

06-4881-CV

UNITED STATES COURT OF APPEALS
FOR THE SECOND CIRCUIT

RESCUECOM CORPORATION,

Plaintiff-Appellant,

v.

GOOGLE, INC.,

Defendant-Appellee.

On Appeal from a Judgment of the United States District Court
for the Northern District of New York
Honorable Norman A Mordue, No 5:04-CV-1055

**BRIEF FOR PUBLIC CITIZEN AS AMICUS CURIAE
SUPPORTING AFFIRMANCE**

Paul Alan Levy

Public Citizen Litigation Group
1600 - 20th Street, NW
Washington, D.C. 20009
(202) 588-1000

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Attorney for Public Citizen

CORPORATE DISCLOSURE STATEMENT

In accordance with Rule 26.1 of the Federal Rules of Appellate Procedure, amicus Public Citizen discloses that it is a non-profit corporation that does not own stock in any companies and in which no company owns stock; indeed, Public Citizen does not accept donations from corporations or from the government.

TABLE OF CONTENTS

Corporate Disclosure Statement	i
Table of Authorities	iv
INTEREST OF AMICUS CURIAE	1
BACKGROUND	1
A. In Applying Trademark Law to this Case, the Court Should Recognize the Limits That the First Amendment Imposes on the Regulation of the Speech Both of Search Engine Operators and of the Website Operators Whose Sites theEngines Identify	4
B. Keyword Advertising Does Not Inherently Violate Trademark Law	9
1. Trademark Law Protects Against the Misuse of A Mark to Create Confusion About Whether Particular Goods and Services Emanate from the Trademark Holder	9
2. The Principal Function of Search Engines Is Not to Enable Members of the Public to Reach a Trademark Holder’s Official Website	11
3. A Trademark Holder’s Competitors Are Entitled to Call Their Products to the Attention of People Interested in the Trademark Holder’s Products	16
4. Allowing Actions Like This One to Proceed May Make It Too Expensive for Competitors or Critics to Use Keyword Advertising to Promote Web Sites That Compete With or Comment on Trademark Holders	19

C. Keyword Advertising Is Subject to Legal Limits. 22

1. Search Engines Should Clearly Disclose Which Listings
Are the Result of Paid Advertising. 22

2. The Content of Paid Listings, Like Other Online Uses of
Trademarks, Must Not Create Confusion About Whether
the Site Linked From the Listing Is Sponsored by
Rescuecom 26

CONCLUSION 28

Certificate of Compliance

Antivirus Certificate

Certificate of Service

TABLE OF AUTHORITIES

CASES

<i>Anheuser-Busch v. Balducci Publications</i> , 28 F.3d 769 (8th Cir. 1994)	8
<i>Anti-Monopoly v. General Mills Fun Group</i> , 611 F.2d 296 (9th Cir. 1979)	10
<i>Bates v. State Bar of Arizona</i> , 433 U.S. 350 (1977)	8
<i>Better Business Bureau v. Medical Directors</i> , 681 F.2d 397 (5th Cir. 1982)	9
<i>Buying for the Home v. Humble Abode</i> , 459 F. Supp. 2d 310 (D.N.J. 2006)	20
<i>Castrol v. Pennzoil</i> , 987 F.2d 939 (3d Cir. 1993)	9
<i>Cliffs Notes v. Bantam Doubleday</i> , 886 F.2d 490 (2d Cir. 1989)	8
<i>Communications Satellite Corp. v. Comcet</i> , 429 F.2d 1245 (4th Cir. 1970)	10
<i>Consumers' Union v. General Signal Corp.</i> , 724 F.2d 1044 (2d Cir. 1983)	8
<i>Cortec Industries v. Sum Holding L.P.</i> , 949 F.2d 42 (2d Cir. 1991)	22
<i>Decker v. Massey-Ferguson, Ltd.</i> , 681 F.2d 111 (2d Cir. 1982)	22

