

Recent Search Engine Trademark Rulings
in EU and US
Relating to Purchasing of Competitors'
Trademarks for Search Advertising

December 8, 2010

Presentation to District of Columbia Bar
Arts, Entertainment, Media and Sports Law Section
Media Law Committee

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Purchasing of Competitors' Trademarks for Search Advertising

Scope:

- These cases focus on **Search Engines – not the advertisers themselves** – as direct and/or contributory infringers of trademarks.
- Many US cases involve **advertisers** purchasing competitors' marks: (examples)
 - Boston Duck Tours, LP v. Super Duck Tours, LLC, 2007 U.S. Dist. LEXIS 94681 (D. Mass. Dec. 5, 2007) (use of mark as keyword did not violate injunction on use of mark)
 - College Network, Inc. v. Moore Educ. Publishers, Inc., 2010 WL 1923763 (5th Cir. May 12, 2010) (affirming jury verdict that use of plaintiff's mark did not infringe)
 - Morningware, Inc. v. Hearthware Home Prods., Inc., 2009 WL 3878251 (N.D. Ill. Nov. 16, 2009) (refusing to dismiss trademark claim based on purchase of mark as keyword)
 - Storus Corp. v. Aroa Mktg., Inc., 2008 WL 449835 (N.D. Cal. Feb. 15, 2008) (granting summary judgment that use of mark as keyword did infringe)
- No DMCA Section 512 immunity (or EU analogous) for ISPs for trademarks

Purchasing of Competitors' Trademarks for Search Advertising

US:

- Previous divide between 2d Circuit (Rescuecom) and other Circuits as to whether keyword purchases of TMs is “use in commerce” for Lanham Act.
- Now, keyword cases focus on “likelihood of confusion” (Rosetta Stone (v. Google)).
- (2010) Tiffany (v. eBay): “*defendant may lawfully use a plaintiff's trademark where doing so is necessary to describe the plaintiff's product and does not imply a false affiliation or endorsement by the plaintiff of the defendant*”.

Purchasing of Competitors' Trademarks for Search Advertising

EU:

- (2006) Paris Central Court ordered Google to pay LVMH € 300,000 for trademark infringement
- (March 2010) Google France and Google Inc. et al. v. LVMH, EU Court of Justice held that Google had not infringed Louis Vuitton TM when Google allowed advertisers to purchase keywords corresponding to LV's trademarks. Case remanded to France's Cour d'Appel.
- EU more permissive toward Search Engines, but leaving door open to claims against advertisers.

American Airlines v. Google Inc. (ND Tex. 2007-2008)

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF TEXAS
FORT WORTH DIVISION

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Case 4:07-cv-00487 Document 19 Filed 10/24/2007 Page 1 of 1

AMERICAN AIRLINES, INC.,
4333 Amon Carter Blvd.
Fort Worth, Texas 76155,

Plaintiff,

-v-

GOOGLE, INC.,
1600 Amphitheatre Parkway
Mountain View, California 94043,

Defendant.

4-07-CV-487-A
Civil Action No. _____

COMPLAINT

IN THE UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF TEXAS
FORT WORTH DIVISION

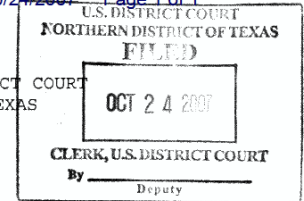
AMERICAN AIRLINES, INC.,

Plaintiff,

VS.

GOOGLE, INC.,

Defendants.



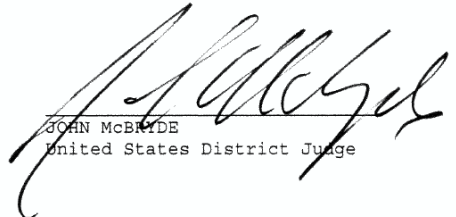
NO. 4:07-CV-487-A

ORDER

Having reviewed the motion of Google, Inc. ("Google") to dismiss, the response of plaintiff, American Airlines, Inc., and Google's reply, the court concludes that the motion to dismiss should be denied. Therefore,

The court ORDERS that Google's motion to dismiss be, and is hereby, denied.

SIGNED October 24, 2007.


