

Trademarks in Cyberspace: 2013 in Review

By Eran Kahana*

I. INTRODUCTION

Scanning the past year of cyberspace trademark law, one is left with a distinct impression that the U.S. legal system has matured and is more “caught up” to the real (albeit virtual) world in its understanding and treatment of all things internet. Expectedly, the number of cases presenting edgy, novel, and experimental qualities in this area of law gradually grows thinner, with some exceptions, however. Notably among those cases, all of which are surveyed here, we have the U.S. Supreme Court’s *Lexmark International, Inc. v. Static Control Components, Inc.* decision, which offered a rare opportunity to hear from the Court on a two-decade-spanning false advertising dispute;¹ the Ninth Circuit’s contributory liability infringement cybersquatting case, *Petroliam Nasional Berhad (Petronas) v. GoDaddy.com, Inc.*;² and the Tenth Circuit’s pivotal decision addressing the keyword initial interest confusion doctrine, *1-800 Contacts, Inc. v. Lens.com, Inc.*³

II. CONTRIBUTORY TRADEMARK INFRINGEMENT

Federal legislation does not impose liability for contributory trademark infringement. Rather, this cause of action was first recognized by the U.S. Supreme Court under the Lanham Act in *Inwood Laboratories, Inc. v. Ives Laboratories, Inc.*⁴ In *Inwood*, the Court determined that such secondary liability could be imposed against those who facilitate trademark infringement.⁵ Thus, where a party “intentionally induces another to infringe a trademark, or if it continues to supply its product to one whom it knows or has reason to know is engaging in trademark

* Eran Kahana is an attorney at Maslon Edelman Borman & Brand, LLP, in Minneapolis, where he counsels clients on legal issues involving intellectual property, cyberlaw, cyber security, and privacy matters. He is a research fellow at Stanford Law School, where he writes and lectures on the intersection of law and artificial intelligence.

1. 134 S. Ct. 1377 (2014).

2. 737 F.3d 546 (9th Cir. 2013).

3. 722 F.3d 1229 (10th Cir. 2013).

4. 456 U.S. 844, 853–55 (1982) (interpreting Lanham Act §§ 32, 43(a), 15 U.S.C. §§ 1114, 1125(a)).

5. *Id.* at 853–54.

infringement, [it] is contributorily responsible for any harm done as a result of the deceit.”⁶ Other courts have continued this jurisprudence.⁷

When Congress passed the Anticybersquatting Consumer Protection Act (“ACPA”),⁸ it aimed to protect against trademark infringement by registrants of domain names made up of identical-to or confusingly similar-to well-known trademarks.⁹ “Cybersquatting,” as the practice is known, is designed to attract and divert consumers from the trademark owner’s site or products.¹⁰ Thus, the ACPA aims to combat such abuse by providing a cause of action against any person who, acting in “bad faith[,] . . . registers, traffics in, or uses [such] a domain name.”¹¹ The ACPA, however, does not address the issue of whether trademark owners have a cause of action against parties that are not themselves directly cybersquatting but are alleged to indirectly participate in the proscribed activity.¹² The practice, referred to as “contributory cybersquatting,” derives its name from the allegation that a defendant contributes to the activity of a party that is directly cybersquatting.¹³

Liability for contributory cybersquatting was first decided on an appellate level in *Petroliam Nasional Berhad (Petronas) v. GoDaddy.com, Inc.*, where the Ninth Circuit concluded that the ACPA does not provide a cause of action for contributory cybersquatting.¹⁴ In *Petroliam*, the owner of the PETRONAS mark discovered that someone had registered petronastower.net and petronastowers.net and used these domains to direct traffic to a porn site.¹⁵ The mark owner also identified that GoDaddy provided the forwarding service for the domain names.¹⁶ Upon GoDaddy’s refusal to comply with Petroliam’s demands to disable those domains, Petroliam sued, alleging, among other causes of action, contributory cybersquatting.¹⁷ The district court granted summary judgment in favor of GoDaddy, which

6. *Id.* at 854.

