

## Rescuecom Corp. v. Google, Inc.: A Misuse of the Federal Trademark Doctrine of Commercial Use

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## *Rescuecom Corp. v. Google, Inc.*: A Misuse of the Federal Trademark Doctrine of Commercial Use

IN *RESCUECOM CORP. V. GOOGLE, INC.*,<sup>1</sup> THE UNITED STATES District Court for the Northern District of New York considered whether a search engine's sale of one company's trademark to its competitors to establish priority placement in an Internet user's search results constitutes commercial use under the Lanham Act.<sup>2</sup> In finding that such sales are not commercial use, the court failed to accord proper weight to countervailing persuasive authority.<sup>3</sup> In doing so, the court crafted a rule favoring search engines' misappropriation of the value of other companies' trademarks, and relied on clearly distinguishable cases unresponsive of its decision.<sup>4</sup>

### I. THE CASE

Rescuecom Corp. ("Rescuecom") is a computer services franchisor with over sixty-seven franchises offering computer repair, consulting, networking and Internet services.<sup>5</sup> It owns the federally registered trademark, "Rescuecom,"<sup>6</sup> and has become renowned in its market for providing outstanding service. Rescuecom also owns the Internet domain name "rescuecom.com," and it conducts a substantial amount of business over the Internet through this website.<sup>7</sup> Because of this, its rights in the "Rescuecom" mark have become a valuable business asset.<sup>8</sup>

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1. 456 F. Supp. 2d 393 (N.D.N.Y. 2006).

2. Trademark (Lanham) Act of 1946, Pub. L. No. 79-489, 60 Stat. 427 (codified as amended at 15 U.S.C. § 1127 (2006)); *Rescuecom*, 456 F. Supp. 2d at 397-98.

3. See *infra* Part IV.A.

4. See *infra* Part IV.B.

5. *Rescuecom*, 456 F. Supp. 2d at 396. The court accepted as true Rescuecom's allegations of fact for purposes of Google's motion to dismiss. *Id.*

6. *Id.* The court misstates the process by which Rescuecom obtained rights in the "Rescuecom" mark. The application for registration of the "Rescuecom" trademark was filed with the United States Patent and Trademark Office by Deft Computer Solutions, Inc. in March of 1998. Trademark Assignment Abstract of Title - RESCUECOM, Serial No. 75979083, Reg. No. 2344142 (Oct. 1, 2001), available at <http://assignments.uspto.gov/assignments/q?db=tm&qt=sno&reel=&frame=&sno=75979083>. The mark was registered in 2000, and in October of 2001, Deft Computer solutions, Inc. assigned the entire interest in the "Rescuecom" trademark to Rescuecom. *Id.*

7. *Rescuecom*, 456 F. Supp. 2d at 396. Rescuecom's website has 17,000 to 30,000 visitors per month. *Id.*

8. *Id.*

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Google, Inc. (“Google”) owns the domain name “google.com,” from which it operates one of the most popular search engines on the Internet.<sup>9</sup> Internet users can type search terms into Google’s website, which then lists numerous results in order of relevance using Google’s patented software.<sup>10</sup> Google is able to “ascertain the subject, company, goods, or services in which the Internet user is interested,” and it uses this information to sell advertising space on the google.com website through its “AdWords” software.<sup>11</sup> Once an advertiser purchases a keyword from Google, when an Internet user searches for that keyword, a “sponsored link” to the advertiser’s website will appear on Google’s website, either to the right or immediately above the ordinary search results.<sup>12</sup> Google also recommends keywords to advertisers through a “Keyword Suggestion Tool,” and its recommended keywords may include competitors’ trademarks.<sup>13</sup>

Rescuecom and its competitors advertise on google.com.<sup>14</sup> Many of Rescuecom’s competitors have purchased the keyword “Rescuecom” through Google’s AdWords program,<sup>15</sup> and Google has recommended “Rescuecom” as a keyword to several of Rescuecom’s competitors.<sup>16</sup> Based on these facts, Rescuecom filed suit against Google claiming federal trademark infringement<sup>17</sup> and false designation of origin.<sup>18</sup> Google moved to dismiss.<sup>19</sup>

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9. *Id.*

10. *Id.*

11. *Id.* AdWords allows advertisers to bid on keywords that Internet users might enter as search terms on Google’s search engine. *Id.* at 397.

12. *Id.* Google does not always identify sponsored links as advertisements, and those appearing immediately above the ordinary search results appear to be part of the ordinary search results. *Id.* Thus, “Internet users may infer . . . that a sponsored link is the most relevant website among the search results.” *Id.*

13. *Id.*; see also *Google, Inc. v. Am. Blind & Wallpaper Factory, Inc.*, 74 U.S.P.Q.2d 1385, 2005 WL 832398, at \*2 (N.D. Cal. Mar. 30, 2005) (denying counter-defendant’s motion to dismiss counterclaims of contributory trademark infringement and dilution).

14. *Rescuecom*, 456 F. Supp. 2d at 396–97. Rescuecom has purchased the rights to have sponsored links on google.com, one of which appears above or to the right of the ordinary search results when an Internet user inputs the search term “Rescuecom.” *Id.* at 397.

15. *Id.*

16. *Id.*

17. See Lanham Act § 32(1), 15 U.S.C. § 1114(1) (2006) (“Any person who shall, without the consent of the registrant—(a) use in commerce any reproduction, counterfeit, copy, or colorable imitation of a registered mark in connection with the sale, offering for sale, distribution, or advertising of any . . . services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive . . . shall be liable in a civil action by the registrant for the remedies hereinafter provided.”).