JOHN McBRIDE
United States District Judge

COMPLAINT

Plaintiff American Airlines, Inc. ("American Airlines"), by and through its counsel, for its Complaint against Google, Inc. ("Google"), alleges as follows:

NATURE OF THE ACTION

1. This lawsuit relates to the use of trademarks on the Internet, particularly Google's unauthorized use of the world-famous trademarks and service marks that identify American Airlines to Internet users. The fundamental purpose of trademark law, in the bricks-and-mortar world and on the Internet, is to protect consumers from being confused as to the source or affiliation of the products or services that they seek to buy. In order to assist consumers in making informed purchasing decisions, trademark law encourages companies to develop brand names to differentiate their products and services within the marketplace. This is accomplished

American Airlines v. Yahoo! Inc. (5th Cir. 2009)

- **5th Circuit (on application for writ of mandamus):** “American’s claims against Yahoo are based on trademark infringement allegedly occurring through relationships between Yahoo and third parties. *The claims do not depend on the contractual relationship between American and Yahoo*, do not require interpretation of the Sponsored Search Agreement contract, and involve different operative facts than would exist if American brought a breach of contract claim against Yahoo under the Sponsored Search Agreement.” 313 Fed. Appx. 722 (5th Cir. 2009)

American Airlines v. Yahoo! Inc. (ND Tex. 2008-2009)

Yahoo! My Yahoo! Mail

Welcome, Guest [Sign In] Help

YAHOO! SEARCH

Web | Images | Video | Local | Shopping | more >>

American Airlines

Search

[Advanced Search](#)

Search Results

1 - 10 of 32,800,000 for [American Airlines](#) - 0.03 sec. ([About this page](#))

Also try: [American Airlines Flight Status](#), [American Airlines Center](#), [More...](#)

SPONSOR RESULTS

- [Book cheap tickets on American Airlines](#)
Do-it-yourself online booking. Easy to use with low service...
www.globe-travels.com
- [American Airlines](#)
Low fares on [American Airlines](#) ticket reservations.
BookAirlineTickets.com

1. [American Airlines](#) (NYSE: [AMR](#))
Official site of [American Airlines](#), with reservations, flight schedules, ticket specials, travel planning, membership, and company news. Also operates the [American...](#)
www.aa.com - 101k - [Cached](#)
2. [American Airlines Reservations](#)
Book flights, check available seats, and purchase upgrades at [American Airlines Reservations](#). Also features vacation package and fare sale information.
www.aa.com/apps/reservations/ReservationsHome.jhtml - 85k - [Cached](#)
3. [American Airlines Flight Schedules](#)
Search for [American Airlines](#) flight schedules worldwide. Allows searchers to check only flights with available seats or look at all flights, regardless of seat ...
www.aa.com/apps/reservations/ViewOneWayFlightSchedules.jhtml - 21k - [Cached](#)
4. [American Airlines AAdvantage](#)
Frequent flyer program provided by [American Airlines](#). Site allows you to view accrued miles, upgrade options, and bonus offers.
www.aa.com/apps/AAAdvantage/AAAdvantageHome.jhtml - 53k - [Cached](#)
5. [American Airlines Vacations](#)
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[American Airlines Collectibles](#)

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[American Airlines AAdvantage MasterCard](#)

Apply now and earn 15,000 bonus miles after your first purchase.
www.creditstep.com

[See your message here...](#)

Rosetta Stone Ltd. v. Google Inc. (ED Va.)

Judge Lee' s Summary Judgment Decision (August 3, 2010)

- **Addresses only Section 32(1) (not 43(a)) of Lanham Act** (“*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*”)
- **Ignores Section 43(a) of Lanham Act** (“*Any person who, on or in connection with any goods or services, or any container for goods, uses in commerce any word, term, name, symbol, or device, or any combination thereof, or any false designation of origin, false or misleading description of fact, or false or misleading representation of fact ... is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person.*”)

Rosetta Stone Ltd. v. Google Inc. (ED Va.)

Judge Lee's Summary Judgment Decision (August 3, 2010)

- *“The inquiry, therefore is **whether Google’s practice of auctioning the Rosetta Stone Marks as keyword triggers for Sponsored Links and allowing their use within Sponsored Links’ text or title is likely to create confusion among consumers as to the source or origin of Rosetta Stone’s goods or services.**”*
- *“[T]here is no evidence that Google is attempting to **pass off [Google’s] goods or services as Rosetta Stone’s.**”*

(emphasis added)

Rosetta Stone Ltd. v. Google Inc. (on appeal to 4th Cir.)

Significance of failure to recognize 43(a) claim:

- Section 43(a) prohibits confusion “*as to the affiliation, connection, or association of*” of the products advertised by the defendant “*or as to the[ir] origin, sponsorship, or approval.*”
- Lanham Act thus prohibits BOTH “source confusion” and “sponsorship” or “endorsement” confusion.
- *E.g.*: “A consumer ‘need not believe that the owner of the mark actually produced the item and placed it on the market’ in order to satisfy § 43(a)’ s confusion requirement. . . . The public’ s belief that the mark’ s owner sponsored or otherwise approved the use of the trademark satisfies the confusion requirement” for a “False Endorsement” claim under Section 43 (a).
- - *Famous Horse Inc. v. 5th Avenue Photo Inc.*,
--- F.3d ----, 2010 WL 4117673 (2nd Cir.