7. See *ADT Sec. Servs., Inc. v. Sec. One Int’l, Inc.*, No. 11-CV-05149 YGR, 2012 WL 4068632, at *3 (N.D. Cal. Sept. 14, 2012) (denying motion to dismiss claims for contributory unfair competition and contributory false advertising because “[c]ontributory liability for violations of the Lanham Act is well-established”); see also *Coach, Inc. v. Goodfellow*, 717 F.3d 498, 500 (6th Cir. 2013) (affirming summary judgment on liability where operators were not merely renting space to the vendors, but knew or had reason to know of the infringing activity and nonetheless continued to allow those vendors to continue selling).

8. ACPA § 3002, 15 U.S.C. § 1125(d) (2012).

9. See Margreth Barrett, *Internet Trademark Suits and the Demise of “Trademark Use,”* 39 U.C. DAVIS L. REV. 371, 453 & n.357 (2006).

10. J. Ryan Gilfoil, *A Judicial Safe Harbor Under the Anti-Cybersquatting Consumer Protection Act*, 20 BERKELEY TECH. L.J. 185, 190 (2005).

11. 15 U.S.C. § 1125(d)(1)(A)(i)–(ii).

12. See *id.* § 1125(d); *Microsoft Corp. v. Shah*, No. C10-0653 RSM, 2011 WL 108954, at *2 (W.D. Wash. Jan. 12, 2011) (stating that such a cause of action has never been “explicitly addressed . . . by statute”).

13. *Microsoft Corp.*, 2011 WL 108954, at *2 (citing *Ford Motor Co. v. GreatDomains.com, Inc.*, 177 F. Supp. 2d 635, 646–47 (E.D. Mich. 2001)).

14. 737 F.3d 546, 549–50 (9th Cir. 2013).

15. *Id.* at 548.

16. *Id.*

17. *Id.* at 548–49.

was affirmed by the Ninth Circuit.¹⁸ The appellate court held that the ACPA does not incorporate common law principles of trademark law, and there is no cause of action for contributory infringement.¹⁹ Furthermore, the court took a strong stance against the “exceptional circumstances” allowance by which some district courts have imposed contributory liability, stating that trademark owners are already afforded sufficient remedies under existing trademark law.²⁰

The question of whether online stores are contributorily liable for the content of any third-party application (“app”) was addressed in *Evans v. Hewlett-Packard Co.*²¹ In that case, a subsidiary of Hewlett-Packard (“HP”) offered a third-party app called Chubby Checker, which purportedly checked the size of male genitalia.²² Evans, the owner of the Chubby Checker registered mark, argued that, given HP’s exercise of complete control over the app submission process, as well as all downloads, HP was “knowingly and willfully”²³ selling the infringing app.²⁴ The court dismissed the plaintiff’s state-based unfair competition, trademark, and right-of-publicity claims, finding that HP was immune from liability as a “service provider” within the meaning of section 230 of the Communications Decency Act.²⁵ In finding HP immune, the court distinguished *Fraleley v. Facebook, Inc.*,²⁶ which, according to plaintiff’s argument, did not render HP immune.²⁷ In *Fraleley*, Facebook was accused of “creating and developing”²⁸ the objectionable content, but, in *Evans*, no such finding was warranted, as plaintiff did not allege that HP created and developed the app.²⁹ In another round, plaintiff’s amended complaint attempted to defeat the immunity provided by section 230 by characterizing HP and the app developer as partners who had a profit-sharing arrangement.³⁰ The court disagreed with that characterization, concluding that HP’s relationship with the app developer did not rise to the level required for finding a partnership.³¹ Rather than a distribution of partnership proceeds, any payment to HP by the app developer was one properly characterized as a “commission,” which would not deny HP section 230 immunity.³²

18. *Id.* at 546, 548–49.

19. *Id.* at 550.

20. *Id.* at 553–54. Pleading secondary trademark infringement is no simple matter. See *Perfect 10, Inc. v. Visa Int’l Serv. Ass’n*, 494 F.3d 788, 806–07 (9th Cir. 2007) (commenting that satisfying the test for secondary trademark infringement in pleadings is difficult for plaintiffs).

21. No. C 13-02477 WHA, 2013 WL 4426359, at *3 (N.D. Cal. Aug. 15, 2013).

22. *Id.* at *1.

