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NO JS-6

UNITED STATES DISTRICT COURT  
CENTRAL DISTRICT OF CALIFORNIA

MULTI TIME MACHINE, INC.,	)	Case No. CV 11-09076 DDP (MANx)
	)	
Plaintiff,	)	<b>ORDER GRANTING DEFENDANT'S MOTION FOR SUMMARY JUDGMENT</b>
	)	
v.	)	[Dkt. Nos. 35 & 45 ]
	)	
AMAZON.COM, AND AMAZON SERVICES LLC,	)	
	)	
Defendant.	)	
	)	

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Presently before the court is Defendants Amazon.com, Inc. and Amazon Services LLC (collectively "Amazon")'s Motion for Summary Judgment.<sup>1</sup> Having considered the parties' submissions and heard oral argument, the court adopts the following order.

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<sup>1</sup> The identical Motion was filed twice, one in a redacted version (Dkt. No. 35) and once unredacted and under seal (Dkt. No. 45). This order contains no confidential facts but pertains to both versions of the Motion.

1 **I. BACKGROUND**

2 The following facts are not disputed or confidential.

3 Multi Time Machine, Inc. ("MTM") sells military style watches  
4 under the brand names "MTM Special Ops" and "MTM Military Ops." (In  
5 Support of Amazon's Motion for Summary Judgment, Decl. of Marc Levy  
6 ["Levy Decl."], Exh. A 21:5-8.) MTM sells its watches through its  
7 website and through a limited number of authorized distributors,  
8 but not through Amazon. (Id. at 39:10-40:5, 48:9-15). In addition,  
9 MTM does not authorize its distributors to sell its watches on  
10 Amazon. (Id. at 49:24-51:11.)

11 Amazon is an online retailer that sells millions of products  
12 directly to consumers and that hosts third-party sellers. (In  
13 Support of Amazon's Motion for Summary Judgment, Decl. of Daniel  
14 Rose ["Rose Decl."] ¶ 2.) Amazon's search function attempts to  
15 retrieve products that consumers are likely to be interested in  
16 purchasing. (Id. at ¶ 3.) To do so, its search function does not  
17 only provide results that match the actual words used by the  
18 consumer in his or her query. (Id. at ¶ 7.) Like Google and Bing,  
19 Amazon's search engine employs search technologies that rely on  
20 consumer behavior. (Id. at ¶¶ 4, 7). These technologies allow  
21 Amazon to retrieve results that do not include the search term.  
22 (Id. at ¶ 7.)

23 In response to a consumer's search, Amazon provides the  
24 consumer a list of products on a search results page. (In Support  
25 of Amazon's Motion for Summary Judgment, Decl. of Paul Jaye ["Jaye  
26 Decl."] ¶ 6, Exh. A.) For each product, Amazon generates a "product  
27 listing," which primarily consists of an image of the product and a  
28 title identifying the product. (Id.) For example, when a consumer

1 searches for "mtm special ops," Amazon's search function provides  
2 ten results, each with its own product listing. (Id.) Since MTM  
3 does not sell its watches on Amazon or authorize its distributors  
4 to sell its watches on Amazon, its watches do not appear among the  
5 product listings for that search. (Id.) Instead, all of the watches  
6 retrieved by Amazon belong to MTM's competitors, in particular  
7 Luminox and Chase-Durer. (Id. at Exh. A; Levy Decl., Exh. A at  
8 59:25-60:5.)

#### 9 **A. Search Results Page**

10 On the search results page, the search query—"mtm special  
11 ops"—appears in two locations: in the search query box and directly  
12 below the search query box in what is termed the "breadcrumb."  
13 (Jaye Decl. at ¶ 7.) The breadcrumb displays the original query in  
14 quotation marks to provide a trail for the consumer to follow back  
15 to the original search. (Id.) Directly below the breadcrumb, Amazon  
16 provides "Related Searches" in case consumers are unsatisfied with  
17 the results from their original search. (Id. at ¶ 8, Exh. A.) For  
18 example, after searching for the term "mtm special ops," Amazon's  
19 search results page suggests the related search "mtm special ops  
20 watch." (Id. at Exh. A.)

21 Accordingly, after searching for "mtm special ops" in Amazon's  
22 search query box, those words appear in three locations: (1) in the  
23 search query box, (2) in the breadcrumb below that box, and (3) in  
24 the related search below the breadcrumb. (Id.) A gray bar with the  
25 heading "Showing 10 Results" separates those three locations from  
26 the product listings below. (Id. at ¶ 6.)

27 Below the product listings, the "MTM" brand also appears in an  
28 advertisement under the heading "Sponsored Links." (Id. at Exh. A;

1 Levy Decl., Exh. A at 64:6-20.) The advertisement includes a  
2 hyperlink titled "Tactical Watches By MTM," the description "MTM  
3 Tactical Watches Worn By Military, Police, Sportsmen," and another  
4 hyperlink to MTM's website: [www.specialopswatch.com/](http://www.specialopswatch.com/). (Jaye Decl.  
5 at Exh. A.)

