Rescuecom Corp. v. Google Inc.

The issue of whether keyword advertising may constitute trademark infringement has garnered substantial attention in recent years, particularly the question of whether the sale of trademark keywords by search engine companies such as Google is a trademark "use in commerce," one of the required elements of a trademark infringement claim.

Prior to the Second Circuit's recent decision in *Rescuecom Corp. v. Google Inc.*, No. 06-4881-cv (2d Cir. April 3, 2009), district courts had split on this issue, with those in the Second Circuit concluding that the sale of trademark keywords does not constitute a "use in commerce" and those in other Circuits generally concluding that it does.

In *Rescuecom*, however, the Second Circuit rejected the reasoning of its district courts and reached a similar conclusion as the district courts of other Circuits. The Second Circuit's decision, authored by Circuit Judge Pierre N. Leval, reversed the district court's grant of Google's motion to dismiss, holding that Google's recommendation and sale of trademark keywords through its AdWords program and Keyword Suggestion Tool constitutes a trademark "use in commerce" as alleged by Rescuecom. In other words, the court held that Google's use of trademark keywords may give rise to trademark infringement, making it more difficult to defeat such claims on an initial motion to dismiss.

The *Rescuecom* panel distinguished the Second Circuit's prior decision in *1-800 Contacts Inc. v. WhenU.com Inc.*, 414 F.3d 400, 408-09 (2d Cir. 2005), in which the court held that a proprietary pop-up advertisement program did not constitute a "use in commerce" because it did not sell specific trademark keywords or recommend them to customers. Moreover, the court in *Rescuecom* noted that, unlike with Google's AdWords program and Keyword Suggestion Tool, the defendant in *1-800 Contacts* did not "use, reproduce, or display the plaintiff's mark *at all*," instead matching keywords to categories of advertisements rather than to specific trademarks.

Google, along with amici curiae including other search engine companies and Web service providers, had argued that Google's use of trademark keywords was akin to "product placement" (i.e., the practice of placing one vendor's product next to its competitor's on a shelf to benefit from the competitor's brand recognition). The Second Circuit rejected this argument, concluding that product placement is a trademark "use," albeit one unlikely to cause consumer confusion.

Google and the amici also asserted that the inclusion of keyword trademarks in an "internal computer directory," one of the trademark uses alleged by Rescuecom, could not constitute a trademark "use." The Second Circuit disagreed, determining that in some cases such a use could constitute infringement if it was "designed to deceive and cause consumer confusion."

The Second Circuit's decision in *Rescuecom* is significant for clarifying that the sale of trademarks as keywords can establish a "use in commerce" for purposes of trademark infringement claims. It will be interesting to see whether, on remand, this case will address the issue of likelihood of confusion and, if so, how it will be assessed.

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