23. *Id.*

24. *Id.*

25. *Id.* at *2–3 (interpreting 47 U.S.C. § 230 (immunizing any “provider . . . of an interactive computer service”).

26. 830 F. Supp. 2d 785 (N.D. Cal. 2011).

27. *Evans*, 2013 WL 4426359, at *3.

28. *Fraleley*, 830 F. Supp. 2d at 801.

29. *Evans*, 2013 WL 4426359, at *3.

30. *Evans v. Hewlett-Packard Co.*, No. C 13-02477 WHA, 2013 WL 5594717, at *4 (N.D. Cal. Oct. 10, 2013) (denying leave to file amended complaint).

31. *Id.* (“[T]he proper characterization is not traditional ‘profit-sharing,’ but rather a mere omission.”).

32. *Id.*

Some district courts have held that a federal cause of action for contributory cybersquatting can exist. In *Verizon California, Inc. v. Above.com Pty Ltd.*, for example, Verizon alleged that Above.com was a contributory cybersquatter because it “contributed to the registration or use” of hundreds of thousands of infringing domains.³³ Contrary to defendant’s argument that there was no room for contributory liability under the ACPA, the court observed that, upon a finding of “exceptional circumstances” surrounding the defendant’s activities, contributory liability under the ACPA was proper.³⁴ Such circumstances were present in the *Verizon* case as Above.com was operated by a group notorious for its serial cybersquatting.³⁵ In another case, *Facebook, Inc. v. Banana Ads LLC*,³⁶ providing infringing domain owners with deceptive landing pages earned a defendant a finding of contributory infringement under the ACPA.³⁷ Facebook alleged that multiple defendants had registered numerous domain names infringing on its trademarks.³⁸ In relevant part, one of the defendants, Cleanser Products, was alleged to be liable for contributory infringement under the ACPA by having provided owners of infringing domain names with deceptive landing pages.³⁹ Facebook further alleged that Cleanser Products monetized the redirected traffic from those domains and shared the proceeds of the infringing domains.⁴⁰

These decisions clearly demonstrate that contributory liability for trademark infringement will be found where the defendant’s relationship with the alleged direct infringer goes beyond what is objectively necessary. Consequently, conducting due diligence is unlikely to be difficult and should quickly yield an answer as to whether any defendant is potentially culpable for contributory infringement.

III. INITIAL INTEREST CONFUSION AND KEYWORD ADVERTISING

Four decades ago, the Second Circuit’s *Grottrian, Helfferich, Schulz, Th. Steinweg Nachf. v. Steinway & Sons*⁴¹ gave birth to the initial interest confusion doctrine (“IIC”). Since then, trademark owners have poured countless sums into litigating unauthorized usage of their marks based on IIC.⁴² And despite paltry success by keyword-advertising plaintiffs and growing judicial and consumer understanding

33. 881 F. Supp. 2d 1173, 1174–75 (C.D. Cal. 2011) (quoting complaint).

34. *Id.* at 1178–79 (quoting *Ford Motor Co. v. GreatDomains.com, Inc.*, 177 F. Supp. 2d 635, 647 (E.D. Mich. 2001)).

35. “Defendants [were] subject to at least 68 Uniform Domain Name Dispute Resolution Policy . . . complaints . . .” *Id.* at 1175.

36. No. CV 11-03619-YGR (KAW), 2013 WL 1873289 (N.D. Cal. Apr. 30, 2013) (issuing a report and recommendation to grant plaintiff’s motion for default judgment).

37. *Id.* at *12.

38. *Id.* at *1.

39. *Id.* at *17–20.

40. *Id.* at *16.

41. 523 F.2d 1331, 1342 (2d Cir. 1975).