18. *Rescuecom*, 456 F. Supp. 2d at 395–96; see Lanham Act § 43(a), 15 U.S.C. § 1125(a)(1) (“Any person who, on or in connection with any goods or services . . . uses in commerce any word, term, name, . . . or any false designation of origin . . . , which—(A) is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her . . . services, or commercial activities by another person . . . shall be liable in a civil action by any person who believes that he or she is or is likely to be damaged by such act.”). Rescuecom also brought claims of federal trademark dilution, Lanham Act § 43(c), 15 U.S.C. § 1125(c), common law trademark infringement, *Rescuecom*, 456 F. Supp. 2d at 395–96, and state law trademark dilution. N.Y. GEN. BUS. LAW § 360-L (Consol. 2006).

19. *Rescuecom*, 456 F. Supp. 2d at 395. Google moved to dismiss under Federal Rule of Civil Procedure 12(b)(6). *Id.*

## II. LEGAL BACKGROUND

Sections 32(1) and 43(a) of the Lanham Act safeguard the “intangible connotations which are not facially apparent [that] are attached to a name,”<sup>20</sup> and protect consumers from being misled or confused by one company marketing its products or services under another company’s trademarks.<sup>21</sup>

In order to prove a claim for trademark infringement or unfair competition, a plaintiff must prove five elements: “(1) that it possesses a mark; (2) that the defendant used the mark; (3) that the defendant’s use of the mark occurred ‘in commerce’;<sup>22</sup> (4) that the defendant used the mark ‘in connection with the sale, offering for sale, distribution, or advertising’ of goods or services; and (5) that the defendant used the mark in a manner likely to confuse consumers.”<sup>23</sup> Section 45 of the Lanham Act states:

*The term “use in commerce” means the bona fide use of a mark in the ordinary course of trade, and not made merely to reserve a right in a mark. For purposes of this [Act], a mark shall be deemed to be in use in commerce . . . on services when it is used or displayed in the sale or advertising of services and the services are rendered in commerce . . . and the person rendering the services is engaged in commerce in connection with the services.*<sup>24</sup>

However, as noted above, the phrase “use in commerce” actually encompasses two elements of the test for trademark infringement. Before reaching the question of whether a use is “in commerce” within that term’s meaning under the Lanham Act, there is a threshold question of whether the utilization of a trademark constitutes “use” under the Act. The display of a trademark only constitutes “use,” or “trademark use” if the mark is used as an indicator of the source or origin of the user’s products or services.<sup>25</sup>

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20. Scott Paper Co. v. Scott Liquid Gold, Inc., 589 F.2d 1225, 1227 (3d Cir. 1978).

21. Moseley v. V Secret Catalogue, Inc., 537 U.S. 418, 428 (2003).

22. Lanham Act § 45, 15 U.S.C. § 1127.

23. People for the Ethical Treatment of Animals (PETA) v. Doughney, 263 F.3d 359, 364 (4th Cir. 2001) (citing Lone Star Steakhouse & Saloon v. Alpha of Va., 43 F.3d 922, 930 (4th Cir. 1995)); Lanham Act § 32(1), 15 U.S.C. § 1114 (2000) (stating, in relevant part: “a mark shall be deemed to be in use in commerce— . . . (2) on services when it is used or displayed in the sale or advertising of services and the services are rendered in commerce, or the services are rendered in more than one State . . . and the person rendering the services is engaged in commerce in connection with the services”). Some courts have applied elements (2) (3) and (4) of the test collectively to form the concept of “trademark use.” See Gov’t Employees Ins. Co. (GEICO) v. Google, Inc., 330 F. Supp. 2d 700, 702 (E.D. Va. 2004) (“Trademark use” is “use [of] the marks ‘in commerce’ and ‘in connection with the sale, offering for sale, distribution, or advertising of . . . services . . . .”).

24. Lanham Act § 45, 15 U.S.C. § 1127 (2006). There are, of course, fair use exceptions to the “use in commerce” rule of section 45; however, whether potentially infringing “uses are legitimate fair uses of the trademark[s] in competition . . . [is a] fact-specific issue[ ] not properly resolved through a motion to dismiss.” GEICO, 330 F. Supp. 2d at 704.

25. See GEICO, 330 F. Supp. 2d at 702–03; see also *supra* note 23 and accompanying text; *infra* note 119 and accompanying text; accord Wells Fargo & Co. v. WhenU.com, Inc., 293 F. Supp. 2d 734, 757 (E.D. Mich.

In the Internet context, the issue of what constitutes “trademark use” has not been clearly resolved.<sup>26</sup> There has been an evolution of the trademark use doctrine, with cases continuing to craft the law with respect to four primary categories of use, each relating to, and often affecting, the others. These categories are: website domain names, pop-up advertisements, metatags, and search-engine advertising.

#### A. Website domain names

One of the first contexts in which issues concerning trademark infringement via the Internet arose involved the use of another’s trademark as a website domain name. In *People for the Ethical Treatment of Animals (PETA) v. Doughney*,<sup>27</sup> the Court of Appeals for the Fourth Circuit held that a defendant engages in commercial use when its registration of a domain name utilizing someone else’s trademark prevents Internet users from accessing the trademark holder’s goods or services.<sup>28</sup> Similarly, the court in *OBH, Inc. v. Spotlight Magazine, Inc.*<sup>29</sup> held that a website registrant uses another’s trademark in connection with services in commerce when the operation of the website is “likely to prevent or hinder Internet users from accessing [the trademark holder’s] services on [its] own website.”<sup>30</sup>

#### B. Pop-up advertising

The courts considering pop-up advertising cases have generally distinguished them from those involving website domain names. In *U-Haul International, Inc. v. WhenU.com, Inc.*,<sup>31</sup> WhenU created a program that caused pop-up windows to appear when Internet users visited certain websites. These pop-up windows displayed advertisements for competitors of the website that the user visited.<sup>32</sup> To determine what pop-up to display, WhenU’s program utilized a directory of lists of terms that included trademarked words and phrases to define different categories of products

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2003) (stating that “[t]here can be no liability under the Lanham Act absent the use of a trademark in a way that identifies the products and services being advertised by the defendant”).

