

Sponsored Internet Advertising in Light of Rescuecom

Cyberlaw and Data Privacy Committee

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- Contextual Advertising Overview
- The Law on Trademark Use
- Rescuecom
- Where do we go from here?

Contextual Advertising

- Pop-up and sponsored hyperlink text ads
 - Google “sponsored links”
 - Yahoo “sponsor results”
 - MSN “sponsored sites”
- Activated by a consumer’s entry of a term, or “keyword,” into a search field

Function of Keywords

- Sponsored Links – “form of advertising whereby a company bids on a keyword in order to trigger the appearance of that company’s web site next to the search results screen that appears based on a search of that keyword”

Fragrancenet.com, Inc. v. Fragrancex.com, Inc., 493 F.Supp.2d 545, 547 (E.D.N.Y. 2007)

Function of Keywords

“Google, Yahoo and others ‘sell advertising links to search terms, so that when a consumer enters a particular search term, the results page displays not only a list of [w]eb sites generated by the search engine...using neutral and objective criteria, but **also links to [w]eb sites of paid advertisers.**”

Fragrancenet.com, Inc. v. Fragrancex.com, Inc., 493 F.Supp.2d 545, 547 (E.D.N.Y. 2007)

Welcome to TimesPeople
that's this?



TimesPeople Lets You Share and Discover the Best of NY...

1:50 PM

Get Started

No, thanks

The New York Times

Search

[Go to Advanced Search »](#)

Your Search

car

Search

Today

[Past 7 Days](#)

[Past 30 Days](#)

[Past 12 Months](#)

All Results Since 1851

All Results

[Articles](#)

[Multimedia](#)

1-10 of 10,000+ Results

Sponsored Links

[Shop GM Cars](#) Shop & Find GM Cars. Get Price, Offers & Quote All On One Site!
www.GM.com/Car

[Chicago Car](#) Buy or Lease a New Dodge® Vehicle at Your Local Dealer Online
www.DodgeDealer.com



Report Says Small-Car Buyers Sacrifice Safety for Fuel Economy ...

Tests performed by an insurance group showed that crash dummies in minicars fared comparatively poorly in collisions with midsize vehicles.

April 14, 2009 - By MATTHEW L. WALD - Automobiles

[Crash Test: Smart Fortwo](#)

J.K. Moves to Seize Madoff's Car - DealBook Blog

They say Mr. Madoff purchased the car — a 1964 Aston Martin DB2/4 worth hundreds of thousands of dollars — with money improperly taken out ...

April 15, 2009 - DealBook



Big Deal - May I Have a Car With That?

A condominium in Harlem is advertising a free Smart Car for those who purchase a small parking space for \$65000.

April 14, 2009 - By JOSH BARRANEL - DealBook

Sponsored Links

[Jeep® - Official Site](#)
Find Great Deals on Jeep® Vehicles at a Local Dealer Online
JeepDealer.com/ChicagoDealers

[Illinois Car Insurance](#)
Buy, print car insurance in 10 minutes- with accidents, violations
www.TheGeneral.com

[Toyota Car](#)
Get a quote from a Toyota dealer in Chicago. See special offers.
www.buyatoyota.com

[Cars for Cheap](#)
Dealers Desperate to Sell
Get Last Chance Deals on New Cars!
CarBargainsWeekly.com

[Car at CarMax](#)
Now More Than Ever, CarMax is the Smart Choice for Buying a Used Car.
www.CarMax.com

[Chicago Car](#)

Welcome to TimesPeople
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TimesPeople Lets You Share and Discover the Best of NY...

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Get Started

No, thanks

The New York Times

Search

[Go to Advanced Search >](#)

Your Search

bmw

Search

Today

Past 7 Days

Past 30 Days

Past 12 Months

All Results Since 1851

All Results

Articles

Multimedia

1-10 of 10,000+ Results

Sponsored Links

[MotorWerks BMW](#) 2.9% Financing For Up To 60 Months! Over 108 BMW's Now In Stock.
[BMW.MotorWerks.com/888-801-4119](#)

[Infiniti Official Site](#) Explore the New Infiniti Vehicles. G37 Coupe & Sedan, M, FX, & QX.
[www.InfinitiUSA.com](#)

