
PROTECTING BUSINESS IN THE DIGITAL AGE: A NEW PERSPECTIVE ON TRADEMARK LAW AND KEYWORD ADVERTISING

ABSTRACT

At its core, trademark law seeks to protect consumers and ensure a fair and equitable marketplace. Central to this aim is the elimination of consumer confusion, whether it occurs before, during, or after a sale. While the relevant law has been largely established in the traditional marketplace, proper application of specific legal principles has been muddled with the movement of consumers from brick-and-mortar businesses to the Internet. Online search engines provide the particularly perplexing issue of handling consumers searching for goods or services by using keywords. How exactly should doctrines such as initial interest confusion apply when trademarks are used as keywords in online advertising? Should businesses be allowed to use trademarks owned by others as keywords to promote their own goods or services through search engines like Google? Or is the purchasing of keywords analogous to traditional business practices outside of the Internet? This Note explores the varying approaches courts and scholars have taken to such questions before advocating for application of strong trademark protection in a keyword advertising context.

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I. INTRODUCTION

In today's consumer marketplace, it is all but necessary for businesses to have an online presence.¹ The Internet has changed the landscape of virtually every facet of human interaction, and the law is not immune. With the establishment of the consumer marketplace on the Internet, laws regarding such activities have naturally been subjected to new considerations. One area of law particularly impacted by the expansion of the Internet into the consumer market has been trademarks. This Note seeks to examine the intersection of law and the consumer marketplace on the Internet by looking at the treatment of trademark law in a unique and specific form of online business marketing: keyword advertising.

Imagine, for a moment, that you own a pizzeria. Instead of reading legal articles all day, you spend your time making and delivering delicious pizzas to satisfied customers. After decades of dedication, spending countless hours working and investing everything you owned into the company, your

1. See, e.g., Abdul Montaqim, *Global e-Commerce Sales Will Top \$1.25 Trillion by 2013*, INTERNET RETAILER MAG. (June 14, 2012), <http://www.internetretailer.com/2012/06/14/global-e-commerce-sales-will-top-125-trillion-2013> (emphasizing the rapid growth of online business). See generally Austl. Gov't Dep't of Commc'n, *The Future of the Retail Store—What Does Online Mean for Bricks and Mortar?*, DIGITAL BUS. (Sept. 24, 2013), <http://www.digitalbusiness.gov.au/2013/09/24/the-future-of-the-retail-store-what-does-online-mean-for-bricks-and-mortar/> (exploring the impact of increased Internet sales on physical businesses).

hard work pays off and you expand nationally, becoming one of the country's preeminent pizza chains. Eventually, your chain becomes the gold standard for pizza. Now imagine that an old classmate of yours decides they too want to open their own pizza chain after hearing of your success; however, they do not want to spend the time and resources growing their consumer base from scratch like you did. Instead, they devise a plan. Instead of using only their own company name and other related terms in advertising on Internet search engines like Google, they also use your company's name as a keyword. This means that every single consumer who uses your company's name on a search engine will be presented with not only your company's website, but also a competitor freeriding off your brand recognition. Despite the newcomer's lack of investment in developing its own brand, it is seeing the benefit of your hard work, because without a connection to your brand, the relevant consumers would not be seeing the new company at all. Is this fair? Does this accord with traditional trademark policy? This Note will examine these questions.

Part II of this Note will begin by providing context and background on keyword advertising before examining the historical bases of laws applicable to the issue. Next, Part III will expand on the legal treatment of keyword advertising by analyzing how various courts and jurisdictions have recently ruled on the issue. Part IV will explain why the varying judicial approaches to initial interest confusion have rendered the doctrine's applicability and enforceability uncertain, namely in an online context. Part V will then provide reasons—both economic and legal—as to why future courts should depart from the current approach to trademarks in keyword advertising and then explain why such a departure would benefit both businesses and consumers. Finally, Part VI will provide a possible solution to the issue by proposing a comparative advertising approach to trademarks used in keyword advertising.

II. TRADEMARK LAW AND KEYWORD ADVERTISING: A HISTORICAL BACKGROUND

A. *Keyword Advertising*

Keyword advertising refers to the purchase of keywords that will display an advertisement when entered in a search engine.² Keywords—the

2. See *Network Automation, Inc. v. Advanced Sys. Concepts, Inc.*, 638 F.3d 1137, 1142, 1147 (9th Cir. 2011) (citing *Playboy Enters., Inc. v. Netscape Commc'ns Corp.*, 354

words or phrases chosen to trigger the display of an advertisement³—can be purchased directly through programs offered by search engines, such as Google’s AdWords.⁴ When the consumer searches a keyword, the search engine will typically display both organic search results and sponsored links.⁵ Organic search results are those produced naturally by the search engine using factors such as website relevance and quality.⁶ Sponsored links, however, are those resulting from advertisers paying to have their links prominently displayed.⁷ These sponsored links, referred to as “impressions,” are set apart from the organic search results, and normally include an advertising copy in addition to a link to the advertiser’s website.⁸ On Google AdWords, advertisers are only required to pay the search engine when somebody clicks on the link.⁹ The price an advertiser must pay each time an individual clicks on the sponsored link is normally determined through the “cost-per-click.”¹⁰ Advertisers specify the maximum amount they are willing to spend on their cost-per-click and then, once the keyword is searched, the search engine determines through auction which advertisements to display and in what order (with higher bids generally being displayed higher in the resulting sponsored links).¹¹ The attraction of this system is “the expectation that an ad relevant to a user’s query is more likely to be clicked.”¹²

It is important to note that this system allows numerous parties to bid on the same keywords.¹³ This presents an important legal question in deter-

F.3d 1020, 1022 (9th Cir. 2004)).

3. *Id.*; *How Keywords Work*, GOOGLE, <https://support.google.com/adwords/answer/1704371?hl=en> (last visited Apr. 22, 2015) [hereinafter GOOGLE, *Keywords*].

4. *1-800 Contacts, Inc. v. Lens.com, Inc.*, 722 F.3d 1229, 1234 (10th Cir. 2013); *Network Automation, Inc.*, 638 F.3d at 1142–43. While there are different services and providers through which one can advertise using keywords, this Note will focus exclusively on analysis of the operation and nature of keyword advertising as experienced through the Google AdWords service for the sake of consistency.

5. *1-800 Contacts, Inc.*, 722 F.3d at 1235.

6. *Id.*

7. *Id.*

8. *Id.* at 1235–36.

9. *Id.* at 1236.

10. GOOGLE, *Keywords*, *supra* note 3.

11. *Id.*

12. *Trademark FAQs—Keyword Advertising*, CARR & FERRELL, <http://www.carrferrell.com/trademark-faqs-keyword-advertising/> (last visited Apr. 22, 2015).

13. *Network Automation, Inc. v. Advanced Sys. Concepts, Inc.*, 638 F.3d 1137, 1142–43 (9th Cir. 2011).

mining whether or not someone can bid on, and then use, another's protected trademark as a keyword. Before analyzing the proposed answers to this question, however, it is important to first understand both the foundations of trademark law and infringement, as well as the doctrine of initial interest confusion.

B. Trademark Law

1. The Lanham Act and Trademark Infringement

After setbacks in attempting to regulate trademarks,¹⁴ Congress eventually passed the Lanham Act on July 5, 1946,¹⁵ under its Commerce Clause power.¹⁶ The statute provides for a national system of trademark registration and was designed to “prevent the use of identical or similar marks in a way which confuses the public about the actual source of goods and services.”¹⁷ This protection created by the Lanham Act applies to both trademarks¹⁸ and service marks.¹⁹

The Lanham Act established a civil cause of action for any owner of a valid mark, regardless of registration, against

(1) 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—

14. See, e.g., *In re Trade-Mark Cases*, 100 U.S. 82, 94, 97–99 (1879) (ruling that Congress did not have constitutional power to regulate trademarks under Article I, Section 8, Clause 8 of the U.S. Constitution).

15. 15 U.S.C. §§ 1051–1127 (2012).

16. Deborah F. Buckman, Annotation, *Lanham Act Trademark Infringement Actions in Internet and Website Context*, 197 A.L.R. FED. 17 § 2 (2004) (citing U.S. CONST. art. I, § 8, cl. 3).

17. *Id.*

18. 15 U.S.C. § 1127 (“The term ‘trademark’ includes any word, name, symbol, or device, or any combination thereof . . . used by a person . . . to identify and distinguish his or her goods, including a unique product, from those manufactured or sold by others and to indicate the source of the goods, even if that source is unknown.”).

19. *Id.* (“The term ‘service mark’ means any word, name, symbol, or device, or any combination thereof . . . used by a person . . . to identify and distinguish the services of one person, including a unique service, from the services of others and to indicate the source of the services, even if that source is unknown.”).

(A) is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person²⁰

The Tenth Circuit stated in *1-800 Contacts, Inc. v. Lens.com, Inc.*, “The elements of an infringement claim under [the Lanham Act] are (1) that the plaintiff has a protectable interest in the mark; (2) that the defendant has used ‘an identical or similar mark’ in commerce, and (3) that the defendant’s use is likely to confuse consumers.”²¹ The primary question in keyword advertising cases is whether the “defendant’s use of the plaintiff’s mark is likely to cause consumer confusion.”²²

The specific test courts use to determine likelihood of confusion varies by jurisdiction²³ but most involve the analysis of various factors, such as: “(1) strength of the plaintiff’s mark; (2) relatedness of the goods or services; (3) similarity of the marks; (4) evidence of actual confusion; (5) marketing channels used; (6) likely degree of purchaser care; (7) defendant’s intent in selecting its mark; and (8) likelihood of expansion of the product lines.”²⁴ In the Internet context, courts have generally treated mark similarity, the relatedness of the goods and services, and the similarity of marketing channels as the three most important factors when analyzing likelihood of confusion,²⁵ often referring to them as the “Internet trinity.”²⁶ After stressing that it is often possible to determine likelihood of confusion without considering all of the traditional factors, the Ninth Circuit in *Brookfield Communications, Inc. v. West Coast Entertainment Corp.* added that the list of factors is not

20. 15 U.S.C. § 1125.

21. *1-800 Contacts, Inc. v. Lens.com, Inc.*, 722 F.3d 1229, 1238 (10th Cir. 2013) (quoting *Donchez v. Coors Brewing Co.*, 392 F.3d 1211, 1215 (10th Cir. 2004)) (citing *Utah Lighthouse Ministry v. Found. For Apologetic Info. & Research*, 527 F.3d 1045, 1050 (10th Cir. 2008)).

22. *Id.* at 1238, 1242.

23. *Compare* *Interpace Corp. v. Lapp, Inc.*, 721 F.2d 460, 463 (3d Cir. 1983) (setting forth a ten-factor test), *with* *B & B Hardware, Inc. v. Hargis Indus., Inc.*, 716 F.3d 1020, 1025 (8th Cir. 2013) (using a six-factor test).

24. Buckman, *supra* note 16.

25. *See, e.g., Brookfield Commc’ns, Inc. v. W. Coast Entm’t Corp.*, 174 F.3d 1036, 1054 n.16 (9th Cir. 1999).

