford Motor Company” may return an advertisement sponsored-result that reads: “Aftermarket Ford car parts for cheap.” In that case, a consumer would not likely be confused and believe the advertisement is for official Ford motor parts, or motor vehicles for that matter. However, an advertisement on the same keyword that read: “Ford Motor Company Official Website” would, at the extreme end of the spectrum, likely lead to consumer confusion. Using an analysis of consumer confusion, thus, necessitates a granular examination of the actual advertisement.

Consumer sophistication typically requires an examination of the product category that trademark in question falls in to. The more expensive the product, the more care, and hence sophistication, the court will expect consumers to demonstrate in researching the product. This fact would suggest a higher bar on a claim of actual consumer confusion when the product is more expensive, or typically is purchased with a high degree of care and consideration. Determining where the product purchase is made, on the internet, is thus instructive. If a product of trademark.com is “purchased” when the domain is visited, then it is the sophistication of a consumer making this decision that must be determined. If, alternatively, a “purchase” is said to be made only when money changes hands and a product is purchased, than the mindset of a consumer at the point of visiting the website is less informative.

f. Visual distinction – sponsored and organic results
Search engines need to distinguish clearly between sponsored and organic results, that much is clear. How that distinction is to be made, however, is subject to much variation according to individual search engine design preferences and user interface design principles. This is chiefly a factor that will cut against the advertising platform, or search engine, rather than an individual keyword purchaser. That said, however, one can imagine a situation in which an individual keyword purchaser structures their advertisement in a way that is deliberately intended to blend with organic search results, and thus would contribute to consumer confusion.

g. **Res Ipsa Infringer**

I submit that a tenth factor should be added to the Ninth Circuit Nine, with weight being given to where a given advertisement is actually appearing. The Second Circuit, perhaps inadvertently, teased out a flaw in the existing legal schema. Namely, an advertiser and advertising platform can merely insulate themselves from their infringement by engaging

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95 That said, as of the writing of this article, there is a coalescing around a simple “Ad” phrase next to sponsored results, in a font with a lighter color than that of the rest of the page, presumably to tone down the visibility.

96 Indirectly though, obviously, a search engine---advertising platforms that has mastered the art of walking the line between confusing consumers in their failure to clearly demarcate sponsored search results will in turn garner a large piece of the advertising pie. Conversely, advertising platforms that have not found that sweet spot will either lose market share due to obviously-advertisement sponsored results being easily ignored by consumers, or lose market share due to their advertising clients being continually sued for trademark infringement.
in a collaborative hide-the-ball, with advertising platforms aggregating trademarks in to
generic categories, and advertisers implicitly understanding that purchasing a bucket of
keywords under the “automobile manufacturers” banner will include keywords for
competitors. An analysis, then, of where a given advertisers ads actually appear, will tend to
imply that something underhanded may be going on. ⁹⁷

If consumer confusion is to be avoided, there exists a simple proxy for consumer
confusion: the existence of one competitor’s advertisements in a results page for another
competitor’s keyword. This would indicate that, either through gaming or dumb luck,
individuals searching for one company or trademark are being shown ads for another;
coupled with an understanding of how users use the search platform, this is the clearest
inferential evidence of potential confusion one can have. The user has literally typed ⁹⁸ what
subject they are intending to find information regarding.

VI. Conclusion

The above discussion reveals that the current ambiguity created by the circuit split
can be resolved through the adoption of a final element in the Ninth Circuit Nine – res ipsa
infringer. From the preceding overview of keywords and sponsored search results,

⁹⁷ That is not to say that this factor should be dispositive, or weighed too heavily. Focusing
too heavily on this factor would force search engines or other online advertising platforms to
police their advertising algorithms, and indeed may force them to write new algorithms that
would exist solely to comb search results and ensure no “Competitor” ads show up on a
search for “Trademark.”

⁹⁸ Or, with the advent of mobile text-to-speech platforms, perhaps even spoken.
keyword suggestions and sponsoring infringement and the Lanham Act, along with the disconnect between the treatment given by the Ninth and Second Circuits, the impact of the Second Circuit’s compromise is apparent. The solution proposed above addresses the loopholes created and promotes the policies of trademark law broadly.