

# The Game of All Fours

Internet Commerce, the Rules

By Angela Jackson and Rick Juckniess

The game of All Fours, first described in a gaming book from the late 1600s, is one of the oldest card games that originated in England.<sup>1</sup> The components of the game are still popular in contemporary card games including the deck of cards, the use of trump, taking tricks, and scoring points. Although hundreds of years have passed, competing in the cyber world is similar to the game of All Fours. Cyber competition is a new game in the marketplace but uses all the old components, and it has never been easier to use a competitor's trademark to divert sales.

With the cost of marketing on the Internet a fraction of more traditional forms of advertising, the smallest businesses are now capable of competing in ways that they never could before. Many businesses have not yet learned how to monitor their competitors' online marketing activities, and the new landscape may keep important information hidden. Attorneys can learn a few easy tricks to assist clients in monitoring and evaluating potential claims.

## Checking the Deck for a Potential Trademark Infringement

Search engines are the principal index to the Internet. In 2011, there were roughly 17 billion search-engine searches in a given month.<sup>2</sup> Of these, 65 percent were Google, 16 percent Yahoo!, and 14 percent Bing.<sup>3</sup> Search engines are the way that more than a billion consumers a month locate new products, services, and sellers.<sup>4</sup>

Marketing to consumers by using a competitor's mark in search-engine advertising or designing a site or domain name specifi-

cally to capture particular consumers may be a violation of trademark laws. First, understand the four principal plays: keywords, meta tags, domain names, and protest and advertising sites.

### Keywords

Search your client's trademarks in the main search engines and check the sponsored links; the boxes or colored areas with advertising results are paid for by the listed parties. If the sponsored links show a competitor's advertisement, the competitor may have paid the search engine a fee to display its advertisement when someone is looking for your client's business. Print the competitor's ad; if it's sufficiently confusing, it may be redressable. A good example is the appendix to *Network Automation, Inc v Advanced Systems Concepts, Inc.*<sup>5</sup>

### Meta Tags

Next, check whether your client's trademarks are being used in the "meta tags" of competitors' websites. Search results are based in part on the description and meta tags found in the code on websites. To check these, go to the website in question, select "view" from your browser toolbar, and click "source" near the bottom of the list. A pop-up window will show the underlying code for the page. Scroll down a few lines to see the words appearing next to "meta tag." There will be two sets of words: description and keywords. Check both. The use of your client's trademarks here may be actionable.<sup>6</sup>

## Fast Facts

The unauthorized use of trademarks by businesses in Internet marketing is increasing, and the law is rapidly developing to address new uses.

Infringement of trademarks through use as Google Adwords has narrowed in recent cases as courts recognize consumer confusion is becoming less likely.

Current Sixth Circuit law takes a limited view of what constitutes a trademark "use in commerce."

## Domain Names

For businesses late to the game, it is worth checking the availability of domain names. You can visit <http://www.networksolutions.com>, type in a domain name, and see whether it is available. Squatting—reserving a domain name that includes the name of a company business or product—is frequently redressable. Using the trademark later in the address may not be infringement.

## Protest Sites and Site Advertising

Finally, see what sites mention your client's trademark or product and, in particular, malign or criticize your client or your client's product or service. Such websites are frequently used to increase rankings with search engines and drive traffic but often fall outside of trademark infringement. You can identify registered owners of websites by visiting [www.whois.com](http://www.whois.com).

## Playing Your Cards—Evolving Rules

### The Lanham Act and the Element of Confusion

The Lanham Act<sup>7</sup> imposes liability for improper "use in commerce" of another's mark if it is "likely to cause confusion, or to cause mistake, or to deceive,"<sup>8</sup> "as to the affiliation... or as to the origin, sponsorship, or approval of his or her goods [or] services... by another person."<sup>9</sup>

In evaluating a positive result in keyword advertising or meta tagging using a trademark, the first question is, What is the likelihood that a consumer would be confused into clicking on this particular linked advertisement instead of the link to your client's business? Courts use a multifactor test to guide them:

- (1) strength of plaintiff's mark;
- (2) relatedness of the goods;
- (3) similarity of the marks;
- (4) evidence of actual confusion;
- (5) marketing channels used;
- (6) degree of purchaser care;
- (7) defendant's intent in selecting the mark; and
- (8) likelihood of expansion in selecting the mark.<sup>10</sup>

The likelihood of confusion should be answered directly by average consumers, typically in surveys conducted by experts in the field.<sup>11</sup> The following examples demonstrate that the answers are more intuitive than one might think.