26. *Network Automation, Inc. v. Advanced Sys. Concepts, Inc.*, 638 F.3d 1137, 1148 (9th Cir. 2011).

exhaustive, and the consideration of additional non-listed factors is allowed—a flexibility that is of particular importance for “emerging technologies” such as the Internet.²⁷

2. Initial Interest Confusion

With companies upset over competitors using their protected marks, courts have had to consider whether to allow individuals and businesses to use protected trademarks as keywords.²⁸ While courts have taken different approaches to the issue, most agree on a critical underlying legal principle asserted by plaintiffs: initial interest confusion.²⁹

The doctrine of initial interest confusion arises out of the Lanham Act’s infringement causes of action for federally registered marks³⁰ and for unregistered marks.³¹ Some courts have applied the doctrine of initial interest confusion instead of the traditional likelihood of confusion analysis in Internet-specific trademark cases.³²

Initial interest confusion is a particular type of confusion that various courts have recognized.³³ “Initial interest confusion results when a consumer seeks a particular trademark holder’s product and instead is lured to the product of a competitor by the competitor’s use of the same or a similar mark.”³⁴ The confusion still occurs even if the consumer recognizes the true identity of the seller prior to purchasing the item.³⁵ “The Lanham Act’s protection is not limited to confusion at the ‘point of sale,’” and can be invoked

27. See *Brookfield*, 174 F.3d at 1054; see also *Network Automation*, 638 F.3d at 1148–49 (holding that the factors used to analyze likelihood of confusion are non-exhaustive and “should be applied flexibly, particularly in the context of Internet commerce.”).

28. See discussion *infra* Part III.

29. See, e.g., *1-800 Contacts, Inc. v. Lens.com, Inc.*, 722 F.3d 1229, 1239, 1242 (10th Cir. 2013).

30. 15 U.S.C. § 1114 (2012).

31. 15 U.S.C. § 1125.

32. 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, 357, 359 (2009).

33. See, e.g., *Austl. Gold, Inc. v. Hatfield*, 436 F.3d 1228, 1238 (10th Cir. 2006); *Playboy Enters., Inc. v. Netscape Commc’ns Corp.*, 354 F.3d 1020, 1024–25 (9th Cir. 2004).

34. *Austl. Gold*, 436 F.3d at 1238.

35. *Id.* at 1238–39.

prior to a purchase of goods or services.³⁶ This protection is necessary to prevent a company from stealing other companies' customers.³⁷ Even if no customers are stolen, initial interest confusion is unacceptable because it unjustly enriches a company for unlawful trading off the goodwill of another.³⁸ The damage from this form of confusion can manifest itself by making consumers interested in a source they falsely believe is associated with the protected mark, influencing customers' purchasing decisions based on the mistaken belief, or granting undeserved credibility to competitors that leech off of the protected mark's strength, reputation, and goodwill.³⁹

III. THE CURRENT APPLICATION OF TRADEMARK LAW TO KEYWORD ADVERTISING

Traditional analysis of consumer confusion focused on the time of the actual purchase of goods.⁴⁰ As noted above, these analyses employed jurisdiction-specific multifactor tests to determine whether there was a likelihood of confusion at the time of sale.⁴¹ The unique nature of the Internet, however, has caused some jurisdictions to employ the initial interest confusion doctrine.⁴² Unlike traditional analyses to determine the likelihood of confusion, the initial interest confusion analysis takes place before the point of sale.⁴³ While some jurisdictions apply this doctrine, not all federal circuits have embraced it,⁴⁴ and it has been subject to varying judicial interpretation.⁴⁵ Due to the Supreme Court's silence on the issue and the various interpretations among the circuits that do apply the initial interest confusion doctrine, there is uncertainty regarding its proper application.⁴⁶

36. See, e.g., *Blockbuster Entm't Grp. v. Laylco, Inc.*, 869 F. Supp. 505, 513 (E.D. Mich. 1994).

37. *Austl. Gold*, 436 F.3d at 1238–39.

38. *Id.* at 1239.

39. *Id.*

40. See Greg Lastowka, *Google's Law*, 73 BROOK. L. REV. 1327, 1369 (2008).

41. Ashley Tan, Note, *Google Adwords: Trademark Infringer or Trade Liberalizer?*, 16 MICH. TELECOMM. & TECH. L. REV. 473, 482–83 (2010).

42. *Id.* at 483.

43. Lastowka, *supra* note 40, at 1369–70.

44. *Id.* at 1370. It has been most fully discussed in the Ninth and Tenth Circuits. See, e.g., *Austl. Gold*, 436 F.3d at 1238–40; *Playboy Enters., Inc. v. Netscape Commc'ns Corp.*, 354 F.3d 1020, 1026 (9th Cir. 2004).

45. Tan, *supra* note 41, at 482.

46. *Id.* at 484.

Parties have not fully litigated many trademark claims in keyword advertising cases on the merits.⁴⁷ There have been very few appellate court decisions involving the general issue of keyword advertising, and, of those, almost none involved lawsuits from trademark owners seeking to protect their mark against keyword advertisers.⁴⁸ As such, only a few courts have addressed the issue of likelihood of confusion—let alone initial interest confusion specifically—in cases concerning keyword advertising.⁴⁹ This lack of developed case law in some jurisdictions is a result of many courts resolving keyword advertising trademark cases based on other issues and has consequently “creat[ed] unsettled questions in some circuits.”⁵⁰

While some circuits analyzed the application of the initial interest confusion doctrine to keyword advertising cases involving trademarks,⁵¹ others have not considered its application in an online context at all⁵² or have only

47. Eric Goldman, *Suing Over Keyword Advertising is a Bad Business Decision for Trademark Owners*, FORBES (May 14, 2013), <http://www.forbes.com/sites/ericgoldman/2013/05/14/suing-over-keyword-advertising-is-a-bad-business-decision-for-trademark-owners/> [hereinafter Goldman, *Suing*].

48. Eric Goldman, *Important Ninth Circuit Ruling on Keyword Advertising, Plus Recaps of the Past 4 Months of Keyword Ad Decisions*, TECH. & MKTG. LAW BLOG (March 9, 2011), http://blog.ericgoldman.org/archives/2011/03/important_ninth.htm.

49. *Trademark FAQs*, *supra* note 12.

50. Sheri Qualters, *Ten Hot Issues in Trademark Law*, NAT'L L.J. (Oct. 22, 2012), available at <http://www.fr.com/files/Uploads/Documents/Walden.National%20Law%20Journal.TenHotIssuesinTrademarkLaw.Quote.Oct2012.pdf>.

51. See, e.g., *1-800 Contacts, Inc. v. Lens.com, Inc.*, 722 F.3d 1229, 1237, 1239 (10th Cir. 2013); *Network Automation, Inc. v. Advanced Sys. Concepts, Inc.*, 638 F.3d 1137, 1142 (9th Cir. 2011); discussion *infra* Part III.A–B.

52. In the Third Circuit, while cases like *Checkpoint Sys., Inc. v. Check Point Software Techs., Inc.* have applied the initial interest confusion doctrine, none did so in an Internet-specific context. See 269 F.3d 270, 299 (3d Cir. 2001). However, Judge Fisher's opinion dissenting in part and concurring in part in *Century 21 Real Estate Corp. v. Lendingtree, Inc.* indicated that initial interest confusion could be considered when analyzing the consumer level of care likelihood of confusion factor. See 425 F.3d 211, 248 (3d Cir. 2005) (Fisher, J., concurring in part and dissenting in part). Similarly, the Eighth Circuit, in *Sensient Techs. Corp. v. Sensory Effects Flavor Co.*, refused to consider whether initial interest confusion applies generally in the circuit. See 613 F.3d 754, 766 (8th Cir. 2010). A ruling directly on point in the Second Circuit seemed imminent after the court in *Rescuecom Corp. v. Google, Inc.* vacated and remanded the case,—ruling that a keyword sale constituted a use in commerce. See 562 F.3d 123, 129, 131 (2d Cir. 2009); Barry, *supra* note 32, at 368–69 n.87. However, Rescuecom filed a statement of dismissal in 2010, discontinuing further proceedings against Google. Eric Goldman, *Rescuecom Abandons its Litigation Against Google*, TECH. & MKTG. LAW BLOG (Mar. 5, 2010), <http://blog.eric>

considered the doctrine with respect to tangential online issues.⁵³ Of interest to the analysis at hand are the two circuits—the Ninth and Tenth—that have directly and recently applied and analyzed the initial interest confusion doctrine in relation to keyword advertising trademark cases.⁵⁴

A. The Ninth Circuit

While various circuit courts have already discussed initial interest confusion in other contexts,⁵⁵ the Ninth Circuit was the first to apply the doctrine in an Internet context.⁵⁶ In *Brookfield*, the court found that using another's

goldman.org/archives/2010/03/rescuecom_aband.htm. Finally, the Eleventh Circuit refused to consider whether the circuit would apply initial interest confusion in both *Suntree Techs., Inc. v. Ecosense Int'l, Inc.*, and *North American Medical Corp. v. Axiom Worldwide, Inc.*. See *Suntree*, 693 F.3d 1338, 1347 (11th Cir. 2012); *N. Am. Med. Corp.*, 522 F.3d 1211, 1222 (11th Cir. 2008).

53. Both the Fourth Circuit in *Lamparello v. Falwell* and the First Circuit in *Hasbro, Inc. v. Clue Computing, Inc.*, analyzing cases concerning domain names, stated that their circuits do not apply the initial interest confusion doctrine. See *Lamparello*, 420 F.3d 309, 311, 316 (4th Cir. 2005); *Hasbro*, 232 F.3d 1, 1–2 (1st Cir. 2000). In the Sixth Circuit, *PACCAR, Inc. v. TeleScan Techs., L.L.C.* appeared to apply the initial interest confusion doctrine in an Internet domain-name context. See 319 F.3d 243, 253 (6th Cir. 2003) (“An infringing domain name has the potential to misdirect consumers as they search for web sites associated with the owner of a trademark.”), *abrogated by* *KP Permanent Make-Up, Inc. v. Lasting Impression I, Inc.*, 543 U.S. 111 (2004). However, in *Gibson Guitar Corp. v. Paul Reed Smith Guitars, LP*, the Sixth Circuit explained that the case did not rest on the initial interest confusion doctrine but rather on traditional likelihood of confusion factors. 423 F.3d 539, 549–51 (6th Cir. 2005). As such, the Sixth Circuit does not distinguish the initial interest confusion doctrine from the traditional likelihood of confusion analysis. Barry, *supra* note 32, at 364. Finally, the Fifth and Seventh Circuits affirmed the initial interest confusion doctrine in analyzing cases involving meta tags in *Southwest Recreational Industries, Inc. v. FieldTurf, Inc.*, and *Promatek Industries, Ltd. v. Equitrac Corp.*, respectively, but neither analysis involved a discussion of keyword advertising. See *Sw. Recreational Indus.*, No. 01-50073, 2002 WL 32783971, at *7 (5th Cir. Aug. 13, 2002); *Promatek Indus.*, 300 F.3d 808, 812 (7th Cir. 2002).

54. See generally *1-800 Contacts*, 722 F.3d 1228; *Network Automation*, 638 F.3d 1137.

55. See, e.g., *Elvis Presley Enters., Inc. v. Capece*, 141 F.3d 188, 204 (5th Cir. 1998) (discussing initial interest confusion in the case of a nightclub that used the name Elvis and how patrons initially thought the bar “was associated with Elvis Presley and that it might have Elvis merchandise for sale”); *Mobil Oil Corp. v. Pegasus Petroleum Corp.*, 818 F.2d 254, 259–60 (2d Cir. 1987) (finding that where Mobil had been using a flying horse as its mark, a competitor's use of the trade name “Pegasus” would create initial interest confusion because the competitor's name would mislead purchasers into believing Pegasus was related to Mobil).