42. See Jennifer E. Rothman, *Initial Interest Confusion: Standing at the Crossroads of Trademark Law*, 27 CARDOZO L. REV. 105, 109 (2005) (“proliferation of initial interest confusion cases”).

of the difference between organic and paid search results, keyword advertising litigation continues unabated.⁴³

Companies frequently employ their competitors' marks as a method for attracting business.⁴⁴ Although this practice constitutes "use" in commerce under the Lanham Act, such "use" is not necessarily actionable where it does not also point to a likelihood of consumer confusion.⁴⁵ For example, in *General Steel Domestic Sales, LLC v. Chumley*, the court approached the infringement analysis from a contextual framework, holding that mere keyword use of a protected mark was insufficient for a finding of infringement where the competitor's use of the mark was clearly comparative in nature.⁴⁶ Similarly, in a dispute between competitors in the "sugar daddy dating" business, the court in *Infostream Group Inc. v. Avid Life Media Inc.* held that the manner in which the search results were laid out rendered it impossible for the plaintiff to "plausibly" claim there would be any consumer confusion.⁴⁷

Though not a trademark infringement case, *Habush v. Cannon* involved a keyword advertising dispute brought under an invasion of privacy cause of action.⁴⁸ Plaintiffs—Messrs. Habush and Rottier, who were "well-known personal injury trial attorneys [whose] names have commercial . . . value"⁴⁹—complained that Cannon & Dunphy—a law firm that competed with plaintiffs—successfully bid on the search terms "Habush" and "Rottier" through Google, Yahoo! and Bing.⁵⁰ Users entering "Habush" or "Rottier" into their search would thus be presented with advertising for Cannon & Dunphy in the sponsored links.⁵¹ Plaintiffs sought an injunction, arguing that Cannon & Dunphy's use of their names for advertising purposes without their consent was a violation of section 995.50(2)(b) of the Wisconsin Code.⁵² The parties filed cross-motions for summary judgment, and the circuit court ruled in favor of Cannon & Dunphy.⁵³ The Wisconsin Court of Appeals affirmed, centering its analysis on the term "use" in section 995.50(2)(b), which provides that "'invasion of privacy' means . . . [t]he use, for advertising purposes or for purposes of trade, of the name, portrait or picture

43. See *S. Snow Mfg. Co. v. SNO Wizard Holdings, Inc.*, 829 F. Supp. 2d 431, 436–37 (E.D. La. 2011) (observing that consumer sophistication in using the internet is growing, which reduces the likelihood of confusion caused by competitors appearing in ads and organic search results); Patrick Ryan Barry, Note, *The Lanham Act's Applicability to the Internet and Keyword Advertising: Likelihood of Confusion v. Initial Interest Confusion*, 47 DUQ. L. REV. 355, 356–57 (2009) (describing the practice of "keyword advertising" and the lawsuits generated thereby).

44. Barry, *supra* note 43, at 356.

45. See *Network Automation, Inc. v. Advanced Sys. Concepts, Inc.*, 638 F.3d 1137, 1149 (9th Cir. 2011) (holding that "mere diversion" is insufficient for a finding of likely initial interest confusion); *1-800 Contacts, Inc. v. Lens.com, Inc.*, 755 F. Supp. 2d 1151, 1173 (D. Utah 2010) ("Likelihood of confusion" signifies more than a mere possibility.).

46. No. 10-cv-01398-PAB-KLM, 2013 WL 1900562, at *10–11 (D. Colo. May 7, 2013).

47. No. CV 12-09315 DDP (AJWx), 2013 WL 6018030, at *5 (C.D. Cal. Nov. 12, 2013).

48. *Habush v. Cannon*, 828 N.W.2d 876, 876–78 (Wis. Ct. App. 2013).

49. *Id.* at 877.

50. *Id.* at 876–77.

51. *Id.*

52. *Id.* at 877–78 (citing WIS. STAT. ANN. § 995.50(1)–(2)).

53. *Id.* at 878.

of any living person, without having first obtained the written consent of the person or, if the person is a minor, of his or her parent or guardian.”⁵⁴ Plaintiffs argued that “use” should be construed as any use that leverages the name of the person for commercial gain.⁵⁵ Plaintiffs also argued that the court should analogize to the Lanham Act when construing the term “use” in the context of keywords.⁵⁶ Cannon & Dunphy argued that the legislature intended the term “use” to apply only in situations where the name at issue was visibly affixed to defendant’s products or services.⁵⁷ In *Habush*, there was no such “use” because the conduct about which plaintiffs complained was a behind-the-scenes proximity algorithm that was invisible to the users.⁵⁸ Because plaintiffs conceded that proximity advertising was not inappropriate, there was, similarly, no violation.⁵⁹