- In a keyword case, a diamond seller competing with the "Hearts on Fire" trademarked diamonds paid for ads to appear when consumers searched the trademarked phrase "hearts on fire." The ads did not display the "Hearts on Fire" trademark, but consumers may have been confused regarding whether the competitor offered the trademark diamonds for sale as an authorized distributor. Dismissal denied.<sup>12</sup>
- In a meta tag case, a competitor in cost-recovery equipment used the trademark "Copitrack" in meta tags (though misspelled "Copitrak") to increase search-engine results. The Seventh Circuit granted a preliminary injunction prohibiting use and requiring a disclaimer: "It is not the case that trademarks can *never* appear in meta tags, but that they may only do so where a legitimate use of the trademark is being made."<sup>13</sup>
- A job-scheduling software firm paid Google to display its ads when consumers searched "ActiveBatch," a competitor's trademark. The ads did not display the trademark, but advertised "Job Scheduler" and a link to the competitor's website, [www.networkautomation.com](http://www.networkautomation.com). In 2011, a preliminary injunction was reversed because consumers were not likely to be confused by sponsored links versus other search results.<sup>14</sup>
- In another recent keyword case, a disability law office paid for its sponsored ad to appear when consumers searched for the trademark "Binder & Binder." The link used the trademark as a header for the sponsored link, confusing consumers. A bench trial resulted in a finding of willful infringement, personal liability of a corporate officer, enhanced damages, and attorney fees.<sup>15</sup>

### Initial Interest Confusion

The doctrine of "initial interest confusion" was not invented for Internet transactions<sup>16</sup> but is essential in establishing that actionable confusion can occur before the ultimate sale, even when dispelled before the final transaction. As one court explained:

Once the consumer's attention is captured, the consumer might well realize that he or she has arrived at the defendant's (and not the plaintiff's) website, and yet might stay there and purchase the defendant's similar products. Although a sale procured in this manner does not ultimately result from the consumer's confusion as to the source of the products, it is procured nonetheless through the defendant's unfair use of the plaintiff's trademark and associated goodwill. Thus, "the wrongful act is the defendant's use of the plaintiff's mark to 'divert' consumers to a website that 'consumers know' is not [the plaintiff's] website."<sup>17</sup>

The most prominent case establishing the doctrine's use in Internet commerce is *Brookfield Communications Inc v West Coast Entertainment Corp*,<sup>18</sup> in which the court drew the analogy of Blockbuster putting up a misleading billboard reading "West

Coast Video: 2 miles ahead at exit 7” when Blockbuster is at exit 7 and West Coast Video is at exit 8. The court noted that this is the type of misdirection occurring with the unauthorized use of trademarks in Internet commerce. The Ninth Circuit presented a different analogy, describing a Macy’s legitimate in-store advertisement of its Charter Club line, which served to divert potential Calvin Klein shoppers.<sup>19</sup> The analogy is not ideal, but demonstrates a shuffle toward legitimate keyword advertising using competitors’ trademarks as long as it is not done deceptively.

Following this reasoning, the most recent Ninth Circuit cases explicitly state that in considering “initial interest confusion” the plaintiff “must demonstrate likely confusion, not mere diversion.”<sup>20</sup> In other words, if not confusing, advertisements triggered by trademarks will not be sufficient to impose liability.

Courts have observed that consumers are becoming less susceptible to confusion in Internet marketing and now recognize that sponsored links are advertisements often not affiliated with the company or trademarked product for which they originally searched. As the Ninth Circuit observed, “We have recently acknowledged that the default degree of consumer care is becoming more heightened as the novelty of the Internet evaporates and online commerce becomes commonplace . . . .”<sup>21</sup> Courts in the Sixth Circuit do not appear to be playing the same game—at least not yet. One of the earlier decisions regarding Internet commerce, *Wells Fargo & Co v WhenU.com, Inc*, held that the initial interest confusion doctrine had not yet been adopted by the Sixth Circuit and could not support liability.<sup>22</sup>

*Wells Fargo* rejected the broader trademark protection in initial interest confusion cases, explaining that “[i]n the Internet setting in particular, courts have begun to realize that consumer confusion can occur even though the consumer is not actually confused as to the source of the goods or services at the point of sale or upon reaching the website to which he or she was ‘hijacked.’”<sup>23</sup> The court opined that “the only important question [in a trademark infringement action] is whether there is a likelihood of confusion *between the parties’ goods or services.*”<sup>24</sup>