#### 6 **B. Product Detail Page**

7 Consumers cannot purchase products from Amazon's search  
8 results page. (Id. at ¶ 9.) To purchase a product, consumers first  
9 must navigate to a "product detail page" by clicking on a product  
10 listing. (Id.; Levy Decl., Exh. A at 63:14-19.) From there,  
11 consumers can purchase the product by adding the product to his or  
12 her cart or by using Amazon's "One-Click" option. (Jaye Decl. at ¶  
13 9.)

14 The product detail page includes a large image of the product,  
15 a hyperlink identifying the brand of the product, and a title  
16 identifying the product in larger font. (Id. at ¶ 10.) For example,  
17 the first product provided by Amazon's search function in response  
18 to the "mtm special ops" query is a product titled "Luminox Men's  
19 8401 Black Ops Watch." (Id. at ¶ 9.) That watch's product detail  
20 page provides a large image of the watch's face, which identifies  
21 the Luminox brand, a hyperlink identifying the Luminox brand, and a  
22 title identifying the watch in larger font as the "Luminox Men's  
23 8401 Black Ops Watch." (Id. at ¶ 10, Exh. C.)

24 On the product detail page, the words from the search  
25 query—"mtm special ops"—appear in the search query box. (Id.) A  
26 gray bar separates this box from the product detail page below.  
27 (Id. at ¶ 10.) Below the product detail page, Amazon suggests other  
28 products to the consumer under various headings. (Id. at Exh. C.)

1 One such heading, titled "Customers Viewing This Page May Be  
2 Interested in These Sponsored Links," displays sponsored hyperlinks  
3 titled "MTM Watches," with a link to www.yahoo.com, and "Military  
4 Watches Sale," which takes the consumer to  
5 cyber.monday.interiorsbuyer.com. (Id.)

6 Accordingly, after navigating to a product detail page, the  
7 consumer can see the words "mtm special ops" in Amazon's search  
8 query box and a reference to MTM and its products in the sponsored  
9 advertisement.

## 10 **II. LEGAL STANDARD**

11 Summary judgment is appropriate where the pleadings,  
12 depositions, answers to interrogatories, and admissions on file,  
13 together with the affidavits, if any, show "that there is no  
14 genuine dispute as to any material fact and the movant is entitled  
15 to judgment as a matter of law." Fed. R. Civ. P. 56(a). A party  
16 seeking summary judgment bears the initial burden of informing the  
17 court of the basis for its motion and of identifying those portions  
18 of the pleadings and discovery responses that demonstrate the  
19 absence of a genuine dispute of material fact. Celotex Corp. v.  
20 Catrett, 477 U.S. 317, 323 (1986). All reasonable inferences from  
21 the evidence must be drawn in favor of the nonmoving party. See  
22 Anderson v. Liberty Lobby, Inc., 477 U.S. 242, 242 (1986).

23 If the moving party does not bear the burden of proof at  
24 trial, it is entitled to summary judgment if it can demonstrate  
25 that "there is an absence of evidence to support the nonmoving  
26 party's case." Celotex, 477 U.S. at 323.

27 Once the moving party meets its burden, the burden shifts to  
28 the nonmoving party opposing the motion, who must "set forth

1 specific facts showing that there is a genuine issue for trial."  
2 Anderson, 477 U.S. at 256. Summary judgment is warranted if a  
3 party "fails to make a showing sufficient to establish the  
4 existence of an element essential to that party's case, and on  
5 which that party will bear the burden of proof at trial." Celotex,  
6 477 U.S. at 322. A genuine issue exists if "the evidence is such  
7 that a reasonable jury could return a verdict for the nonmoving  
8 party," and material facts are those "that might affect the outcome  
9 of the suit under the governing law." Anderson, 477 U.S. at 248.  
10 There is no genuine issue of fact "[w]here the record taken as a  
11 whole could not lead a rational trier of fact to find for the non-  
12 moving party." Matsushita Elec. Indus. Co. v. Zenith Radio Corp.,  
13 475 U.S. 574, 587 (1986).

14 It is not the court's task "to scour the record in search of a  
15 genuine issue of triable fact." Keenan v. Allan, 91 F.3d 1275,  
16 1278 (9th Cir. 1996). Counsel has an obligation to lay out their  
17 support clearly. Carmen v. San Francisco Sch. Dist., 237 F.3d  
18 1026, 1031 (9th Cir. 2001). The court "need not examine the entire  
19 file for evidence establishing a genuine issue of fact, where the  
20 evidence is not set forth in the opposition papers with adequate  
21 references so that it could conveniently be found." Id.