26. See *infra* Parts II.A–D.

27. 263 F.3d 359.

28. *Id.* at 365. This is because users who are presumably searching for the trademark holder’s services “may instead opt to select [the services] contained in defendant’s web site.” *Id.* (quoting *OBH, Inc. v. Spotlight Magazine, Inc.*, 86 F. Supp. 2d 176, 186 (W.D.N.Y. 2000)); accord *Planned Parenthood Fed’n of Am., Inc. v. Bucci*, 42 U.S.P.Q.2d (BNA) 1430, 1435 (S.D.N.Y. 1997) (finding use in commerce because “[p]rospective users of plaintiff’s services who mistakenly access defendant’s web sit [sic] may fail to continue to search for plaintiff’s own home page, due to anger, frustration, or the belief that plaintiff’s home page does not exist”); cf. *Wells Fargo & Co.*, 293 F. Supp. 2d at 757 (requiring a use to be source-identifying in order to constitute a use in commerce).

29. 86 F. Supp. 2d 176 (W.D.N.Y. 2000).

30. *Id.* at 183; accord *Jews for Jesus v. Brodsky*, 993 F. Supp. 282, 308 (D.N.J. 1998), *aff’d*, 159 F.3d 1351 (3d Cir. 1998) (stating that using another’s trademark as a website domain name is a commercial use because it takes advantage of the trademark holder’s goodwill, and because it restricts the trademark holder from realizing the full value of their mark).

31. 279 F. Supp. 2d 723 (E.D. Va. 2003).

32. *Id.* at 726.

and services.<sup>33</sup> The District Court for the Eastern District of Virginia found that WhenU's use of this program did not constitute trademark infringement or unfair competition. In doing so, it relied on two distinctions from the website cases.<sup>34</sup> First, it noted that WhenU did not use competitors' trademarks to direct traffic to its own website.<sup>35</sup> Second, the court emphasized that the pop-up advertisements did not hinder Internet users' ability to access the website of the company with which they intended to do business.<sup>36</sup> The court also relied on the fact that WhenU did not sell the right to have an advertisement triggered by a particular competitor's trademark or domain name.<sup>37</sup>

Similarly, in another case involving WhenU.com,<sup>38</sup> the District Court for the Eastern District of Michigan found that the company's pop-up advertising program did not violate the Lanham Act.<sup>39</sup> The court stated that "[t]he inclusion of web addresses in WhenU's [categorized directory] is done to identify the category the . . . consumer is interested in . . . . WhenU does not use any of the plaintiff's trademarks to indicate anything about the source of the products and services it advertises."<sup>40</sup> Unlike using a competitor's trademark in a domain name, WhenU's pop-up program did not direct Internet users away from one company's website by using that company's trademark to advertise competing goods and services.<sup>41</sup> Therefore, although WhenU's pop-up program used competitors' trademarks internally, it did not advertise goods or services under competitors' trademarks and did not prevent Internet users from reaching their intended destination.<sup>42</sup> Accordingly, the pop-up advertising program did not constitute a commercial use under the Lanham Act.<sup>43</sup>

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33. *Id.* at 725–26.

34. *Id.* at 729.

35. *Id.* at 727.

36. *Id.* at 729.

37. *Id.* at 728. In holding that the absence of sale of rights to particular trademarks prevented a finding of trademark infringement, the court relied on *DaimlerChrysler AG v. Bloom*, 315 F.3d 932 (8th Cir. 2003). In *Bloom*, the Eighth Circuit held that a former Mercedes dealer's use of the phone number 1-800-637-2333 (1-800-MERCEDES) did not constitute trademark infringement because the dealer apparently did not advertise the number's alphanumeric translation. *Id.* at 934, 938–39. The court held that absent any promotion utilizing the Mercedes trademark, the dealer was not using the trademark in commerce. *Id.* at 938–39.

38. *Wells Fargo & Co. v. WhenU.com, Inc.*, 293 F. Supp. 2d 734 (E.D. Mich. 2003).

39. *Id.* at 757.

40. *Id.* at 762.

41. *Id.* at 759 (distinguishing *PETA v. Doughney*, 263 F.3d 359 (4th Cir. 2001), and *Planned Parenthood Fed'n of Am., Inc. v. Bucci*, 42 U.S.P.Q.2d 1430 (S.D.N.Y. 1997)).

42. *Id.* at 759.

43. *Id.* at 757.

## C. Metatags

The use of competitors' trademarks in a website's metatags<sup>44</sup> generally has been held to constitute use in commerce under the Lanham Act.<sup>45</sup> As described in an oft-quoted Ninth Circuit opinion, "[u]sing another's trademark in one's metatags is much like posting a sign with another's trademark in front of one's store. . . . Even consumers who prefer [the trademark owner] may find it not worth the trouble to continue searching for [the owner's website] since there is [a provider of similar competing services] right there."<sup>46</sup> Such use steers Internet users away from the trademark holder's website they are searching for and toward the competitor's site. Thus, it implicates a commercial use in connection with the sale of goods or services, and therefore constitutes actionable trademark use.<sup>47</sup>

The courts in *Playboy Enterprises, Inc. v. Asiafocus International, Inc.*<sup>48</sup> and *Playboy Enterprises, Inc. v. Calvin Designer Label*<sup>49</sup> held that the defendants' use of the "Playboy" and "Playmate" trademarks in the metatags for their websites, which competed with Playboy's website, constituted commercial use.<sup>50</sup> In relying on these cases, the court in *Bihari v. Gross* stated that in that case the defendants' metatags constituted trademark use because the defendants "were clearly attempting to divert potential customers from Playboy's website to their own."<sup>51</sup> Similarly, although it did not directly address the issue of commercial use, in *Promatek Industries, Ltd. v. Equitrac Corp.*<sup>52</sup> the Court of Appeals for the Seventh Circuit held that Equitrac's use of "Copatrack" in its metatags was grounds to grant a preliminary injunction for trademark infringement where "Copatrak" was Promatek's registered trademark which it used on equipment that Equitrac serviced.<sup>53</sup>