<i>Edenfield v. Fane</i> , 507 U.S. 761 (1993)	7, 8
<i>Edina Realty v. TheMLSOnline.com</i> , 2006 WL 737064 (D. Minn. March 20, 2006)	20
<i>Entrepreneur Media v. Smith</i> , 279 F.3d 1135 (9th Cir. 2002)	13
<i>FTC v. Brown & Williamson Tobacco Corp.</i> , 778 F.2d 35 (D.C. Cir. 1985)	8
<i>Harper & Row Publishers v. Nation Enterprises</i> , 471 U.S. 539 (1985)	8
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<i>Lennar Corp. v. Morgan</i> , No. 06-000493CA (Fla. Cir. Ct. Martin County)	21
<i>Lorillard Tobacco Co. v. Reilly</i> , 533 U.S. 525 (2001)	6
<i>Machinists v. Winship Green Nursing Ctr.</i> , 103 F.3d 196 (1st Cir.1996)	13
<i>Mattel v. Walking Mountain Prod.</i> , 353 F.3d 792 (9th Cir. 2003)	10

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<i>New York Times v. Sullivan</i> , 376 U.S. 254 (1964)	5
<i>Organization for a Better Austin v. Keefe</i> , 402 U.S. 415 (1971)	5
<i>Prestonettes v. Coty</i> , 264 U.S. 359 (1924)	9
<i>Reno v. American Civil Liberties Union</i> , 521 U.S. 844 (1997)	4
<i>Rogers v. Grimaldi</i> , 875 F.2d 994 (2d Cir. 1989)	15
<i>Search King v. Google Technology</i> , 2003 WL 21464568 (W.D. Okla. May 27, 2003)	25
<i>Smith v. Chanel</i> , 402 F.2d 562 (9th Cir. 1968)	10
<i>Smith v. United States</i> , 431 U.S. 291 (1977)	7
<i>Smith v. Wal-Mart Stores</i> , 1:06 CV 0526 (N.D. Ga.)	20
<i>Taubman Co. v. Webfeats</i> , 319 F.3d 770 (6th Cir. 2003)	9
<i>Thompson v. Western States Medical Ctr.</i> , 535 U.S. 357 (2002)	6, 7

<i>Virginia Board of Pharmacy v. Virginia Citizens Consumer Council</i> , 425 U.S. 748 (1976)	6, 7
<i>Wynn Oil Co. v. Thomas</i> , 839 F.2d 1183 (6th Cir. 1988)	10
<i>Zauderer v. Board of Disciplinary Counsel</i> , 471 U.S. 626 (1985)	8

CONSTITUTION, STATUTE AND RULES

United States Constitution	
First Amendment	<i>passim</i>
Lanham Act	
15 U.S.C. §§ 1051 <i>et seq.</i>	1, 10, 25
Federal Rules of Civil Procedure	
Rule 12(b)(6)	22

MISCELLANEOUS

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February 22, 2007) 13

INTEREST OF AMICUS CURIAE

Public Citizen is a public interest organization that represents the interests of consumers in the courts, in Congress, and before administrative agencies, and by the preparation of investigative reports and educational materials. Through a series of cases beginning with *Virginia Bd. of Pharmacy v. Virginia Citizens Consumer Council*, 425 U.S. 748 (1976), Public Citizen pioneered First Amendment protection for commercial speech because it recognized that consumers benefit when businesses can compete for their patronage through truthful advertisements. More recently, its Internet Free Speech Project has defended the rights of consumers and businesses under the Lanham Act to use trademarks online to denote companies about which they wish to comment or with which they seek to compete. *E.g.*, *Bosley Medical Institute v. Kremer*, 403 F.3d 672 (9th Cir. 2005). Public Citizen's interest is set forth at greater length in the accompanying motion for leave to file as amicus curiae.

BACKGROUND

In this action for trademark infringement and dilution, Rescuecom alleges that Google, the predominant Internet search engine operator, violated its trademark rights by allowing competitors to bid for the right to advertise to Rescuecom's potential customers, who display interest in obtaining information relating in some way to Rescuecom by using the trademark "Rescuecom" as a search term.