There are a number of interesting aspects to this case. First, it remains to be seen if the Wisconsin Supreme Court, after previously declining to review the case,⁶⁰ will agree to hear it upon a new appeal. From a practical, economics-oriented perspective, one must query whether the litigation is worthwhile; i.e., would the plaintiffs benefit sufficiently by expending additional resources to pursue this dispute? This inquiry is worthwhile seeing as a number of other cases have shown that potential damages are significantly less than the cost of litigation.⁶¹ The fact that the parties uncharacteristically have refused to settle the suit hints that there is sufficient substance at stake to make this dispute economically worthwhile. Finally, trademark practitioners should recognize that registering a client’s marks is an inexpensive, worthwhile effort to undertake if they can be registered. It is unclear why the law firm in which the plaintiffs were shareholders—*Habush Habush & Rottier*—did not pursue a trademark registration as law firms can, under certain conditions, overcome an objection under section 2(e) that the trademark is “primarily merely a surname.”⁶²

In *Trehan v. Kikkerland Design, Inc.*,⁶³ infringement claims were brought over a competitor’s usage of trademarks owned by plaintiff as keywords.⁶⁴ Plaintiff

54. *Id.* (quoting WIS. STAT. ANN. § 995.50(2)(b)).

55. *Id.* at 880.

56. *Id.* at 884.

57. *Id.* at 881.

58. *Id.* at 882–84.

59. *Id.* at 883.

60. *Habush v. Cannon*, 839 N.W.2d 616 (Wis. 2013) (table).

61. See, e.g., Eric Goldman, *Tenth Circuit Kills the Initial Interest Confusion Doctrine—1-800 Contacts v. Lens.com*, TECH. & MARKETING L. BLOG (July 18, 2013), http://blog.ericgoldman.org/archives/2013/07/tenth_circuit_k.htm (describing plaintiff’s expenditure of at least \$650,000.00 in legal fees to challenge keyword advertisements that generated \$20.00 in profits for defendant).

62. 15 U.S.C. § 1052(e)(4) (2012) (“No trademark . . . shall be refused registration . . . unless it . . . [c]onsists of a mark which . . . is primarily merely a surname . . .”). This objection can be overcome, for example, by submitting to the U.S. Patent and Trademark Office a statement that “the mark has become distinctive of the goods and/or services through the applicant’s substantially exclusive and continuous use in commerce for at least five years immediately before the date of this statement.” TRADE-MARK MANUAL OF EXAMINING PROCEDURE § 1212.05(d) (5th ed. 2007); see also 37 C.F.R. § 2.41(b) (2013). Perhaps not previously trademarked, the law firm’s name currently appears to have been trademarked. See *HABUSH HABUSH & ROTTIER S.C.*, <http://habush.com> (last visited Oct. 12, 2014).

63. No. 13 C 8023, 2014 WL 1018319, at *2 (N.D. Ill. Mar. 17, 2014).

64. *Id.* at *1–2.

owns three registered trademarks for IPURSE and the domain ipurse.com and sells a variety of products under the mark.⁶⁵ Following plaintiff's discovery that the defendant was selling smartphone accessories using the IPURSE mark on its website and through a number of retailers, such as Bed, Bath & Beyond, the parties entered into a settlement agreement.⁶⁶ Under its terms, Kikkerland was to remove all infringing items from his website and inform his retailers that they had to do the same by a certain date.⁶⁷ The agreement further provided for a wind-down period whereby, if Kikkerland certified in writing that inventory in all Bed, Bath & Beyond stores was less than 1,000 infringing units, the stores could continue to sell the remaining inventory until July 1, 2013.⁶⁸ A separate wind-down arrangement was made for inventory held by all other retailers whereby, if Kikkerland certified in writing that they had less than 500 infringing units, they could also continue selling until July 1, 2013.⁶⁹ A couple of months after executing the settlement agreement, Kikkerland provided the certification as to the inventory held at Bed, Bath & Beyond, but not as to the inventory held by the other retailers.⁷⁰ Approximately four months later, Trehan discovered that Kikkerland was selling IPURSE-branded items at eBay, Sears.com, Amazon, and other retailers.⁷¹ After Trehan's cease and desist was ignored by Kikkerland, Trehan filed suit alleging, in relevant part, trademark infringement under the Lanham Act, consumer confusion, dilution, and unfair competition.⁷²

