

Santa Clara University

Keyword Advertising Law (June 2009)

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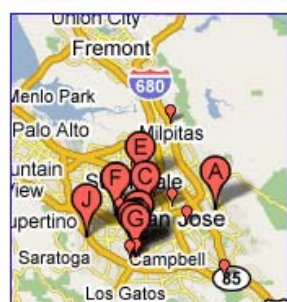
News results for mercedes



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- C. [Mercedes Benz Repair Specialist, MS European](#) - www.mseuropean.com - (408) 280-0400 - [3 reviews](#)
- D. [Tri-Star Motorsports Mercedes](#) - www.tri-starmotorsports.com - (408) 374-6641 - [9 reviews](#)
- E. [Mercedes Collision Specialist](#) - germanautobody.com - (408) 727-3368 - [3 reviews](#)
- F. [Smythe European Mercedes-Benz](#) - www.smythe.com - (408) 983-5200 - [More](#)
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Trademark Infringement Prima Facie Elements

- Plaintiff owns valid trademark
- Plaintiff has priority
- Defendant used plaintiff's TM in commerce in connection with sale of goods/services
- Defendant's use creates likelihood of consumer confusion about product source

Use in Commerce Defined

- Definition #1: Use in “commerce” = “all commerce which may lawfully be regulated by Congress” (15 U.S.C. §1127)
- Definition #2A: “Use in commerce” = “bona fide use of a mark in the ordinary course of trade” (15 U.S.C. §1127)
 - #2B: Only when TM displayed on product packaging or in ad copy
- THE STATUTE IS FACIALLY AMBIGUOUS
- Rescuecom: “It would be helpful for Congress to study and clear up this ambiguity.” Conclusion:
 - Definition #2A governs obtaining TM rights
 - Definitions #1 and 2B govern TM infringement

Use in Commerce Conclusions

- Displaying third party TM in ad copy = use in commerce
- Keyword triggering =
 - ...use in commerce outside 2d Circuit
 - ...unknown in 2d Circuit
 - Half-dozen pre-Rescuecom cases ≠ use in commerce
 - Rescuecom questioned two of those cases (Merck & S&L Vitamins)
- Selling trademarked keywords...
 - ≠ use in commerce when adware vendors sell categories, not specific TMs
 - = use in commerce when search engines sell specific TMs
- Rescuecom effectively ends “use in commerce” defense to online TM infringement

Likelihood of Consumer Confusion

- Tests to measure likelihood of consumer confusion
 - Standard multi-factor LOCC test
 - Hearts on Fire: LOCC “will ultimately turn on what the consumer saw on the screen and reasonably believed, given the context” (measured by 7 extra factors)
 - Sponsorship/endorsement confusion
 - “Initial interest confusion”
 - Brookfield: “use of another’s trademark in a manner reasonably calculated to capture initial consumer attention, even though no actual sale is finally completed as a result of the confusion”
- No jury has ruled on keyword advertising (yet). Results so far:
 - TMs in ad copy = LOCC (GEICO bench trial, Storus SJ)
 - Keyword triggering only ≠ LOCC (GEICO bench trial, J.G. Wentworth SJ, Designer Skin SJ)

Selected Defenses

- Descriptive fair use (15 U.S.C. §1115(b)(4))
- Nominative use. Elements:
 - Not readily identifiable without TM reference
 - Took only what was necessary
 - No implied sponsorship/endorsement
- For keyword sellers:
 - No contributory liability
 - Test: advertiser infringement + keyword seller directly controls/monitors instrumentality used to infringe
 - Limited printer/publisher remedies (15 U.S.C. §1114(2))

Other Claims

- TM Dilution = rejected in about half-dozen cases
 - Dilution only protects famous marks
 - Keyword triggering ≠ blurring or tarnishment?
 - Nominative use/comparative advertising defenses
- False Designation of Origin = rejected against keyword seller in Heartbrand Beef v. Lobel's
- Unfair Competition/Tortious Interference = rejected in Overstock v. SmartBargains
- State Anti-Keyword Laws
 - Utah Spyware Control Act (13-40-102 to 13-40-301): adware can't display TM-triggered pop-up ads when TM infringement
 - Alaska SB 140: adware can't display TM-triggered pop-up ads unless consumers consent to pop-up ad delivery
 - Utah SB 236 ("Trademark Protection Act") = passed 2007, repealed 2008
 - Utah HB 450 = failed 2009

Guidance for Trademark Owners

- Take advantage of keyword sellers' TM policies
 - Google: TM owner can block TM references in ad copy except for resellers, complementary good sellers & information sites
 - Yahoo and Microsoft: TM owner can block keyword triggering except for resellers and information sites
- Contractually restrict channel members from competitive bidding
- Make rational economic decisions in TM enforcement actions
 - In 800-JR Cigar, defendant's gross revenues = \$345
 - In Storus, defendant got 1,347 clicks in 11 months
 - TM enforcement and marketing are substitutable investments
- Don't be duplicitous

Other Guidance

- For Advertisers

- Competitive keyword advertising as a Prisoners' Dilemma
- Consider “negative matching” competitive TMs
- NEVER put competitive TMs in keyword metatags

- For Keyword Sellers

- Clearly segregate ads from editorial content
- Identify ad source and choose appropriate descriptor for ads
- Implement a TM policy
- Weigh pros/cons before providing a keyword suggestion tool
- Consider selling categories, not keywords