56. Barry, *supra* note 32, at 364; Tan, *supra* note 41, at 483.

trademark in a website's meta tags (keywords identified by the website authors for communication with search engines)⁵⁷ was impermissible for causing initial interest confusion by diverting consumers to a different website, thereby granting the infringer "improper[] benefits from the goodwill that [the mark holder] developed in its mark."⁵⁸ The court held the use of another's trademark in meta tags amounted to posting a sign with a competitor's trademark in front of one's own store.⁵⁹ The court analogized:

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 right by the highway entrance, they may simply rent there. Even consumers who prefer West Coast may find it not worth the trouble to continue searching for West Coast since there is a Blockbuster right there. Customers are not confused in the narrow sense: they are fully aware that they are purchasing from Blockbuster and they have no reason to believe that Blockbuster is related to, or in any way sponsored by, West Coast. Nevertheless, the fact that there is only initial consumer confusion does not alter the fact that Blockbuster would be misappropriating West Coast's acquired goodwill.⁶⁰

The Ninth Circuit took a similar approach in its first analysis of keyword advertising.⁶¹ In *Playboy Enterprises, Inc. v. Netscape Communications Corp.*, the defendant, Netscape, sold keyword lists for its search engine.⁶²

57. See also Lastowka, *supra* note 43, at 1371–72 ("Web pages were originally created in a computer language called HTML The meta tag is a feature of HTML that originated around 1995 as way [sic] to provide information about pages that would not be presented in the page as displayed. . . . The keyword meta tag communicates with search engines. It is used by Web page authors to identify terms they believe are relevant to their Web pages.").

58. *Brookfield Commc'ns, Inc. v. W. Coast Entm't Corp.*, 174 F.3d 1036, 1062 (9th Cir. 1999) (stating that the meta tags would divert potential customers to a database and service similar enough to the mark holder's that "a sizeable number of consumers who were originally looking for [the mark holder's] product [would] simply decide to utilize [the infringer's] offerings instead").

59. *Id.* at 1064.

60. *Id.*

61. See *Playboy Enters., Inc. v. Netscape Commc'ns Corp.*, 354 F.3d 1020, 1025 (9th Cir. 2004).

62. *Id.* at 1023.

The list contained over 400 sex and adult-entertainment-related terms and included the terms “Playboy” and “Playmate”—trademarks owned by the plaintiff.⁶³ Adult-entertainment companies advertising on the defendant’s search engine would have their advertisements linked with the aforementioned search terms.⁶⁴ The court applied the initial interest confusion doctrine and found that some consumers looking for the plaintiff’s websites may “initially believe that unlabeled banner advertisements are links to [the mark holder’s] sites or to sites affiliated with [the mark holder].”⁶⁵ Like *Brookfield*, the court ruled that consumers’ immediate realization of their mistake upon entering the advertiser’s website did not remedy the initial interest confusion; consumers reached the site based on the goodwill of the plaintiff (and could also be content to remain on the mistakenly accessed website).⁶⁶ Focusing particularly on unlabeled advertisements, the court ruled that the defendant’s action—selling the marks for use in keyword advertising—could be actionable as trademark infringement.⁶⁷

However, the Ninth Circuit changed course in 2011 in *Network Automation, Inc. v. Advanced System Concepts, Inc.*⁶⁸ In *Network Automation, Inc.*, a dispute arose between two companies over their similar—yet not directly competing—job scheduling and management software named “AutoMate” by Network Automation, Inc. and “ActiveBatch” by Advanced System Concepts, Inc.⁶⁹ Network Automation purchased and used the keyword “ActiveBatch” on various search engines such as Google and Bing, resulting in a sponsored link to its website when the ActiveBatch term was searched.⁷⁰ After Advanced System Concepts contacted Network Automation and asserted that Network Automation was not authorized to use Advanced System Concepts’ mark, Network Automation sought a declaratory judgment of non-infringement and Advanced System Concepts counterclaimed alleging infringement under the Lanham Act.⁷¹ The district court applied jurisdiction-specific likelihood of confusion factors—focusing on mark similarity,

63. *Id.*

64. *Id.*

65. *Id.* at 1025.

66. *Id.* at 1025–26 (citing *Brookfield Commc’ns, Inc. v. W. Coast Entm’t Corp.*, 174 F.3d 1036, 1062–63 (9th Cir. 1999)).

67. *Id.* at 1026 (citing *Brookfield*, 174 F.3d at 1062–65).

68. *See Network Automation, Inc. v. Advanced Sys. Concepts, Inc.*, 638 F.3d 1137, 1142 (9th Cir. 2011).

69. *Id.*

70. *Id.*

71. *Id.* at 1143–44.

relatedness of goods and services, and similarity of marketing channels—and found a likelihood of initial interest confusion.⁷²

On appeal, the Ninth Circuit found some factors to weigh in favor of Advanced System Concepts.⁷³ Analyzing the strength of the mark, for instance, the court held that stronger marks (such as those that are federally registered) might lead to more confusion because a consumer may not as easily understand, expect, or recognize the presence of a competing advertisement when searching for a specific trademark or product.⁷⁴ When, however, a consumer searches for a generic term, confusion is less likely because the consumer would expect results from various companies.⁷⁵ Departing from the lower court, the court gave less weight to the Internet trinity in its analysis and instead focused on the type of goods at issue related to the degree of care given by consumers.⁷⁶ The court held that, as online commerce becomes commonplace, consumers have grown to exercise a greater degree of care.⁷⁷ Confusion is not as likely with today's prudent consumers.⁷⁸

More importantly, the court stressed that the traditional confusion factors were not exhaustive, adding, "In the keyword advertising context the 'likelihood of confusion will ultimately turn on what the consumer saw on the screen and reasonably believed, given the context.'"⁷⁹ With this in mind, the court indicated that Network Automation's failure to identify the source of its sponsored link lent itself to a likelihood of confusion.⁸⁰ The search engines' separate labeling of sponsored links, however, was enough, the court

72. *Id.* at 1142–43.

73. *Id.* at 1150.

74. *Id.* at 1149.

75. *Id.*

76. *Id.* at 1148–49, 1152 ("Given the multifaceted nature of the Internet and the ever-expanding ways in which we all use the technology, however, it makes no sense to prioritize the same three factors for every type of potential online commercial activity.").

77. *Id.* at 1152; *see* *Toyota Motor Sales, U.S.A., Inc. v. Tabari*, 610 F.3d 1171, 1179 (9th Cir. 2010) ("But in the age of FIOS, cable modems, DSL and T1 lines, reasonable, prudent and experienced internet consumers are accustomed to such exploration by trial and error. They skip from site to site, ready to hit the back button whenever they're not satisfied with a site's contents. They fully expect to find some sites that aren't what they image based on a glance at the domain name or search engine summary." (citation omitted)).

78. *Network Automation*, 638 F.3d at 1152.

79. *Id.* at 1153 (quoting *Hearts on Fire Co. v. Blue Nile, Inc.*, 603 F. Supp. 2d 274, 289 (D. Mass. 2009)).

80. *Id.* at 1154.

reasoned, to put the consumer on notice of the source of the link.⁸¹ The case thus involved the issue of initial interest confusion in that the court found explicit indications of advertisements in search engine results to be sufficient to eliminate the possibility of confusion—even temporarily—amongst prudent consumers.⁸² Reversing the lower court, the court found for Network Automation and reiterated that—in addition to the strength of the mark, evidence of actual confusion, and the type of goods and degree of care the consumer would be likely to exercise—“the labeling and appearance of the advertisements and the surrounding context on the screen displaying the results page” were the most relevant factors in the likelihood of confusion analysis.⁸³

B. *The Tenth Circuit*

Despite federal courts within the district having “acknowledged the potential for [initial interest] confusion for decades,” it was not until 2006 that the Tenth Circuit explicitly acknowledged and implemented the doctrine in *Australian Gold, Inc. v. Hatfield*.⁸⁴ Stressing the potential harm deriving from diverted Internet traffic resulting in an alleged infringer “capitalizing on a trademark holder’s goodwill,” the court evaluated the initial interest confusion claim under the jurisdiction-specific six-factor likelihood of confusion test.⁸⁵ The court’s definition of initial interest confusion, discussed above,⁸⁶ is said to be “one of the nation’s most favorable.”⁸⁷ The Tenth Circuit’s favorable approach to the application of initial interest confusion in keyword

81. *Id.* (“[E]ven if Network has not clearly identified itself in the text of its ads, Google and Bing have partitioned their sale results pages so that the advertisements appear in separately labeled sections for ‘sponsored’ links. The labeling and appearance of the advertisements as they appear on the results page includes more than the text of the advertisement, and must be considered as a whole.”).

82. *Id.*

83. *Id.*

84. *Austl. Gold, Inc. v. Hatfield*, 436 F.3d 1228, 1239 (10th Cir. 2006) (citing *Grotian, Helfferich, Schulz, Th. Steinweg Nachf. v. Steinway & Sons*, 523 F.2d 1331 (2d Cir. 1975)). While the facts of the case did involve the defendant paying a premium to receive better search result placement when the plaintiff’s trademarks were searched, the application of the court’s analysis is limited in that significant attention was given to the defendant’s actual use of the plaintiff’s trademark on their website and improper meta tag usage. *See id.* at 1233, 1239.

85. *Id.* (citing *Sally Beauty Co. v. Beautyco, Inc.*, 304 F.3d 964 (10th Cir. 2002)).

86. *See supra* notes 33–39 and accompanying text.

87. Eric Goldman, *Once Again, Buying Competitive Keywords is Not Trademark Infringement*, TECHDIRT (July 19, 2013), <http://www.techdirt.com/articles/20130719/>

advertising contexts, however, did not last long.⁸⁸ Only a few years after the Ninth Circuit cast doubt on the application of the initial interest confusion doctrine to keyword advertising,⁸⁹ the Tenth Circuit followed suit.⁹⁰

The relevant facts of *1-800 Contacts, Inc. v. Lens.com, Inc.* are similar to those of *Network Automation* above,⁹¹ with a competitor, Lens.com, and their affiliates buying and using variations of the “1800CONTACTS” trademark as a keyword to promote their own business on Google.⁹² In this case, the district court followed earlier precedent and held that the purchase of keywords can constitute a use in commerce, but nevertheless ruled in favor of the alleged infringer, stating that these types of purchases are not enough on their own to give rise to liability for infringement.⁹³ The lower court noted that the specific language of the resulting impression would only create the possibility of infringement alongside the use of the keyword, because consumers do not know what keywords the advertiser purchased to produce various impressions.⁹⁴

On appeal, the Tenth Circuit did not go through the six-factor likelihood of confusion analysis and instead looked to additional factors.⁹⁵ Adding another factor to the analysis, the court found no likelihood of initial interest confusion.⁹⁶ Unlike *Network Automation*, however, the court focused on evidence of luring rather than the appearance of the search impression.⁹⁷ The court noted that “[i]nitial interest confusion is a ‘bait and switch’ tactic that permits a competitor to *lure* consumers away from a service provider by

09321523865/once-again-buying-competitive-keywords-is-not-trademark-infringement.shtml (arguing that the Tenth Circuit’s standard extended beyond merely “bait-and-switch” law because the court did not appear to require any initial falsity in order to find initial interest confusion) [hereinafter Goldman, *Once Again*].

88. See *1-800 Contacts, Inc. v. Lens.com, Inc.*, 722 F.3d 1229, 1243–45 (10th Cir. 2013).

89. See *Network Automation, Inc. v. Advanced Sys. Concepts, Inc.*, 638 F.3d 1137, 1153–54 (9th Cir. 2011).

90. See *1-800 Contacts*, 722 F.3d at 1244–45.

91. See *supra* notes 69–70 and accompanying text.

92. *1-800 Contacts*, 722 F.3d at 1237.

93. *Id.* at 1241.