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44. For a definition of "metatag," see *Brookfield Communications, Inc. v. West Coast Entertainment Corp.*, 174 F.3d 1036, 1045 (9th Cir. 1999) ("Metatags are HTML [HyperText Markup Language] code intended to describe the contents of the web site. There are different types of metatags, but those of principal concern to us are the 'description' and 'keyword' metatags. The description metatags are intended to describe the web site; the keyword metatags, at least in theory, contain keywords relating to the contents of the web site. The more often a term appears in the metatags and in the text of the web page, the more likely it is that the web page will be 'hit' in a search for that keyword and the higher on the list of 'hits' the web page will appear.").

45. *GEICO v. Google, Inc.*, 330 F. Supp. 2d 700, 703 (E.D. Va. 2004) (citing the following cases as authority for the proposition that the use of trademarks in metatags constitutes trademark use: *Bihari v. Gross*, 119 F. Supp. 2d 309 (S.D.N.Y. 2000); *Playboy Enters., Inc. v. Asiafocus Int'l, Inc.*, Civil Action No. 97-734-A, 1998 U.S. Dist. LEXIS 10359 (E.D. Va. Feb. 2, 1998)). "[C]ourts have found that the use of trademarks in 'metatags,' which are invisible text within websites that are used by search engines for indexing, constitute a use in commerce under the Lanham Act." *Id.*

46. *Brookfield*, 174 F.3d at 1064 n.15.

47. *Bihari*, 119 F. Supp. 2d at 318.

48. Civil Action No. 97-734-A, 1998 U.S. Dist. LEXIS 10359.

49. 985 F. Supp. 1220 (N.D. Cal. 1997).

50. *Asiafocus*, 1998 U.S. Dist. LEXIS 10359 at \*3, \*6-7; *Calvin Designer Label*, 985 F. Supp. at 1221.

51. *Bihari*, 119 F. Supp. 2d at 321.

52. 300 F.3d 808 (7th Cir. 2002).

53. *Id.* at 811.

D. Search engine advertising

Closely akin to the use of trademarks in metatags is the scenario where one company purchases a competitor's trademarks as keywords for priority placement on search engines. Where an Internet user searching for one particular company ends up at a competitor's website because of a search engine's sale of that company's trademark as a keyword, such sale has been held to constitute a commercial use of the trademark under the Lanham Act.<sup>54</sup>

In *Government Employees Insurance Co. (GEICO) v. Google, Inc.*,<sup>55</sup> Google offered, for a fee, to place advertisers' website links above and to the right of the normal search results an Internet user would see when they searched for specific terms on Google's search engine.<sup>56</sup> Included in the terms to which advertisers could purchase rights were competitors' trademarks.<sup>57</sup> GEICO filed suit against Google, claiming that its sale of GEICO's trademarks for priority search listings violated the Lanham Act.<sup>58</sup> In denying Google's motion to dismiss, the court stated that it was an unlawful use of GEICO's trademarks to "allow[ ] advertisers to bid on the trademarks" and accept a fee for linking advertisers to them.<sup>59</sup>

In a subsequent case involving Google's sale of one company's trademarks to its competitors as search terms, another court denied Google's motions to dismiss the plaintiff's federal trademark infringement claims.<sup>60</sup> With respect to Google's Keyword Suggestion Tool, the court stated, "Google actively and deliberately encourages [plaintiff's] competitors to purchase as keywords . . . the [plaintiff's] Marks . . ."<sup>61</sup> As a result, the court rejected Google's claim that it was not making commercial use of the plaintiff's trademarks.<sup>62</sup> The Court of Appeals for the Ninth Circuit reached a similar decision in a case with analogous facts, holding that where two search engines sold the plaintiff's trademarks to its competitors as advertising

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54. *Playboy Enters., Inc. v. Netscape Commc'n Corp.*, 354 F.3d 1020, 1026 (9th Cir. 2004); *see also* *GEICO v. Google, Inc.*, 330 F. Supp. 2d 700, 704 (E.D. Va. 2004) (stating that "when [search engines] sell the rights to link advertising to plaintiff's trademarks, defendants are using the trademarks in commerce in a way that may imply that defendants have permission from the trademark holder to do so"). Similarly, the purchase of a competitor's trademark as search engine keywords has been held to be trademark use. *See* *Edina Realty, Inc. v. TheMLSonline.com*, No. Civ. 04-4371JRTFLN, 2006 WL 737064, \*7 (D. Minn. Mar. 20, 2006) (denying the defendant's motion for summary judgment on the grounds that the defendant's purchase of the plaintiff's trademark as a keyword to prompt the appearance of defendant's sponsored link advertisements on a search engine was a use in commerce).

55. 330 F. Supp. 2d at 701.

56. *Id.*

57. *Id.* at 701-02.

58. *Id.* at 702.

59. *Id.* at 703-04.

60. *Google, Inc. v. Am. Blind & Wallpaper Factory, Inc.*, 74 U.S.P.Q.2d 1385, 2005 WL 832398 (N.D. Cal. Mar. 30, 2005).

61. *Id.* at \*2.