Oct. 21, 2010)

Rosetta Stone Ltd. v. Google Inc. (on appeal to 4th Cir.)

“Forward Confusion” vs. “Reverse Confusion”

- Also notable in that Judge Lee framed the “inquiry” as whether Google caused consumers to be confused about source of ***Rosetta Stone***’s products.
- Suggests that Rosetta Stone brought a claim of “reverse confusion,” *i.e.*, based on danger that the public comes to assume the plaintiff’s products are really the defendant’s products.
- Rosetta Stone’s claim was for traditional “forward confusion,” and it argues the test should be whether there is confusion as to ***goods or services advertised by Google*** as a result of Google’s actions, not whether Google’s actions are causing consumers to believe that Google is the source of Rosetta Stone’s products.

Rosetta Stone Ltd. v. Google Inc. (on appeal to 4th Cir.)

Other Points of Contention on Appeal:

- Presumption of confusion from Google's use of exact marks.
- Failure to address all likelihood of confusion factors (esp. those that favored Rosetta Stone: strength of its mark, similarity to the marks used by Google, similarity of the goods and services, marketing channels).
- Application of functionality doctrine to word marks.
- Appropriate standard for claims of contributory infringement and vicarious infringement.
- Appropriate standard for evaluating likelihood of dilution.

Jurin v. Google Inc. (ED Cal. 2010)

Judge England's decisions (Feb. 26, Sept. 9, 2010) have whittled down claims against Google on motion to dismiss, SJ

- Neither opinion cites or even discusses the many decisions across the country holding advertisers liable for using trademarks as search engine keywords, *e.g.*, *Skydive Arizona v. Quattrocchi* (D. Az. Apr. 26, 2010).
- On motion to dismiss, the Court eliminated trademark claims because Google does claim to be the “producer” of the plaintiff's product.
- On summary judgment, the Court reached the same conclusion and also entered judgment as to Jurin's false advertising claim because Google is not “a direct competitor” to plaintiff.
- Plaintiff allowed to file an amended complaint (pending).

Google Inc. v. LVMH (European Court of Justice, 3/23/10)

Widely reported as a victory for Google

- Basic Holding: Google's advertisers may be held liable for buying trademarks as keywords, but Google's liability must ultimately be decided by the national courts of the European Union.
- The ECJ implied that to establish liability against Google, a trademark owner **must demonstrate that Google played an active role in creating the advertisements at issue** or that Google “failed to act expeditiously to remove or disable access to” the ads after it “obtained knowledge of the unlawful nature” of the ads.
- The bottom line is that it seems to fix the burden on trademark owners to search for confusing uses of their marks in search engine advertising and then bring them to the search engine's attention.

Google France v. Syndicat Français de la Litterie (Paris Court of Appeals, 11/25/10)

Most recent application of ECJ decision in a national court

- Overturned 2007 lower court ruling that Google's AdWords infringed Syndicat Français de la Litterie's trademark.
- Court ruled that appearance of the SFL trademark on AdWords did not constitute proof that Google infringed the trademark.
- Key issue was application of the liability exclusion provided under an EU directive and France's 2004 law to establish confidence in the digital economy, known as the LCEN.
- Court rejected Google's argument that it should be exempt from the case because it functioned mainly as a caretaker, doing no management or billing, but that SFL failed to prove Google's direct involvement in advertisers' choice of keywords and display of sponsored links.

Google France v. Syndicat Français de la Literie (Paris Court of Appeals, 11/25/10)

Most recent application of ECJ decision in a national court

“That the choice of keywords is thus the result of the advertiser;

“There is no evidence that Google has control over such a choice;

“Considering finally that the SFL does not describe the ads he complains and does not call into question the advertisers, it provides no details on the knowledge that Google would have had faulty data fed into its system by advertisers, and that this knowledge can indeed be deduced from the recording and automatic processing of data entries”

Google EU Trademark Policy for AdWords

(New policy introduced September 14, 2010)

*“Google will no longer prevent advertisers from selecting a third party's trademark as a keyword. However, in response to a complaint made under our European policy, we will do a **limited investigation as to whether a keyword in combination with particular ad text is confusing as to the origin of the advertised goods and services.**”*

Source: <https://adwords.google.com/support/aw/bin/answer.py?hl=en&answer=177578>

Google EU Trademark Policy for AdWords

(New policy introduced September 14, 2010)

Permitted uses:

“Ads using a trademarked term in a descriptive or generic way, such as not in reference to the term as a trademark.

“Ads for competing products or services.

“Ads for informational sites about a product or service corresponding to the trademark.

“Ads for resale of the trademarked goods or services.

“Ads for the sale of components, replacement parts, or compatible products corresponding to a trademark.”

Source: <https://adwords.google.com/support/aw/bin/answer.py?hl=en&answer=177578>



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