BEYOND *RESCUECOM V. GOOGLE*: THE FUTURE OF KEYWORD ADVERTISING

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In *Rescuecom Corp. v. Google Inc.*, the Second Circuit addressed the meaning of the phrase "use in commerce" in the Lanham Act.[1] The court held that Google's sale of the trademarked term "Rescuecom" was a "use in commerce" within the meaning of the Act.[2] The court did not, however, decide whether Google's actions equated to trademark infringement.[3]

Now that the Second Circuit has resolved the threshold "use in commerce" question, the case will turn on whether Google's use of Rescuecom's trademark causes a likelihood of confusion among consumers. Likelihood of confusion requires a factual, casebycase analysis.[4] Plaintiffs in trademark keyword cases have also relied on the theory of initial interest confusion, a subset of likelihood of confusion, to find infringement in Internet cases.[5] Internet trademark cases do not neatly fit within the traditional likelihood of confusion test because of the different circumstances facing online shopping. Courts should be wary of applying the newer theory of initial interest confusion too liberally in keyword cases. Furthermore, no circuit court has addressed the issue of likelihood of confusion in the case of trademarked keywords, most likely because defendants are more likely to settle out of court than to risk a precedential decision in favor of the trademark owners.

This Note argues that a court's analysis of likelihood of confusion (if and when one addresses the issue) must ultimately turn on consumer sophistication. If search engine users can distinguish the source of advertisements in a specific case, then courts should not find likelihood of confusion, or initial interest confusion. This Note first addresses the history of search engines and search engine advertizing. It then addresses trademark infringement under the Lanham Act and in the Second Circuit. Next, it discusses previous trademark infringement cases involving the Internet, and

1. *See* Lanham Act, 15 U.S.C. § 1051–1141 (2006); Rescuecom Corp. v. Google Inc., 562 F.3d 123 (2d Cir. 2009).
2. *Rescuecom*, 562 F.3d at 127.
3. *Id.* at 124.
4. *See infra* Section I.D.
5. *Id.*

Rescuecom specifically. Finally, it examines whether Google will ultimately be found liable under likelihood of confusion, or initial interest confusion.

I. BACKGROUND

The Second Circuit in *Rescuecom* addressed "use in commerce" in terms of keyword advertising, but the issues involved are not new. The controversy surrounding keyword advertising evolved with the proliferation of search engines and online advertising. This Part will discuss the history of search engines and online advertising, Google's AdWords program, infringement analysis under the Lanham Act, and prior Internet cases involving trademark infringement.

A. HISTORY OF SEARCH ENGINES AND CONSUMER CONFUSION ON PAID SEARCH LISTINGS

By the time Larry Page and Sergey Brin founded Google in September 1998 in a garage in Palo Alto, numerous search engines were already in existence, including Lycos, Netscape, Yahoo!, AltaVista, and Ask Jeeves. While these search engines and others provided organic results based on internal algorithms that determined the relevancy of results, GoTo.com pioneered paid search based on the sale of the top spot to the highest bidder.[6]

Today, Google is the most widely used search engine in the world, but this was not the case with advertisers or consumers in the late 1990s. Google did not discover how to monetize its site through advertising until 2002.[7] Furthermore, it was competing against the numerous other search engines for users. A Business Week article described Google in 1999:

6. *See* Stephen H. Wildstrom, *Search Engines with Smarts: A Number of New Web Sites Make it Easier to find those Elusive Facts*, BUSINESSWEEK, Feb. 8, 1999, *available at* http://www.businessweek.com/archives/1999/b3615032.arc.htm#B3615032 (last visited Dec 9, 2009) (comparing and contrasting the benefits and drawbacks of different search engines in 1999). GoTo.com became Overture, and was purchased by Yahoo! in July 2003. Organic results are those produced by the search engine algorithm, based solely on relevancy. Conversely, search engines sell advertisement placement for sponsored links to the highest bidder. For a further discussion of Google's AdWords program, see *infra* I.B.

7. *See* Search Engine History Homepage, http://www.searchenginehistory.com/ (last visited Dec 9, 2009). Google first launched AdWords in 2000. However, this first version was not very successful because Google had not yet discovered how to properly price the sale of its advertisements. Google re-launched AdWords in 2002, using the auction model it still uses today to sell ads. Additionally, Google factored in a pay-per-click model into AdWords so advertisers would pay when users clicked on their ads.

> Google, like its inspiration Yahoo! Inc., is the brainchild of a couple of Stanford University students, and it looks and feels like a work in progress. Google is designed to be what Yahoo! was in its preportal days: an easy-to-use directory of Web sites. It is especially good at finding organizational home pages with a minimum of fuss.[8]

Google was far from the international behemoth it is today.

In the early years, search engines were still attempting to find a balance between "profitability and relevancy."[9] Some search engines sold listings to top bidders while others ranked websites based on internal relevancy algorithms. These different approaches led to quite different results, which confused search engine users when they compared the results received.[10] Consumers may not have understood why the results differed so significantly from one search engine to another. As recently as 2004, only thirty-eight percent of Internet users understood the difference between sponsored links and organic results.[11] Only one sixth of users could always distinguish the two types of results.[12] Consumer confusion ran rampant in the early world of search engines.

To help consumers delineate organic results from advertisements, the Federal Trade Commission (FTC) enacted regulations in 2002. It released a statement recommending that search engines clearly label paid results from organic results to prevent likelihood of confusion.[13] However, the regulations also mentioned the beneficial role of clearly delineated advertising:

> To the extent that paid inclusion does not distort the ranking of a Web site or URL, many of these programs provide benefits to consumers, by incorporating more Web sites—or content—into an individual search engine's database than might otherwise be the case. This can give consumers a greater number of choices in search results lists.[14]

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8. Wildstrom, *supra* note 6.
9. Search Engine History Homepage, *supra* note 7.
10. Wildstrom, *supra* note 6.
11. *See* Deborah Fallows, *Search Engine Users,* PEW INTERNET AND AMERICAN LIFE PROJECT*,* Jan. 23, 2005, at 17, http://www.pewinternet.org/~/media//Files/Reports/2005/PIP_Searchengine_users.pdf.pdf.
12. *Id.*
13. Letter from Heather Hippsley, Acting Assoc. Dir. of the Div. of Adver. Practices of the Fed. Trade Comm'n, Complaint Requesting Investigation of Various Internet Search Engine Companies for Paid Placement and Paid Inclusion Programs (June 27, 2002), http://www.ftc.gov/os/closings/staff/commercialalertletter.shtm.
14. *Id.*

According to the FTC, search engine advertising aids consumers as long as search engines clearly mark the two types of results. While the FTC's policy addressed online advertising, it did not specifically address whether the selling of keywords would constitute trademark infringement.

Today, many of the early search engines no longer exist. Google, Yahoo!, and Microsoft's Bing control virtually the entire U.S. market.Google controls the greatest share by far, with close to sixty-five percent of the market.[15] These three sites all distinguish their organic results from their sponsored links. However, this does not mean that Internet users have become so sophisticated that they could never be confused about the source of an advertisement.[16]

On the whole, Internet users are more sophisticated than they were ten years ago, simply given that Internet usage has increased so drastically. Between 2000 and 2009, Internet usage almost doubled.[17] Online shopping more than doubled from 2000 to 2007, with revenues increasing fivefold.[18] Eighty-one percent of Americans have performed online research for a product they considered buying.[19] Most consumers are not as likely to be confused about whether the results of their queries are organic results or advertisements as they were in the early days of search engines because of

15. As of September 2009, Google, Yahoo!, and Microsoft controlled 93.1% of the U.S. search market. *See* comScore Press Release, *comScore Releases September 2009 U.S. Search Rankings*, Oct. 14, 2009, http://www.comscore.com/Press_Events/Press_Releases/2009/10/=comScore_Releases_September_2009_U.S._Search_Engine_Rankings/(language)/eng-US.