94. *Id.*

95. *Id.* at 1243–44.

96. *Id.* at 1244–45.

97. *Id.* at 1244.

passing off services as those of the provider, notwithstanding that the confusion is dispelled by the time of sale.”⁹⁸ Rather than determining whether such luring had taken place by analyzing the likelihood of confusion factors, the court looked instead to data available from Google’s AdWords service.⁹⁹ This data showed that the challenged keywords resulted in 1,626 impressions for Lens.com over eight months, and the searcher only clicked the link 25 times.¹⁰⁰ While it was not clear that these clicks were individuals being lured away from 1-800 Contacts, the court found that such a low level of confusion (at most approximately 1.5 percent) was insufficient to show that the use of the keyword was likely to lure consumers away and create initial interest confusion.¹⁰¹ The court did not find 1-800 Contacts’ counter-arguments using the traditional factors persuasive, and ruled in favor of Lens.com.¹⁰²

IV. THE AMBIGUOUS STATE OF INITIAL INTEREST CONFUSION

While the analyses employed by courts differ, the resulting conclusions are consistent—the use of trademarks in keyword advertising is currently permissible under the Lanham Act.¹⁰³ Past cases may have language indicating otherwise,¹⁰⁴ but the stronger language and greater weight of recent cases suggest that, as far as the Ninth and Tenth Circuits are concerned, trademarks are fair game in the context of keyword advertising.¹⁰⁵

This approach, however, is not without limits. Courts stress the need for those bidding on and using trademarked keywords (or the search engines

98. *Id.* at 1243–44 (quoting *Vail Assocs., Inc. v. Vend-Tel-Co., Ltd.*, 516 F.3d 853, 872 (10th Cir. 2008) (internal quotation marks omitted)).

99. *Id.* at 1244.

100. *Id.*

101. *Id.* (citing *Carefirst of Md., Inc. v. First Care, P.C.*, 434 F.3d 263, 268 (4th Cir. 2006); *Henri’s Food Prods. Co., Inc. v. Kraft, Inc.*, 717 F.2d 352, 358–59 (7th Cir. 1983) (finding 2 percent and 7.6 percent confusion rates “hardly sufficient” and “weigh[ing] against a finding of infringement,” respectively)).

102. *1-800 Contacts*, 722 F.3d at 1244–45 (“This analysis by 1-800 illustrates the danger of applying the factors mechanically without attention to context.”).

103. *See id.* at 1234; *Network Automation, Inc. v. Advanced Sys. Concepts, Inc.*, 638 F.3d 1137, 1153–54 (9th Cir. 2011).

104. *See, e.g., Playboy Enters., Inc. v. Netscape Commc’ns Corp.*, 354 F.3d 1020, 1025–26 (9th Cir. 2004).

105. *See 1-800 Contacts*, 722 F.3d at 1234; *Network Automation*, 638 F.3d at 1142.

themselves) to distinguish the resulting impressions from the actual trademark owner.¹⁰⁶ In discussing this limitation, some courts have placed an emphasis on the consideration of bad faith.¹⁰⁷ While the courts in *Network Automation* and *1-800 Contacts* only discussed it in passing, the court in *Mobil Oil Corp. v. Pegasus Petroleum Corp.* placed an emphasis on the effect of bad faith, stating that a “second comer has a duty to so name and dress his product as to avoid all likelihood of consumers confusing it with the product of the first comer.”¹⁰⁸ The court held that an advertiser has a duty to avoid potential confusion in their use of a mark, lest they “signal bad faith”—indicating a strong likelihood the court will find consumer confusion.¹⁰⁹ Despite having been a key element in *Mobil Oil Corp.*, treatment of intent by subsequent cases has rendered its importance unclear.¹¹⁰ In the circuits that have since touched on the issue, neither alleged infringer attempted to differentiate their impressions from their competitor.¹¹¹ While it could be argued that these competitors sought to relate with their competitors’ mark to fairly compete in the marketplace—an argument that will be explored later in this Note¹¹²—failure to make minimal efforts to ensure clarity (through a simple statement comparing or differentiating the companies) calls into question courts’ use of intent or bad faith in finding in these companies’ favor.¹¹³

In addition to requiring that advertisers distinguish impressions resulting from the use of a competitor’s trademark in some way, *1-800 Contacts* indicated that initial interest confusion could occur in the trademark key-word context if there is sufficient legitimate evidence of actual confusion.¹¹⁴ Whether the required evidence of confusion eliminates any ability to make

106. See, e.g., *Network Automation*, 638 F.3d at 1153–54.

107. See, e.g., *Mobil Oil Corp. v. Pegasus Petroleum Corp.*, 818 F.2d 254, 259 (2d Cir. 1987).

108. See *id.* (quoting *Harold F. Ritchie Inc. v. Chesebrough-Pond’s, Inc.*, 281 F.2d 755, 758 (2d Cir. 1960) (internal quotation marks omitted)).

109. See *id.*

110. See, e.g., *Network Automation*, 638 F.3d at 1153. The *Network Automation* court, while distinguishing between intent to mislead consumers and intent to truthfully inform, did not fully explain the extent to which this factor weighed in their analysis. See *id.*

111. See *id.* at 1143; *1-800 Contacts, Inc. v. Lens.com, Inc.*, 722 F.3d 1229, 1234 (10th Cir. 2013).

112. See discussion *infra* Part V.B.

113. See *Network Automation*, 638 F.3d at 1153–54. The court determined that, despite the company not distinguishing themselves from their competitor, the search engines labeled the impressions advertisements and distinguished them from the organic search results—enough to put the consumer on notice of the source of the link. *Id.*

114. *1-800 Contacts*, 722 F.3d at 1245, 1248–49.

a showing of initial interest confusion based solely on the use of a trademarked keyword, however, is not entirely clear.¹¹⁵

The Tenth Circuit specified in *Vail Associates, Inc. v. Vend-Tel-Co., Ltd.* that the initial interest confusion doctrine required bait-and-switch, where the competitor lures away the consumer from the mark holder “by passing off services as those of the provider, notwithstanding that the confusion is dispelled by the time of the sale.”¹¹⁶ As explained above, the court in *1-800 Contacts* showed that, instead of estimating the likelihood of luring by using traditional infringement standards as outlined in cases like *King of the Mountain Sports, Inc. v. Chrysler Corp.*,¹¹⁷ keyword cases can use data directly from the source of the keyword advertising (such as Google’s AdWords program).¹¹⁸ The court used AdWords data to determine the likelihood of luring and found that initial interest confusion occurred at most 1.5 percent of the time the challenged keywords were used in an eight-month period.¹¹⁹ The court ruled that this number could not support an inference that the alleged infringer had lured consumers away.¹²⁰ The opinion cited other cases where confusion rates ranging from 2 to 7.6 percent were so *de minimis* that they did not indicate infringement.¹²¹ The cited cases adhered to typical trademark infringement requirements; the court’s reliance on those cases appeared to suggest that initial interest confusion, when analyzed through AdWords data, requires the same level of confusion as otherwise recognized by the courts, with percentages less than 10 percent indicating no legally actionable confusion.¹²² Critics of the initial interest confusion doctrine have suggested that these consumer confusion level thresholds, often requiring higher than 20 percent to be probative of confusion, effectively

115. See Goldman, *Once Again*, *supra* note 87.

116. *Vail Assocs., Inc. v. Vend-Tel-Co., Ltd.*, 516 F.3d 853, 872 (10th Cir. 2008) (citing *Syndicate Sales, Inc. v. Hampshire Paper Corp.*, 192 F.3d 633, 638 (7th Cir. 1999)).

117. *King of the Mountain Sports, Inc. v. Chrysler Corp.*, 185 F.3d 1084, 1089–90 (10th Cir. 1999) (setting out six factors for “determining whether a likelihood of confusion exists”).

118. *1-800 Contacts*, 722 F.3d at 1243–44.

119. *Id.* at 1244.

120. *Id.*

121. *Id.* (citing *CareFirst of Md., Inc. v. First Care P.C.*, 434 F.3d 263, 268 (4th Cir. 2006); *Universal Money Ctrs., Inc. v. Am. Tel. & Tel. Co.*, 22 F.3d 1527, 1534, 1537 (10th Cir. 1994); *Henri’s Food Prods. Co. v. Kraft, Inc.*, 717 F.2d 352, 358–59 (7th Cir. 1983)).

122. *Id.* at 1244, 1249 (citing *CareFirst of Md.*, 434 F.3d at 268; *Universal Money Ctrs.*, 22 F.3d at 1534, 1537; *Henri’s Food Prods. Co.*, 717 F.2d at 358–59).

render the doctrine null and void.¹²³

Trademark law cases often measure consumer confusion through the use of consumer surveys asking about confusion relating to product source.¹²⁴ Courts generally hold that greater than 15 to 20 percent consumer confusion is indicative of confusion while less than 10 percent consumer confusion is not legally actionable.¹²⁵ Applying the same standard and level of proof to trademark keyword advertising cases raises the question of whether the court has effectively, though not explicitly, eliminated the use of initial interest confusion in an online keyword context.¹²⁶ One critic labeled the Tenth Circuit's ruling a "tricky sleight of hand with its evidentiary standards."¹²⁷

Critics argue that using click-through rates—the number of times an advertisement is clicked on relative to the number of times it is displayed—as a replacement for consumer confusion studies, and requiring click-through rates above 10 percent to counteract the presumed absence of confusion sets the bar impossibly high considering the naturally low click-through rate of Internet advertising.¹²⁸ As one critic pointed out, advertisements almost never get click-through rates of 10 percent or more, let alone

123. See Goldman, *Once Again*, *supra* note 87.

124. See, e.g., *Jordache Enters., Inc. v. Levi Strauss & Co.*, 841 F. Supp. 506, 518 (S.D.N.Y. 1993).

125. See *1-800 Contacts*, 722 F.3d at 1249 (finding that the majority of authorities indicate that when the results in a confusion survey drop below 10 percent, this becomes evidence that that confusion is unlikely); *Weight Watchers Int'l, Inc. v. Stouffer Corp.*, 744 F. Supp. 1259, 1273–74 (S.D.N.Y. 1990) (holding that while courts can sometimes rely on "relatively small showings of actual consumer confusion" in those situations the surveys showed "at least 15 percent of consumers were confused as to source or endorsement" of the product); Goldman, *Once Again*, *supra* note 87 ("[Trademark] [c]ases have usually held that [greater than] 20% of consumer confusion in those surveys is probative of confusion while [less than] 10% consumer confusion is probative of no legally actionable confusion."); Marc. C. Levy, *Using Competitor's Trademark as Trigger for Sponsored Ads Is Not Trademark Infringement, According to Tenth Circuit*, FAEGRE BAKER DANIELS (July 23, 2013), <http://www.faegrebd.com/20271> (stating that that consumer confusion survey findings of 10 to 20 percent are typically seen by courts to be probative of confusion).