Sponsored Links

[BMW at CarMax](#)
Shop Smart. Thousands of Cars to Choose from at No-Haggle Prices!
[www.CarMax.com](#)

[BMW of Orland Park](#)
Chicagoland Area New and Used BMW Dealer. Specials and Financing.
[www.BMWofOrlandPark.com](#)

[Chicago BMW Dealer](#)
Knauz BMW. Chicago's Finest BMW Dealership. 847-457-4233
[www.KnauzBMW.com](#)

[Patrick BMW Schaumburg](#)
The Chicago Area BMW Superstore Call Today 888-622-6968
[www.PatrickBMW.com](#)

[Illinois Bmw Clearance](#)
Illinois Bmw Dealers are Slashing Prices. Get Your Low Bmw Quote!
[IllinoisBmw.SmartAutoSavings.com](#)

Times Topics: BMW

News about BMW, including commentary, financial data and archival articles published in The New York Times.

[BMW C1, Almost Successful - Wheels Blog](#)

BMW expected great things from it," said Henrik Fisker, chief executive of Fisker Automotive, who was reminded of the C1 after seeing the ...

April 13, 2009 - Wheels

[BMW Gives the M Treatment to Its Xs - Wheels Blog](#)

BMW, citing the Porsche Cayenne Turbo S as its target, has developed M Works versions of its X5 and X6 S.U.V.'s. The BMW X6 M will be officially unveiled at...

April 7, 2009 - Wheels

SLIDE SHOW: [BMW Art Cars - Collectible Cars > Slide Show](#)

[Www Bmw](#)

Google AdWords

- “Sponsored links”
 - appear on right side of results page, separated by thin line
- OR
 - appear above “natural” or “organic” search results highlighted in a tan/yellow color

Google car Search Advanced Search Preferences

Results 1 - 10 of about 977,000,000 for car [definition]. (0.31 seconds)

Trader.com - Buy Used Cars, New Cars, Sell a Car, Find Car Dealers
Search over 3 million new cars and used cars, sell a car, find local car dealers, or research things automotive. More people find cars at AutoTrader.com ...
autotrader.com/ - 39k - Cached - Similar pages

Cars Online, New & Used Car Search, Auto Classifieds
Search 2.6 million new & used car listings, price a new car, get a dealer quote, read expert reviews, or sell your car for thousands over trade-in.
cars.com/ - 52k - Cached - Similar pages

Homepage
Consumer information, directory of realtor members, and additional services available to members only.
car.org/ - 119k - Cached - Similar pages

30 results for car

How fast is a Formula 1 Car?
3 min 32 sec
www.5min.com

Bullitt Car chase
7 min
video.google.com

Toyota Cars, Trucks, SUVs & Accessories
Official Site of Toyota Motor Sales - Cars, Trucks, SUVs, Hybrids, Accessories & Motorsports.
toyota.com/ - 58k - Cached - Similar pages

Ford Motor Company: Cars, Trucks, SUVs, Hybrids, Parts - Ford
Ford Motor Company maker of cars, trucks, SUVs and other vehicles. View our vehicle showroom, get genuine Ford parts and accessories, find dealers. Show stock quote for F
ford.com/ - 28k - Cached - Similar pages

Honda Cars Motorcycles Watercraft ATVs Engines Generators, Acura

Sponsored Links

GM Cars - Official Site
Shop & Find Your New GM Car; Our Entire Lineup On One Site!
Car.GM.com

Car at CarMax
New Car Quality at Used Car Prices. Shop Smart. Start at CarMax!
www.CarMax.com
Chicago, IL

Chicago Car
Buy or Lease a New Dodge® Vehicle at Your Local Dealer Online
www.DodgeDealer.com
Chicago, IL

Auto Tool
Northern Tool® Official Site - Shop for Specialty Tools Online Now!
www.NorthernTool.com

Car Sales
Find local auto dealers in the Chicago area.
www.DexKnows.com
Chicago, IL

Quality Car Tools
Find Hand, Specialty Detailing

[Official BMW Site](#) Sponsored Link
www.bmwusa.com Get Pricing Info, Locate Dealers & More - Official **BMW** Vehicle Site

[BMW automobiles - website of the BMW AG](#)
official **BMW** AG website: **BMW** automobiles, services, technologies and all about **BMW's** sheer driving pleasure.
[BMW models - X6 - 5 Series models - International BMW Driver...](#)
[www.bmw.com/](#) - 46k - [Cached](#) - [Similar pages](#)