Addressing Kikkerland's motion to dismiss, the court quickly disposed of Kikkerland's contentions that Trehan's complaint failed to sufficiently allege that he had a protectable mark, that Kikkerland used the IPURSE mark in commerce, and that Kikkerland's use of the trademark was likely to cause consumer confusion.⁷³ Citing to *AutoZone, Inc. v. Strick*⁷⁴ and *Morningware, Inc. v. Hearthware Home Products, Inc.*,⁷⁵ the court held that the likelihood-of-confusion determination is fact intensive and best made after discovery is completed.⁷⁶ The court did not substantively resolve Kikkerland's argument that the Ninth Circuit's *Network Automation, Inc. v. Advanced Systems Concepts, Inc.*⁷⁷ holds that the use of a trademark owner's mark as a keyword does not constitute sufficient evidence to support a finding of consumer confusion.⁷⁸ Concluding that *Network Automation* was neither binding nor ripe for consideration on a motion to dismiss, the

65. *Id.* at *1.

66. *Id.*

67. *Id.*

68. *Id.*

69. *Id.*

70. *Id.* at *2.

71. *Id.*

72. *See id.* at *2–3.

73. *Id.* at *3–4.

74. 543 F.3d 923, 929 (7th Cir. 2008).

75. 673 F. Supp. 2d 630, 636 (N.D. Ill. 2009).

76. *Trehan*, 2014 WL 1018319, at *4.

77. 638 F.3d 1137 (9th Cir. 2011).

78. *See Trehan*, 2014 WL 1018319, at *4.

court clearly signaled that Trehan's case should move forward.⁷⁹ The fact that these parties previously failed to end their dispute successfully does not necessarily dilute their chances of successfully doing so the second time around.⁸⁰ Now that the uncertainty (at least in Kikkerland's mind) as to whether the case is likely to proceed past an initial assessment has been removed, coupled with the sobering reality that the legal costs will quickly increase, the prospects of a successful settlement are reasonably sound.

Using keyword advertising is insufficient to create general jurisdiction.⁸¹ A Pennsylvania resident's slip-and-fall injury while at a California resort (The Spa at Pebble Beach) resulted in a lawsuit against the resort owner, a California resident.⁸² At issue before the U.S. District Court for the Eastern District of Pennsylvania was whether it was proper to find general jurisdiction.⁸³ Following the close of jurisdictional discovery, plaintiff undermined its general jurisdiction argument.⁸⁴ By contending that "[t]he intent behind the advertising campaign [was] to attract customers from around the world, including Pennsylvania, to Pebble Beach Resorts"⁸⁵ and failing to present any evidence that defendant purchased Pennsylvania-specific keyword advertising results (AdWords), plaintiff essentially led the court to the inevitable holding that finding general jurisdiction was improper.⁸⁶

Plaintiffs seeking a quick fix against a competitor that uses keyword-triggered ads should consider their strategy carefully. Seeking a temporary restraining order for alleged likelihood-of-confusion conduct may not be the best one. In *Select Comfort Corp. v. Tempur Sealy International, Inc.*, for example, plaintiff alleged that some search scenarios might result in consumers going to a competitor's website.⁸⁷ The court disagreed, and held that the mere possibility was insufficient to demonstrate the certain and imminent irreparable harm required to sustain a motion for a temporary restraining order.⁸⁸

The degree of care used by consumers in evaluating a product or service is a frequently used factor in arguing for or against the finding of IIC. A federal district court in Wisconsin held that, even if each consumer is likely to employ a high degree of care, that factor is not dispositive of IIC; rather, the key inquiry is not how long a consumer might have been confused, but whether the confusion resulted in the "misappropriation of . . . goodwill."⁸⁹ In granting plaintiff's motion for preliminary injunctive relief, the court in *Unity Health Plans Insurance Corp. v.*

79. *Id.*

80. *Id.* at *1–2.

