

## TRADEMARKS: 9<sup>TH</sup> CIRCUIT IDENTIFIES A NEW SET OF FOUR FACTORS FOR ADWORDS/KEYWORD- ADVERTISING DISPUTES

On March 8, 2011, the 9th Circuit issued its opinion in *Network Automation v. Advanced Sys. Concepts*, --- F.3d ---, 2011 WL 815806 (9<sup>th</sup> Cir. 2011), addressing whether Network's keyword advertising through Bing and Google AdWords is likely to confuse consumers where the keywords Network purchased to trigger its advertisement included the registered trademark of Advanced, its direct competitor.

Procedurally, the 9th Circuit reviewed whether the district court properly granted a preliminary injunction. Because the ads were set apart from actual search results and were labeled as sponsored, the 9th Circuit held that the preliminary injunction should not have issued. It found the so-called "internet troika" of factors were a poor fit, and identified a new set of four factors it sees as most relevant to keyword advertising disputes.

Before analyzing consumer confusion, emphasized repeatedly as *sine qua non* or lynchpin of trademark infringement, the court first made it clear that purchasing of a competitor's registered trademark as a keyword constitutes "use in commerce," agreeing with the Second Circuit in *Rescuecom v. Google*, 562 F.3d 123 (2<sup>nd</sup> Cir. 2009).

Focusing on likelihood of confusion, the court reiterated the eight factors from *AMF Inc. v. Sleekcraft Boats*, 599 F.2d 341 (9<sup>th</sup> Cir. 1979), while cautioning they are not exclusive and should not be applied rigidly. Turning to earlier Internet-related opinions, it found that keyword advertising issues are analytically similar to metatags in *Brookfield Commc'ns, Inc. v. West Coast Entm't*, 174 F.3d 1036, 1054 (9<sup>th</sup> Cir. 1999) and keyed ads in *Playboy Enters. v. Netscape Commc'ns*, 354 F.3d 1020, 1024 (9<sup>th</sup> Cir. 2004) (unlabeled banner advertisements triggered when keywords were searched). Recognizing that courts have emphasized three

particular *Sleekcraft* factors (similarity of marks, relatedness of the goods, and marketing channels used – "the internet troika") as particularly relevant in the Internet context, the court explained that its earlier emphasis on those three factors was specific to confusion in the context of domain names. By contrast, in both *Brookfield* and *Playboy*, degree of care exercised by consumers (not part of the internet troika) was particularly important to the metatag and keyed ads analysis. In *Playboy*, which did not involve a domain name dispute, it was important that Internet users searching for adult content were easily distracted. As to *Brookfield*, the court noted that make-up of the consumer base included unsophisticated Internet users in the late-1990s. Today's Internet users, by contrast, are savvier in discerning the source of products and services.

Reversing the district court, the 9<sup>th</sup> Circuit found too much weight was given to similarity of the goods and the Internet as the common marketing channel, while other more important factors were not properly analyzed. Given the nature of the dispute – keyword advertising – the 9th Circuit held the four most relevant factors to be:

- (1) strength of the mark,
- (2) evidence of actual confusion,
- (3) type of goods and degree of care likely to be exercised by the purchaser, and
- (4) the labeling and appearance of the ads and surrounding context on the screen displaying the results page.

Focusing on these factors, the 9th Circuit held the district court erroneously found a likelihood of confusion, and thus, abused its discretion in granting the preliminary injunction against Network based on its use of Advanced's registered trademark in keyword advertising on Bing and Google.

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