Generally speaking, search engines consist of three parts – a large database of

copied web pages, a system for identifying additional web pages to add to the database, and software that determines what pages from the database should be identified in response to a given search request by an Internet user, as well as in what order and format. Each search engine uses its own proprietary mathematical formula, or algorithm, to rank the “relevance” of web pages to the search terms selected by the search engine’s users. *See generally* Sullivan, *How Search Engines Work*, <http://searchenginewatch.com/webmasters/article.php/2168031>; Sullivan, *How Search Engines Rank Web Pages*, <http://searchenginewatch.com/webmasters/article.php/2167961>. Search engines commonly compete for users by expanding the database searched in response to requests (or, at least, optimizing the database that their target user audience wants to search), Sullivan, *Search Engine Sizes*, <http://searchenginewatch.com/reports/article.php/2156481>, and by refining search and ranking algorithms and optimizing the display so that users get the search results that they want. The objective is not just to give searchers the most complete results, but, perhaps more important, to enable searchers to find the specific information they seek, by placing it at or near the top of the list of search results. *See* Sullivan, *Search Engine Size Wars & Google’s Supplemental Results*, <http://searchenginewatch.com/searchday/article.php/3071371>; Sherman, *Google Gains in Popularity, But Will It Last?*, <http://searchenginewatch.com/searchday/article.php/3368371> (noting that

specialized search engines with smaller databases can compete effectively with general search engines with large databases by offering more effective searches to certain users).

The personnel and equipment needed to perform these functions are expensive. Although one way to pay for their operations would be to charge users in some way for searches or search results, search engines, like many other Internet services, generally support themselves by selling advertising. Advertisers are willing to pay more advertisers if their messages will be targeted to Internet users who are likely to be interested in their services. Search engines also compete for advertisers by maximizing the number of persons who use their engines, which in turn requires them to optimize the accuracy of search returns.

Keyword advertising, the specific activity at issue in this case, is born of the desire of many advertisers to buy ads that are targeted to audiences who may be interested in products or services similar to what the advertisers are trying to sell. For example, if an advertiser wants to sell onsite computer services, the advertiser may be willing to pay more for ads that can be directed to persons who are conducting searches either for such services generally or for the sort of services that the advertiser is trying to sell. One way to develop that target audience is by identifying people who type in generic search terms, such as “onsite computer services.”

Another way to target advertising is to identify internet users who are searching for particular brand names, such as computer brands whose owners are likely to buy service contracts or competitive computer services brands with whom the advertiser would like to compete. The issue in this case is whether targeting messages (particularly commercial messages) to members of the public who have expressed an interest in obtaining information about particular brands violates the trademark laws.

A. In Applying Trademark Law to this Case, the Court Should Recognize the Limits That the First Amendment Imposes on the Regulation of the Speech Both of Search Engine Operators and of the Website Operators Whose Sites the Engines Identify.

The Internet is a democratic institution in the fullest sense. It serves as the modern equivalent of Speakers' Corner in London's Hyde Park, where ordinary people may voice their opinions, however silly, profane, or brilliant they may be, to all who choose to listen. As the Supreme Court explained in *Reno v. American Civil Liberties Union*, 521 U.S. 844, 853, 870 (1997),

From a publisher's standpoint, [the Internet] constitutes a vast platform from which to address and hear from a world-wide audience of millions of readers, viewers, researchers and buyers. . . . Through the use of chat rooms, any person with a phone line can become a town crier with a voice that resonates farther than it could from any soapbox. Through the use of web pages, . . . the same individual can become a pamphleteer.

The Internet is a traditional public forum, and full First Amendment protection applies to speech on the Internet. *Id.* And, because plaintiff seeks judicial relief, it

seeks government action that must comply with the mandates of the First Amendment. *Organization for a Better Austin v. Keefe*, 402 U.S. 415, 418 (1971); *New York Times v. Sullivan*, 376 U.S. 254 (1964).