126. Goldman, *Once Again*, *supra* note 87.

127. *Id.*

128. See *id.*; Levy, *supra* note 125 ("Click through rates for sponsored search engine advertising in the low single digits are generally considered favorable. It would appear to be a very rare case to find a click-through rate that fell within the minimum 10 [to] 20 percent that a court may find to be probative of confusion.").

the more than 20 percent courts look for in order to favor the plaintiffs, and are instead considered a success if they get 3 percent.¹²⁹ In a 2010 analysis of the data of 500 billion global impressions served by Mediamind, *Adweek* found a 0.08 percent click-through rate for standard advertising banners in America.¹³⁰ If standard click-through rates hover below 1 percent, how—and more importantly, why—must businesses show 10 percent or greater in order to establish confusion in a trademark infringement action? Despite not having explicitly said so, the Tenth Circuit has all but rendered the initial interest confusion doctrine useless in an Internet keyword advertising context, with one critic stating, “[i]f other courts follow the same logic, no competitive keyword ad could ever possibly create initial interest confusion because even the best performing ad’s [clickthrough rate] will be below the legally recognized threshold of consumer confusion.”¹³¹

Whether the initial interest confusion doctrine applies in the keyword-advertising context in those districts that have ruled on this issue is unclear. What is clear, however, is that there is yet to be a Supreme Court ruling on the matter and the relevant court decisions cited herein are limited to a few federal judicial districts.¹³² As such, the future of trademarks in keyword advertising is far from settled and there are still arguments to be made for either side.¹³³

V. FUTURE CONSIDERATIONS: WHY OTHER CIRCUITS SHOULD DEPART FROM THE RULINGS OF THE NINTH AND TENTH CIRCUITS

A. *Fundamental Goals: The Lanham Act and the Goals of Trademark Law*

The fundamental policy underlying trademark law is the prevention of confusion and deception.¹³⁴ Trademark law deals with the issue of deceit and seeks to establish a properly informed consuming public.¹³⁵ As such, most

129. Goldman, *Once Again*, *supra* note 87.

130. Mike Chapman, *What Clicks Worldwide? Rich Media Can Help Lift Click-Through—But Only a Little*, ADWEEK (May 31, 2011) <http://www.adweek.com/news/advertising-branding/what-clicks-worldwide-132085>.

131. Goldman, *Once Again*, *supra* note 87.

132. See Tan, *supra* note 41, at 484.

133. See *id.*

134. See 15 U.S.C. § 1114(1)(a) (2012).

135. See, e.g., *Qualitex Co. v. Jacobson Products Co.*, 514 U.S. 159, 163–64 (1995) (holding that, in principle, trademark law “quickly and easily assures a potential customer that *this* item—the item with this mark—is made by the same producer as other

discussions regarding trademark issues should be mindful of or involve concerns of confusion.¹³⁶ As evidenced by the broad discussion of initial interest confusion, courts are mindful of this connection and seek to prevent situations in which a consumer may be misled.¹³⁷

In *Mobil Oil*, the court found a likelihood of initial interest confusion (albeit not in an Internet keyword context), and, in dismissing the need for evidence of actual confusion for such a finding, stressed that the confusion does not have to result in business for the alleged infringer.¹³⁸ Instead, the court reasoned, gaining credibility during initial phases of the deal through confusion was enough to justify deterring the behavior.¹³⁹ When applied to the Tenth Circuit's contention that luring away 1.5 percent of consumers is not enough to establish a likelihood of initial interest confusion, the court's reasoning *Mobil Oil* would indicate that the Tenth Circuit's narrow analysis is improper.¹⁴⁰ Reputation is amorphous. While the keyword usage lured few online purchasers, that does not speak to the big-picture benefit the alleged infringer received.¹⁴¹ What if, for instance, the 1.5 percent of consumers lured to Lens.com from 1-800 Contacts had a good experience and recommended the website to their friends and family?¹⁴² Under *Mobil Oil*, the allegedly infringing company would have impermissibly "gain[ed] crucial credibility" resulting from its use of a competitor's trademark.¹⁴³ In order to accord with traditional trademark law, every effort must be made to ensure that policies

similarly marketed items that he or she liked (or disliked) in the past" by preventing competitors from "copying a source-identifying mark").

136. See *Austl. Gold, Inc. v. Hatfield*, 436 F.3d 1228, 1238 (10th Cir. 2006).

137. See, e.g., *id.*

138. *Mobil Oil Corp. v. Pegasus Petroleum Corp.*, 818 F.2d 254, 259–60 (2d Cir. 1987).

139. *Id.* at 259.

140. Compare *id.*, with *1-800 Contacts, Inc. v. Lens.com, Inc.*, 722 F.3d 1229, 1244 (10th Cir. 2013).

141. See *Austl. Gold*, 436 F.3d at 1239 (discussing the damage to the trademark that manifests with initial consumer confusion, even when the consumer becomes aware of the alleged infringer's actual identity, or does not actually buy something from the infringer, including, "the initial credibility that the would-be buyer may accord to the infringer's products—consumer consideration that otherwise may be unwarranted and that may be built on the strength of the protected mark, reputation and good will" (citing *BigStar Entm't, Inc. v. Next Big Star, Inc.*, 105 F. Supp. 2d 185 (S.D.N.Y. 2000))).

142. See, e.g., *id.* (discussing how consumers who are lured away to an alleged infringer's website may just decide to stay with that alleged infringer, even when the consumer "eventually becomes aware of the source's actual identity").

143. See *Mobil Oil*, 818 F.2d at 259.

are set up to ensure that consumers are not misled.¹⁴⁴ By allowing Company X access to a consumer trying to do business with Company Y merely on the basis of the preexisting relationship between the consumer and Company Y—as is what happens when, unbeknownst to the consumer, Company X advertises using Company Y’s trademark—consumer trust is violated.¹⁴⁵ While the facts at issue differ in the online context, the underlying legal import of basic trademark law and the doctrine of initial interest confusion remain consistent whether the case concerns online issues or those present in the traditional marketplace.¹⁴⁶

B. Economic Protection

The emphasis on minimizing confusion is not merely a goal trademark law seeks for its own sake.¹⁴⁷ Instead, trademark law seeks to minimize consumer confusion in pursuit of others goals, namely that of economic efficiency.¹⁴⁸ As courts and scholars alike have pointed out, there are various economic purposes for trademark protection.¹⁴⁹ First, trademarks minimize

144. *See id.* at 259–60.

145. *See, e.g.,* *Brookfield Commc’ns, Inc. v. W. Coast Entm’t Corp.*, 174 F.3d 1036, 1064 (9th Cir. 1999).

146. At its core, the act of using trademarks in keyword advertising is no different than the acts that traditional initial interest confusion seeks to eliminate. *See id.* at 1062, 1064. In *Brookfield*, the court explained the nature of initial interest confusion by posing a scenario in which a company advertises their store by placing a sign on the highway using a competitor’s trademark that, instead of directing the consumer to the stated trademarked business, leads the consumer to the infringing business. *Id.* at 1064. While the consumer is fully aware of the differences between the two companies, a multitude of reasons would likely lead the consumer to give their business to the infringer, despite having been led there deceptively. *Id.* At a basic level, it is hard to see how this scenario meaningfully differs from keyword advertising. Presenting the consumer with Business X after they search using a trademark owned by Business Y is no different than presenting a consumer with Business X after they exit off the highway having seen a sign directing them to Business Y. *See id.* As the court in *Brookfield* explained, “the fact that there is only initial consumer confusion does not alter the fact that [the infringing company] would be misappropriating [another’s] acquired goodwill.” *Id.* (citing *Blockbuster Entertainment Group v. Laylco, Inc.*, 869 F. Supp. 505, 513 (E. D. Mich. 1994)). This misappropriation of acquired goodwill is hardly absent in an Internet context. *See id.* at 1064.

147. Paul L. Bonewitz, Note, *Beyond Confusion: Reexamining Trademark Law’s Goals in the World of Online Advertising*, 81 ST. JOHN’S L. REV. 899, 899 (2007).

148. *Id.*

149. *See, e.g.,* *Ty, Inc. v. Perryman*, 306 F.3d 509, 510 (7th Cir. 2002) (“The fundamental purpose of a trademark is to reduce consumer search costs by providing a concise and unequivocal identifier of the particular source of particular goods.”); William M.

search costs because consumers can use marks as shorthand for qualities they want and can rely on them instead of researching various products.¹⁵⁰ Second, trademarks promote and encourage investment in quality because, without consumers investing research into what they buy, companies are better served by having their mark denote consistent quality.¹⁵¹ Inconsistent quality is akin to not having a trademark because people do not know what to associate the mark with.¹⁵² This market-minded approach to understanding trademark law through its connection with financial interests is important in deciding the legality of trademarks in keyword usages online. This analysis further requires the distinction between the different actors within a system of consumption—both businesses and consumers.¹⁵³

1. *Business Perspective*

a. *The true harm.* Critics of applying trademark protection to keyword advertising say that doing so puts smaller businesses at an unfair disadvantage.¹⁵⁴ Additionally, allowing larger corporations to pursue costly litigation over these matters when the disputed lost profits are often very low is an expense that large companies can afford while smaller companies cannot.¹⁵⁵ While there is some—though limited¹⁵⁶—merit to such arguments,

Landes & Richard A. Posner, *Trademark Law: An Economic Perspective*, 30 J.L. & ECON. 265, 268–70, 273–75 (1987) (stating that the benefits of reducing consumer search costs induce trademark holders to “maintain consistent quality over time and across consumers,” meaning that the producers will invest in the quality of their products).

150. Landes & Posner, *supra* note 149, at 268–69.

151. *See id.* at 269–70.

152. *Id.*

153. While Internet search providers themselves, as for-profit entities, are also relevant in a policy discussion of keyword advertising, analysis of the interests extending beyond those already outlined in the context of traditional businesses and consumers goes beyond the scope of this discussion. For an overview of the role of search providers in this context, see generally Eric Goldman, *Deregulating Relevancy in Internet Trademark Law*, 54 EMORY L.J. 507, 532–43 (2005) [hereinafter Goldman, *Deregulating*].

154. *See* Goldman, *Once Again*, *supra* note 87.

155. *See id.* (discussing the large amount of money 1-800 Contacts spent litigating against the Lens.com, a newer member of the field).

156. In explaining why trademark issues should be kept out of the keyword advertising arena, critics point out that keyword advertising trademark lawsuits are costly, rarely decided against the alleged infringer, and often involve very small actual damages. *See id.*; Goldman, *Suing*, *supra* note 47. The very fact, however, that businesses are unlikely to succeed in these lawsuits, coupled with the huge financial price they must pay and the alleged minimal damages, could well lead to a level of self-regulation, thus limiting the

the value a company has in protecting its intellectual property may well be much greater than the direct consequences of a specific infringement.¹⁵⁷ By allowing other companies to benefit from the work of one company, there can be significant damage such as brand dilution.¹⁵⁸ As stated by the court in *Gucci America, Inc. v. Guess?, Inc.*, “[i]n trademark cases, irreparable harm is presumed once infringement or dilution has been shown, based on the ensuing loss of goodwill and ability to control one’s reputation.”¹⁵⁹ While the monetary value of the purported damages may be miniscule when compared to the cost of litigation on the matter, failure to take action may hurt a business in ways not easily quantified in dollar amounts.¹⁶⁰ The foundation of trademark protection under the Lanham Act is to distinguish one’s goods from those of another.¹⁶¹ This is why the elimination of consumer confusion is paramount and why legislatures enacted statutes outlawing false designation of origin and dilution.¹⁶²

b. *Nature of goods and level of consumer care.* Though limited by the Ninth Circuit in *Network Automation*, the discussion in the *Playboy Enterprises* case raises questions, when applied to both the Ninth and Tenth Circuit rulings, as to the current state and proper application of initial

frequency of such lawsuits. What is more, if businesses indeed have so much to lose and so little to gain from bringing these lawsuits, there would be little motivation to litigate in the first place—a fact suggesting the benefit (or potential harm) is not nearly as minimal as critics let on. See Landes & Posner, *supra* note 149, at 270. Finally, even if businesses do not self-regulate in this area, the inconvenience of litigation is by no means justification for deciding the rights and duties of businesses and consumers (though the same cannot be said for frivolous litigation).