16. While the FTC regulation attempts to cut down on consumer confusion, confusion still exists. *See supra* note 21. On Google, paid searches are delineated by a light yellow box on the top of the screen, and by a line on the right hand side. Each one is marked by the phrase "sponsored links" in fairly small font. Though Google's advertisements comply with the FTC standards, it is possible to see how a consumer might not be able to distinguish advertisements from organic search results.

17. Forty-four percent of Americans used the Internet in 2000, compared to seventy-four percent in 2009. *See* Internet World Stats, *Internet Usage and Population Growth*, http://www.internetworldstats.com/am/us.htm (last visited Dec. 9, 2009).

18. Twenty-two percent of Americans shopped online in 2000, compared to forty-nine percent in 2007. Thirty-five percent of Americans did some sort of product related searches online in 2000, compared to sixty percent in 2007. Online purchases reached $7.4 billion in the third quarter of 2000, and reached $34.7 billion in the third quarter of 2007. Josh Horrigan, *Online Shopping*, Pew Internet & American Life Project, Feb. 2008, http://www.pewinternet.org/Reports/2008/Online-Shopping.aspx?r=1.

19. *Id.* at 17.

search engines' delineation of paid and organic searches, and because of the increase in online commerce.[20]

However, while search engine usage has increased dramatically in the past decade, potential for confusion remains. Thirty-two percent of users are confused during their online shopping searches.[21] Furthermore, the more sophisticated the users become, the more sophisticated advertisers become at displaying their advertisements. Users may now be able to distinguish between organic results and sponsored links, but may not be able to discern whether an advertisement is for the brand they searched for, or a competitor. While consumers have become more Internet savvy since the late 1990s, the playing field keeps changing and new challenges constantly arise.

B. GOOGLE'S ADWORDS PROGRAM

Google is the world's most popular search engine and generates the vast majority of its revenue through AdWords, its online advertising system.[22] Approximately ninety-nine percent of Google's revenue comes from its advertising programs.[23] When a user types a query into Google, the search engine produces two types of results. First, it produces a list of results based solely on Google's algorithm for which advertisers are not able pay for a higher ranking. Second, it produces a list of "sponsored links" at the top of the page and to the right of the organic results. These sponsored links are directly targeted at the user's query. Advertisers are willing to pay a premium for this space on the search results page because the ads are purported to be directly relevant to the specific user. Advertisers hope that a user will find what she is looking for by clicking on the advertiser's link instead of on the organic search results.

Advertisers can purchase keywords that they believe are relevant to their product through Google's AdWords program. Additionally, Google may

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20. *See, e.g.*, *id.* While early online shopping data is unavailable, it is likely that the increase in online purchasing suggests a growing familiarity with online shopping among Internet users.

21. *Id.* at 25. This survey questioned 2,400 American adults about their online shopping habits by asking them a series of questions regarding their Internet usage.

22. Google's 2008 revenue was over $21 billion. *See* United States Securities and Exchange Commission Annual Report on Google Inc., http://www.sec.gov/Archives/edgar/data/1288776/000119312509029448/d10k.htm#toc21192_11 (last visited Dec. 9, 2009).

23. Stephanie Yu Lim, Can Google be Liable for Trademark Infringement? A Look at the "Trademark Use" Requirement as Applied to Google AdWords, 14 UCLA ENT. L. REV. 265, 269 (2007).

suggest terms that it believes would be relevant to a specific advertiser.[24] For example, Ford Motor Company may want to target its ads at users who search for the word "car" or the word "automobile." Ford might also want to target users who search for its competitors, like "Toyota." Through Google AdWords and its Keyword Suggestion Tool, Ford may purchase any of these terms and more. The Tool suggests both synonyms and competitor's trademarks. That way, Ford reaches not only users who are directly interested in the product that Ford sells, but also users that are interested in the products of Ford's competitors. This means that Ford can successfully target customers who are interested in potentially purchasing Ford's product with more specificity than was previously possible in the advertising arena.

As one surveyor put it, "[p]aid search works. Lining up brief, text-based advertisements against the queries of those hundreds of millions of searchers results in extremely efficient marketing leads, and marketing leads are the crack cocaine of business."[25] However, not all trademark owners are as quick to praise the business practices of search engines. Many believe that Google's practice of selling trademarks as keywords to competitors is trademark infringement because it is a "use in commerce" that creates a likelihood of confusion.[26]

Since 2004, Google has allowed advertisers in the United States, the United Kingdom, and Ireland to purchase competitors' trademarks as keywords. However, the search engines Yahoo! and Bing do not allow advertisers in any country to purchase competitors' trademarks.[27] Google claims that its keyword advertising policy gives advertisers more options by letting them use comparative advertising. On June 4, 2009 (two months after the Second Circuit's decision in *Rescuecom*) Google announced that it would expand the keyword policy to 190 other countries.[28] European Union countries such as France, Germany, and Austria were not included in the

24. Google uses a "Cost-Per-Click" (CPC) method wherein Google makes money every time a user clicks on an advertiser's link. Thus, Google's profit is directly tied to the search engine's ability to display the most relevant ads that it believes will be useful to users.

25. JOHN BATTELLE, THE SEARCH: HOW GOOGLE AND ITS RIVALS REWROTE THE RULES OF BUSINESS AND TRANSFORMED OUR CULTURE 34 (2005).

26. *See infra* Section I.D.

27. Laura Covington, Associate General Counsel, Yahoo! Inc., Panel on Keywords and Search Engine Liability at the University of San Francisco Symposium The Brand as Property: Trademark Law and its Challenges in the New Era (Nov. 4, 2009) (notes on file with the author).

28. Google Inc.'s Updated Keyword Policy, *Updates to Adwords Trademark Policy*, *available at* https://adwords.google.com/support/aw/bin/answer.py?answer=143903&cbid=1kw2tkcpty4t2&src=cb&lev=answer (last visited, Dec. 9, 2009).

expanded list of countries.[29] It is unclear whether Google planned on announcing its new global trademark policy before the *Rescuecom* decision, or whether the policy was a response to it. Regardless, the decision demonstrates that Google believes its practices do not result in trademark infringement.

C. INFRINGEMENT UNDER THE LANHAM ACT

At its core, trademark law exists both to regulate unfair competition and to protect consumers.[30] Trademark owners are protected from others using their identity and potentially free-riding on the goodwill and quality associated with the trademark.[31] The Supreme Court noted the intent behind trademark protection in *Two Pesos, Inc. v. Taco Cabana, Inc.*:

> The purpose underlying any trade-mark statute is twofold. One is to protect the public so it may be confident that, in purchasing a product bearing a particular trade-mark which it favorably knows, it will get the product which it asks for and wants to get. Secondly, where the owner of a trade-mark has spent energy, time, and money in presenting to the public the product, he is protected in his investment from its misappropriation by pirates and cheats. This is the well-established rule of law protecting both the public and the trade-mark owner.[32]

The Trademark Act of 1946 ("Lanham Act") codifies these policy goals.[33]

Trademark infringement requires three essential elements. First, there must be a valid trademark. Second, the defendant must have used the trademark in commerce without the permission of the trademark owner. Third, this use must be likely to cause customer confusion as to the source of origin of the product or service.[34] Thus, "use in commerce" is a threshold

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29. *See, e.g.*, Noam Shemtov, *Mission Impossible? Search Engines' Ongoing Search for a Viable Global Keyword Policy*, 13 J. INTERNET L. 3 (2009) (comparing trademark law in the United States and the European Union in terms of the effects of keywords).