The Internet provides enormous possibilities for people who have information and opinions that they want others to consider. There is no limit to the content that may be communicated; it ranges from the Internet's original purpose – providing a way for the producers of scientific, technical or other intellectual work to make their results freely available to others – to archives of historical or literary material, political opinions, and comments on government bodies, public officials, or corporations, unions and other influential institutions. Most relevant to the issues before the Court, Internet content includes commercial information about goods or services that a website owner may have made, or that the owner may want to sell or promote; it also includes contrary or critical information about those same goods and services, and information about products sold by competitors of the website operator who also want to provide information about why their own products may be more desirable for reasons of quality, price, or convenience. All of this information co-exists in a single, huge public forum.

Cases like this tend to focus attention on the commercial aspects of the Internet (because it is primarily commercial enterprises that can afford advertising sold by an

auction method). However, the vast majority of the Internet remains non-commercial. Although the business community has plunged into the Internet, and although the perception that the Internet is a key means of reaching customers has surely driven its growth over the past several years, commerce remains a distinct minority online. Kelly, *The Web Runs on Love Not Greed*, Wall Street Journal, January 3, 2002 (estimating that commercial websites comprise less than one-third of the web's content). Moreover, keyword advertising is sometimes purchased by operators of Internet commentary sites to call the attention of users looking for the target of the commentary to the existence of the noncommercial website. (For an example of such keyword advertising that is the subject of a current trademark suit, enter "Lennar" as the subject of a Google or Yahoo! search).

The commercial aspects of the Internet are entitled to First Amendment protection. To be sure, the fullest measure of First Amendment protection is reserved for non-commercial speech, but "for [nearly 30 years], the Court has recognized that commercial speech does not fall outside the purview of the First Amendment." *Lorillard Tobacco Co. v. Reilly*, 533 U.S. 525, 553 (2001). "It is a matter of public interest that economic decisions, in the aggregate, be intelligent and well-informed. To this end, the free flow of commercial information is indispensable." *Thompson v. Western States Med. Ctr.*, 535 U.S. 357, 366 (2002), quoting *Virginia Bd. of*

Pharmacy v. Virginia Citizens Consumer Council, 425 U.S. 748, 765 (1976).

The commercial marketplace, like other spheres of our social and cultural life, provides a forum where ideas and information flourish. Some of the ideas and information are vital, some of slight worth. But the general rule is that the speaker and the audience, not the government, assess the value of the information presented. Thus, even a communication that does no more than propose a commercial transaction is entitled to the coverage of the First Amendment.

Thompson, supra, 535 U.S. at 367, quoting *Edenfield v. Fane*, 507 U.S. 761, 767 (1993).

Courts have recognized the significant consumer interest in allowing businesses to advertise truthful information about their goods and services, which can result in effective competition that lowers prices and makes important services more widely available. For example, a Virginia statute forbidding pharmacies from advertising drug prices was struck down in the case that first established that the First Amendment protects truthful commercial speech. *Virginia Bd. of Pharmacy, supra*. Consequently, pharmacies could compete for business by providing information about how consumers could get lower prices. Similarly, both statutes and rules of professional regulation once forbade lawyers, accountants and others from advertising the availability of professional services. However, the Supreme Court struck down those rules because it recognized that professional advertising could make the utility of services more widely known to consumers and could encourage professionals to

compete with each other by offering lower prices and more accessible services. *Edenfield v. Fane*, 507 U.S. 761, 767 (1993); *Zauderer v. Board of Disciplinary Counsel*, 471 U.S. 626 (1985); *Bates v. State Bar of Arizona*, 433 U.S. 350 (1977).

Commercial speech receives a lesser form of protection than non-commercial speech – it can be regulated even if it is misleading but not intentionally or recklessly false. *Bates v. State Bar of Arizona*, 433 U.S. 350, 383 (1977) (“the leeway for untruthful or misleading expression that has been allowed in other contexts has little force in the commercial arena”); *Smith v. United States*, 431 U.S. 291, 318 (1977).