157. See Landes & Posner, *supra* note 149, at 270, 306–09.

158. See 15 U.S.C. § 1125(c)(2)(B)&(C) (2012) (defining dilution by blurring as an “association arising from the similarity between a mark or trade name and a famous mark that impairs the distinctiveness of the famous mark” and dilution by tarnishment as an “association arising from the similarity between a mark or trade name and a famous mark that harms the reputation of the famous mark”); Landes & Posner, *supra* note 149, at 306–09; see generally *Starbucks Corp. v. Wolfe’s Borough Coffee, Inc.*, 588 F.3d 97, 105–12 (2d Cir. 2009) (distinguishing further between dilution by blurring and dilution by tarnishment).

159. *Gucci Am., Inc. v. Guess?, Inc.*, 868 F. Supp. 2d 207, 243 (S.D.N.Y. 2012) (citing *New York City Triathlon, LLC v. NYC Triathlon Club, Inc.*, 704 F. Supp. 2d 305, 326 (S.D.N.Y. 2010)).

160. See *id.*; see also *Austl. Gold, Inc. v. Hatfield*, 436 F.3d 1228, 1239 (10th Cir. 2006).

161. See 15 U.S.C. § 1127.

162. See *id.* § 1125.

interest confusion in a keyword-advertising context.¹⁶³ In considering the various likelihood of confusion factors, the court in *Playboy Enterprises* discussed the type of goods in question and the level of consumer care.¹⁶⁴ In this case, the content in question was adult sexual material.¹⁶⁵ The court stated that the low cost of the products sought—which was related to low consumer care¹⁶⁶—and content of those products indicated there was an increased chance for initial interest confusion.¹⁶⁷ In *Network Automation*, this sort of analysis benefited the defendant because the product at issue was expensive software and the Internet consumers, as explained by the court, were generally sophisticated and subsequently exercised greater consumer care.¹⁶⁸ The alleged infringer in *1-800 Contacts*, on the other hand, might have had a weaker case had the court used this *Playboy Enterprises* analysis because at issue were products—contact lenses—with features indicative of low consumer sophistication,¹⁶⁹ suggesting a potential for finding of initial interest confusion as analyzed under *Playboy Enterprises*.¹⁷⁰ As such, it is important to consider the nature of goods involved and the level of consumer care in determining whether consumer confusion is likely.

In further addressing the notion of consumer care, it becomes clear that outlawing the use of another's trademarks in keyword advertising is necessary to protect, and would ultimately serve to benefit, businesses. While some scholars state it is not possible to make “legally-supportable inferences

163. See *Playboy Enters., Inc. v. Netscape Commc'ns Corp.*, 354 F.3d 1020, 1028 (9th Cir. 2004).

164. *Id.*

165. *Id.*

166. See *Network Automation, Inc. v. Advanced Sys. Concepts, Inc.*, 638 F.3d 1137, 1152–53 (9th Cir. 2011) (stating that when products are more expensive, courts assume the consumers will use greater care and will be more sophisticated about what they are looking for).

167. *Playboy Enterprises*, 354 F.3d at 1028 (“We presume that the average searcher seeking adult-oriented materials on the Internet is easily diverted from a specific product he or she is seeking if other options, particularly graphic ones, appear more quickly.”).

168. See *Network Automation*, 638 F.3d at 1152–53.

169. *1-800 Contacts, Inc. v. Lens.com, Inc.*, 722 F.3d 1229, 1234 (10th Cir. 2013). In assessing consumer sophistication, courts generally look to various factors including product price, transaction complexity, the infrequency of the purchase, and the age, income, and education of the average purchaser. Melinda A. Dudley, Note, *Consumer Sophistication and Likelihood of Confusion: How Purchased Keyword Trademark Infringement Cases Are Giving Consumers Too Much Credit*, 41 AIPLA Q.J. 319, 345 (2013).

170. *Playboy Enters.*, 354 F.3d at 1028.

about searcher objectives based on the keywords used,” evidence does indicate that individuals using search engines generally choose keywords poorly, rarely using advanced search techniques and generally using no more than two keywords in a keyword search.¹⁷¹ Furthermore, when a search is conducted using an Internet search engine, the purchased keywords are not apparent to the consumer.¹⁷² After a searcher uses a specific term, there is no necessary indication of the relationship between that term and the resulting impression.¹⁷³ As such, consumers are not necessarily privy to the relationship of businesses and search results.¹⁷⁴ If consumers use a trademark in a keyword search and a competitor’s product appears, how are they to know that the two are not associated? Even with search engines labeling sponsored advertisements, it still stands to reason that search results relate to the search terms.¹⁷⁵ While those who support the use of trademarks in keyword searches point out that such a relationship does not indicate sponsorship or affiliation,¹⁷⁶ assuming that such a distinction is always apparent to a consumer is presumptive. If someone searches for “1-800 Contacts,” for instance, and then sees a result for Lens.com, is that person to know instantly that the two are competitors? While the level of consumer experience online may have increased over the past few years,¹⁷⁷ “[e]xperience using the Internet does not necessarily correlate to sophistication in online shopping research and transactions.”¹⁷⁸ Assuming consumers will be savvy enough to distinguish instantly between advertisers when presented in such a common manner goes against the legal treatment of the consuming public on the Internet.¹⁷⁹ As such, absent particular circumstances indicating a more sophisticated purchasing public, courts should assume Internet consumers are unsophisticated

171. See Goldman, *Deregulating*, *supra* note 153, at 515–16, 521.

172. See *1-800 Contacts, Inc.*, 722 F.3d at 1241.

173. See *id.*

174. See *id.*

175. See GOOGLE, *Keywords*, *supra* note 3 (discussing how businesses should buy keywords relevant to their business to reach the most potential consumers possible).

176. See Barry, *supra* note 32, at 371–72.

177. *Network Automation, Inc. v. Advanced Sys. Concepts, Inc.*, 638 F.3d 1137, 1152–53 (9th Cir. 2011). While the default approach is assigning Internet consumers a low level of care, there are an increasing number of instances in which a more heightened standard must apply. *Id.*; see also Andrew Martineau, *Imagined Consumers: How Judicial Assumptions About the American Consumer Impact Trademark Rights, for Better and for Worse*, 22 DEPAUL J. ART TECH. & INTELL. PROP. L. 337, 362–63 (2012).

178. Dudley, *supra* note 169, at 329.

179. See *id.* at 346–48.

and assign a low level of consumer care.¹⁸⁰ When consumers lack sophistication, courts should be particularly wary of disputed advertisements and grant the alleged infringer minimal deference with regards to potential consumer confusion.¹⁸¹ Failing to restrict the use of trademarks in keyword advertising would thus result in a situation where the Internet does not accord with traditional legal analysis and businesses are subject to having to communicate with customers more susceptible to confusion.

c. *Freeriding*. Another key element of trademark law is preventing individuals or companies from benefitting from, or freeriding off the success of others.¹⁸² Trademark law forbids parties from benefiting off of the goodwill of others—exactly what happens when another’s trademark is used to promote a different service or product.¹⁸³ When a business uses another’s trademark to promote its own product to capture that market and redirect consumers, it is benefiting off of the goodwill of the original trademark holder.¹⁸⁴ While an argument can be made that use of the trademark is merely a means by which a party tries to fairly compete in the same market by providing consumers similar options,¹⁸⁵ the party using the trademark is nevertheless relying on the success of the trademark holder.¹⁸⁶ If someone were to start making guitars, the person would have to work very hard to establish a consumer base and expand the name and reputation of the product—something that many companies did prior to their entrance into the market.¹⁸⁷ If said company were to advertise its product online by purchasing the keyword “Fender,” it would immediately have access to any

180. *Network Automation*, 638 F.3d at 1153 (finding that when the product is more expensive, then it is more likely the online consumer is more sophisticated).

181. See *Dudley*, *supra* note 169, at 352–53 (arguing that courts should presume a low standard of care for online shoppers because it would be “extremely difficult” to establish the proper standard of care of the ordinary online consumer due to the “broad and varied population of Internet users”).

182. See *Mobil Oil Corp. v. Pegasus Petroleum Corp.*, 818 F.2d 254, 259 (2d Cir. 1987); *Stork Rest. v. Sahati*, 166 F.2d 348, 356–57 (9th Cir. 1948); *Landes & Posner*, *supra* note 149, at 270.

183. *Stork Rest.*, 166 F.2d at 357 (holding that equity and the law frown on the idea of “riding the coattails” of the trademark holder).

184. See *id.*

185. See *infra* Part V.B.

186. See *Landes & Posner*, *supra* note 149, at 270.

187. See *id.*

consumer looking to buy a Fender guitar.¹⁸⁸ While this exposure to the same guitar-buying market seems fair on its face, the second company nevertheless received a benefit from the success of Fender's brand.¹⁸⁹ Without the goodwill established by Fender—as evidenced by consumers searching for that very trademark—the second guitar company likely would never have that same market penetration.¹⁹⁰ As such, the second company is intentionally benefiting from the goodwill of another—something admonished by the courts.¹⁹¹

To protect the integrity of the market, it is important to prevent companies from piggybacking on one another's success.¹⁹² By requiring companies to purchase only keywords relevant to their own business or product and not trademarks held by competing companies, it would ensure that each company is not intentionally misleading consumers and is instead operating within their own confines. The most notable response to this approach, however, is that it prevents companies from fairly competing through comparative advertising and, as such, deprives the consumer.¹⁹³

2. Consumer Perspective

The argument that companies using their competitor's trademarks as keywords is impermissible freeriding is frequently met with the response that using another's trademark to advertise your own product is merely a means by which one company fairly competes with another by providing the consumer with as many purchasing options as possible.¹⁹⁴ Such a response turns its emphasis from solely the dealings of the businesses to the consumer as well. Critics of applying trademark protection to keyword advertising say that allowing companies to purchase their competitor's registered keywords

188. See *GOOGLE, Keywords*, *supra* note 3.

189. See, e.g., *Mobil Oil Corp. v. Pegasus Petroleum Corp.*, 818 F.2d 254, 259 (2d Cir. 1987); Landes & Posner, *supra* note 149, at 270.

190. See *Austl. Gold, Inc. v. Hatfield*, 436 F.3d 1228, 1239 (10th Cir. 2006); Landes & Posner, *supra* note 149, at 270.

191. See *Stork Rest. v. Sahati*, 166 F.2d 348, 357 (9th Cir. 1948).

192. See Landes & Posner, *supra* note 149, at 270 (“If the law does not prevent it, free riding will eventually destroy the information capital embodied in a trademark, and the prospect of free riding may therefore eliminate the incentive to develop a valuable trademark in the first place.”).

193. See Barry, *supra* note 32, at 371–72.

194. See *id.* at 372.

ultimately benefits the consumer.¹⁹⁵ The difference in opinion is seen at the moment initial interest confusion allegedly begins. Those in support of using trademarks in keyword advertising argue that potentially confusing advertisements, generated by companies purchasing trademarks of their competitors, are beneficial to the consumer because they provide the consumer with more purchasing options.¹⁹⁶ The argument holds that consumers should be given all competing products when they search for a particular trademarked term.¹⁹⁷ Judge Berzon's concurring opinion in *Playboy Enterprises*, argues in support of such a notion.¹⁹⁸

In her concurring opinion, Judge Berzon began by arguing that initial interest confusion should not extend to situations in which a consumer knows, or at least should know, that the trademark holder is not related to the resulting search impressions because they are labeled as such.¹⁹⁹ Because sponsored search impressions are generally labeled as advertisements, the concurrence reasoned that there is no customer "hijacking," and it instead amounts to "distracting a potential customer with another choice."²⁰⁰ The opinion expanded on this idea with an analogy that is critical in understanding both sides of the argument regarding the use of trademarks in keyword advertising.²⁰¹

In the scenario Judge Berzon posed, there was a Calvin Klein clothing section in a Macy's department store.²⁰² Between the entrance of the store and said clothing section, however, was a more prominently displayed Macy's-owned clothing section designed to appeal to the same people looking for Calvin Klein clothes.²⁰³ This diverted the shopper to the Macy's section, and the shopper ended up purchasing that brand instead.²⁰⁴ Judge Berzon rhetorically asked whether Macy's was infringing on Calvin Klein's

195. *See id.*

196. *See id.* at 371–72 (arguing that any potential confusion would dissipate once the consumer actually clicks into the website, realizes it isn't what they want, and click back out).