[BMW automobiles - website of the BMW AG](#)
BMW EfficientDynamics technologies worldwide. And that's just the start. ... **BMW** History
The fascinating story of the people, ideas and automotive ...
www.bmw.com/com/en/ - 120k - [Cached](#) - [Similar pages](#)

[BMW of North America, LLC](#)
official **BMW** of North America Web site. Learn about all **BMW** Series and models and out where to find the closest **BMW** center.
[BMW Your Own - Overview - Find a dealer near you](#)
www.bmwusa.com/ - 168k - [Cached](#) - [Similar pages](#)

[Local business results for bmw near Chicago, IL - Change location](#)



- A. [Perrillo BMW](#) - www.joeperillo.com - (312) 981-0000 - [16 reviews](#)
- B. [Chicago BMW](#) - www.chicagobmwmotorcycle.com - (773) 274-6820 - [More](#)
- C. [Go Cyclesport](#) - www.gocyclesport.com - (773) 509-9911 - [More](#)
- D. [BMW Sports Wear](#) - maps.google.com - (773) 265-0110 - [More](#)
- E. [BMW Fashion Management](#) - maps.google.com - (312) 922-1253 - [More](#)
- F. [BMW Apartment Management](#) - maps.google.com - (773) 261-7190 - [More](#)
- G. [Elmhurst BMW](#) - www.elmhursttoyota.com - (630) 833-7948 - [4 reviews](#)
- H. [Laurel BMW of Westmont](#) - www.autonation.com - (866) 484-0136 - [4 reviews](#)
- I. [BMW of Orland Park](#) - bmwoforlandpark.com - (708) 460-4545 - [4 reviews](#)

Sponsored Links

[Infiniti Official Site](#)
Explore the New Infiniti Vehicles.
G37 Coupe & Sedan, M, FX, & QX.
www.InfinitiUSA.com

[BMW at CarMax](#)
Quality You Can Trust at a Price You Can Afford. Shop Smart!
www.CarMax.com
Chicago, IL

[Bmw](#)
Great Selection of **BMW's!** North Shore of Chicagoland. 847-457-4233
www.KnauzBMW.com
Chicago, IL

[The New 2010 Volvo XC60](#)
Switch to Volvo and receive \$1000 Off your new XC60. Learn more.
www.VolvoCars.com/us/XC60

[Bmw](#)
Chicagoland's **BMW** Superstore
Call Today 888-622-6968
www.PatrickBMW.com

[BMW Pricing & Info](#)
BMW Info, Photos, More!
Get Local Dealer Invoice Prices.
www.BMW.Edmunds.com

The Economics of Google AdWords

- Advertisers pay for keywords
- Advertisers pay per click on sponsored ads
- Google's 2008 advertising revenue:
\$21.8 Billion

Compare

- Wal-Mart
 - 2008 Revenue: \$374.5 Billion
- Oracle
 - 2008 Revenue: \$22.43 Billion
- Iceland 2008 GDP: \$19.020 Billion
- Yahoo
 - 2008 Revenue: \$7.22 Billion

The Problem

- Many keywords also are trademarks
 - advertiser may be a competitor of the trademark owner
 - advertiser may sell the product offered under the trademark
 - keyword may refer to a trademark and an ordinary dictionary definition

The Multi-Billion Dollar Question

Does the sale and/or purchase of a trademark as a keyword constitute trademark infringement?

The Law on Trademark Use

The Legal Issue: Trademark Use

- Keywords as advertising triggers are generally invisible to the consumer
- Can the “invisible” use of a mark be actionable under U.S. law?

Section 32

Infringement of registered marks

- “Any person who shall, without the consent of the registrant . . . use in commerce any reproduction, counterfeit, copy, or colorable imitation of a registered mark in connection with the sale, offering for sale, distribution, or advertising of any goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive . . . shall be liable in a civil action by the registrant.”

Section 43(a)

Unregistered marks, false advertising

- “[A]ny person who, on or in connection with any goods or services . . . **uses in commerce** any word, term, name, symbol, or device . . . or any false designation of origin, false or misleading description of fact . . . which (A) is likely to cause confusion, . . . or (B) in commercial advertising or promotion, misrepresents the nature . . . of his or her or another person’s goods [or] services, . . . shall be liable in a civil action by any person who believes that he or she is or is likely to be damaged by such act.”