62. *Id.* at \*5.

keywords, there was “no dispute” that they had engaged in trademark use of the plaintiff’s marks.<sup>63</sup>

In a 2006 case, the Federal District Court for the District of New Jersey defined three ways that a search engine’s sale of one company’s trademarks to its competitors to establish priority search listings constitutes commercial use.<sup>64</sup> By conducting such sales, the search engine (a) trades on the value of the mark, (b) “act[s] as a conduit to steer potential customers away from [the plaintiff] to [its] competitors,” and (c) identifies marks that it considers effective search terms and markets them to the trademark owner’s competitors.<sup>65</sup> Moreover, the court noted that “the more money advertisers bid and the more frequently advertisers include [the plaintiff]’s trademarks among their selected search terms, the more advertising income [the search engine] is likely to gain.”<sup>66</sup> Thus, in this case, the court appears to have expanded the definition of a commercial use applied in the earlier cases in order to provide broader protection for trademark holders from misappropriation of goodwill.

### III. THE COURT’S REASONING

The *Rescuecom* court began by acknowledging that the Second Circuit has not considered whether an Internet search engine’s sale of another company’s trademark to its competitors as a search term for use in advertising constitutes trademark infringement under the Lanham Act.<sup>67</sup> The court then criticized and distinguished *GEICO* and *Edina Realty* on the grounds that the courts in those cases failed to consider the issue of “use” as separate from “use in commerce” and likelihood of confusion.<sup>68</sup> The court stated that these cases were inconsistent with Second Circuit precedent because they did not explicitly treat “trademark use, in commerce, and likelihood of confusion [as] three separate elements.” Because the Second Circuit in *1-800 Contacts, Inc. v. WhenU.com, Inc.* treated “use” as a threshold question separate from the other elements, the *Rescuecom* court stated that these cases’ summary treatment of the commercial use element was inappropriate.<sup>69</sup> As a result, the court denied *Rescuecom*’s assertion that Google’s sale of the “*Rescuecom*” trademark to *Rescuecom*’s competitors constituted commercial use under section 45 of the Lanham Act,<sup>70</sup> striking down the company’s four arguments in turn.

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63. *Playboy Enters., Inc. v. Netscape Comm’n Corp.*, 354 F.3d 1020 (9th Cir. 2004).

64. *800-JR Cigar, Inc. v. GoTo.com, Inc.*, 437 F. Supp. 2d 273 (D.N.J. 2006).

65. *Id.* at 285.

66. *Id.*

67. *Rescuecom Corp. v. Google, Inc.*, 456 F. Supp. 2d 393, 398 (N.D.N.Y. 2006).

68. *Id.* at 399–400; see *supra* note 24 and accompanying text.

69. *Rescuecom*, 456 F. Supp. 2d at 399–400 (citing *1-800 Contacts, Inc. v. WhenU.com, Inc.*, 414 F.3d 400, 412 (2d Cir. 2005)). However, the *Rescuecom* court also expressly recognized that the *Edina Realty* court dealt specifically with the issue of “use in commerce.” *Id.* at 398.

70. *Id.* at 400–03; see Lanham Act § 45, 15 U.S.C. § 1127 (2006); *supra* notes 22–23 and accompanying text.

First, the court stated that even if Rescucom were to prove that Google capitalized on the goodwill of Rescucom's trademark by marketing it to Rescucom's competitors to generate advertising revenues, this does not constitute use within the meaning of section 45.<sup>71</sup> The court also found that the fact that Google's use of the mark may lure customers away from Rescucom to its competitors did not establish commercial use.<sup>72</sup> The court stated that Rescucom's reliance on *PETA v. Doughney* was misplaced,<sup>73</sup> and instead relied on the pop-up cases in finding that the display of links to competitors' websites was not a commercial use.<sup>74</sup>

Next, the court struck down Rescucom's argument that the alteration of Internet users' search results resulting from Google's sale of the Rescucom mark constituted trademark use.<sup>75</sup> It also rejected Rescucom's argument that Google's internal utilization of the mark as a trigger for display of competitors' advertisements established trademark use, again relying on the pop-up cases.<sup>76</sup> Thus, because it considered the question of trademark use to be a threshold issue, the court did not reach the issue of likelihood of confusion.<sup>77</sup> Accordingly, the court found that Rescucom could not prove its claims for trademark infringement and unfair competition, and it granted Google's motion to dismiss under Rule 12(b)(6).<sup>78</sup>

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71. See *Rescucom*, 456 F. Supp. 2d at 401 (citing *1-800 Contacts*, 414 F.3d at 412) ("Although these facts may suffice to satisfy the 'in commerce' and likelihood of confusion requirements at the pleading stage, without an allegation of trademark use in the first instance, [Rescucom] cannot sustain a cause of action for trademark infringement.").

72. *Id.* at 401.

73. *Id.* The *Rescucom* court distinguished *Doughney* as a case where the defendant's registration of a website domain name consisting of the plaintiff's trademark "directly" prevented Internet users from reaching the plaintiff's website. *Id.* (citing *PETA v. Doughney*, 263 F.3d 359 (4th Cir. 2001)). The court stated that the display of links to Rescucom's competitors' websites does not necessarily prevent Internet users from reaching Rescucom's website, and thus does not directly affect the accessibility of Rescucom's website. *Id.*

74. *Id.*

75. *Id.* at 402; see *supra* note 23 regarding "trademark use." The court noted in this respect that the Second Circuit has not endorsed the cases from other jurisdictions holding that use of others' trademarks in metatags and banner ads on search engines can give rise to a finding of trademark use. *Rescucom*, 456 F. Supp. 2d at 402. Because of this, the court found that the fact that Rescucom's trademark was not displayed on any of its competitors' sponsored links on Google's webpage barred a finding of trademark use. *Id.* at 402 (citing *GEICO v. Google, Inc.*, 330 F. Supp. 2d 700, 704 (E.D. Va. 2004)).