197. *See id.* at 372.

198. *See Playboy Enters., Inc. v. Netscape Commc'ns Corp.*, 354 F.3d 1020, 1035–36 (9th Cir. 2004) (Berzon, J., concurring).

199. *Id.*

200. *Id.* at 1035.

201. *See id.*

202. *Id.*

203. *Id.*

204. *Id.*

trademark by displaying its clothing in such a manner before rightfully explaining it was not.²⁰⁵ While seemingly persuasive at face value, this analogy, and the argument it supports, breaks down when in an Internet context.²⁰⁶

Simply put, the Internet market and physical retail are not the same arenas and should not be treated as such. Even the experiences themselves are vastly different. A department store aims at providing different products for a consumer to buy. A search engine, however, is designed to locate exactly what an individual is searching for.²⁰⁷ As evidenced by its name, search engines are specifically tailored to aid a consumer in their search for particular products.²⁰⁸ They differ from traditional retail stores in that they are not merely a physical housing for a variety of products. Clothing companies displayed alongside one another are not only expected, but are also necessary in retail stores. On search engines, however, it is certainly not necessary and arguably not expected.²⁰⁹ The concurrence would thus have had a more direct comparison if Judge Berzon crafted an analogy in which a consumer asked a department store employee to present her with some Calvin Klein clothing and the employee returned with Calvin Klein shirts tucked below shirts from a different brand.²¹⁰ Like a search engine, such an analogy presents the consumer with clothes the consumer otherwise would have not seen, whereas, in a department store, the consumer would have to see and decide between varying clothing regardless. It may seem trivial, but the nature of product display and delivery is fundamentally different in the context of search engines than it is in department stores. As such, conduct in one is not analogous to conduct in the other.

In explaining the analogy's application in an online context, Judge Berzon asked, "If I went to Macy's website and did a search for a Calvin Klein shirt, would Macy's violate Calvin Klein's trademark if it responded . . . with the requested shirt and pictures of other shirts I might like to consider as

205. *Id.*

206. *See* Dudley, *supra* note 169, at 329–30.

207. *Our Products and Services*, GOOGLE, <https://www.google.com/intl/en/about/company/products/> (last visited Apr. 24, 2015) [hereinafter GOOGLE, *Products*] (describing the "perfect search engine" as one that can understand exactly what a user means and "gives [them] back exactly what [they] want") (internal quotation marks omitted).

208. *See id.*

209. *See* Dudley, *supra* note 169, at 331–32 (stating that is difficult to believe that consumers expects and consents to this type of confusion simply by using a search engine).

210. *See Playboy Enters.*, 354 F.3d at 1035.

well?”²¹¹ Judge Berzon then expressed doubt to there being any problem with such conduct.²¹² The problem, however, is that this Internet hypothetical is not in line with her original analogy and in failing to accurately align, it instead buttresses the opposite argument.²¹³

In a department store, consumers must enter the store and then search amongst thousands of products and brands to find what they are looking for. Simply filtering the surroundings to present only the desired purchase is not possible. Thus department stores, as explained above, are not analogous to search engines.²¹⁴ By extending the analogy of a department store to the search function of a department store website, Judge Berzon tried to do just that.²¹⁵ This is not a proper leap. If the happenings within a department store were truly applied in an Internet context, use of any search feature could not be involved. In the analogy at hand, Judge Berzon would have needed to present a situation in which the consumer needed to wade through all of the clothing options to find the desired product. Properly rephrased, the rhetorical question would have needed to ask: If I went to Macy’s website and clicked on the word “clothing,” would Macy’s violate Calvin Klein’s trademark if it responded with clothing by both Calvin Klein and Macy’s? Such a question is obviously useless to consider in an online context because it does not accurately reflect the function of search engines.²¹⁶ As such, the proper analogy is worthless to further the argument that trademark use in keyword advertising benefits consumers. By failing to apply her own analogy, the concurring opinion in *Playboy Enterprises* underscores the notion that the Internet brings with it new understandings of traditional questions and cannot be ruled by traditional understandings of the relationship between trademarks, businesses, and consumers.²¹⁷

The prevailing argument for those seeking the legal use of trademarks in keyword advertising is that seeing results from the competitors of the product that the consumer was searching for will allow the consumer to be better informed when making a purchase.²¹⁸ The minimal potential benefit

211. *Id.*

212. *Id.*

213. *See id.*

214. *See* GOOGLE, *Products*, *supra* note 207.

215. *See* *Playboy Enters.*, 354 F.3d at 1035.

216. *See* GOOGLE, *Products*, *supra* note 207.

217. *See* *Playboy Enters.*, 354 F.3d at 1035; Lastowka, *supra* note 40, at 1328–29 (noting that major changes in technology often call for new approaches in the law).

218. *See* Barry, *supra* note 32, at 372.

of this, however, is outweighed by the legitimate confusion argued by plaintiffs, such as in the *1-800 Contacts* case.²¹⁹ In the modern commercial environment, consumers are best served by clear and honest advertising; it is in the consumer's best interest to be able to clearly determine brand affiliations.²²⁰ Additionally, whereas critics argue that consumers are smart enough to differentiate between competing companies,²²¹ consumers are, by that same logic, also smart enough to look for different companies in fashioning keyword searches. How consumers want to shop should be left up to them. They should not be manipulated by deceptive advertising.

VI. COMPARATIVE ADVERTISING: A PROPOSED SOLUTION

A. *An Approach to Better Protect Businesses While Still Aiding Consumers*

With competing concerns regarding both businesses and consumers, courts must strike a balance to determine the best approach to trademarks and keyword advertising. While courts and scholars debate the merits of the initial interest confusion doctrine in deciding whether to allow the use of competitor's trademarks in keyword advertising, it appears that the proper solution can best be found in an often-overlooked middle ground: comparative advertising.²²²

219. See *1-800 Contacts, Inc. v. Lens.com, Inc.*, 722 F.3d 1229, 1234 (10th Cir. 2013).

220. Because it is not possible to gauge consumer search intent based merely on search data, there is no way of saying with any certainty what a typical consumer does or does not want when using keyword searching. See Goldman, *Deregulating*, *supra* note 153, at 515–16, 521–22 (discussing how an online shopper's intent cannot be gleaned from the keywords he or she enters into Google because the keywords tend to be short, broad, and without enough context clues to accurately infer his or her objectives). As such, fashioning an approach to keyword advertising based on conjecture that consumers want competing goods or services when searching a specific trademark is illogical.

221. See, e.g., Barry, *supra* note 32, at 371–72 (providing an example of how a prospective law student would be able to differentiate between Pittsburgh School of Law and Duquesne University School of Law in the Pittsburgh area, even though both schools are retrieved using the search term “Pitt Law”).

222. Comparative advertising is “advertising that compares alternative brands on objectively measurable attributes or price, and identifies the alternative brand name, illustration or other distinctive information.” *Statement of Policy Regarding Comparative Advertising*, FTC (August 13, 1979), <https://www.ftc.gov/public-statements/1979/08/statement-policy-regarding-comparative-advertising>; see 15 U.S.C. § 1125(c)(3)(A)(i) (2012) (excluding the use of another's mark under the dilution rules when the mark is used in connection with “advertising or promotion that permits consumers to compare goods or services”).

1. *The Benefits of Comparative Advertising for Consumers*

The court in *Network Automation, Inc.* explained the various circumstances in which trademark confusion analysis could be applied to keyword advertising use.²²³ For advertisements that appeared after an individual used a keyword search, the court indicated that a distinction must be made in the results themselves, generally seen in the description following the resulting link.²²⁴ Both the Ninth and Tenth Circuits, as discussed above,²²⁵ have ruled that the trademark holder's competitor can use trademarks as keywords, so that searching for that trademark can result in a link and description of the competitor.²²⁶ While this Author has argued that subsequent courts should not adopt this approach, differentiating the resulting ads creates a different remedy altogether. The court in *Network Automation, Inc.* indicated that the legal analysis might differ depending on the surrounding context of the ad in question and its use of the trademark; that is, it was important to the court that Google and Bing had partitioned the ads from the organic results and labeled the ads as such.²²⁷ Similarly, although the court in *1-800 Contacts* noted that use of the trademark in the keyword purchasing was legal in that case, it suggested that a plaintiff could successfully argue a trademark infringement suit if the trademark was used to describe the link on account of creating additional confusion that would potentially mislead even the astute consumer.²²⁸

The court in *Network Automation, Inc.* alluded, however, to a middle ground when it noted a difference between using a trademark and comparing one's business with a trademark.²²⁹ Scholars and other sources have noted the distinction, and it is something future courts should consider in the keyword context.²³⁰ If a court allows a competitor to use another's trademark

223. *Network Automation, Inc. v. Advanced Sys. Concepts, Inc.*, 638 F.3d 1137, 1148–49 (9th Cir. 2011).

224. *See id.* at 1153–54.

225. *See supra* Part III.A–B.

226. *See 1-800 Contacts, Inc. v. Lens.com, Inc.*, 722 F.3d 1229, 1234–35 (10th Cir. 2013); *Network Automation*, 638 F.3d at 1142.

227. *See Network Automation*, 638 F.3d at 1153–54.

228. *See 1-800 Contacts*, 722 F.3d at 1245.

229. *See Network Automation*, 638 F.3d at 1153 (recognizing that an alleged infringer may not be liable for using a competitor's trademark for “truthful comparative advertising”) (internal quotations omitted).

230. *See Goldman, Deregulating*, *supra* note 153, at 522, 556–58 (stating that “[n]othing proprietary to the trademark owner is taken” through comparative advertising and that this associative process helps consumers obtain comparative information

to bring its business to the consumer, confusion can ultimately be avoided by an explicit comparative description in the resulting advertisement.²³¹ The current law in the relevant circuits only dictates that someone can use another's trademark in keyword advertising—pending clear and proper identification as an advertisement and its source, whether by the company or the host search engine—and the law does not clearly set any further guidelines with regards to mitigating confusion.²³² By requiring businesses and individuals to include a phrase that clearly distinguishes their product or service from that of the trademark owner, confusion could be better avoided.²³³ Such an approach would benefit consumers in that they would be able to see competing products and services without being misled prior to making their purchase.²³⁴ It would be in the best interest of future courts to promote the use of comparative descriptions in keyword advertising to help foster healthy and appropriate trademark law in the digital age.

Requiring businesses who purchase trademarks belonging to others to specify within the resulting impressions that they are a competitor of the trademark holder would provide consumers the best of both worlds.²³⁵ On

about products in the field); FTC, *supra* note 222 (“[FTC] policy in the area of comparative advertising encourages the naming of, or reference to competitors, but requires clarity, and if necessary, disclosure to avoid deception of the consumer.”); *Trademark FAQs*, *supra* note 12.