Section 43(c)

Dilution

- “The owner of a famous mark shall be entitled . . . to an injunction against another person’s commercial **use in commerce** of a mark or trade name, if such use begins after the mark has become famous and causes dilution of the distinctive quality of the mark.”

Does the Section 45 definition of “use in commerce” apply to defendants?

- Section 45 defines use sufficient for a party to establish rights in a trademark
- “Bona fide use of a mark in the ordinary course of trade, and not made merely to reserve a right in a mark.”
- Does that same language impose a threshold requirement below which a defendant’s actions remain beyond the reach of the Lanham Act?

Playboy Enters. v. Netscape Comm's Corp., 354 F.3d 1020 (9th Cir. 2004)

- Defendant sold advertisers a required list of keywords, including plaintiff's marks, to trigger ads
 - In a footnote: Section 45 definition "applies to the required use a plaintiff must make in order to have rights in a mark... It does not enter into our jurisdictional analysis."
-

Brookfield Communications, Inc. v. West Coast Entertainment Group, 174 F.3d 1036 (9th Cir. 1999)

- Brookfield's trademark rights are violated by West Coast including MOVIEBUFF in the metatags of its web site

Brookfield

- [M]etatags are HTML code not visible to Web users but used by search engines in determining which sites correspond to the keywords entered by a Web user.”

Brookfield

- Those metatags caused West Coast's website to be listed among search results for the MOVIEBUFF mark
- “[Defendant’s] use of [plaintiff’s mark] in metatags [of defendant’s web site] will still result in what is known as initial interest confusion.”

Initial Interest Confusion

- Before the Internet, an obscure subdoctrine of trademark law
- It holds that defendant's use of plaintiff's mark is actionable if it captures a consumer's initial interest, even though any confusion is dispelled by the time a purchase is made

Brookfield

- “A sizeable number of consumers who were originally looking for Brookfield’s product will simply decide to utilize West Coast's offerings instead.”

Brookfield's Initial Interest Confusion doctrine

- Quickly accepted in most U.S. jurisdictions
- Easy to prove for plaintiffs
- Easy to apply for the courts
- Efficient tool to stop apparent online infringers

The WhenU Cases: A New Development

- 1-800 Contacts, Inc., v. WhenU.com, 309 F. Supp. 2d 467 (S.D.N.Y. 2003)
- Wells Fargo & Co. v. WhenU.com, Inc., 293 F. Supp. 2d 734 (E.D. Mich. 2003)
- U-Haul Int'l, Inc., v. WhenU.com, Inc., 279 F. Supp. 2d 723 (E.D. Va. 2003)

WhenU's “contextual marketing” services

- Sells keyword “directories” to advertisers
- Directories contain many trademarks
- Directories generate “contextual” pop-up or pop-under ads for competing offers in response to consumer search requests
- WhenU's software bundled with many “free” downloads

No Trademark Use

- UHaul v. WhenU:
WhenU's use of U-Haul's trademark was a **“pure machine-linking function . . . and in no way advertised or promoted U-Haul's web address or any other U-Haul trademark”**

No Trademark Use!

- Wells Fargo v. WhenU:
“This does not constitute the ‘use’ of any trademark belonging to plaintiffs, as that term is used in the Lanham Act, because WhenU does not use any of the plaintiffs’ trademarks to indicate anything about the source of the products and services it advertises”

One dissenting voice

- 1-800 Contacts v. WhenU:
There is trademark use because “WhenU’s advertisements are delivered to a . . . user when the user directly accesses Plaintiff’s website, thus allowing Defendant . . . to profit from the goodwill and reputation in Plaintiff’s website that led the user to access Plaintiff’s website in the first place”

On appeal, Second Circuit reverses *1-800 Contacts* case

- “We hold that, as a matter of law, WhenU does not ‘use’ 1-800’s trademark within the meaning of the Lanham Act” by including the mark in an unpublished directory that triggers the pop-up ads, or by causing the pop-up ads to appear. 414 F.3d 400 (2nd Cir. 2005)
- Trademark Infringement claims dismissed on appeal as a matter of law

