

Amazon's clear labelling defeats MTM trademark claims United States - Knobbe Martens Olson & Bear LLP

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The US Supreme Court has denied *certiorari* for the Ninth Circuit decision in *Multi Time Machine Inc (MTM) v Amazon.com Inc* on February 29 2016, which held that Amazon did not infringe MTM's trademark in its presentation of other competing products in a consumer's search results for MTM's product on Amazon.com.

MTM manufactures and markets watches under its federally registered trademark MTM SPECIAL OPS. It sells its watches directly to customers and through various retailers; it does not sell or distribute its watches on Amazon.com.

Amazon is an online retailer that houses an extensive catalogue of various goods and services for sale on the platform. In order to provide search results in which the consumer is most likely to be interested, Amazon's search function does not simply match the words in the user's query to words in a document, such as a product description in Amazon's catalogue. Rather, its search function produces relevant results using a variety of techniques, some of which rely on user behaviour. Amazon's search function can thus provide consumers with relevant results that may otherwise be overlooked.

When a consumer searches for the term "mtm special ops" on the Amazon platform, he or she is directed to a search results page. The search query is displayed twice on the search results page – once in the search query box and again directly below the search query box in what is called a 'breadcrumb'. The breadcrumb displays the original query in quotation marks to provide a trail for the consumer to go back to the original search. Directly below the breadcrumb is a "Related searches" field, which provides the consumer with alternative search queries in case he or she is dissatisfied with the original results. In this case, the related search suggested to the consumer was "mtm special ops watch". Directly below the "Related searches" field is a grey bar containing the text "Showing 10 Results". Amazon's product listings are located directly below the grey bar. In this case, the search results did not include any MTM watches. Instead, the search results contained a variety of products, some of which were competitive products to MTM watches.

MTM brought suit, alleging that Amazon's response to a search for the MTM Special Ops watch on its website was trademark infringement in violation of the Lanham Act. MTM argued that Amazon's search results page created a likelihood of confusion, even though there was no evidence of any actual confusion and even though the other brands were clearly identified by name.

The District Court for the Central District of California granted summary judgment in favour of Amazon on April 9 2015. On July 6 2015, the grant of summary judgment for Amazon was reversed by the Ninth Circuit Court of Appeals. However, on October 21 2015, just over three months after the July 6 2015 decision, the Ninth Circuit granted a rehearing and reversed itself, this time affirming the district court's grant of summary judgment for Amazon.

First, the Ninth Circuit found that the district court was correct in ruling that there was no likelihood of confusion. Although the eight-factor *Sleekcraft* test is typically used to analyse likelihood of confusion, the court found that the test was not particularly helpful in this case because the marks of the competing brands were not at issue. Rather, the issue was whether the design of Amazon's search results page created a likelihood of initial interest confusion. Accordingly, based on analogous case law dealing with keyword searches and related advertising containing products or services for sale based on the keyword searches, the Ninth Circuit considered the following two questions to determine the outcome of the case at hand:

- Who was the relevant reasonable consumer?
- What would he or she reasonably believe based on what he or she saw on the screen?

In this case, in analysing the first question, the court considered the nature of the goods and type of consumer, as well as the typical buyer exercising ordinary caution. The court noted that ordinary caution is increasing as online commerce becomes commonplace. The court concluded that because the goods in the present case – namely watches – were expensive, the relevant consumer was a reasonably prudent consumer accustomed to shopping online.

In analysing the second question, the court indicated that the most important factor was the labelling and appearance of the products for sale on Amazon's webpage. Clear labelling can eliminate the likelihood of

initial interest confusion in cases involving internet search terms. More specifically, the court held that when a shopper went to Amazon's website and searched for a product using MTM's trademark MTM SPECIAL OPS, the resulting page displayed several products, all of which were clearly labelled with the product's name and manufacturer in large, bright, bold letters with a photograph of the item. Because Amazon clearly labelled each of the products for sale by brand name and model number accompanied by a photograph of the item, the court found that it was unreasonable to suppose that the reasonably prudent consumer accustomed to shopping online would be confused about the source of the goods.

Beyond the two factors considered by the court, MTM argued that initial interest confusion might occur because Amazon listed the search term, 'mtm special ops', three times at the top of the search page. The court was not persuaded by this argument because none of the watches listed by Amazon was labelled with the word 'MTM' or the phrase 'Special Ops', much less the specific phrase 'MTM Special Ops'. In addition, some of the products listed were not watches at all - they were books. Although the court conceded that someone, somewhere might be confused by the search results page, it went on to say that unreasonable, imprudent and inexperienced online shoppers were not relevant to the case.

In the alternative, MTM argued that in order to eliminate the likelihood of confusion, Amazon should change its search results page so that it explained to customers that it did not offer MTM watches for sale before suggesting alternative watches to the customer. The court dismissed this argument, finding that Amazon's search results page made clear that it carried only the brands that were clearly and explicitly listed on the web page.

Finally, MTM argued that summary judgment was inappropriate because there were numerous factual disputes related to Amazon's search results page. Although, according to the court, the likelihood of confusion is often a question of fact, where a court can conclude that the consumer confusion alleged by the trademark holder is highly unlikely by simply reviewing the product listing or advertisement at issue, summary judgment is appropriate.

In summary, the court held that in light of Amazon's clear labelling of its products, by brand name and model, accompanied by a photograph of the item, no rational trier of fact could find that a reasonably prudent consumer accustomed to shopping online would likely be confused by the Amazon search results.

In view of this decision, online retailers may be less likely to be found liable for trademark infringement if they include descriptive labels and photographs with product listings that clearly identify the source of the products. Under this precedent and in that situation online retailers are not obligated to state that they do not sell particular products. At least in the Ninth Circuit, in the search engine context, clear labelling could be the death of initial interest confusion arguments.

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