30. J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS § 2:1 (4th ed. 2005).

31. *Id.* at § 2:15.

32. Two Pesos, Inc. v. Taco Cabana, Inc., 505 U.S. 763, 782 (1992) (quoting S.Rep. 1333, 79th Cong., 2d Sess., 3 (1946)).

33. Lanham Act, 15 U.S.C. §§ 1051–1141 (2006).

34. *See* 15 U.S.C. § 1125(a). Trademark infringement may include:

> 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, which 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

issue that must be met before infringement may be found. As codified in section 1127 of the Lanham Act, a mark is "used in commerce":

> (1) on goods when
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> (A) it is placed in any manner on the goods or their containers or the displays associated therewith or on the tags or labels affixed thereto, or if the nature of the goods makes such placement impracticable, then on documents associated with the goods or their sale, and
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> (B) the goods are sold or transported in commerce, and
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> (2) on services when it is used or displayed in the sale or advertising of services and the services are rendered in commerce, or the services are rendered in more than one State or in the United States and a foreign country and the person rendering the services is engaged in commerce in connection with services.[35]

Section 1114 imposes liability on anyone who uses a trademark in commerce without the consent of the trademark owner in a manner that is likely to cause confusion.[36] The Lanham Act states that the threshold is a *likelihood* of confusion. The plaintiff does not need to rise to the level of proving *actual* confusion.

Notably, the wording of the original statute only included trademark infringement in cases where the *purchaser* was likely confused about the origin of the product.[37] In a 1962 revision, Congress removed the word "purchasers."[38] Since 1962, a consumer need not actually purchase a good for infringement to apply. Actionable likelihood of confusion can occur prior to purchase. This amendment of the Lanham Act opened the door for courts to find infringement based on the theory of initial interest confusion. Initial interest confusion refers to situations where the consumer is confused as to the source of a good or service, but the confusion is cleared up prior to purchase. Many courts now use this theory as a basis for trademark infringement.[39]

> approval of his or her goods, services, or commercial activities by another person.

15 U.S.C. § 1125(a)(1)–(a)(1)(A).

35. 15 U.S.C. § 1127(1)–(2).

36. 15 U.S.C. § 1114.

37. Prior to 1962, the Lanham Act prohibited uses that were "likely to cause confusion or mistake or to deceive purchasers as to the source of origin of such goods or service." Lanham Act Pub. L., § 32, No. 79-489, 60 Stat. 427, 437 (1946).

38. Lanham Act, 15 U.S.C. §§ 1051–1127 (2006).

39. *See infra* Section I.D.

D. INFRINGEMENT IN THE SECOND CIRCUIT

Likelihood of confusion occurs when a large number of "reasonably prudent" consumers are likely to be confused by the source of origin for a product.[40] The Second Circuit uses an eight part test devised in *Polaroid Corp. v. Polarad Electronics* to determine likelihood of confusion[41]: (1) the strength of the plaintiff's trademark, (2) the degree of similarity between the plaintiff's and the defendant's marks, (3) the comparative proximity of the two products in the marketplace, (4) the chance that the plaintiff is likely to move into the defendant's market, (5) evidence of actual confusion of the marks, (6) evidence of the defendant's good faith in adopting its own mark, (7) the quality of the defendant's product, and (8) the sophistication of the consumers.[42] However, defendants may raise nominative fair use, in which the plaintiff's mark is only used to compare products and not to confuse consumers.[43]

Initial interest confusion arose as a court-created subcategory of likelihood of confusion. Under the initial interest confusion theory, competitors attempt to sidetrack consumers into buying their product instead of the one that the consumers initially searched for. This confusion occurs before the time of purchase, and the consumer is not confused at the time she purchases the goods.[44] Even though the consumer realizes the origin before the point of sale, trademark infringement may apply.

The Second Circuit first used initial interest confusion in *Grotrian, Helfferich, Schulz, Th. Steinweg Nachf v. Steinway & Sons*, a case involving the sale of pianos.[45] The court found that consumers might initially believe that Steinweg pianos have some relation to Steinway pianos. [46] Even in a case with potentially sophisticated purchasers, there was a possibility of confusion.[47] Through consumer surveys, Steinway proved that consumers were initially confused. While this confusion did not exist at the time of purchase, trademark infringement still occurred. The court found that Steinweg

40. Hearts on Fire Co. v. Blue Nile, Inc., 603 F. Supp. 2d 274, 283 (D. Mass. 2009).

41. Polaroid Corp. v. Polarad Elecs. Corp., 287 F.2d 492, 495 (2d Cir. 1961).

42. *Id.*

43. *See infra* Section I.E.

44. If the consumer was still confused at the time of purchase, then the likelihood of confusion analysis would be used instead of initial interest confusion.

45. Grotrian, Helfferich, Schulz, Th. Steinweg Nachf v. Steinway & Sons, 523 F.2d 1331 (2d Cir. 1975).

46. *Id.* at 1340.

47. *Id.* at 1341.

infringed upon Steinway's trademark by misleading consumers at the early stage.[48]

However, the Second Circuit demonstrated its wariness of initial interest confusion in the Internet context in *Savin Corp. v. Savin Group*.[49] The *Savin* court noted that Internet initial interest confusion is quite different from "brick and mortar" initial interest confusion, "[b]ecause consumers diverted on the Internet can more readily get back on track than those in actual space, thus minimizing the harm to the owner of the searched-for site from consumers becoming trapped in a competing site, Internet initial interest confusion requires a showing of intentional deception."[50] This higher standard protects defendants in Internet cases from spurious claims of initial interest confusion.

E. FAIR USE

Trademark law allows two types of fair use: classic fair use and nominative fair use.[51] Classic fair use applies when a defendant uses a plaintiff's mark not as a trademark, but simply to describe the defendant's goods or services, or to describe the geographic origin of the product.[52] Classic fair use only applies to descriptive marks that have secondary meaning.[53] In contrast, a nominative fair use argument arises when the defendant uses the trademarked term to identify the plaintiff's product in a comparative advertising situation.[54] The Ninth Circuit created a three part nominative fair use test:

> First, the product or service in question must be one not readily identifiable without use of the trademark; second, only so much of the mark or marks may be used as is reasonably necessary to identify the product or service; and third, the user must do nothing

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48. *Id.* at 1342.
49. Savin Corp. v. Savin Group, 391 F.3d 439 (2d Cir. 2004).
50. *Id.* at 462 n.13
51. J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS § 11:45 (4th ed. 2005).
52. *Id.*
53. *Id.*
54. *Id.* The Ninth Circuit described the fair use distinction thusly:

> The nominative fair use analysis is appropriate where a defendant has used the plaintiff's mark to describe the plaintiff's product, even if the defendant's ultimate goal is to describe his own product. Conversely, the classic fair use analysis is appropriate where a defendant has used the plaintiff's mark only to describe his own product, and not at all to describe the plaintiff's product.