In trademark cases, unlike copyright cases, where fair use is largely co-extensive with the First Amendment, *Harper & Row Publishers v. Nation Enterprises*, 471 US 539, 560 (1985), First Amendment considerations routinely receive separate discussion, and also inform statutory interpretation. Even if a trademark has been used in a commercial context, courts are required to construe the trademark laws narrowly to avoid impingement on First Amendment rights. *Cliffs Notes v. Bantam Doubleday*, 886 F.2d 490, 494 (2d Cir. 1989). Moreover, First Amendment interests are weighed as a factor in deciding whether a trademark violation should be found. *Anheuser-Busch v. Balducci Publications*, 28 F.3d 769, 776 (8th Cir. 1994). Injunctions must be narrowly crafted to comply with the general rule against prior restraints of speech. *Consumers’ Union v. General Signal Corp.*, 724 F.2d 1044,

1053 (2d Cir. 1983); *Better Business Bureau v. Medical Directors*, 681 F.2d 397, 404-405 (5th Cir. 1982). “Restrictions imposed on deceptive commercial speech can be no broader than reasonably necessary to prevent the deception.” *FTC v. Brown & Williamson Tobacco Corp.*, 778 F.2d 35, 43-44 (D.C. Cir. 1985), *citing In re RMJ*, 455 U.S. 191, 203 (1982); *see also Castrol v. Pennzoil*, 987 F.2d 939, 949 (3d Cir. 1993).

B. Keyword Advertising Does Not Inherently Violate Trademark Law.

1. Trademark Law Protects Against the Misuse of A Mark to Create Confusion About Whether Particular Goods and Services Emanate from the Trademark Holder.

Trademark law is constitutional because it is confined to commercial speech and regulates commercial speech by forbidding speech that is misleading. *Taubman Co. v. Webfeats*, 319 F.3d 770, 774-775 (6th Cir. 2003). The trademark laws do not forbid all uses of trademarks, but only deceptive ones: “When the mark is used in a way that does not deceive the public, we see no such sanctity in the word as to prevent its being used to tell the truth. It is not taboo.” *Prestonettes v. Coty*, 264 U.S. 359, 368 (1924).

Trademark law does not create a general cause of action based on harms caused by any form of misleading speech, but only misleading speech about the source of goods and services. “[T]he general concept underlying likelihood of confusion is that

the public believe the ‘the mark’s owner sponsored or otherwise approved of the use of the trademark.’” *Wynn Oil Co. v. Thomas*, 839 F.2d 1183, 1186 (6th Cir. 1988). Thus, trademark law does not protect against just any kind of confusion, only confusion about source: “All of the[] legitimate trademark purposes derive ultimately from the mark’s representation of a single fact: the product’s source. It is the source denoting function which trademark laws protect, and nothing more.” *Anti-Monopoly v. General Mills Fun Group*, 611 F.2d 296, 301 (9th Cir. 1979); *Smith v. Chanel*, 402 F.2d 562, 566-569 (9th Cir. 1968) (explaining how confining trademark law to this function best serves consumers’ and companies’ interests).¹

2. The Principal Function of Search Engines Is Not to Enable Members of the Public to Reach a Trademark Holder’s Official Website.

The size of the public forum provided by the Internet is staggering. A 1999 study estimated that there were 800 million discrete pages on the publicly indexable

¹“The limited purpose of trademark protections set forth in the [Lanham Act] is to avoid confusion in the marketplace by allowing a trademark owner to prevent others from duping consumers into buying a product they mistakenly believe is sponsored by the trademark owner. Trademark law aims to protect trademark owners from a false perception that they are associated with or endorse a product.” (internal quotes and citations omitted). *Mattel v. Walking Mt. Prod.*, 353 F.3d 792, 806 (9th Cir. 2003). “The trademark laws exist not to ‘protect’ trademarks, but . . . to protect the consuming public from confusion, concomitantly protecting the trademark owner’s right to a non-confused public.” *James Burrough Ltd. v. Sign of Beefeater*, 540 F.2d 266, 276 (7th Cir. 1976). *Accord Communications Sat. Corp. v. Comcet*, 429 F.2d 1245, 1252 (4th Cir. 1970).