Second Circuit

- “The appearance of 1-800's [mark] in the [unpublished] directory does not create a possibility of visual confusion with 1-800's mark”

Second Circuit

- “A company’s internal utilization of a trademark in a way that does not communicate it to the public is analogous to an individual’s private thoughts about a trademark. Such conduct simply does not violate the Lanham Act”

The Law in the Second Circuit

- Merck & Co., Inc., v. Mediplan Health Consulting, Inc., 425 F. Supp. 2d 402 (S.D.N.Y. 2006)
- “The ZOCOR mark is ‘used’ only in the sense that a computer user’s search of the keyword ‘Zocor’ will trigger the display of sponsored links to defendants’ websites. This internal use of the mark ‘Zocor’ as a keyword to trigger the display of sponsored links is not use of the mark in a trademark sense.”
- Same analysis and holding: *S&L Vitamins, Inc., v. Australian Gold, Inc.* (E.D.N.Y. Sept. 30, 2007).

Opposing Views

- Example: 800-JR Cigar, Inc., v. Goto.com, 437 F. Supp. 2d 273 (D.N.J 2006)
- **Court finds 3 types of trademark use:**
- Accepting bids from plaintiff's competitors for plaintiff's marks
- ranking sponsored ads before "natural" listings
- helping competitors identify the best marks to use as search terms
- Several other district court decisions agree

Law of trademark use prior to Rescuecom

- **Entire Second Circuit:** visibility to consumer required to establish use
- **Several District Courts:** selection, purchase and sale of keyword by competitor and advertisement provider sufficient to establish use

Rescuecom Corp. v. Google Inc., 2009
WL 875447 (2d Cir. April 3, 2009)

Rescuecom

- Rescuecom's allegations sufficiently plead use in commerce
- Vacated lower court decision and remanded

Rescuecom

- “Google uses and sells Rescuecom’s mark ‘in the sale...of [Google’s advertising] services...rendered in commerce.’”
- “Google’s recommendation and sale of Rescuecom’s mark to its advertising customers are not internal uses.”

Rescuecom

- WhenU:
 - Does not use plaintiff's trademark, only uses plaintiff's website address, which plaintiff did not claim as a mark
 - Advertisers could not request or purchase specific keywords to trigger their ads
 - Did not disclose the contents of its directory of terms to advertisers
 - Display of ad controlled by category not keyword

Rescuecom Appendix

- Legislative history suggests that “use in commerce” under Section 45 is not intended to apply to Sections 32 and 43
- Definitions of Section 45 apply “unless the contrary is plainly apparent from the context”

Rescuecom Appendix

- From the context, Section 45 definition only meant to apply to favored conduct qualifying for protection under the Act
- “Definition of ‘use in commerce’ set forth in [Section 45] never was intended as a restriction on the types of conduct that could result in liability.”

Where do we go from here?

Gov't Employees Ins. Co. v. Google Inc., 77 U.S.P.Q.2d 1841 (E.D. Va. 2005)

- Trial to the Judge
- Insufficient evidence of infringement
 - use of GEICO trademark as a keyword
 - advertisements that do not reference GEICO's trademarks in their text or headings
- Sufficient evidence of infringement
 - “advertisements that appear when a user searches on GEICO's trademarks and do reference those marks in their headings or text”

Two Separate Issues

- Sponsored links that **do not** incorporate the plaintiff's mark, but rather are descriptive or are correctly identified with the defendant's name or mark.
- Sponsored links that **do** incorporate the plaintiff's mark.

Sponsored links that do not bear the plaintiff's mark

- No court has held that the purchase or sale of a trademark as a keyword, without more, constitutes trademark infringement
- J.G. Wentworth, S.S.C. Ltd. P'ship v. Settlement Funding LLC, 85 U.S.P.Q.2d 1780 (E.D. Pa. Jan. 4, 2007)
 - no set of facts could support a likelihood of confusion over keyword purchase of plaintiff's mark

Sponsored links that do bear the plaintiff's mark

- Ordinary trademark infringement in the advertising context
- Who is potentially liable for advertising text?

Sponsored links bearing the plaintiff's mark

- Use the search engine's trademark complaint procedures
- This will resolve the issue in the majority of cases, probably quickly and at very low cost
- If the infringement is serious and causing damage, a TRO may be necessary

Thank you!

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