The influential decision in *Taubman Co v Webfeats* concerned neither a competitor’s use of trademarked keywords nor a competitor’s use of meta tags, but rather was a challenge to the *use* of the Taubman trademark in the domain name “taubmansucks.com.” In analyzing such trademark use in the domain-name context, the court found that the threshold question is whether the use of the trademark is commercial or “in commerce”—“then, and only then, do we analyze [the] use for a likelihood of confusion.”<sup>25</sup> The requirement comes directly from the language of 15 USC 1114(1) but also was discussed by the Sixth Circuit as the reason the Lanham Act’s reach does not run afoul of the First Amendment.<sup>26</sup>

The Sixth Circuit repeated this recognition in another domain name-related case, finding that a disclaimer is insufficient when a domain name misdirects a consumer to a competitor’s website.<sup>27</sup> That reasoning is similar to the keyword and meta tagging examples discussed previously, indicating the Sixth Circuit may acknowledge such claims.<sup>28</sup>

Elsewhere, courts and litigants appear to be approaching consensus that use of trademarks as keywords or meta tags is at least “use in commerce” under the Lanham Act. In fact, the Second Circuit’s determination in *Rescuecom Corp v Google Inc*<sup>29</sup> dedicated an entire appendix to explaining why the Eastern District of Michigan’s decision in *Wells Fargo* was wrong.<sup>30</sup>

Toward the end of 2010, Google avoided liability at the summary judgment stage in a challenge by Rosetta Stone Ltd. to Google’s use of its trademarks as keyword triggers.<sup>31</sup> Examining the nature of search engines and Google in particular, the court explained that Google’s economic motivation provides an incentive to *prevent* consumer confusion, and allowing confusing ads would cause consumers to cease using Google.<sup>32</sup> The court also held that the elements of intent, actual confusion, and consumer sophistication would not support a jury verdict, justifying summary judgment against Rosetta Stone. In other words, search-engine operators can still allow advertisements triggered by trademarks. For now, it will continue to be up to individual businesses—not the search-engine companies—to police their competitors’ online advertising activities.



CYBER COMPETITION IS A NEW GAME IN THE MARKETPLACE BUT USES ALL THE OLD COMPONENTS, AND IT HAS NEVER BEEN EASIER TO USE A COMPETITOR’S TRADEMARK TO DIVERT SALES.

## Agency Liability

With the search engines practically off the hook, next consider whether a competitor is using Amazon or eBay to facilitate its advertising scheme. Recent cases keep such claims limited. In 2010, Amazon obtained dismissal when ads that displayed on searches for plaintiff's keyword deceptively stated "Don't Buy from Scammers."<sup>33</sup> Those ads were placed by a plaintiff's competitor whose links in the advertisement directed users to Amazon's website pursuant to an associate relationship between the competitor and Amazon.<sup>34</sup> The court rejected vicarious liability, finding insufficient evidence that the competitor had actual or apparent authority to place the deceptive ads from Amazon despite its use of the Amazon trademark and logo in its ads.<sup>35</sup>

## False Advertising, Unfair Competition, and Counterclaims

There are other potential winning plays raised in these cases. The Lanham Act supports claims for false advertising, including literal falsity and ads likely to mislead consumers. This may capture a broader scope of misconduct.<sup>36</sup> Trademark rights are not required for such a claim.<sup>37</sup> State unfair-competition laws are usually raised but are often subsumed in the trademark analysis. The developing law around Internet commerce puts many cards in your hand to protect your clients.

It is worth noting that defendants do have weapons to strike back. In addition to validity challenges and others, defendants may counterclaim that trademark actions constitute unfair competition or violate antitrust laws. In a recent case, The Scooter Store, Inc. claimed that spinlife.com infringed trademarks in bidding on "The Scooter Store" as well as adding that trademark to its meta tags.<sup>38</sup> Spinlife.com counterclaimed that the suit violated the Sherman Act and constituted unfair competition under Ohio law by attempting to "use the costs of litigation to drive Spinlife out of the retail sales market for power mobility devices."<sup>39</sup> That counterclaim survived dismissal.<sup>40</sup> In other words, bluffing is not allowed, but the games continue. ■