76. *Rescucom*, 456 F. Supp. 2d at 403. Relying on *1-800 Contacts, Inc.*, 414 F.3d 400, the court held that absent any allegation that Google used the Rescucom mark as an indicator of source or origin, Rescucom could not prove that Google engaged in trademark use of the Rescucom mark. *Rescucom*, 456 F. Supp. 2d at 403.

77. *Rescucom*, 456 F. Supp. 2d at 400 (quoting *1-800 Contacts, Inc.*, 414 F.3d at 412 (internal citations omitted)).

78. *Id.* at 404; see also FED. R. CIV. P. 12(b)(6). The court also rejected Rescucom's dilution claims based on its finding that Rescucom failed to allege facts tending to prove that Google made "trademark use" of Rescucom's trademark. *Rescucom*, 456 F. Supp. 2d at 403-04. Having dismissed all of Rescucom's federal claims, the court declined to exercise supplemental jurisdictions over Rescucom's state law claims. *Id.* at 404.

IV. ANALYSIS

In *Rescuecom Corp. v. Google, Inc.*,<sup>79</sup> the court failed to analyze the use-in-commerce element of the plaintiff's federal trademark infringement and unfair competition claims under the appropriate standards. In light of persuasive authority, and given the novelty of the issue presented, the court should have found that the allegations presented were sufficient to entitle Rescuecom to present evidence on its claims at trial under the Rule 12(b)(6) standard.<sup>80</sup> Moreover, due consideration of the practical impact of the court's decision would have counseled against granting Google's motion to dismiss.<sup>81</sup>

A. *The court erred in granting Google's motion to dismiss.*

The sale of one company's trademark as a keyword resulting in priority placement of a competitor's advertisements in Internet search results constitutes use in commerce under the Lanham Act. The Lanham Act's definition of use in commerce<sup>82</sup> "is concerned with . . . the sale of . . . services in a manner likely to lead to consumer confusion as to the[ir] source."<sup>83</sup> This, combined with the plain language of section 45,<sup>84</sup> suggests that the court erred in finding that Google did not engage in trademark use<sup>85</sup> of the Rescuecom mark.<sup>86</sup>

The court itself recognized that both the "use" and "in commerce" elements of trademark infringement are satisfied where one website uses another company's trademark in its metatags.<sup>87</sup> In *Bihari v. Gross*, the use of a trademark in metatags was not a visible use, but nonetheless the court in that case found that the diversion of potential customers satisfied the use in commerce requirement.<sup>88</sup> This directly contradicts the *Rescuecom* court's argument that appropriation of a trademark

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79. 456 F. Supp. 2d 393.

80. See *id.* at 397 (quoting *Conley v. Gibson*, 355 U.S. 41, 45–46 (1957)) ("A court may not dismiss an action [under Federal Rule of Civil Procedure 12(b)(6)] 'unless it appears beyond doubt that the plaintiff can prove no set of facts in support of [its] claim which would entitle [it] to relief.'").

81. See *infra* Part IV.B.

82. See *supra* note 24 and accompanying text.

83. *1-800 Contacts, Inc. v. WhenU.com, Inc.*, 414 F.3d 400, 409 (2d Cir. 2005).

84. Lanham Act § 45, 15 U.S.C. § 1127 (2006); see *supra* text accompanying notes 71–74.

85. *GEICO v. Google, Inc.*, 330 F. Supp. 2d 700, 702 (E.D. Va. 2004); see *supra* note 23.

86. While it is true that, "[t]he mere use of another's name on the Internet . . . is not per se commercial use," *Bally Total Fitness Holding Corp. v. Faber*, 29 F. Supp. 2d 1161, 1166 (C.D. Cal. 1998), use of another's trademark will constitute commercial use where it "effectively act[s] as a conduit, steering potential customers away from [the plaintiff's business] and toward its competitors." *Bihari v. Gross*, 119 F. Supp. 2d 309, 318 (S.D.N.Y. 2000).

87. *Rescuecom Corp. v. Google, Inc.*, 456 F. Supp. 2d 393, 403 (N.D.N.Y. 2006) (quoting *Bihari*, 119 F. Supp. 2d at 318).

88. *Bihari*, 119 F. Supp. 2d at 318 (citing *Jews for Jesus v. Brodsky*, 993 F. Supp. 282, 308 (D.N.J. 1998)). The *Rescuecom* court relied in part on the fact that Rescuecom's trademark was not visible anywhere within the text of Rescuecom's competitors' advertisements displayed in Internet users' search results. *Rescuecom*, 456 F. Supp. 2d at 397.

holder's goodwill through sale or use of its trademarks to competitors does not constitute a use in commerce.<sup>89</sup>

Google clearly made commercial use of the Rescucom trademark in two ways: first, by suggesting the mark as a keyword to Rescucom's competitors;<sup>90</sup> and second, by selling the mark as a keyword to establish priority position for the competitors' advertisements.<sup>91</sup> Instead of following *Bihari* and applying the metatag analysis to this analogous situation, the court unduly relied on the pop-up cases in finding that Google's suggestion and sale of the Rescucom trademark were not commercial use.<sup>92</sup> These cases can be distinguished in several respects, and the court chose unwisely by using them in this manner.

1. *The court's reliance on the pop-up cases was misplaced.*

The pop-up cases involved WhenU's use of trademarks in internal coding. WhenU did not market trademarks as keywords to which advertisers could directly purchase rights.<sup>93</sup> The display of any particular pop-up advertisement was the result of an Internet searcher's inquiry into a general category of goods or services as defined by WhenU.<sup>94</sup> Unlike Google's sale of particular trademarks to alter an Internet user's search results, WhenU's sale of rights to a general product or service category did not determine whether one particular competitor's pop-up advertisement would be displayed as the result of an Internet user's search for another company's trademark.<sup>95</sup> Moreover, in *1-800 Contacts, Inc. v. WhenU.com, Inc.*,<sup>96</sup> the Second Circuit distinguished *GEICO* on the grounds that pop-up advertisements do not "link trademarks to any particular competitor's ads, and a customer cannot pay to have its pop-up ad appear on any specific website or in connection with any particular trademark."<sup>97</sup> This suggests that the Second Circuit would have ruled in favor of the trademark owner had the facts resembled those in *GEICO*. Thus, under

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89. See *supra* note 65 and accompanying text.