231. See *Network Automation*, 638 F.3d at 1153. For example, if a competitor guitar company purchases a keyword of the “Fender” trademark, the resulting impressions could simply be labeled with the word “advertisement” or, through comparative advertising, the resulting impression could explicitly state the competitor’s relationship to the trademark holder by saying something such as, “Compare our guitars to Fender guitars.” Whereas a mere advertisement designation may accompany both competitors and the trademark holder, a descriptive statement in the competitor’s advertisement makes clear how the resulting impression relates to the trademark holder. See FTC, *supra* note 222. While a consumer may not realize a search result is for Fender’s competitor when the only thing indicating as such is the word “Advertisement,” a consumer could be expected to differentiate between competing companies when a statement such as “[o]ur guitars are superior to Fender guitars” is contained within the search impression. See *id.*

232. See *1-800 Contacts*, 722 F.3d at 1234–35; *Network Automation*, 638 F.3d at 1153–54.

233. See FTC, *supra* note 222.

234. See *id.* (“Comparative advertising, when truthful and non-deceptive, is a source of important information to consumers and assists them in making rational purchase decisions. Comparative advertising encourages product improvement and innovation, and can lead to lower prices in the marketplace.”).

235. This could be accomplished by simple statements such as “[c]ompare our product with Product X,” or “[y]ou should consider Product Y instead of Product X.” See

one hand, consumers would still receive a wide assortment of results when searching for particular products,²³⁶ and, on the other, consumers would be fully aware of the affiliations between the advertisements and the trademark-holder.²³⁷ The question, then, is what impact such an approach would have on businesses.

2. *The Benefits of Comparative Advertising for Businesses*

While implementing a focus on clear, comparative advertising in search engine impressions would be a different approach for businesses, it would not be a harmful one.²³⁸ For businesses looking to protect their brand, it would be a positive step toward ensuring consumers do not confuse their brands with their competitors' when conducting Internet searches and would lower the chances of consumers falsely believing the brands are affiliated, because even the least sophisticated consumer could be expected to understand that a company advertising as a competitor of the trademarked keyword was not in fact affiliated with the trademark holding company.²³⁹

Additionally, businesses looking to benefit from the use of their competitors' trademarks in keyword searches would still have two avenues of pursuit. First, they could continue to advertise their product using competitor trademarks with the only change being that, in addition to labeling the results as advertisements, they would have to state in their search impression that their product or service was a competitor of the trademark holder.²⁴⁰ Since companies in support of trademark usage in keyword advertising presumably only want to be able to compete fairly in the same market as the

Goldman, *Deregulating*, *supra* note 154, at 556–57. The goal would be to clearly show that the organizations in question are competitors rather than informing the consumer that something is an advertisement without further information as to its affiliation with the trademarked search term. *See* FTC, *supra* note 222.

236. *See* Goldman, *Deregulating*, *supra* note 153, at 552.

237. *See* FTC, *supra* note 222.

238. *See* Goldman, *Deregulating*, *supra* note 153, at 556–57 (stating that comparative advertisements can help businesses reach more consumers); FTC, *supra* note 222 (noting the economic benefits to both consumers and businesses comparative advertisement provides). Despite not harming businesses from a policy perspective, questions exist regarding the technological feasibility of an adapted approach and any resulting burdens upon those tasked with implementation—a consideration beyond the scope of this proposal.

239. *See* 1-800 Contacts, Inc. v. Lens.com, Inc., 722 F.3d 1229, 1245 (10th Cir. 2013) (finding a much lower chance of likelihood of confusion when an impression clearly identifies its source); Barry, *supra* note 32, at 372; FTC, *supra* note 222.

240. *See* FTC, *supra* note 222.

trademark holder by providing the consumer with all possible options, such an approach should be embraced.²⁴¹ The only difference for the competitor would be a clearer description of its relationship to the trademark holder. Since the competitor wants to compete with the trademark holder in the first place, identification of the relationship as competitors would not change anything. Any arguments against such an approach would suggest that companies seeking to use trademarks belonging to competitors are instead looking for benefits not approved by trademark law—such as consumer confusion.²⁴²

While this approach may create a negative marketing effect for some companies by forcing them to explicitly associate with their competitors, the result is a necessary evil. Businesses cannot “have their cake and eat it too.” If a business wants to benefit from the goodwill of a competitor through keyword advertising, it is good policy, in allowing such benefit, to assign a benefit to the competitor as well.²⁴³ If a business does not want to associate with a competitor, it is welcome to refrain from using that competitor’s trademark at all and instead rely on its own business to reach consumers.

The second approach the comparative advertisement solution offers to businesses looking to benefit from the use of trademarks in keyword searches currently exists but courts and scholars sometimes ignore: use of non-trademarked keywords shared by all competitors within a particular field.²⁴⁴ Using the earlier example of Fender guitars,²⁴⁵ a new guitar company could still compete with (and perhaps even have a search impression alongside) Fender by using keywords such as “guitar” or “musical instrument.” Some argue that prohibiting trademarks in keyword advertising would result in parties being unable to compete with one another and preventing consumers from receiving all purchasing options.²⁴⁶ But such an argument ignores the fact that any company can use non-trademarked keywords to describe

241. See Barry, *supra* note 32, at 371–72.

242. See *Playboy Enters., Inc. v. Netscape Commc’ns Corp.*, 354 F.3d 1020, 1025–26 (9th Cir. 2004).

243. See Goldman, *Deregulating*, *supra* note 153, at 557 (discussing the benefits conferred to the trademark holder when a competitor uses their mark in comparative advertising).

244. See *Playboy Enters.*, 354 F.3d at 1030 (holding that the alleged infringer could have, and in fact did, use non-trademarked keywords to trigger the banner advertisements).

245. See *supra* note 231.

246. See, e.g., Barry, *supra* note 32, at 371–72.

their product.²⁴⁷ Any company could, for instance, use the word “guitar” as a search term. It is critical to understand the non-potentially infringing options available to businesses looking to advertise their goods or services online when they choose what keywords to purchase, considering the wide range of non-trademarked words compared to the necessarily finite world of trademarked terms.

3. Consideration of Consumer Intent

In addition to business advertising approaches, the distinction between trademarked and general keywords is also applicable in a consumer context. As the court in *Network Automation* stated, “Because the mark is both [the] product name and a suggestive federally registered trademark, consumers searching for the term are presumably looking for its specific product, and not a category of goods.”²⁴⁸ Similarly, the court noted that “a user searching for a distinctive term is more likely to be looking for a particular product, and therefore could be more susceptible to confusion when sponsored links appear that advertise a similar product from a different source.”²⁴⁹ Consumers are, by their very nature, active participants in the marketplace. Despite not always being credited with sophistication, their actions and intentions should not to be ignored, and the fact that consumers have the ability to search for either keywords or generic terms should not be discounted.²⁵⁰ If, for instance, a consumer searches for “Fender,” it is quite likely that they are seeking that particular brand of guitar instead of a wide variety of guitars to choose from (as if they had searched instead for “guitars”).²⁵¹

Those in support of minimally restricted trademark usage in keyword advertising seem to assume that consumers want every possible purchasing option presented to them when they conduct an Internet search and that failure to offer such expansive results is in some way improper.²⁵² Yet a simple understanding of purchasing habits indicates otherwise. When someone wants a new shirt, the person goes to a clothing store. Conversely, when that

247. See *Playboy Enters.*, 354 F.3d at 1030 (noting that the alleged infringer had 400 other keyword terms that were not trademarked in the list they could choose from).

248. *Network Automation, Inc. v. Advanced Sys. Concepts, Inc.*, 638 F.3d 1137, 1150 (9th Cir. 2011).

249. *Id.* at 1149 (citing *1-800 Contacts, Inc. v. Lens.com, Inc.*, 755 F. Supp. 2d 1151 (D. Utah, 2010)).

250. See *Playboy Enters.*, 354 F.3d at 1030.

251. See *Network Automation*, 638 F.3d at 1149.

252. See, e.g., Barry, *supra* note 33, at 371–72.

person want McDonalds, he or she goes to McDonalds. Just as you would be hard-pressed to find an individual that would like to be presented with competing restaurant choices while pulling into a desired restaurant, it is unlikely that many consumers would want to wade through competitor advertisements as they seek their desired purchase through a search engine.²⁵³ Some have noted that increasingly, “[c]onsumers who use the internet for shopping are generally quite sophisticated about such matters.”²⁵⁴ While some want to assign consumers great credit with respect to their ability to discern between advertisements—as those in support of trademark usage in keyword advertising generally do²⁵⁵—more credit should be given to consumers in regards to their intent when searching.²⁵⁶ If a consumer wants a particular product, they will search for it.²⁵⁷ Similarly, if they want options for a general product, their search terms will reflect it.²⁵⁸ Trademark law should accord with this reality.²⁵⁹

VII. CONCLUSION

It is critical for future courts to depart from the current rulings regarding trademarks in keyword advertising. While *Network Automation* raised pertinent points for courts to consider, and was correct in asserting that increases in consumer sophistication in an online context will coincide with

253. See Patrick F. Nevins, Note, *Is Google™ Doing Evil With Trademarks?*, 40 CONN. L. REV. 247, 270–71 (2007) (discussing that when a consumer searches for a trademark, it demonstrates their intent to find that product, and that they should be protected from the “noise” of “companies wishing to capitalize on the trademarks [consumers] query”).

254. *Toyota Motor Sales, U.S.A., Inc. v. Tabari*, 610 F.3d 1171, 1178 (9th Cir. 2010).

255. See Martineau, *supra* note 177.

256. See *Network Automation*, 638 F.3d at 1149; Nevins, *supra* note 253 (discussing that a consumer’s intent is shown through what search terms he or she uses).

257. See *1-800 Contacts, Inc. v. Lens.com, Inc.*, 722 F.3d 1229, 1245 (10th Cir. 2013); Nevins, *supra* note 253.

258. See *Network Automation*, 638 F.3d at 1149 (“[A] consumer searching for a generic term is more likely to be searching for a product category.” (citing *Brookfield Commc’ns, Inc. v. West Coast Entm’t Corp.*, 174 F.3d 1036, 1058 n.19 (9th Cir. 1999))).

259. See Nevins, *supra* note 253, at 272. Should large markets’ consumption preferences change in light of the Internet marketplace as accessed through search engines, the need to reflect consumer consumption habits as outlined herein would admittedly be lessened (as “reality” would be different than it currently is). See *Network Automation*, 638 F.3d at 1153 (detailing how changes in the ways consumers shop online alters the way courts should look at their consumption habits). Such changes to consumption preferences, however, are unlikely to occur when considering their fundamental nature.

lower likelihood of confusion for keyword advertising, it did not go far enough in delineating what is necessary for trademark usage to be permissible in keyword advertising.²⁶⁰ Though a distinction between advertisements and organic impressions on search engines is a step in the right direction in a system allowing trademarks to be used in keyword advertising, it is not enough absent evidence of effective consumer perception. Consumers being more likely to delineate between two sources is of no matter if the heightened scrutiny still falls within the realm of confusing similarity. With the addition of comparative advertising, such a concern is obviated completely.²⁶¹

For the reasons herein mentioned, approaches to the issue that place heightened restrictions on the usage of trademarks in keyword advertising would better protect business, consumers, and the market itself.²⁶² Though advances in technology and changes in society create new issues for the law to address, uncertainty is not cause to reject foundational principles of law and basic notions of equity. With every new question comes varying responses. When it comes to the application of trademark law to keyword advertising, it is time for the courts to provide the correct one.

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260. See *Network Automation*, 638 F.3d at 1152–53.

261. See *supra* Part VI.

262. See *supra* Part V.

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