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## FOOTNOTES

1. Cotton, *Compleat Gamester* (Imprint Society, 1674).
2. Press Release, comScore.com, August 2011 US Search Engine Rankings (September 13, 2011) <[http://www.comscore.com/Press\\_Events/Press\\_Releases/2011/9/comScore\\_Releases\\_August\\_2011\\_U.S.\\_Search\\_Engine\\_Rankings](http://www.comscore.com/Press_Events/Press_Releases/2011/9/comScore_Releases_August_2011_U.S._Search_Engine_Rankings)>. All websites cited in this article were accessed December 27, 2011.
3. *Id.*
4. eWEEK.com, *Google, Bing, Yahoo Search Share Stays Steady; comScore* (June 12, 2011) <<http://www.eweek.com/c/a/Search-Engines/Google-Bing-Yahoo-Search-Share-Stays-Steady-ComScore-121350/>>.
5. *Network Automation, Inc v Advanced Systems Concepts, Inc*, 638 F3d 1137 (CA 9, 2011).
6. Google claims that, for the most part, it no longer uses keyword meta tags to rank search results, but it does use them in its descriptions. See <<http://support.google.com>>.
7. 15 USC 1051 *et seq.*
8. *Id.* at §1114(1)(a).
9. *Id.* at §1125(a)(1)(A); *Rescuecom Corp v Google Inc*, 562 F3d 123 (CA 2, 2009).
10. *Audi AG v D'Amato*, 381 F Supp 2d 644, 659–660 (ED Mich, 2005).
11. *Binder v Disability Group, Inc*, 772 F Supp 2d 1172 (CD CA, 2011).
12. *Hearts on Fire Company, LLC v Blue Nile, Inc*, 603 F Supp 2d 274 (D Mass, 2009).
13. *Promatek Industries, Ltd v Equitrac Corp*, 300 F3d 808, 814, n 2 (CA 7, 2002).
14. *Network*, n 5 *supra*.
15. *Binder*, n 11 *supra*.
16. Pre-Internet examples: *Mobil Oil Corp v Pegasus Petroleum Corp*, 818 F2d 254 (CA 2, 1987) (stating that "Pegasus Petroleum" drew consumers for Mobil Oil's recognizable red Pegasus symbol); *Grotian, Helfferich, Schultx, Th Steinweg Nachf v Steinweg & Sons*, 523 F2d 1331, 1342 (CA 2, 1975) (stating that the use of "Steinweg" drew consumers for "Steinweg").
17. *Soilworks, LLC v Midwest Indus Supply, Inc*, 575 F Supp 2d 1118, 1130 (D Ariz, 2008) (citation omitted).
18. *Brookfield Communications Inc v West Coast Entertainment Corp*, 174 F3d 1036, 1064 (CA 9, 1999).
19. *Playboy Enterprises, Inc v Netscape Communications Corp*, 354 F3d 1020, 1035 (CA 9, 2004) (Berzen, J., concurring); see also, *1-800 Contacts, Inc v WhenU.com, Inc*, 414 F3d 400, 411 (CA 2, 2005) (stating that keyword advertising is similar to placing generic products next to branded products on store shelves); see, e.g., *Taubman Co v Webfeats*, 319 F3d 770 (CA 6, 2003); *Interactive Prods v A2Z Mobile Office Solutions, Inc*, 326 F3d 687, 694 (CA 6, 2003).
20. *Network*, n 5 *supra* at 1149.
21. *Id.* at 1152.
22. *Wells Fargo & Co v WhenU.com, Inc*, 293 F Supp 2d 734, 762 (ED Mich, 2003).
23. *Id.*
24. *Id.*
25. *Taubman*, n 19 *supra* at 774.
26. *Id.* at 774–775.
27. *Audi AG v D'Amato*, 469 F3d 534, 546 (CA 6 2006).
28. *Audi AG*, n 10 *supra*.
29. *Rescuecom*, n 9 *supra* at 123–131.
30. *Id.* at 132.
31. *Rosetta Stone Ltd v Google Inc*, 730 F Supp 2d 531 (ED Va, 2010).
32. *Id.* at 542.
33. *Sellify, Inc v Amazon.com*, \_\_\_ F Supp 2d \_\_\_; 2010 WL 4455830; 2010 US Dist LEXIS 118173 (SD NY, 2010).
34. *Id.* at 4–5.
35. *Id.* at 7–10.
36. 15 USC 1125(a)(1)(B).
37. *Tiffany (NJ) Inc v eBay Inc*, 600 F3d 93, 112–113 (CA 2, 2010).
38. *The Scooter Store, Inc v Spinlife.com LLC*, 777 F Supp 2d 1102 (SD Ohio, 2011).
39. *Id.* at 1119.
40. *Id.*