Web, *Nature*, Vol. 400, July 8 1999, at 107-109; the following year, a commercial estimate put the number at 2.1 billion publicly available web pages, with seven million pages added every day. Mark, *Study Says Internet Size to Quickly Double*, http://dc.internet.com/news/article.php/2111_411381. By late 2004, Google had indexed eight billion pages. Markoff and Wyatt, *Google Is Adding Major Libraries to Its Database*, *New York Times* (December 14, 2004), viewed at <http://www.nytimes.com/2004/12/14/technology/14google.html?ei=5088&en=2f05698abe153255&ex=1260766800&partner=&pagewanted=print&position=>. Another estimate in November 2006, was that there were 100 million discrete websites with domain names and substantive content, double the number that existed only two years before. Walton, *Web reaches new milestone: 100 million sites*, <http://www.cnn.com/2006/TECH/internet/11/01/100millionwebsites/index.html> (November 1, 2006).

In these circumstances, it can be quite a challenge for the individual publisher of information to bring that information to the attention of those who may be interested in it. And without search engines, it would be an impossible task for the Internet user to look for the small group of sites that have information relevant to his interests. Without search engines, using the Internet would be analogous to looking for a few pages in a book in the Library of Congress (or hundreds of such libraries

combined) with neither a card catalogue, nor a Dewey Decimal System, nor any other orderly means to facilitate finding any material. Search engines provide an invaluable function, both by providing Internet viewers with a means of locating information in which they may be interested and by giving publishers a way to bring their information to the attention of their target audiences. Because of the crucial role played by search engines, it is vitally important that they neither suppress certain sites because they are disfavored nor give undue prominence to other sites by returning biased search results.

The fundamental flaw in Rescuecom's suit is its assumption that any member of the public who uses a search engine to conduct a search using the term "Recuecom" must necessarily be searching for Rescuecom's official site, and only for that site, and hence is likely to experience confusion about whether all of the ensuing search results are linked to Rescuecom's site. That assumption is wrong. To the contrary, it is common knowledge that an Internet user who employs a search engine and uses a search term that is in common use is likely to receive a listing of hundreds or even thousands of websites relating to their search terms. For example, a search for Rescuecom on Google, conducted on February 19, 2007, produced a list of approximately 67,000 search results. No rational user could possibly think that all of these results identify Rescuecom's own website, and no Internet user with even a

minimum degree of experience would use a search engine in the expectation of finding **only** the official site of a company in which he is interested. Indeed, any Internet user who encountered these search results and suffered confusion about whether every one of them was linked to Rescuecom's official website is, in our view, too careless to have his or her confusion weighed against the right of the operators of the other websites to communicate about their sites, not to speak of the right of consumers to learn about those other sites.²

To be sure, searches are sometimes performed with the objective of finding a particular company's official website. But the mere fact that the user is looking for information that has some bearing on a trademarked word, such as "Rescuecom," does not necessarily mean that the user wants to know only who owns the trademark and what the owner wants to convey. The user may be looking for information about the trademark or about the trademark holder. He may be looking for historical information. The user might have a grievance about the trademarked item and want information about other similar grievances. For example, the person might have had

²Happily, American trademark law does not reference the British standard of "a moron in a hurry." http://en.wikipedia.org/wiki/A_moron_in_a_hurry. American law protects only the expectations of "reasonably prudent purchasers exercising ordinary care." *Machinists v. Winship Green Nursing Ctr.*, 103 F.3d 196, 201 (1st Cir.1996); *see also Entrepreneur Media v. Smith*, 279 F.3d 1135, 1151 (9th Cir. 2002).

his or her computer fixed by Rescuecom, been dissatisfied with the result, and be trying to learn if others have had similar experiences and what they have done about it. Or the user might know that the markholder is a well-known provider of particular services but hope to find a comparable vendor who charges lower prices. The user might also want to find archives of information about disputes in which the trademark holder has been engaged. Or the user might be trying to buy an item similar to the trademarked item and be seeking a list of retailers who sell that item, to use the Internet for comparison shopping. And perhaps, instead of looking for dealers who sell only the goods of the trademarked brand, the user could be looking for dealers who sell multiple brands, on the theory that it is more efficient to engage in comparison shopping on the premises of a retailer who sells several similar products. Even the Internet user who comes to a search engine principally to find Rescuecom's own website may not be averse to being presented with alternatives. Indeed from the larger social perspective, the marketplace is better served the more information consumers receive about alternative providers of goods and services.

