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The Latest Keyword Advertising Battle: The 10th Circuit Finds No Infringement Based on Use of Another's Trademark to Generate Sponsored Advertisements

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Over the past few years, numerous trademark infringement suits have been filed over keyword advertising. Last month, the 10th Circuit weighed in on this subject, issuing a decision with broad implications. In *1-800 Contacts, Inc. v. Lens.com, Inc.* , the 10th Circuit held that the use of another's trademark to generate sponsored advertisements does not constitute trademark infringement.

The facts of the case are similar to previous keyword advertising suits. As part of Google's AdWords program, Lens.com and its affiliates successfully bid on various terms resembling the 1800CONTACTS mark. Therefore, an Internet user who typed 1800CONTACTS into a Google browser would be shown a listing for Lens.com in the sponsored advertisement section of the search results. In 2005, 1-800-Contacts voiced their objections to Lens.com's AdWords bids. After substantial back and forth between the parties, 1-800-Contacts filed suit in 2007. 1-800 Contacts alleged that Lens.com's activities caused initial interest confusion and asserted claims for secondary liability for the acts of Lens.com's affiliates. The U.S. District Court of Utah granted Lens.com's motion for summary judgment, finding that 1-800 Contacts failed to establish a likelihood of initial interest confusion and determined that the evidence was insufficient to hold Lens.com secondarily liable for the conduct of its affiliates.

On appeal, the 10th Circuit upheld the district court's determination on the direct infringement claims, finding no likelihood of confusion was created by the purchase of AdWords containing the 1800CONTACTS trademark, where Lens.com's ads did not contain the mark itself. The court relied heavily on the evidence presented by Lens.com which demonstrated that keyword advertising only diverted internet traffic 1.5% of the time. Although 1-800-Contacts presented survey data in support of their claims, the court questioned the methodology used in the surveys. The court also pointed out that the survey data provided by 1-800-Contacts also showed a relatively low rate of confusion. Finally, the court emphasized that the weight of the authority across circuits suggested that a confusion rate of less than 10% does not demonstrate a likelihood of confusion.

The 10th Circuit upheld summary judgment on the secondary liability claim, citing the low click through rate data. The court determined that, to the extent that 1-800-Contact's secondary liability claim was derived from keyword use by Lens.com's affiliates that did not generate ads containing the 1800CONTACTS mark, there was insufficient evidence of infringement, particularly since there was

no evidence of direct liability. The court, however, reversed and remanded on the question of vicarious liability. The court held that a reasonable juror could have found that Lens.com knew that their affiliates had used the mark in their ads and failed to take steps to stop such acts.

The 10th Circuit's ruling is the latest in a long line of keyword advertising decisions. The 10th Circuit's decision, however, squarely addresses an issue that few prior courts have explicitly considered (i.e. whether the use of a competitor's trademark to generate sponsored advertisements constitutes trademark infringement). Under the 10th Circuit's ruling, where the mark is not used in the text of the sponsored ad and where there is evidence of a low click through rate, the plaintiff will have difficulty demonstrating a likelihood of confusion. Thus, the 10th Circuit's ruling only underscores the fact that keyword advertising lawsuits can present an uphill battle for trademark holders.

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