

For Humble, There's No Place Like Home's: Federal Court Holds That The Purchase of a Competitor's Protected Trademark as a Search Engine Keyword Can Constitute Trademark Infringement.

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A raging debate has swept the field of trademark law concerning the sale and purchase of search engine keywords that trigger advertisements. Google and Yahoo sell advertisements linked to search terms, so that when consumers enter particular search terms, they receive a results page that contains links to websites of paid advertisers. These links are designated as "Sponsored Links" (Google) or "Sponsor Results" (Yahoo). This practice has spawned "infringement by internet" lawsuits against these search engines by trademark owners who object to the sale of their trademarks as search terms.

In a wave of similar lawsuits, plaintiffs have sued competitors for purchasing their trademarks as search terms that trigger sponsored ads. The hotly-contested legal question in these cases is whether the sale and purchase of protectable trademarks run afoul of the trademark laws; in particular, Section 43(a) of the Lanham Act. This section of the Lanham Act prohibits unfair competition through "[f]alse designations of origin." The debate has turned largely on whether the sale or purchase of another's trademark as a search term satisfies one of the elements of a Lanham Act claim, namely, that a plaintiff must show that the defendant "used the mark in commerce on or in connection with any goods or services or container for the goods."

On October 19, 2006, in an opinion that reflects the deep division among courts that have addressed this question, the federal district court of New Jersey held that a competitor's purchase of another's protected mark as a search engine keyword satisfies

the “use” requirement of the Lanham Act. In *Buying For The Home, L.L.C. v. Humble Abode, L.L.C.*, the plaintiff, Buying For The Home, L.L.C., alleges that Humble Abode infringed its trademark, TOTAL BEDROOM, by causing a sponsored ad to appear next to search results on Google when a computer user enters the search term “total bedroom.” Buying For The Home, an online furniture retailer, operates its business through its website “totalbedroom.com.”

While it did not render an opinion on the ultimate issue of infringement, the New Jersey district court decided that: (1) the keyword purchase was a commercial transaction that occurred ‘in commerce,’ trading on the value of the plaintiff’s mark; and (2) the plaintiff’s mark was allegedly used to trigger commercial advertising which included a link to Humble Abode’s furniture retailing website. Noting that the advent of new technologies has forced courts to tread into challenging territory, the court held that the purchase of keyword search terms, although not a traditional “use in commerce,” nonetheless satisfies the Lanham Act’s “use” requirement.

In its analysis, the court in *Buying For The Home, L.L.C.* recognized that various courts have reached “differing conclusions.” In *Merck & Co., Inc. v. Mediplan Health Consulting, Inc.*, 425 F. Supp. 2d 402, 415 (S.D.N.Y. 2006), the Southern District of New York held that the defendants’ purchase of the trademark ZOCOR was an “internal use” and did not constitute a “trademark use” because the defendants did not place the plaintiff’s marks “on any goods or containers or displays or associated documents, or use them in any way to indicate source or sponsorship.” By contrast, in *Edina Realty, Inc. v. The MLSonline.com*, Civ. 04-4371JRTFLN, 2006 WL 737064, at *3 (D. Minn. March 20, 2006), the court found “use” where the defendant purchased the plaintiff’s

mark, "Edina Realty," as a keyword from Internet search engines and used it in hidden links and hidden text on its website.

The opinion in *Buying For The Home* also observes that courts are just as divided in sales related cases as they are in those addressing the purchase of search terms. For instance, in *Rescuecom Corp. v. Google, Inc.*, No. 5:04-CV-1055, 2006 WL 2811711, at *7 (N.D.N.Y. Sept. 28, 2006), the court concluded that "in the absence of allegations that defendant placed plaintiff's trademark on any goods, displays, containers, or advertisements, or used plaintiff's trademark in any way that indicates source or origin, plaintiff can prove no facts in support of its claim which would demonstrate trademark use." But, in *GEICO v. Google, Inc.*, 330 F. Supp. 2d 700, 704 (E.D. Va. 2004), the court decided that where the defendant allowed advertisers to bid on search terms and pay for links to advertising, trademark use was established; see also *800-JR Cigar, Inc. v. GoTo.com*, 437 F. Supp. 2d 273, 285 (D.N.J. 2006) (court identified three ways in which the search engine made trademark use: (1) accepting bids from plaintiff's competitors desiring to pay for prominence in search results; (2) ranking its paid advertisers before any natural search results; and (3) identifying those of plaintiff's marks which are effective search terms and marketing them to plaintiff's competitors).

Other than recognizing the split in authority, the New Jersey district court provides relatively little insight as to why it decided to join the camp that believes keyword searches are "commercial use." For those hoping for some sort of resolution, patience is a virtue. Indeed, clarity on this issue may not find a home until the Supreme Court provides one.