In crafting rules for the use of trademarks on the Internet, all these potential objectives of Internet users should be kept in mind, so that in trying to prevent customer confusion about the source, the courts do not impair the ability of Internet users to find information **about** a trademarked item or about competitive items, or the

ability of search engine operators to accommodate these various objectives. In this regard, it is useful to draw an analogy with ways of finding information in a library. If, for example, somebody wrote an unauthorized history of Rescuecom, he could put the word Rescuecom in the title without violating plaintiff's trademark. *See Rogers v. Grimaldi*, 875 F.2d 994, 1000 (2d Cir. 1989). And if the author were allowed to prepare the relevant entries for the card catalog, he could surely include the word "Rescuecom" in the title and subject cards. The author card would be different – only Rescuecom, as the owner of the Rescuecom trademark, could hold itself out as the author or sponsor of a book. The rules governing the use of trademarks on the Internet must likewise allow for these multiple uses of a single word as a target of searches for author, title and subject of each website.

Similarly, just as trademark law must accommodate the various objectives that Internet users may have in resorting to a search engine, the operators of search engines are entitled to take into account the various objectives of their potential customers, including their advertisers. As it happens, pages from Rescuecom's official websites provide the first few non-paid listings in searches on Google. However, search engine operators should not be required either to limit search results that are returned in response to search terms that embody trademarks to the official websites of the trademark holders, or to even to give primacy of ranking to a

trademark holder's official website.

3. A Trademark Holder's Competitors Are Entitled to Call Their Products to the Attention of People Interested in the Trademark Holder's Products.

Just as consumers have a legitimate interest in obtaining information about a full range of competitors, and not just about Rescuecom, before they buy on-site computer services, so too do Rescuecom competitors – whether a national franchisor such as Fastteks (www.fastteks.com), or innumerable local providers – have a right to call their competing products to the attention of potential customers, even customers who may have otherwise focused their principal attention on Rescuecom because of its position as a market leader. And the competitors are entitled to use Rescuecom's name in seeking the attention of potential Rescuecom customers.

For example, a Rescuecom competitor indisputably could place an advertisement in the *New York Times* bearing a large headline stating, "If you think Rescuecom provides good onsite computer services at a reasonable cost, please consider our services instead." Yet competitors are not limited to advertising to the general public. They are also entitled to advertise in locations where consumers already interested in onsite computer services generally are likely to see their ads. If the competitors seek to compete with Rescuecom specifically, they are entitled to seek out advertising venues where their ads can be seen by people who are thinking

about whether to buy Rescuecom's products or seeking information about Rescuecom itself.

For example, if the *New York Times* ran a series of news stories about Rescuecom, Fastteks could properly buy advertising on the adjoining pages of the newspaper. This ad would not violate Rescuecom's trademark rights, even if the *Times* placed Rescuecom's name in the news index, or ran teasers for its upcoming series using Rescuecom's name, and readers' attention was drawn to the news stories by the knowledge that information about Rescuecom could be found there. Similarly, if Fastteks were to pay a large enough sum of money to the person who owns the plot of land next to Rescuecom's headquarters in Syracuse, New York, Fastteks could erect a billboard offering its own services to draw the attention of customers who had come to Syracuse to visit Rescuecom. The neighboring landowner would not violate the trademark laws by holding an auction among onsite computer service providers for the placement of such a billboard, nor would the providers violate the trademark laws by bidding on the billboard space or by winning such an auction.