Id. (quoting Cairns v. Franklin Mint Co., 292 F.3d 1139, 1151 (9th Cir. 2002)) (emphasis omitted).

> that would, in conjunction with the mark, suggest sponsorship or endorsement by the trademark holder.[55]

Nominative fair use is at issue in trademarked keyword cases. The third factor is especially important in online advertising, because plaintiffs worry that users are confused as to sponsorship or origin. However, if the defendant is truly using the plaintiff's mark to compare and contrast the plaintiff's and defendant's goods, then there should not be a concern of likelihood of confusion.

F. INTERNET TRADEMARK CASES

Courts have dealt with many trademark issues relating to the Internet, including pop-up advertisements, meta tags, and search engine advertising. While trademarked keywords present their own issues, it is helpful to examine past precedent.

1. *Pop-Up Advertisements*

Companies that supply pop-up advertisements monitor users' Internet behavior and then deliver advertisements that are potentially relevant. These advertisements appear as a separate window on the user's screen and attempt to lure the user to a site different than the one she originally searched for. In the influential case *1-800 Contacts v. WhenU.com* (relied upon by the district court in *Rescuecom*), the Second Circuit found that the internal use of trademarks to trigger pop-up ads is not a "use in commerce" under the Lanham Act.[56] The plaintiff, 1-800 Contacts, argued that the defendant's internal software infringed on the plaintiff's trademark by providing pop-up ads to relevant searches.[57] The Second Circuit found that the defendant's pop-up advertisements were not a "use in commerce" of the plaintiff's trademark because the terms were only used for a "pure machine-linking function."[58] The court held "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."[59] The court used a five part test to examine whether a trademarked term is a "use in commerce:" (1) the trademark must be a valid mark that can be protected under the Lanham Act; (2) the defendant must use the mark (3) in commerce (4) in connection with the sale

55. New Kids on the Block v. News Am. Publ'g., Inc., 971 F.2d 302, 308 (9th Cir. 1992).

56. 1-800 Contacts, Inc. v. WhenU.com, Inc., 414 F.3d 400 (2d Cir. 2005).

57. *Id.* at 404–05.

58. *Id.* at 408–09.

59. *Id.* at 409.

or advertising of goods or services, and (5) the defendant must do so without the consent of the trademark owner.[60] In applying this test, the court found that the defendant's actions did not constitute a "use in commerce." Without this finding, there was no trademark infringement, and thus the plaintiffs did not state a claim upon which relief could be granted.[61]

2. Meta Tags

Meta tags refer to the descriptive data that communicates the information a document contains to browsers and computers. Some search engines may use information stored in meta tags to index various web pages, but Google does not.[62] Though meta tag information is not communicated to the consumer, use of another's trademark in meta tags has been found to constitute a "use in commerce."

The Ninth Circuit was the first circuit to examine trademark use in meta tags in the controversial case *Brookfield Communications, Inc. v. West Coast Entertainment*.[63] The parties were in the online movie rental business. Brookfield began selling "MovieBuff" software in 1993.[64] In 1996, West Coast registered the domain name "moviebuff.com."[65] In 1998, Brookfield registered the term "MovieBuff" with the federal register.[66] The Ninth Circuit found that West Coast's use of "Moviebuff" as a domain name and as a meta tag created initial interest confusion. The court held that the defendant used the plaintiff's mark "in a manner calculated 'to capture initial consumer attention, even though no actual sale is finally completed as a result of the confusion.'"[67]

The court found that "using another's trademark in one's meta tag is much like posting a sign with another's trademark in front of one's store."[68] Even if the consumer realizes that it has encountered another product and is thus no longer confused, she may not make the effort to find what she was

60. *Id.* at 406–07.

61. *Id.* at 413.

62. Google generates its own data about websites in order to index them. *See* SearchEngineWatch.Com, How To Use HTML Meta Tags, http://searchenginewatch.com/2167931, Mar. 5, 2007 (last visited Dec. 15, 2009).

63. Brookfield Commc'ns, Inc. v. W. Coast Entm't Corp., 174 F.3d 1036 (9th Cir. 1999).

64. *Id.* at 1041.

65. *Id.* at 1042.

66. *Id.*

67. *Id.* at 1062 (quoting Dr. Seuss Enters. v. Penguin Books USA, Inc., 109 F. 3d 1394, 1405 (9th Cir. 1997)).

68. *Id.* at 1064.

originally looking for, and instead might purchase the infringer's product.[69] The court used the following analogy:

> Suppose West Coast's competitor (let's call it 'Blockbuster') puts up a billboard on a highway reading—'West Coast Video: 2 miles ahead at Exit 7'—where West Coast is really located at Exit 8 but Blockbuster is located at Exit 7. Customers looking for West Coast's store will pull off at Exit 7 and drive around looking for it. Unable to locate West Coast, but seeing the Blockbuster store by the highway entrance, they may simply rent there.[70]

In this example, the consumer knows that she is not renting from West Coast, but does not mind. Blockbuster intentionally deceived her, but she did not care enough to find West Coast Video. She already invested in Blockbuster by exiting the freeway. Note that the billboard example differs from simple comparative advertising. If Blockbuster placed a billboard next to West Coast Video's, or opened a store next door, initial interest confusion does not apply. Courts must find actual confusion, not just diversion. Courts struggle with this distinction when it comes to online advertising, and not all circuits have addressed the issue of initial interest confusion. The Ninth Circuit decided *Brookfield* in 1999, early in the life of trademark cases involving the Internet. Other courts, and even the Ninth Circuit, have subsequently criticized *Brookfield's* holding as overly expanding the theory of initial interest confusion.[71]

3. Search Engine Advertising: Prior "Use in Commerce" Keyword Advertising Cases

Many courts have recently addressed cases relating to keyword advertising. As previously mentioned, in *Rescuecom* the Second Circuit held that the sale of trademarked keywords is a "use in commerce" under the Lanham Act.[72] Now, the central issue becomes whether Rescuecom and other plaintiffs will be able to prove consumer confusion (either actual or initial), or whether they have simply succeeded in asserting the threshold issue. Courts are routinely finding trademarked keyword advertising to be a "use in commerce," but have yet to fully address whether "use in commerce" actually leads to trademark infringement.

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69. *Id.*
70. *Id.*
71. *See 1-800 Contacts*, 414 F.3d at 411; Playboy Enters., Inc. v. Netscape Commc'ns Corp., 354 F.3d 1020, 1026 (9th Cir. 2004).
72. *See supra* Part I.