### 22 **III. DISCUSSION**

23 In her concurrence to Playboy Enterprises, Inc. v. Netscape  
24 Communications Corp., Judge Berzon presented the following  
25 hypothetical:

26 I walk into Macy's and ask for the Calvin Klein  
27 section and am directed upstairs to the second  
28 floor. Once I get to the second floor, on my way to

1 the Calvin Klein section, I notice a more  
2 prominently displayed line of Charter Club clothes,  
3 Macy's own brand, designed to appeal to the same  
4 people attracted by the style of Calvin Klein's  
5 latest line of clothes. Let's say I get diverted  
6 from my goal of reaching the Calvin Klein section,  
7 the Charter Club stuff looks good enough to me, and  
8 I purchase some Charter Club shirts instead. Has  
9 Charter Club or Macy's infringed Calvin Klein's  
10 trademark, simply by having another product more  
11 prominently displayed before one reaches the Klein  
12 line? Certainly not. . . .

13 . . . If I went to Macy's website and did a search  
14 for a Calvin Klein shirt, would Macy's violate  
15 Calvin Klein's trademark if it responded (as does  
16 Amazon.com, for example) with the requested shirt  
17 and pictures of other shirts I might like to  
18 consider as well? I very much doubt it.

19 Playboy Enters., Inc. v. Netscape Communic'ns Corp., 354 F.3d 1020,  
20 1035 (9th Cir. 2004) (Berzon, J., concurring). This case squarely  
21 presents the issue posed by Judge Berzon's final question: If I  
22 search for one of MTM's trademarks, such as "mtm special ops," is  
23 Amazon infringing when it presents me with a list of watches from  
24 MTM's competitors? MTM contends that Amazon is obliged to inform  
25 the consumer that Amazon does not carry any products with that  
26 brand before offering products from other brands in order to avoid  
27 confusing the consumer. Amazon maintains that so long as Amazon  
28 labels the search results clearly as being from different brands,

1 consumers will get what they want from their searches and Amazon  
2 will not have infringed on MTM's trademark. The crux of the matter  
3 is whether shoppers on Amazon are confused as to the source of the  
4 products displayed in the list of search results.

5 The Ninth Circuit recently dealt with a similar issue in  
6 Network Automation, Inc. v. Advanced Systems Concepts, Inc., 638  
7 F.3d 1137 (9th Cir. 2011). In that case, the owner of the  
8 trademark ACTIVEBATCH for business management software sued a  
9 competitor, Network Automation, who had purchased keywords such as  
10 "activebatch" from Google and Microsoft Bing. Network Automation,  
11 638 F.3d at 1142. As a result, when users searched for  
12 "ActiveBatch," the results page would include sponsored links to  
13 Network Automation's website for its competing product. Id. The  
14 court stressed the importance of the labeling of the  
15 advertisements. It pointed out that in Playboy Enterprises, the  
16 infringement claims "relied on the fact that the linked banner  
17 advertisements were 'unlabeled,' and were, therefore, more likely  
18 to mislead consumers into believing they had followed a link to  
19 Playboy's own website." Id. at 1147 (citation omitted). It  
20 declined to "expand the initial interest confusion<sup>1</sup> theory of  
21 infringement beyond the realm of the misleading and deceptive to  
22 the context of legitimate comparative and contextual advertising."  
23 Id. at 1148.

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26 <sup>1</sup> "Initial interest confusion is customer confusion that  
27 creates initial interest in a competitor's product. Although  
28 dispelled before an actual sale occurs, initial interest confusion  
impermissibly capitalizes on the goodwill associated with a mark  
and is therefore actionable trademark infringement." Playboy  
Enterprises, 354 F.3d at 1025.



1 To establish a trademark infringement claim under Section 32  
2 or 43(a) of the Lanham Act,<sup>2</sup> a plaintiff has the burden to  
3 establish that a defendant is "using a mark confusingly similar to  
4 a valid, protectable trademark" of defendant's. Brookfield  
5 Communic'ns, Inc. v. West Coast Entm't Corp., 174 F.3d 1036, 1046  
6 (9th Cir. 1999). Amazon argues that (1) it is not using MTM's mark  
7 in commerce and (2) there is no likelihood that consumers will be  
8 confused, and that Amazon is therefore entitled to judgment as a  
9 matter of law. MTM disagrees, asserting that there are disputed  
10 issues of fact as to whether consumers are likely to be confused.

11 **A. Use in Commerce**

12 Because the court finds, as discussed below, that there is no  
13 likelihood of confusion, the court need not resolve the issue of  
14 whether Amazon is using the mark in commerce. The court notes  
15 briefly that the Ninth Circuit has held that the use of a trademark  
16 as a search engine keyword that triggers the display of a  
17 competitor's advertisement is a "use in commerce" under the Lanham  
18 Act. Network Automation, 638 F.3d at 1144-45. This case is  
19 distinguishable, insofar as Amazon is not selling trademarks to  
20 competitors but instead is using behavior-based search technologies  
21 that result in competitors' products appearing when a trademarked  
22 search term is entered. Nonetheless, because Amazon's use is in  
23 connection with the sale of goods, it appears likely to be a "use

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24  
25 <sup>2</sup> "Any person who shall, without the consent of the  
26 registrant--(a) use in commerce any reproduction, counterfeit,  
27 copy, or colorable imitation of a registered mark in connection  
28 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." 15 U.S.C.A. § 1114.