81. See *Rocke v. Pebble Beach Co.*, No. 12-3372, 2014 WL 1725366, at *7 (E.D. Pa. Apr. 29, 2014).

82. *Id.* at *1.

83. *Id.*

84. *Id.* at *1–2.

85. *Id.* at *7 (quoting plaintiff's filing in opposition to the motion to dismiss).

86. *Id.*

87. 988 F. Supp. 2d 1047, 1051 (D. Minn. 2013).

88. *Id.* at 1053–54.

89. 995 F. Supp. 2d 874, 891 (W.D. Wis. 2014) (quoting *Promateck Indus., Ltd. v. Equitrac Corp.*, 300 F.3d 808, 812–13 (7th Cir. 2002)).

Iowa HealthSystem recognized that defendant's use of the terms "Unity" or "unity" as a standalone word in its advertising, marketing materials, logos, and marks (within a certain territory) was likely causing confusion with plaintiff's mark.⁹⁰

A significant and instructive IIC decision delivered in 2013 was the Tenth Circuit's *1-800 Contacts, Inc. v. Lens.com, Inc.*⁹¹ In that case, the court held that the mere purchase of keywords containing a competitor's trademark to trigger sponsored links that do not incorporate the competitor's trademark is unlikely to amount to trademark infringement.⁹² How the court came to that conclusion presents future plaintiffs with critical points to consider prior to launching their attack.

After plaintiff, owner of the federally registered 1800CONTACTS mark, identified in 2005 that Lens.com, Inc. was using the phrase "1800 Contacts" (and variants thereof) on Google's AdWords program, 1-800 Contacts, Inc. brought its claim under the Lanham Act.⁹³ In 2010, plaintiff suffered a setback, when the U.S. District Court for the District of Utah granted (partial) summary judgment in favor of Lens.com.⁹⁴ The district court held that plaintiff was unable to raise an issue of material fact as to whether defendant's use of the mark was likely to cause consumer confusion.⁹⁵ Plaintiff appealed, arguing that defendant's purchase of keywords matching the mark caused IIC, diverting customers that were interested in plaintiff's products to defendant's website.⁹⁶ The Tenth Circuit disagreed.⁹⁷ Affirming the district court's grant of summary judgment, the Tenth Circuit focused on defendant's click-through rates⁹⁸ (as a proxy to consumer surveys), using them as an evidentiary determinant as to whether consumer confusion is likely.⁹⁹ Given a maximum click-through rate of 1.5 percent, defendant's usage of the challenged keywords created IIC at that rate, falling significantly short of the necessary threshold for finding likely confusion.¹⁰⁰

These cases provide a clear warning sign: prevailing in keyword advertising litigation is extremely difficult. They also provide useful lessons on when launching litigation might actually make sense. The bottom line, however, is that counsel to anxious would-be keyword plaintiffs should carefully review these cases with their clients. Doing so will help minimize the prospect that a loss will come as a surprise.

90. *Id.* at 896–99.

91. 722 F.3d 1229 (10th Cir. 2013).

92. *Id.* at 1242–49.

93. *Id.* at 1235–37.

94. *Id.* at 1237, 1240–41.

95. *Id.* at 1241.

96. *Id.* at 1242.

97. *Id.* at 1256–57.

98. *Id.* at 1244 (noting that, over eight months, defendant's use of the challenged keywords produced 1,626 impressions for defendant, but users clicked on defendant's ad only twenty-five times, which yields a click-through rate of 1.5 percent).