In *Playboy Enterprises, Inc. v. Netscape Communications Corp.*, the Ninth Circuit found initial interest confusion.[73] Defendant sold advertisement space to advertisers who would "key" their advertisements when users entered certain search terms.[74] When a user entered a search term that an advertiser had purchased, the advertiser's banner ad would appear at the top or side of the Netscape results page.[75] These banner ads were often poorly labeled or unlabeled, and often confused the user into clicking on the advertisement.[76] The user would then be transported away from the search page and to the page of the competitor.[77] The court denied Netscape's motion for summary judgment, found "use in commerce" of Playboy's trademarks, and found evidence of initial interest confusion.[78] Though this case technically dealt with keying of advertisements, the Ninth Circuit analogized keying to meta tags, as described in *Brookfield*.[79]

In *GEICO v. Google Inc.*, the Eastern District of Virginia denied Google's 12(b)(6) motion to dismiss because the court found that Google's sale of the trademarked term GEICO to GEICO's competitors was a "use in commerce."[80] The court found that Google's sale of trademarked terms was not an internal use of the terms. Google's actions came under the "use in commerce" clause of the Lanham Act because Google sold the terms to competitors of the trademark owners.[81]

Similarly, in *800-JR Cigar v. GoTo.com*, a New Jersey District Court found that the sale of JR Cigar's trademarked name to its competitors by the defendant search engine was a "use in commerce."[82] GoTo.com allowed advertisers to pay for higher priority on the actual search results. The court found three reasons for finding GoTo.com's sale a "use" under the Lanham Act:

> First, by accepting bids from those competitors of JR desiring to pay for prominence in search results, GoTo trades on the value of the marks. Second, by ranking its paid advertisers before any "natural" listings in a search results list, GoTo has injected itself into the marketplace, acting as a conduit to steer potential

73. 354 F.3d 1020.
74. *Id.* at 1022–23.
75. *Id.*
76. *Id.* at 1023.
77. *Id.*
78. *Id.* at 1031.
79. *Id.* at 1025.
80. GEICO v. Google, Inc., 330 F.Supp. 2d 700 (E.D. Va. 2004).
81. *Id.* at 703–04.
82. 800-JR Cigar, Inc. v. GoTo.com, Inc., 437 F. Supp. 2d 273 (D.N.J. 2006).

> customers away from JR to JR's competitors. Finally, through the Search Term Suggestion Tool, GoTo identifies those of JR's marks which [sic] are effective search terms and markets them to JR's competitors.[83]

Furthermore, the court noted that GoTo.com could potentially be found to contributorily infringe upon the plaintiff's trademarks, since the search engine could be found to induce infringement.[84]

In *Google Inc. v. American Blind & Wallpaper Factory, Inc*, a Northern District of California court denied Google's summary judgment motion that alleged its use of American Blind's trademark was not a "use in commerce."[85] The court relied on the Ninth Circuit's decision in *Playboy Enterprises, Inc.* to reach its holding.[86] The court stated that the decision in *Playboy* implicitly suggested that trademarked terms used in keyword advertising should be considered a "use in commerce."[87] In reaching its decision, the court did not require the trademarked term to appear in the text of the advertisement for "use in commerce" to be found. [88] Instead, Google's selling of the keywords was enough to meet the threshold.

Just days before the Second Circuit's decision in *Rescuecom*, the District Court of Massachusetts addressed similar facts in *Hearts on Fire Co, LLC v. Blue Nile, Inc.*[89] The diamond retailer, Hearts on Fire, claimed that Blue Nile (a competing diamond retailer) infringed its eponymous trademark.[90] The plaintiff claimed it was harmed because the "Defendant's use of the 'hearts on fire' trademark confuses consumers, diverting potential internet customers from their original intent to buy the Plaintiff's diamonds and directing them instead to the Defendant's website."[91] Judge Gertner denied the defendant's motion to dismiss, holding that the defendant's purchase of the plaintiff's trademark was a "use in commerce."[92] However, the court

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83. *Id.* at 285.

84. *Id.* at 280.

85. Google Inc. v. Am. Blind & Wallpaper Factory, Inc., No. C 03-5340 JF (RS), 2007 WL 1159950 (N.D. Cal. Apr. 18, 2007).

86. *Id.* at *6.

87. *Id.* at *4–6.

88. These cases are settling, indicating that the parties involved recognize that there is some risk involved in having the issue of likelihood of confusion decided by the courts. This explains the volume of cases involving "use in commerce," yet the scarcity of cases actually deciding the issue of trademark infringement.

89. Hearts on Fire Co., LLC v. Blue Nile, Inc., 603 F. Supp. 2d 274 (D. Mass. 2009).

90. The facts in this case are slightly different thank those in *Rescuecom*. In *Hearts on Fire*, the defendant was a competitor and not a search engine.

91. *Hearts on Fire*, 603 F. Supp. 2d at 279.

92. *Id.* at 278.

noted that "use in commerce" alone is not enough to prove infringement. Hearts on Fire must also prove that "the allegedly infringing conduct carries with it a likelihood of confounding an appreciable number of reasonably prudent purchasers exercising ordinary care."[93] The court noted that no evidence was presented that consumers purchased the defendant's product assuming that the diamonds were "Hearts on Fire" diamonds.[94]

Instead of relying solely on the traditional likelihood of confusion claim, the plaintiff also claimed initial interest confusion.[95] The plaintiff alleged initial interest confusion because the user's search for "Hearts on Fire" results in a choice of clicking on the defendant's site when it appears in the sponsored link section of the results. The plaintiff argued that this created initial interest in defendant's product, which could lead the user away from the original search. Initial interest confusion occurs when a producer labels goods so as to confuse and misdirect a consumer, even if the consumer is no longer confused at the time of purchase.[96] The plaintiff argued that pre-sale confusion created enough of a distraction to warrant trademark infringement.

Although the First Circuit has yet to address the issue of initial interest confusion, the District Court of Massachusetts held that Hearts on Fire may assert the claim of initial interest confusion under the Lanham Act. However, the court noted the difficulty in proving initial interest confusion in Internet cases because if a user clicks on a link, she can easily click back if it is not what she wanted.[97] "The ease with which an internet shopper can reverse course counsels against over-expansive trademark protection, as any confusion may be extremely temporary and quickly remedied."[98] The district court also questioned whether a competitor's link harms consumers in a meaningful way by confusing them, or whether it benefits consumers by providing the purchaser with options within a market.[99]

In addition to the traditional likelihood of confusion factors, the District Court of Massachusetts created a new test for internet cases, based on the content the user saw on the screen and the context of the advertisements. These factors include (1) the ability of the consumer to return to a previous page if what she clicked on was not what she was looking for, (2) the mechanics of the specific search the consumer performed, (3) content of the

93. *Id.* at 283.
94. *Id.*
95. *Id.*
96. *See supra* Section I.D.
97. *Hearts on Fire*, 603 F. Supp. 2d at 287.
98. *Id.*
99. *Id.*

sponsored link and the corresponding webpage, (4) additional content on the defendant's webpage that could potentially add additional confusion, (5) the technological sophistication of the user, (6) the content the user wanted to find, and (7) the length of time the confusion lasted.[100] While the court created a potentially useful test, it seemed to collapse the initial interest confusion analysis into the traditional likelihood of confusion eight-factor test.[101] No circuit courts or the Supreme Court have adopted such a test. It is unclear whether the Massachusetts District Court will ultimately find infringement under either traditional likelihood of confusion, or initial interest confusion.

While these previous cases demonstrate a trend in courts finding the sale of trademarked keywords to be a "use in commerce," none of them reach past this threshold issue. No precedent exists that finds that the sale of a trademarked keyword constitutes trademark infringement. Search engines, such as Google, have good arguments that keyword sales do not constitute infringement. However, Google also has a very strong business interest in settling out of court so as to shield itself from the possibility of an adverse judgment that could severely affect its business model. Though the results of these out of court settlements are unavailable, they are surely more favorable to Google than a finding of trademark infringement. In sum, the previous cases demonstrate both a trend of finding "use in commerce" in keyword advertising cases, and a trend of search engines not wanting to move past this threshold issue.