1 in commerce" both in the jurisdictional sense and with respect to  
2 the statutory infringement requirement.

3 **B. Likelihood of Confusion**

4 Amazon claims that no reasonable trier of fact could find that  
5 there is a likelihood of confusion resulting from Amazon's use of  
6 MTM's mark(s). Likelihood of confusion is the center of the  
7 trademark infringement, unfair competition, and false designation  
8 of origin claims in this case. See Toho Co. v. Sears, Roebuck &  
9 Co., 645 F.2d 788, 790 (9th Cir. 1981); Brookfield Commc'ns, 174  
10 F.3d 1036, 1046 (9th Cir. 1999). The factors for determining  
11 likelihood of confusion are: "1. strength of the mark; 2. proximity  
12 of the goods; 3. similarity of the marks; 4. evidence of actual  
13 confusion; 5. marketing channels used; 6. type of goods and the  
14 degree of care likely to be exercised by the purchaser; 7.  
15 defendant's intent in selecting the mark; and 8. likelihood of  
16 expansion of the product lines." AMF Inc. v. Sleekcraft Boats, 599  
17 F.2d 341, 348-49 (9th Cir. 1979).<sup>3</sup> It is unnecessary to meet every

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18  
19 <sup>3</sup> MTM argues that Amazon's behavior is a case of "passing off"  
20 or "palming off." "The tort of palming off by a third party dealer  
21 is defined as the unauthorized substitution of the goods of one  
22 manufacturer when the goods of another are requested by the  
23 customer." K-S-H Plastics, Inc. v. Carolite, Inc., 408 F.2d 54, 59  
24 (9th Cir. 1969), cert. denied, 396 U.S. 825 (1969). MTM compares  
25 Amazon's behavior to the restaurant in Coca-Cola Co. v. Overland,  
26 Inc., 692 F.2d 1250, 1252 (9th Cir. 1982), where consumers who  
27 specifically requested Coca-Cola were being served Pepsi-Cola.  
28 Menus and posted signs indicated that Pepsi-Cola was the only  
beverage served in the restaurant. Id. at 1253. The court found  
that those indications were not "sufficiently conspicuous" and did  
not provide adequate notice of the substitution. Id. at 1253-54.  
Although the Ninth Circuit did not use the Sleekcraft factors in  
resolving Overland, its concern with providing conspicuous notice  
to customers indicates a fundamental concern with potential  
consumer confusion. The Sleekcraft factors provide a flexible  
rubric for evaluating the likelihood of consumer confusion. Thus,  
the court finds no reason not to use those factors whatever

(continued...)

1 factor because the likelihood of confusion test is "fluid".  
2 Surfvivor Media, Inc. v. Survivor Prods., 406 F.3d 625, 631 (9th  
3 Cir. 2005). The test is fact intensive, and it thus is rarely  
4 appropriate for deciding on summary judgment. Au-Tomotive Gold,  
5 Inc. v. Volkswagen of Am., Inc., 457 F.3d 1062, 1075 (9th Cir.  
6 2006).

7 The Ninth Circuit has advised courts to be "acutely aware of  
8 excessive rigidity when applying the law in the Internet context;  
9 emerging technologies require a flexible approach." Network  
10 Automation, 638 F.3d at 1145-46 (quoting Brookfield Commc'ns, 174  
11 F.3d at 1054). "In determining the proper inquiry for this  
12 particular trademark infringement claim, [the court] adhere[s] to  
13 two long stated principles: the Sleekcraft factors (1) are non-  
14 exhaustive, and (2) should be applied flexibly, particularly in the  
15 context of Internet commerce. Finally, because the sine qua non of  
16 trademark infringement is consumer confusion, when [the court]  
17 examine[s] initial interest confusion, the owner of the mark must  
18 demonstrate likely confusion, not mere diversion." Network  
19 Automation, 638 F.3d at 1149.

20

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<sup>3</sup>(...continued)

23 subgenre of trademark infringement claim this case might present.  
24 MTM has offered no support for the proposition that cases that  
25 arguably concern passing off do not require a showing of likelihood  
26 of confusion.

27 Additionally, the instant situation does not appear to be a  
28 case of palming off in the traditional sense. It is akin to the  
consumer asking for a Coca-Cola and receiving a tray with unopened,  
labeled, authentic cans of Pepsi-Cola, RC Cola, Blue Sky Cola, Dr.  
Pepper, and Sprecher Root Beer, and a copy of Coca Kola: The  
Baddest Chick, by Nisa Santiago. This is a substitution, but given  
the context it is not infringing because it is not likely to  
confuse.