99. *Id.*

100. *Id.*

IV. FALSE ADVERTISING

Non-competitors can also have standing to sue for false advertising.¹⁰¹ This was the latest ruling by the U.S. Supreme Court in the long and hard-fought battle that began in 2002 between Lexmark International, Inc. (“Lexmark”), a printer and ink-cartridge manufacturer, and Static Control Components, Inc. (“Static Control”), a microchip manufacturer.¹⁰²

Static Control’s microchips are embedded into ink cartridges sold by Lexmark’s competitors, enabling consumers to bypass Lexmark’s single-use mechanism.¹⁰³ In 2004, Lexmark lost its bid to have Static Control’s activity declared illegal,¹⁰⁴ and the remaining dispute before the court centered on Lexmark’s public statements about Static Control’s microchips.¹⁰⁵ Specifically, Static Control claimed that Lexmark’s warning letters and statements to consumers and remanufacturers concerning the legality of using the Static Control microchips were false and misleading under section 43(a) of the Lanham Act.¹⁰⁶ Lexmark countered, arguing Static Control lacked standing under section 43(a).¹⁰⁷ The ensuing legal battle saw the district court’s decision in favor of Lexmark reversed on appeal by the Sixth Circuit.¹⁰⁸ The U.S. Supreme Court subsequently granted Lexmark’s request to review whether Static Control had standing, and ruled that it did.¹⁰⁹

In another case receiving much media attention, Apple sued Amazon, alleging that Amazon’s use of the mark “APP STORE” amounted to trademark infringement, dilution, and false advertising.¹¹⁰ The parties ultimately settled the case, but only after the court ruled on Amazon’s motion for summary judgment on the question of false advertising.¹¹¹ In granting Amazon’s motion, the court found that Apple failed to present any evidence to support its claim.¹¹² Specifically, the court rejected Apple’s contention that the mere use of the mark APP STORE amounted to a claim of affiliation or sponsorship by Apple.¹¹³ The court further noted that Apple offered no evidence to support its allegation that Amazon attempted to replicate the look and feel of Apple’s App Store.¹¹⁴ Although it conceded that it had no direct evidence of any false statement

101. See *Lexmark Int’l, Inc. v. Static Control Components, Inc.*, 134 S. Ct. 1377, 1384–88 (2014) (granting certiorari on “the appropriate analytical framework for determining a party’s standing to maintain an action for false advertising under the Lanham Act” and resolving the issue by applying “traditional principles of statutory interpretation”).

102. *Id.* at 1383–84.

103. See *id.*

104. *Id.* at 1384; *Lexmark Int’l, Inc. v. Static Control Components, Inc.*, 387 F.3d 522, 551 (6th Cir. 2004) (vacating preliminary injunction regarding various copyright claims).

105. *Lexmark Int’l, Inc.*, 134 S. Ct. at 1384–85.

106. *Id.* at 1384.

107. *Id.* at 1385.

108. *Id.*

109. *Id.* at 1385–95.

110. *Apple Inc. v. Amazon.com Inc.*, 915 F. Supp. 2d 1084, 1085 (N.D. Cal. 2013).

111. *Id.* at 1090–91.

112. *Id.* at 1090.

113. *Id.*

114. *Id.* at 1088.

made by Amazon, Apple argued unsuccessfully that implicit statements are sufficient to support a finding of false advertising under a number of cases.¹¹⁵

Lexmark and *Apple* offer two important practical lessons regarding disparaging and false statements. First, clients would be well served if counsel trained and monitored sales and marketing departments to minimize the possibility that disparaging statements are made about non-competitors. Second, absent solid evidence that false statements were in fact made, it is ill-advised to complain about false advertising.

V. CONCLUSION

Setting aside doctrinal nuances among the various jurisdictions, the cases surveyed depict a growingly confident cyberlaw judiciary. Courts now effectively grapple with issues that flummoxed them not long ago, but the same cannot be said for some plaintiffs, especially keyword litigants. Those litigants continue to engage in expensive battles over conduct that is, at best, perhaps somewhat odd, but hardly rising to a level deemed confusing for any modern-day internet user. It will be interesting to see how new case law develops over the next twelve months and how that will change this litigation pattern.

115. See *id.* at 1088–89 (analyzing and rejecting precedent cited by Apple: *TrafficSchool.com, Inc. v. eDriver Inc.*, 653 F.3d 820, 827–29 (9th Cir. 2011); *E. Air Lines, Inc. v. N.Y. Air Lines, Inc.*, 559 F. Supp. 1270, 1273, 1278–80 (S.D.N.Y. 1983); *Potato Chip Inst. v. Gen. Mills, Inc.*, 333 F. Supp. 173, 180–81 (D. Neb. 1971)).