4. *A Split Between Courts and Scholars*

Though courts fairly consistently find trademarked keyword advertizing to be a "use in commerce," prominent scholars argue the contrary position. Professors Stacey Dogan and Mark Lemley argue that the sale of trademarks does not constitute a "use in commerce."[102] "Selling advertising space based on an Internet keyword that is also a trademark does not use that trademark as a brand. The Internet intermediary is not selling any product or service using those terms as an identifier."[103] Professor Eric Goldman believes that initial interest confusion creates a more serious problem.[104] He argues that

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100. *Id.* at 289.

101. *See* Polaroid Corp. v. Polarad Elecs. Corp., 287 F.2d 492, 495 (2d Cir. 1961) (laying out the eight factor test, as used by the Second Circuit).

102. Stacey L. Dogan & Mark A. Lemley, *Trademarks and Consumer Search Costs on the Internet*, 41 HOUS. L. REV. 777, 807 (2004).

103. *Id.* at 810 (emphasis omitted).

104. *See* Eric Goldman, *Deregulating Relevancy in Internet Trademark Law*, 54 EMORY L.J. 507 (2005).

courts could avoid the issue if Congress creates a safe harbor for keyword advertising. "[T]he solution is simple: Deregulate the keyword in Internet searching."[105] Professor Goldman's argument addresses the liability issue, which comes after a finding of "use in commerce," but demonstrates that he believes search engines should not be liable for trademark infringement. These academics' arguments cut against courts finding the sale of trademarked terms to be a "use in commerce."

The prior decisions and scholarly debate demonstrate the breadth of Internet trademark cases courts have encountered. However, the current issue of keyword advertising presents new questions regarding likelihood of confusion, and especially initial interest confusion. Part II addresses the courts' discussion of trademark infringement in *Rescuecom*.

II. *RESCUECOM CORP. V. GOOGLE INC.*

In *Rescuecom Corp v. Google Inc.*, the Second Circuit addressed the meaning of the phrase "use in commerce" in the Lanham Act.[106] It held that Google's sale of the term to Rescuecom's competitors is a "use in commerce" as defined by the Act, and thus the plaintiffs stated a claim upon which relief could be granted.[107] In doing so the court revisited its decision in *1-800 Contacts, Inc. v. WhenU.com, Inc.*, and clarified its holding in that case.[108] The court did not, however, address whether or not Google's use of the Rescuecom trademark is a violation under the Lanham Act.[109]

A. FACTS AND PROCEDURAL POSTURE

Plaintiff, Rescuecom, is a computer service franchise that operates nationally.[110] It sells and services computers and receives a significant amount of its business over the Internet.[111] Its website, www.rescuecom.com, receives between 17,000 and 30,000 visitors per month.[112] The company advertises over the Internet, and uses Google's services to do so.[113] "Rescuecom" has been valid registered federal trademark since 1998.[114]

105. *Id.* at 596.
106. Rescuecom Corp. v. Google Inc., 562 F.3d 123 (2nd Cir. 2009).
107. *Id.* at 127.
108. *Id.*; *see* 1-800 Contacts v. WhenU.com, 414 F.3d 400 (2nd Cir. 2005).
109. *Rescuecom*, 562 F.3d at 124.
110. *Id.* at 125.
111. *Id.*
112. *Id.*
113. *Id.*
114. *Id.*

Rescuecom brought an action against Google in the United States District Court for the Northern District of New York for violations of the Lanham Act. It alleged that Google is liable under 15 U.S.C. §§ 1114 and 1125 for infringement, false designation of origin, and dilution of the Rescuecom trademark.[115] Rescuecom made four assertions. First, it argued that Google attempted to "free ride" on the association with Rescuecom's trademark, and that Google's actions cause brand confusion.[116] Second, Google's sponsored links lure consumers away from their original searches and thus prevent consumers from reaching Rescuecom's site.[117] Third, Google's search interface with sponsored links at the top and right side of the screen modify the user's original search.[118] Finally, Google uses Rescuecom's trademark internally to trigger competitors' advertisements for sponsored links.[119] The company alleged that "by the manner of Google's display of sponsored links of competing brands in response to a search for Rescuecom's brand name . . . Google creates a likelihood of confusion as to trademarks."[120]

Google filed a motion to dismiss under Federal Rule of Civil Procedure 12(b)(6) for failure to state a claim upon which relief can be granted.[121] Google asserted nominative fair use and argued that AdWords simply uses competitors' marks for comparative advertising purposes. Its practices constitute fair business practices and lead to increased choice for consumers.[122] Comparative advertizing has long been seen to benefit consumers and create a healthier marketplace.[123]

Four groups filed amici curiae briefs on behalf of Google. The non-profit Electronic Frontier Foundation argued that finding a "use in commerce" would expand the definition of trademark use and stifle free speech.[124] AOL, eBay, and Yahoo submitted a joint amicus curiae brief and argued that search

115. *Id.* at 124.

116. Rescuecom Corp. v. Google Inc., 456 F. Supp 2d. 393, 400 (N.D.N.Y. 2006), *vacated*, 562 F.3d 123 (2nd Cir. 2009).

117. *Id.*

118. *Id.*

119. *Id.*

120. *Rescuecom*, 562 F.3d 123, 131 (2nd Cir. 2009).

121. *Id.* at 127.

122. Brief for Defendant-Appellee at 19–20, Rescuecom Corp. v. Google Inc., No. 06-4881 (2d Cir. Feb. 12, 2007). Further discussion of the nominative fair use defense is discussed *supra* Section I.D.

123. *See, e.g.*, Douglas McGhee, *Looking Beyond "Use" in Predicting Advertiser Liability for Using Competitors' Marks in Online Advertising*, INTELL. PROP. & TECH. L.J., Apr. 2008, at 11.

124. *See* Brief for Electronic Frontier Foundation as Amici Curiae in Support of Affirmance, Rescuecom Corp. v. Google Inc., 562 F.3d 123 (2d Cir. 2009) (No. 06-4881).

engines generate their revenue from keyword advertising thus making them free for the consumer and producing better results.[125] Professor Goldman submitted an amicus curiae brief on behalf of intellectual property professors. He asserted that Google's practice is not a "use in commerce" and simply promotes pro-competitive business practices.[126] He analogized keyword advertising to product placement in stores. Finally, the watchdog group Public Citizen argued in its amicus curiae brief that the sale of keywords allows public interest groups to identify consumers who search for the names of large corporations.[127] The diversity of groups supporting Google demonstrates that the issues at stake here go far beyond the interests of a single commercial enterprise.

B. ANALYSIS OF THE COURTS

1. *District Court Decision*

The District Court granted Google's 12(b)(6) motion and dismissed Rescuecom's complaint. The lower court held that this case was analogous to *1-800 Contacts*.[128] In the same way that WhenU.com did not use 1-800 Contacts' trademark as a "use in commerce," the lower court found that Google did not use Rescuecom's trademark as a "use in commerce" and dismissed the complaint.

2. *Second Circuit Decision*

The Second Circuit reversed the district court's ruling and found that Google's use of the trademarked term Rescuecom was a "use in commerce" and therefore the plaintiffs did state a claim upon which relief can be granted.[129] The court distinguished its decision in the present case from its decision in *1-800 Contacts* in four ways. First, in *1-800 Contacts*, the court stated that the defendant did not use, reproduce, or display the plaintiff's

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125. *See* Brief for AOL et al. as Amici Curiae in Support of Affirmance, Rescuecom Corp. v. Google Inc., 562 F.3d 123 (2d Cir. 2009) (No. 06-4881).