1           The Network Automation court determined that “[g]iven the  
2 nature of the alleged infringement [in that case], the most  
3 relevant factors to the analysis of the likelihood of confusion  
4 are: (1) the strength of the mark; (2) the evidence of actual  
5 confusion; (3) the type of goods and degree of care likely to be  
6 exercised by the purchaser; and (4) the labeling and appearance of  
7 the advertisements and the surrounding context on the screen  
8 displaying the results page.” Id. at 1154. It found that certain  
9 other factors were less relevant to the particular context.<sup>4</sup> The  
10 factors deemed less relevant are the following:

11           Proximity of goods (factor 2): The court held that even though  
12 the products were interchangeable (both were business management  
13 software), that fact would “become less important if advertisements  
14 are clearly labeled or consumers exercise a high degree of care,  
15 because rather than being misled, the consumer would merely be  
16 confronted with choices among similar products.” Id. at 1150. The  
17 same is true in this case; although both Amazon and MTM sell  
18 watches, which are identical products, this is misleading only if  
19 the consumer is confused, not if the consumer simply has clearly  
20 marked options.

21           Similarity of marks (factor 3): The traditional Sleekcraft  
22 analysis compares marks that are “similar in terms of sight, sound,  
23 and meaning.” Id. at 1150 (citing Sleekcraft, 599 F.2d at 351).  
24

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25           <sup>4</sup> MTM is correct that the Network Automation court did not  
26 limit the likelihood of confusion analysis to the four cited  
27 factors. (Opp. at 11.) The Network Automation court instead  
28 explained why certain factors were less relevant than others to  
evaluating confusion in the Internet advertising context. This  
case is sufficiently similar to Network Automation that those  
factors are a useful starting point.

1 Here, as in Network Automation, "the consumer does not confront two  
2 distinct trademarks." Network Automation, 638 F.3d at 1151.  
3 Instead, the consumer types MTM's mark into the search box and then  
4 sees the mark that he or she typed appear in several places on the  
5 search results page, along with competitors' products. It is  
6 undisputed that consumers may be typing MTM's mark into the search  
7 box and that in reproducing this mark, Amazon uses it identically.  
8 The issue is not whether the marks are identical but whether  
9 consumers are likely to be confused as to the source of the goods  
10 returned in the search results. Therefore, this factor is not  
11 independently relevant.

12 Marketing Channels (factor 5): "Convergent marketing channels  
13 increase the likelihood of confusion." Sleekcraft, 599 F.2d at  
14 353. "However, this factor becomes less important when the  
15 marketing channel is less obscure. . . . "Given the broad use of  
16 the internet today, . . . . this factor merits little weight."  
17 Network Automation, 638 F.3d at 1151 (internal citations and  
18 quotation marks omitted). The fact that Amazon and MTM are both  
19 selling watches on the Internet is too commonplace to affect the  
20 likelihood of confusion analysis.

21 Intent to Confuse (factor 7): The Network Automation court  
22 pointed out that defendant's intent may be relevant, "but only  
23 insofar as it bolsters a finding that the use of the trademark  
24 serves to mislead consumers rather than truthfully inform them of  
25 their choice of products." Network Automation, 638 F.3d at 1153.  
26 Therefore, this factor, like proximity of goods, must be considered  
27 in the context of the clarity of labeling.

28

1 The court agrees with Amazon that this case is similar enough  
2 to Network Automation that the factors identified in that case  
3 should be the starting point for its analysis.

4 **1. Strength of the Mark**

5 "The stronger a mark—meaning the more likely it is to be  
6 remembered and associated in the public mind with the mark's  
7 owner—the greater the protection it is accorded by the trademark  
8 laws." Brookfield Commc'ns, 174 F.3d at 1058. "Two relevant  
9 measurements are conceptual strength and commercial strength."  
10 Network Automation, 638 F.3d at 1149.

11 **a. Conceptual strength**

12 "A mark's conceptual strength depends largely on the  
13 obviousness of its connection to the good or service to which it  
14 refers. The less obvious the connection, the stronger the mark, and  
15 vice versa." Fortune Dynamic, Inc. v. Victoria's Secret Stores  
16 Brand Mgmt., 618 F.3d 1025, 1032-33 (9th Cir. 2010). "[W]hile the  
17 registration adds something on the scales, we must come to grips  
18 with an assessment of the mark itself." Network Automation, 638  
19 F.3d at 1149 (citation and quotation marks omitted).