90. *Rescucom*, 456 F. Supp. 2d at 397.

91. *Id.*

92. See generally *1-800 Contacts, Inc. v. WhenU.com, Inc.*, 414 F.3d 400 (2d Cir. 2005); *U-Haul Int'l, Inc. v. WhenU.com, Inc.*, 279 F. Supp. 2d 723 (E.D. Va. 2003). See also *Rescucom*, 456 F. Supp. 2d at 401-04.

93. See *GEICO v. Google, Inc.*, 330 F. Supp. 2d 700, 704 (E.D. Va. 2004) (citing *U-Haul Int'l*, 279 F. Supp. 2d 723).

94. *1-800 Contacts, Inc.*, 414 F.3d at 411 ("WhenU does not 'sell' keyword trademarks to its customers or otherwise manipulate which category-related advertisement will pop up in response to any particular terms on the internal directory.").

95. See, e.g., *Wells Fargo & Co. v. WhenU.com, Inc.*, 293 F. Supp. 2d 734, 762 (E.D. Mich. 2003) ("The inclusion of web addresses in WhenU's proprietary Directory is done to identify the category the participating consumer is interested in . . . . WhenU does not use any of the plaintiffs' trademarks to indicate anything about the source of the products and services it advertises."); see also *1-800 Contacts*, 414 F.3d at 403; *U-Haul Int'l*, 279 F. Supp. 2d at 726.

96. 414 F.3d 400.

97. *Id.* at 412 (distinguishing *GEICO*, 330 F. Supp. 2d 700).

the *WhenU* analysis the court should have ruled in favor of Rescucom because in this case Google was committing the same acts that were at issue in *GEICO*.<sup>98</sup>

Additionally, in *1-800 Contacts*, to validate the use of trademarks in the code underlying pop-up windows, the Second Circuit relied on the analogy that, "it is routine for vendors to seek specific 'product placement' in retail stores precisely to capitalize on their competitors' name recognition."<sup>99</sup> The *Rescucom* court purports to rely on *1-800 Contacts* in its decision,<sup>100</sup> but this analogy does not extend to the pay-for-priority search engine context. Google is selling rights to benefit from an Internet user's search for Rescucom, and the competitors that buy these rights have their website links more prominently displayed than Rescucom's on Google's website.<sup>101</sup> Moreover, in the retail store context, design trademarks and trade dress can readily be identified to distinguish competing brands. On Google's website this is not the case. When someone searches for Rescucom they are shown a link to both Rescucom's and Rescucom's competitors' websites, with no indication that the competitors are unrelated to Rescucom.<sup>102</sup> Thus, not only is Google trading on the value of Rescucom's mark,<sup>103</sup> it also is preventing Rescucom from realizing the full value of its goodwill and the protections afforded by fundamental trademark doctrine.<sup>104</sup> Therefore, Google is engaging in commercial use of Rescucom's mark under Lanham Act section 45.

2. *The court failed to give due consideration to the metatag and search engine cases.*

The court also failed to accord proper weight to the principles established in the metatags and search engine cases. The court in *800-JR Cigar* identified three ways in which a search engine's sale of trademarks as search terms constitutes commercial use.<sup>105</sup> All three of these directly apply to Google's suggestion and sale of Rescucom's mark.<sup>106</sup> First, Google trades on the value of Rescucom's mark by

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98. *GEICO*, 330 F. Supp. 2d at 701-02; cf. *Rescucom Corp. v. Google, Inc.*, 456 F. Supp. 2d 393, 396-97 (N.D.N.Y. 2006) (involving Google's sale of the right to receive priority placement in Google's search results when users search for a competitor's trademark).

99. *1-800 Contacts*, 414 F.3d at 411.

100. *Rescucom*, 456 F. Supp. 2d at 403.

101. *Id.* at 397. Sponsored Links on Google's website are displayed either above or to the right of the standard search results. The Sponsored Links displayed above the standard results are surrounded by a light blue background, whereas the standard results are displayed with a white background.

102. *Id.*

103. *800-JR Cigar, Inc. v. GoTo.com, Inc.*, 437 F. Supp. 2d 273, 285 (D.N.J. 2006).

104. *Jews for Jesus v. Brodsky*, 993 F. Supp. 282, 308 (D.N.J. 1998), *aff'd*, 159 F.3d 1351 (3d Cir. 1998); *accord Planned Parenthood Fed'n of Am. v. Bucci*, 42 U.S.P.Q.2D 1430, 1997 U.S. Dist. LEXIS 3338, \*16 (S.D.N.Y. Mar. 24, 1997).

105. *800-JR Cigar*, 437 F. Supp. 2d at 285; see *supra* note 65 and accompanying text.

106. *Rescucom*, 456 F. Supp. 2d at 396-97. It also is noteworthy that while the court in *800-JR Cigar* relied on the *GEICO* decision, its reasoning also can be seen as relying on the plain language of section 45 of the Lanham Act. See *supra* Part IV.A.1.

selling rights to use it as a search term to Rescuecom's competitors.<sup>107</sup> Second, Google's sale of the mark is likely to result in the diversion of Rescuecom's potential clients to its competitors because a search for "Rescuecom" on Google's website returns most prominently links to Rescuecom's competitors' websites.<sup>108</sup> Third, Google's marketing of the Rescuecom mark through its suggestion tool presumably further enhances Google's pecuniary spoils from the value of the Rescuecom mark.<sup>109</sup> Thus, the court should have found that Google engaged in commercial use of the Rescuecom mark.

