Trademark Infringement Prima Facie Elements

- Plaintiff owns valid trademark
- Plaintiff has priority
- Defendant used plaintiff’s TM in commerce in connection with sale of goods/services
- Defendant’s use creates likelihood of consumer confusion about product source
Use in Commerce Defined

- Definition #1: Use in “commerce” = “all commerce which may lawfully be regulated by Congress” (15 U.S.C. § 1127)

- Definition #2A: “Use in commerce” = “bona fide use of a mark in the ordinary course of trade” (15 U.S.C. § 1127)
  - #2B: Only when TM displayed on product packaging or in ad copy

- THE STATUTE IS FACIALLY AMBIGUOUS

- Rescuecom: “It would be helpful for Congress to study and clear up this ambiguity.” Conclusion:
  - Definition #2A governs obtaining TM rights
  - Definitions #1 and 2B govern TM infringement
Displaying third party TM in ad copy = use in commerce

Keyword triggering =
- ...use in commerce outside 2d Circuit
- ...unknown in 2d Circuit
  - Half-dozen pre-Rescuecom cases ≠ use in commerce
  - Rescuecom questioned two of those cases (Merck & S&L Vitamins)

Selling trademarked keywords...
- ≠ use in commerce when adware vendors sell categories, not specific TMs
- = use in commerce when search engines sell specific TMs

Rescuecom effectively ends “use in commerce” defense to online TM infringement
Tests to measure likelihood of consumer confusion

- Standard multi-factor LOCC test
  - Hearts on Fire: LOCC “will ultimately turn on what the consumer saw on the screen and reasonably believed, given the context” (measured by 7 extra factors)
- Sponsorship/endorsement confusion
- “Initial interest confusion”
  - Brookfield: “use of another’s trademark in a manner reasonably calculated to capture initial consumer attention, even though no actual sale is finally completed as a result of the confusion”

No jury has ruled on keyword advertising (yet). Results so far:

- TMs in ad copy = LOCC (GEICO bench trial, Storus SJ)
- Keyword triggering only ≠ LOCC (GEICO bench trial, J.G. Wentworth SJ, Designer Skin SJ)
Selected Defenses

- **Descriptive fair use (15 U.S.C. § 1115(b)(4))**

- **Nominative use. Elements:**
  - Not readily identifiable without TM reference
  - Took only what was necessary
  - No implied sponsorship/endorsement

- **For keyword sellers:**
  - No contributory liability
    - Test: advertiser infringement + keyword seller directly controls/monitors instrumentality used to infringe
Other Claims

- **TM Dilution = rejected in about half-dozen cases**
  - Dilution only protects famous marks
  - Keyword triggering ≠ blurring or tarnishment?
  - Nominative use/comparative advertising defenses

- **False Designation of Origin = rejected against keyword seller in Heartbrand Beef v. Lobel’s**

- **Unfair Competition/Tortious Interference = rejected in Overstock v. SmartBargains**

- **State Anti-Keyword Laws**
  - Utah Spyware Control Act (13-40-102 to 13-40-301): adware can’t display TM-triggered pop-up ads when TM infringement
  - Alaska SB 140: adware can’t display TM-triggered pop-up ads unless consumers consent to pop-up ad delivery
  - Utah SB 236 (“Trademark Protection Act”) = passed 2007, repealed 2008
  - Utah HB 450 = failed 2009
Guidance for Trademark Owners

- **Take advantage of keyword sellers’ TM policies**
  - **Google**: TM owner can block TM references in ad copy except for resellers, complementary good sellers & information sites
  - **Yahoo** and **Microsoft**: TM owner can block keyword triggering except for resellers and information sites

- **Contractually restrict channel members from competitive bidding**

- **Make rational economic decisions in TM enforcement actions**
  - In 800-JR Cigar, defendant’s gross revenues = $345
  - In Storus, defendant got 1,347 clicks in 11 months
  - TM enforcement and marketing are substitutable investments

- **Don’t be duplicitous**
Other Guidance

For Advertisers
- Competitive keyword advertising as a Prisoners’ Dilemma
- Consider “negative matching” competitive TMs
- NEVER put competitive TMs in keyword metatags

For Keyword Sellers
- Clearly segregate ads from editorial content
- Identify ad source and choose appropriate descriptor for ads
- Implement a TM policy
- Weigh pros/cons before providing a keyword suggestion tool
- Consider selling categories, not keywords