1           The marks at issue are MTM SPECIAL OPS and MILITARY OPS.<sup>5</sup>  
2 Amazon asserts that the marks are descriptive because the watches  
3 designated by the marks were designed for members of the armed  
4 forces involved in special military operations or "ops". (See  
5 Depo. Avicasis 149:19-150:19) ("We design [the watches] for [Special  
6 Operations Forces in the U.S. Military] . . . keeping in mind  
7 that's what people on the field or soldier on the field needs.")  
8 Amazon also submits a Google advertisement for MTM with the  
9 description "Special Ops Watches worn by Special Ops and Special  
10 Forces worldwide." (Levy Decl. ¶ 8, Exh. G.) Amazon additionally  
11 references a query by the trademark office as to whether the  
12 watches "are intended to be used in 'special operations' or by  
13 'special operations' personnel or forces." (Levy Decl. ¶ 10, Exh. I  
14 (emphasis omitted).) MTM's attorney responded, "The term Special  
15 Ops is nothing more tha[n] a suggestive reference to military type  
16 watches." (Levy Decl. ¶ 11, Exh. J.)

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17  
18           <sup>5</sup> MTM claims that it has three other marks at issue-PRO OPS,  
19 AMERICAN WATCH, and MILITARY OPS- and that by not discussing them,  
20 Amazon has waived arguments concerning their strength. It is not  
21 clear to what extent the other marks are in use. The mark PRO OPS  
22 appears on the back of watches only. (Levy Decl. ¶ 2, Exh. A,  
23 Depo. Avicasis, president of MTM, 27:3-29:9.) The mark AMERICAN  
24 WATCH is used for a company that sells premium promotion watches,  
25 purchased by companies and inscribed with those company names. It  
26 appears to be a mark for promotional watch services rather than for  
27 watches. Mr. Avicasis stated that no watches are branded American  
28 Watch, but that through American Watch MTM sells "premium promotion  
watches" with company names on them, such that American Watch is a  
"business name that a customer might look for if they were  
interested in promotional watches." (Depo. Avicasis, 31:14-33:2.)  
Be that as it may, while these three marks are arguably  
distinctive enough to receive trademark protection for watches, at  
least two of them are phrases ("pro ops" and "military ops") that  
could well be used to search for products other than watches, and  
"American Watch" could be used to search for many types of watches  
unconnected with MTM. These marks therefore are weaker than MTM  
SPECIAL OPS, and the court's analysis of MTM SPECIAL OPS applies  
equally to those marks throughout the order.

1           The spectrum of distinctiveness, ranging from generic marks  
2 with no distinctiveness to arbitrary marks with no connection to  
3 the product, includes in the middle "descriptive marks, which  
4 describe the qualities or characteristics of a good or service and  
5 only receive protection if they acquire secondary meaning, and  
6 suggestive marks, which require a consumer to use imagination or  
7 any type of multistage reasoning to understand the mark's  
8 significance and automatically receive protection." Fortune  
9 Dynamic, 618 F.3d at 1033 (alterations, internal citations, and  
10 quotation marks omitted).

11           Amazon's evidence is persuasive in showing that the marks in  
12 question are not strong; they are at best suggestive, and more  
13 likely descriptive. MTM argues that the marks are saved from  
14 weakness by "MTM," but while this may be sufficiently distinctive  
15 to acquire trademark protection, it is not distinctive enough to  
16 neutralize the rest of the mark's descriptive connection to the  
17 product. Thus, this factor weighs in favor of Amazon.

18                           **b. Commercial strength**

19           Amazon has presented evidence that U.S. watch sales totaled  
20 \$9.1 billion in 2011. (Levy Decl. ¶ 3, Exh. B.) It presents  
21 evidence that U.S. watch advertising expenses totaled over \$365  
22 million in a recent year. (Id. Exh. C.) Based on these figures,  
23 it calculates that MTM had a minuscule fraction of the U.S. watch  
24 market in both sales and advertising expenditures. (Levy Decl.  
25 Exh. A (Depo. Avicasis).) The evidence concerning the size of the  
26 U.S. watch market is in the form of online articles, which MTM  
27 argues are inadmissible hearsay. Amazon does not suggest that the  
28 evidence falls within a hearsay exception.



1 Without evidence showing MTM's market share, the evidence of  
2 MTM's sales volume and advertising expenditures has little  
3 significance. Where a "mark has achieved actual marketplace  
4 recognition," advertising expenditures may be able to "transform a  
5 suggestive mark into a strong mark." Brookfield Commc'ns, 174 F.3d  
6 at 1058.<sup>6</sup> Here, MTM has not presented evidence regarding its brand  
7 recognition or its share of the market.

8 Although it is MTM's burden to establish likelihood of  
9 confusion, MTM need not prevail on all the Sleekcraft factors to do  
10 so. Thus, the fact that MTM did not present evidence on this  
11 particular sub-factor does not necessarily mean that the factor  
12 weighs in favor of Amazon.

13 Therefore, this sub-factor is neutral, since neither side has  
14 presented admissible evidence as to MTM's commercial strength.