The *Rescuecom* court, in a footnote, states that Rescuecom's reliance on *Playboy, Inc. v. Netscape Communications Corp.*<sup>110</sup> and *Bihari* is misplaced because the courts in those cases did not directly confront the issue of whether the uses at issue constituted trademark use.<sup>111</sup> This, however, is a misconstruction of the reasoning in those cases. The Ninth Circuit in *Netscape* simply stated that Netscape and Excite "clearly . . . used [Playboy's] marks in commerce" without further analysis of the issue where the search engines sold priority rights to the Playboy marks as search terms.<sup>112</sup> Similarly, the court in *Bihari* held that the "steering [of] potential customers away from [the trademark owner's business] and toward its competitors" constituted trademark use without further analysis.<sup>113</sup> The *Rescuecom* court reads this presumptive treatment to invalidate their support for Rescuecom's position;<sup>114</sup> but, in fact, such treatment provides even stronger support for Rescuecom's claim that Google engaged in commercial use of its mark. Clearly, had these courts intuited that the uses involved did not satisfy the "threshold" requirement of commercial use, they would have spent more time addressing the issue.<sup>115</sup> Contrary to the court's opinion in *Rescuecom*, these courts' presumption of satisfaction of the commercial use requirement provides strong support for the argument that Google's analogous use was a use in commerce.

*B. The practical implications of the decision further demonstrate that the court erred in granting Google's motion to dismiss.*

The court's decision in *Rescuecom*<sup>116</sup> creates a stumbling block for future plaintiffs alleging trademark infringement and unfair competition by a search engine selling the plaintiff's marks to its competitors. The opinion fails to articulate a standard either supporting or resulting from its finding that the circumstances presented did

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107. *800-JR Cigar*, 437 F. Supp. 2d at 285; *Rescuecom*, 456 F. Supp. 2d at 397.

108. *800-JR Cigar*, 437 F. Supp. 2d at 285; *Rescuecom*, 456 F. Supp. 2d at 397.

109. *800-JR Cigar*, 437 F. Supp. 2d at 285; *Rescuecom*, 456 F. Supp. 2d at 397.

110. 354 F.3d 1020 (9th Cir. 2004).

111. *Rescuecom*, 456 F. Supp. 2d at 402 n.5.

112. *Netscape*, 354 F.3d at 1024.

113. 119 F. Supp. 2d 309, 318 (S.D.N.Y. 2000).

114. *Rescuecom*, 456 F. Supp. 2d at 402 n.5.

115. *1-800 Contacts, Inc. v. WhenU.com, Inc.*, 414 F.3d 400, 412 (2d Cir. 2005).

116. *Rescuecom*, 456 F. Supp. 2d 393.

not establish use in commerce of the Rescuecom mark. The court purports to rely on the pop-up cases, but these cases involve clearly distinguishable factual circumstances.<sup>117</sup> The court then goes on to dismiss arguments supported by the more analogous cases involving metatags and search engines' sale of trademarks as search terms.<sup>118</sup> As a result, there emerges no clear logical support for the court's pretrial dismissal of Rescuecom's claims.

Moreover, the practical effect of the court's decision may be so minimal as to render its factual distinctions irrelevant. It is not disputed that the company purchasing a competitor's trademark from a search engine as a search term is making commercial use of that competitor's mark in violation of the Lanham Act.<sup>119</sup> This bar on the purchase of rights to use competitors' trademarks as search terms suggests that, even if courts follow the *Rescuecom* decision, in the long run the enforcement of the principles set forth in *Edina Realty* will severely inhibit, if not eliminate completely, search engines' ability to sell rights to use other companies' trademarks.

"The Court[s] must avoid . . . rigidity . . . in the Internet context because emerging technologies require a flexible approach."<sup>120</sup> In this case the court applied an un-anticipating doctrine better suited for traditional media. The doctrinal definition of trademark infringement becomes unworkable and inapplicable in the search engine context, and in itself suggests a need to reassess the validity of a strictly precedential approach to trademark infringement cases in light of emerging technologies.

#### V. CONCLUSION

The court in *Rescuecom*<sup>121</sup> held that Google's sale of the Rescuecom trademark to Rescuecom's competitors as a keyword to establish priority placement for the competitors' website links on Google's search page did not constitute commercial use under the Lanham Act.<sup>122</sup> The court therefore dismissed Rescuecom's Lanham Act claims of trademark infringement and unfair competition.<sup>123</sup> In doing so, the court accorded undue weight to distinguishable cases, and created a standardless new rule that finds no support in the plain language of the Lanham Act or in the common law.<sup>124</sup>

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117. *Id.* at 401; *see supra* Part II.B.

118. 456 F. Supp. 2d at 402-03; *see supra* Parts II.C-D.

119. *Edina Realty, Inc. v. TheMLSonline.com*, No. Civ. 04-4371JRTFLN, 2006 WL 737064, \*7 (D. Minn. Mar. 20, 2006). This bar on the purchase of rights to use competitors' trademarks as search terms suggests that, even if courts follow the *Rescuecom* decision, in the long run the enforcement of the principles set forth in *Edina Realty* will severely inhibit, if not eliminate completely, search engines' ability to sell rights to use other companies' trademarks.

120. *Id.* at \*4 (citing *Brookfield Comm'n, Inc. v. W. Coast Entm't Corp.*, 174 F.3d 1036, 1054 (9th Cir. 1999)).

121. 456 F. Supp. 2d 393.

122. *Id.* at 401-02.

123. *Id.* at 404; *see supra* Part III.

124. *See supra* Part IV.A.