126. *See* Brief for Intellectual Property Law Faculty as Amici Curiae in Support of Affirmance, Rescuecom Corp. v. Google Inc., 562 F.3d 123 (2d Cir. 2009) (No. 06-4881).

127. *See* Brief for Public Citizen as Amici Curiae in Support of Affirmance, Rescuecom Corp. v. Google Inc., 562 F.3d 123 (2d Cir. 2009) (No. 06-4881).

128. Rescuecom Corp. v. Google Inc., 456 F.Supp. 2d. 393 (N.D.N.Y. 2006). In *1-800 Contacts*, the plaintiff argued that the defendant's internal software infringed on the plaintiff's trademark by providing pop-up ads to relevant searches. The Second Circuit found that the defendant's pop-up advertisements were not a "use in commerce" of the plaintiff's trademark. Therefore, without finding a "use in commerce," there was no way to find trademark infringement, and thus the plaintiffs did not state a claim. *See* 1-800 Contacts, Inc. v. WhenU.com, Inc., 414 F.3d 400, 403 (2d Cir. 2005).

129. *Rescuecom*, 562 F.3d 123, 127 (2d Cir. 2009).

trademark and therefore there was no "use in commerce."[130] Instead, the defendant used the plaintiff's non-trademarked website address.[131] Second, unlike in the present case, the competitors in the previous case were not able to request to buy another company's trademark to prompt its ads.[132] The defendant's software could not produce certain pop-ups based on a company's preferences of trademarked terms. The software based the pop-up selection on categories of products or services instead of keywords or trademarked terms.[133] Third, Google "displays, offers, and sells" Rescuecom's trademark to the company's competitors.[134] Fourth, Google's Keyword Suggestion Tool encourages the use and sale of trademarked terms.[135]

Google argued that *1-800 Contacts* held that the use of trademarked terms in "an internal computer directory cannot constitute trademark use."[136] Yet, the Second Circuit disposed of this argument. It stated that Google uses other companies' trademarked terms outside of its internal algorithm by selling and suggesting trademarks such as Rescuecom to competitors.[137] This sale constitutes a "use in commerce." The court noted that in *1-800 Contacts*, the pop-ups were triggered by the plaintiff's website address, which was not trademarked.[138] Additionally, the court stated *1-800 Contacts* never held that a trademark used in an internal directory precludes a finding of trademark infringement.[139]

For the above stated reasons, the Second Circuit found that Google's sale of Rescuecom's trademark was a "use in commerce" under the Lanham Act. The court vacated the lower court's dismissal of the case for failure to state a claim, and remanded for further proceedings.[140] Yet, the court carefully noted that its decision did not address whether Rescuecom will be able to prove that Google violated the Lanham Act and caused likelihood of confusion.[141]

The opinion also included a statutory interpretation of the Lanham Act in an appendix. Section 1127 states that a mark shall be used in commerce

130. *Id.* at 128.
131. *Id.*
132. *Id.* at 129.
133. *Id.*
134. *Id.*
135. *Id.*
136. *Id.* at 129.
137. *Id.*
138. *Id.*
139. *Id.*
140. *Id.* at 131.
141. *Id.*

"when it is used or displayed in the sale or advertising of services and the services are rendered in commerce."[142] The statute defines the term "use in commerce" as the "bona fide use of a mark in the ordinary course of trade, and not made merely to reserve a right in a mark."[143] While the appendix is dicta, the lengthy legislative analysis provides insight into the court's decision. It states that the definition of "use in commerce" provided in § 1127 should only apply to parts of the act that address registration and not infringement.[144] Since the definition uses the phrase "bona fide," it does not make sense to apply it to cases of infringement, because infringement is, by its nature, not a "bona fide" use of a trademark.[145] The appendix calls on Congress to remedy this ambiguity in the terms.[146]

There are no signs showing that Congress is likely to take up this issue in the near future, and the Second Circuit's decision in *Rescuecom* demonstrates that courts find the sale of trademarks as keywords to be a "use in commerce." The pressing question going forward is whether these sales create a likelihood of confusion or result in initial interest confusion. It seems likely that the court's analyses will necessarily turn on evidence regarding the sophistication of the consumers. However, such analysis requires significant consumer research that may prove difficult to obtain.

III. DOES GOOGLE INFRINGE?

The Second Circuit found trademarked keywords to be a "use in commerce," but this is simply a threshold issue. This finding does not mean that Google automatically infringes Rescuecom's trademarks. Courts must carefully protect trademark owners' rights, while allowing legitimate competitive behavior between companies. "Trademark law strikes a careful balance to ensure that genuinely deceptive . . . uses of marks, which increase consumer search costs, are prohibited, while uses to critique or compare the mark owners's [sic] products and thus enhance the flow of useful information to consumers are permitted."[147] The most pressing question remains: will Google be found liable for trademark infringement due to either likelihood of confusion, or initial interest confusion?

142. Lanham Act, 15 U.S.C. § 1127 (2006).
143. *Id.*
144. *Rescuecom*, 562 F.3d at 132.
145. *Id.*
146. *Id.* at 140–141.
147. Margreth Barrett, *Internet Trademark Suits and the Demise of "Trademark Use"*, 39 U.C. DAVIS L. REV. 371, 450 (2006).

A. LIKELIHOOD OF CONFUSION APPLIED TO *RESCUECOM*

While the likelihood of confusion test is by no means new, applying the model to keyword advertising proves challenging. Not all the *Polaroid* factors apply to trademarked keywords.[148] The intention of the defendant, the proximity of the goods, the likeness of the advertising channels, and the sophistication of the consumers all still prove relevant.[149] Courts must examine the likelihood of confusion factors on a case by case basis and must be wary of applying blanket policies to categories of cases such as keyword advertising. Ultimately in Internet cases, the analysis comes down to consumer sophistication. It seems likely that Google has a strong nominative fair use argument, but only if it can prove that its users are sophisticated enough to distinguish between Rescucom's advertisements and competitors' advertisements.

The first applicable factor calls for the court to look at the proximity of the goods. In this case, Google displays Rescuecom's mark in the search results, and Rescuecom's competitor's mark in the sponsored links either at the top or to the right hand side of the results page. To determine the proximity of the goods, the court must necessarily examine the last factor: the sophistication of the consumer.[150] Google displays sponsored links in separate, demarcated columns, but proximity depends solely on the consumer's Internet prowess. Thus, the Second Circuit will need to examine consumer surveys regarding user sophistication, if it is possible to produce them.

Next, the court must examine evidence of actual confusion of the marks. Similarly to proximity of the marks, this must be done through consumer surveys. Rescuecom does not claim that Google's sale of keywords have actually confused consumers. While the test does not require parties to prove actual confusion to find infringement under likelihood of confusion, such a "smoking gun" would be the most convincing evidence.

Finally, courts examine the sophistication of the consumers. However, this factor permeates the others. Courts use the "reasonably prudent" consumer as the test case, but it is difficult to determine who this is in an Internet context. Professor J. Thomas McCarthy explains:

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148. *See supra* Section I.D.

149. *See* Regina Nelson Eng, *A Likelihood of Infringement: The Purchase and Sale of Trademarks as AdWords*, 18 ALB. L.J. SCI. & TECH. 493, 512 (2008).