15 **c. Conclusion on strength**

16 Because Amazon has presented evidence that the mark is  
17 conceptually weak, and neither side has presented admissible  
18 evidence regarding the mark's commercial strength, the strength  
19 factor weighs in favor of Amazon.

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23 <sup>6</sup> "If a party plaintiff in a Board proceeding is to rely  
24 simply on sales and advertising figures in an effort to establish  
25 that its mark is famous, then it is incumbent upon that party  
26 plaintiff to place the sales and advertising figures in context,  
27 for example, by showing that the product is the leading product in  
28 its category, the second leading product in its category etc. Raw  
sales and advertising figures -- unless they are extraordinarily  
large, which is not the case with opposer's FOSSIL products -- are  
simply not sufficient by themselves to establish that the mark is  
famous." Fossil Inc. v. Fossil Group, 49 U.S.P.Q.2d 1451 (P.T.O.  
T.T.A.B 1998).

1                   **2. Actual confusion**

2           "[A]ctual confusion is not necessary to a finding of  
3 likelihood of confusion under the Lanham Act."     Network  
4 Automation, 638 F.3d at 1151 (internal quotation marks omitted).  
5 However, "[a] showing of actual confusion among significant numbers  
6 of consumers provides strong support for the likelihood of  
7 confusion." Id. (quoting Playboy Enterprises, 354 F.3d at 1026).

8                   **a. Evidence of no confusion**

9           This case presents an unusual situation where one party claims  
10 to have evidence that there is no actual confusion, not simply that  
11 there is likely not confusion. Amazon purports to present such  
12 evidence. Amazon retains and has presented data pertaining to  
13 individual search queries and the number of purchases resulting  
14 from them in the same day. (Jaye Decl. ¶ 12, Exh. D.) It provides  
15 the data regarding how often a consumer's search for "mtm special  
16 ops" or "mtm special ops watch" results in the consumer placing a  
17 product in a shopping cart or in a purchase. (Id.) Amazon then  
18 contrasts the same data for search queries for "luminox" (a major  
19 competitor of MTM) or "luminox watch." (Id. at ¶ 15, Exh. F.)  
20 Consumers are twenty-one times as likely to purchase a product when  
21 searching for Luminox as when searching for an MTM Special Ops  
22 brand. (Id. at ¶¶ 14-15.) Based on this data, Amazon concludes  
23 that there is no actual confusion: "[i]f consumers were actually  
24 confused into believing that MTM was the source of a Luminox watch  
25 displayed when a user searches for 'mtm special ops' or 'mtm  
26 special ops watch,' one would expect that a substantial percentage

1 of consumers who searched for those terms would have purchased such  
2 a watch.”<sup>7</sup> (Mot. at 17.)

3 MTM critiques this data for registering only those sales and  
4 selections made on the same day the search was performed, whereas,  
5 by Amazon’s own account, there are reasons why a consumer might put  
6 a product into the cart but purchase it at a later date. Amazon  
7 persuasively responds that the value of this data is not absolute  
8 but relative; there is no reason to think that those consumers  
9 searching for Luminox would exhibit different behaviors from those  
10 searching for MTM Special Ops. Because the “luminox” search is  
11 more than twenty-one times as likely to result in purchase, the  
12 court finds that Amazon has presented evidence that there is no  
13 actual confusion.

14 Additionally, MTM points to evidence that search queries for  
15 “mtm” were much higher than for “mtm special ops.” The average  
16 price of the units sold based on a search for “mtm” was  
17 dramatically lower than the prices of MTM’s competitors’ watches.  
18 (Cohen Decl. Exh. C; Jaye Decl. ¶ 6, Exh. A.) Therefore, this is  
19 not evidence that a consumer searching for an MTM watch on Amazon  
20 is confused and as a result buys a competitor’s watch.

21 **b. Evidence of actual confusion**

22 MTM’s president Yoav Avicasis testified that he had knowledge  
23 of actual confusion, but he was unable to present any specific  
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26  
27 <sup>7</sup>The fact that people are searching for “mtm special ops  
28 watch” and not purchasing anything suggests that they may be  
searching for that watch in particular. This could be, but is not  
used by MTM as, evidence of the strength of the mark.

1 instances or records of actual consumer confusion.<sup>8</sup> (Depo.  
2 Avicasis 69:10-85:16, 86:25-87:1, 146:12-149:18.) His testimony is  
3 too vague to constitute evidence on this point.

4 **3. Degree of care and type of goods**

5 MTM's watches range in price from several hundred dollars to  
6 two thousand dollars. (Levy Decl. ¶ 2, Exh. A at 37:17-25.)  
7 "[W]hen the goods are expensive, the buyer can be expected to  
8 exercise greater care in his purchases; again, though, confusion  
9 may still be likely." Network Automation, 638 F.3d at 1152  
10 (quoting Sleekcraft, 599 F.2d at 353) (internal quotation marks  
11 omitted). Because watches sold by MTM's competitors are relatively  
12 expensive, they would seem to involve a high degree of care.

13 MTM contends that buyers may not know the price range before  
14 searching on Amazon and that therefore care may not necessarily be  
15 presumed, since Amazon's price range for watches is very broad,  
16 going as low as \$14.00. That may be so in general, but the least  
17 expensive watch that results from the search query "mtm special  
18 ops" is \$145.00, and the first five watches displayed are listed  
19 for \$299.00, \$687.73, \$320.00, \$196.33, and \$385.00. (Jaye Decl.,  
20 Exh. A.)

21 The court finds that the relatively high price of the goods in  
22 question, combined with the increased degree of care used in  
23 Internet purchases, mean that consumers are presumed to use a high  
24 degree of care in such purchases.<sup>9</sup>

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25  
26 <sup>8</sup> Amazon also asserts that most of this testimony would be  
27 inadmissible hearsay, since Mr. Avicasis stated that complaints go  
to the consumer affairs department.

28 <sup>9</sup>"[T]he default degree of consumer care is becoming more  
(continued...)

1                   **4. Labeling and context**

2                    “In the keyword advertising context the likelihood of  
3 confusion will ultimately turn on what the consumer saw on the  
4 screen and reasonably believed, given the context.” Network  
5 Automation, 638 F.3d at 1153 (internal quotation marks omitted).  
6 The same central issue is at play where online retail search  
7 results are concerned.

8                    MTM offers an expert report to prove that Amazon’s search  
9 results are “ambiguous, misleading, and confusing.” (Decl. Markson  
10 ¶ 3, Exh. 1 p. 9.) Markson arrives at the following conclusion:  
11                    In my opinion, Amazon has created some very useful and  
12 innovative technology. However, they present their  
13 results in a misleading fashion and should better explain  
14 to users what they’re looking at in order to avoid  
15 confusion.

16                    It would appear that they are doing what is best for  
17 sales. In many cases, the BBS derived data is very  
18 useful for users but when presented in the exact manner  
19 as they have done, it can also be very misleading. This  
20 is particularly evident in the case of certain trademark  
21 products that are not carried on the site.

22 Id. at pp. 17-18.

23                    Markson’s analysis suggests that consumers may be confused  
24 about why they are receiving certain search results. He compares  
25 the Amazon results page to pages from other search engines and

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26  
27                    <sup>9</sup>(...continued)  
28 heightened as the novelty of the Internet evaporates and online  
commerce becomes commonplace.” Network Automation, 638 F.3d at  
1152.

1 points out potential confusion. For instance, "[s]ome users with  
2 sufficient computer experience" may believe that because their  
3 search term appears in quotation marks below the search box, the  
4 site searched for that specific phrase in generating the search  
5 results. (Id. at 9.) Or, the user might see a strike-through in  
6 one term and not in another and believe that the remaining search  
7 results must include the term "mtm." (Id.)

8 Be that as it may, Markson did not conduct a study to  
9 determine whether users of Amazon are likely to be confused as to  
10 source. Absent such a study, the evidence Markson presents is  
11 relevant to show that consumers may be confused about how the site  
12 functions, but it does not indicate that they are confused as to  
13 the source of the products. A consumer could, for instance, puzzle  
14 over why the search query "mtm special ops" produced a results page  
15 listing ten watches but none of them with the MTM brand without  
16 also being confused as to the source of the watches presented on  
17 the results page. Markson's report goes only to the first issue.

18 Given this, the court finds that MTM has presented no evidence  
19 that consumers are likely to be confused as to source, as required  
20 by the statute.<sup>10</sup> The court does not hold that such evidence could  
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25  
26 <sup>10</sup> The statute requires that a use of a mark "is likely to  
27 cause confusion, or to cause mistake, or to deceive as to the  
28 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." 15  
U.S.C.A. § 1125.

1 not be presented through a consumer survey,<sup>11</sup> for instance, only  
2 that it has not been presented here.

3 **5. Conclusion on Likelihood of Confusion**

4 The court finds that the analysis of the relevant Sleekcraft  
5 factors establishes that there is no likelihood of confusion in  
6 Amazon's use of MTM's trademarks in its search engine or display of  
7 search results.

8 **IV. CONCLUSION**

9 For the reasons stated, the court GRANTS the motion.

10 IT IS SO ORDERED.

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13 Dated: February 20, 2013

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DEAN D. PREGERSON

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United States District Judge

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26 <sup>11</sup> The court also notes that there could potentially be a  
27 likelihood confusion if the search results included products with  
28 marks that were substantially similar to the mark used as a search  
query. Here, however, the marks of the watches listed in the  
search results bear little if any resemblance to MTM's mark. Thus,  
the court need not reach this issue.