150. While consumer sophistication is a separate factor in the *Polaroid* test, all the factors of likelihood of confusion as applied to keyword advertising seem to turn on consumer sophistication.

> In determining trademark infringement and unfair competition, everything hinges upon whether there is a likelihood of confusion in the mind of an appreciable number of "reasonably prudent" buyers. But what kind of person is this "reasonable" buyer? Is he or she assumed to be cautious and careful in making purchases? Does he approach the marketplace assuming that every seller is out to confuse him by the use of similar trademarks? Or is he trusting and naive in thinking that products labeled about the same way must come from the same source? Does he make purchases quickly and on impulse guided by general impressions and vague recollections from advertising messages seen days before in another context? Or does he spend long hours carefully comparing products with similar trademarks, reading the small print with a magnifying glass?[151]

Who is the "reasonably prudent" Google user? This could be anyone from age five to eighty-five, with any sort of background, running any type of search. Is it the "reasonably prudent" Rescuecom searcher or consumer? This limits the consumer base, but means that courts must perform a fact-specific determination in each case. Consumer surveys seem to be the only reliable method for determining whether consumers face a likelihood of confusion when it comes to trademarked keywords.

Critics of Google's practices argue that the entire purpose of selling trademarks as keywords to competitors is to confuse the consumer. They argue that Google acts in bad faith by selling trademarked terms and profiting greatly from doing so.[152] They also argue that Google deceives the consumer by luring him towards a competitor's advertisement.[153] However, there is no evidence in the case law (including *Rescuecom*) that Google acts in bad faith to deceive consumers.

Rescuecom faces a challenge in proving that Google's practices result in likelihood of confusion, as this doctrine does not project well onto Internet trademark issues. The purchase of a competitor's trademark as a keyword is not necessarily meant to confuse consumers into purchasing a competitor's product. Instead, the practice can be used to entice consumers to buy the competitor's product, with the consumer knowing full well what he is purchasing. Consumers want choice and simple comparative advertising should be promoted. Furthermore, search engines such as Google are only able to provide their services for free because they sell advertising space. Courts should be wary of categorically finding all trademarked keywords

151. J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS § 23:91 (4th ed. 2005).
152. *See, e.g.*, Eng, *supra* note 149, at 513.
153. *Id.*

likely to cause confusion. However, Google must be careful not to place advertisements that confuse Internet users about the source of a product. Whether Google's practices actually lead to likelihood of confusion ultimately hinges on the nebulous idea of Internet user sophistication.

B. INITIAL INTEREST CONFUSION APPLIED TO *RESCUECOM*

Realizing the likelihood of confusion factors do not work well in the keyword advertising context, Rescuecom and other plaintiffs rely on the concept of initial interest confusion to claim that search engines violate the Lanham Act.

The Second Circuit should examine its own precedent in *Savin Corp. v. Savin Group* and find that initial interest confusion in the Internet context should require intent to deceive on the part of the defendant.[154] Furthermore, the court should use consumer surveys, as it did in *Grotrian, Helfferich, Schultz, Th. Steinweg Nachf v. Steinway & Sons*, to judge consumer sophistication of Internet users.[155] Initial interest confusion on the Internet is simply not the same as in the brick and mortar contexts. Internet users do not experience the same kind of inertia involved in brick and mortar situations because they have not invested the same amount of time or energy. They can back click, unless they find that the other product is closer to what they were looking for than their original search. Plaintiffs in keyword advertising cases prefer claiming initial interest confusion rather than likelihood of confusion because the likelihood of confusion factors work poorly in this context. However, courts should not expand initial interest confusion to cases that simply involve comparative advertising.

The Second Circuit should be wary of following the Ninth Circuit's reasoning in *Brookfield*.[156] Google's sale of trademarked keywords differs significantly from the facts in *Brookfield*, and from the brick and mortar example. First, *Brookfield* dealt with meta tags that redirected the user, not keyword search results. Meta tags are perhaps more deceptive than keywords because they are internal and therefore users cannot tell why they are redirected to competitors' sites.[157] Second, Google marks its sponsored links so as to prevent *against* confusion with the organic search results. It delineates its advertisements in an attempt to avoid consumer confusion. Third, if the consumer is in fact confused, there is little cost associated with the mistake.

154. *See supra* Section I.D.

155. *See supra* Section I.D.

156. *See supra* Section I.F.2.

157. Jonathan Moskin, *Virtual Trademark Use—The Parallel World of Keyword Ads,* 98 TRADEMARK REP. 873, 888 (2008).

Unlike the brick and mortar example, the Internet user simply must click back to the previous page if he realizes he made a mistake. He does not invest the same amount of time or energy in the online context as he does in the brick and mortar situation. Fourth, Rescuecom faces a difficult proposition in claiming that Google intentionally deceives consumers with its advertising practices. Finally, comparative, non-deceptive advertising serves an important economic purpose, allowing consumers to make informed purchasing decisions. Nominative fair use allows for comparative advertising.

While the Second Circuit should not find initial interest confusion in *Rescuecom*, courts must perform a fact intensive, case-by-case analysis when determining trademark infringement. It is unwise for them to find that initial interest confusion could never exist in a case involving trademarked keywords. It is certainly conceivable that competitors may try to lure customers away from a popular brand by using that brand's trademark in a confusing manner, and therefore taking advantage of the lack of consumer sophistication. At the same time, courts should be wary of allowing plaintiffs to liberally assert initial interest confusion claims since they are not grounded in the likelihood of confusion factors. Though the Second Circuit rightfully found that Google's sale of Rescuecom's trademark was a "use in commerce," it should be careful in its application of the initial interest theory. Such a finding would encroach upon legitimate comparative advertising practices.

IV. CONCLUSION

Though the Second Circuit found Google's sale of Rescuecom's trademark to be a "use in commerce," a number of pressing issues remain. First, it is unclear whether courts will find trademarked keyword advertising to cause likelihood of confusion under the Lanham Act. If they do, courts need to be wary of expanding the scope of initial interest confusion to cover legitimate comparative advertising practices. Essentially, this entire analysis must rest on whether consumers are sophisticated enough to tell the difference between the source of the advertisements. Second, if courts do find trademark infringement, the question of what happens to Google's AdWords practice arises. Will Google need to revamp its lucrative business model? Finally, perhaps these issues are not appropriate for the courts. Perhaps they need to be addressed by Congress. Though unlikely, Congress could adopt Professor Eric Goldman's suggestion of creating a safe harbor for search engines within the "use in commerce" definition in the Lanham Act. Or, Congress could adopt the Second Circuit's suggestion by clarifying ambiguity in the "use in commerce" definition. Congress does not seem poised to address the Lanham Act at this juncture. Therefore, courts must apply it as best they can.

Ultimately, courts must rely on the sophistication of the Internet users in determining trademark infringement. Online likelihood of confusion necessarily turns on whether users are confused in the setting. Further research is necessary to determine whether this confusion relates to the source of products. However, Google has a strong incentive to keep this issue out of court. Given the trend in out of court settlement in keyword cases, it is questionable whether courts will even address the issue of infringement in the near future. Google's unwillingness to litigate the likelihood of confusion issue in court is all the more interesting given its global expansion of its trademark policy right after the Second Circuit decision. Though the Second Circuit may have addressed the "use in commerce," trademark infringement in keyword advertising is an issue far from decided.