If a customer came to a computer store like CompUSA for the particular purpose of buying a computer, and asked whether the salesperson knew how to contact Rescuecom to sign a service agreement, the salesperson would not violate the trademark laws by responding that he believes that Fastteks would provide a better

deal for the customer, even if Fastteks paid commissions for such promotions. By the same token, Fastteks might pay a computer store chain to provide it with mailing lists of people who had come to them looking for Rescuecom. This transaction might implicate considerations of customer privacy, but, like the other examples discussed above, it would not violate the trademark laws. In each case, Fastteks would be delivering its message to persons who had been drawn by Rescuecom's trademark to a location where they could be identified as prospective targets for competitors' advertising.

Google and other search engine operators are analogous to the *New York Times*, the landowner in Syracuse, and CompUSA in the above hypotheticals. Without implicating customer privacy, search engines are able to provide potential advertisers with access to people who have communicated a specific interest in obtaining information about Rescuecom. At the same time that the search engines are providing to their customers the precise information that those customers desire – an impartial listing of websites that contains information relevant to the search term “Rescuecom” – the search engines are also able to provide Rescuecom's competitors with access to adjacent property, a portion of the web page adjacent to the search results. There is nothing inherently abhorrent to the trademark laws in the engines' sale to Rescuecom's competitors of such adjacent space on the listing of search

results.

As noted above, Rescuecom's official website appears at or near the top of each of the examples of search engine listings resulting from use of Rescuecom as a search term. Thus, this case does not involve a trademark holder trying to prevent its website from being concealed from potential viewers; it is rather a case in which the trademark holder is trying to suppress competitors' advertising to its potential customers. Trademark law does not authorize such suppression, and Rescuecom's incantation of "likelihood of confusion" allegations cannot conceal the fact that the trademark theory on which its case is predicated is not actionable. The Court should, therefore, affirm the judgment below on the ground that keyword advertising does not create a likelihood of confusion as a matter of law.

4. Allowing Actions Like This One to Proceed May Make It Too Expensive for Competitors or Critics to Use Keyword Advertising to Promote Web Sites That Compete With or Comment on Trademark Holders.

Trademark cases are notoriously expensive to litigate. The periodic survey conducted in 2005 by the American Intellectual Property Law Association of the cost of intellectual property litigation found that the median cost of trademark cases, even considering the cases with the smallest amount of damages at risk, was \$200,000 through the end of discovery and \$300,000 through trial. For cases with larger

potential damages, the cost tended to be even higher. AIPLA, *Report of the Economic Survey* 22 (2005).

For a company the size of Google this litigation cost may not be a daunting concern. After all, Google's business model depends on keyword advertising, and Google can be expected to devote the resources required to defend its main revenue source. However, **if** claims based on keyword advertising state a valid cause of action under the trademark laws, then such cases may be brought against the keyword advertisers, along with or instead of the company that sells the advertising. Indeed, several keyword advertising cases have been filed against companies or individuals that purchased keyword advertisements. *E.g.*, *J.G. Wentworth v. Settlement Funding LLC*, 2007 WL 30115 (E.D. Pa. Jan. 4, 2007); *Edina Realty v. TheMLSOnline.com*, 2006 WL 737064 (D. Minn. March 20, 2006); *Buying for the Home v. Humble Abode*, 459 F. Supp.2d 310 (D.N.J. 2006); *Merck & Co. v. Mediplan Health Consulting*, 425 F. Supp.2d 402, 415 (S.D.N.Y. 2006). When a well-funded company files such a trademark action against a smaller competitor, the mere cost of having to defend the case may be sufficient either to drive the competitor out of business, or at least to make the expense of keyword advertising so great as to discourage the practice. If that happens, consumers will be the poorer for having been deprived of information about the availability of competitive products.

The problem is especially severe for non-commercial website operators who purchase keyword advertisements to call attention to Internet sites that merely criticize the trademark holder, instead of selling goods or services in competition with the markholder. Although most keyword advertising described in the reported cases is purchased for the purpose of selling competing goods or services, non-profit organizations and individuals have also used keyword advertising to call attention to Internet sites that feature commentary on particular trademark owners. For example, Public Citizen has bought keyword advertising to call attention to some of its projects, such as its litigation against Wal-Mart on behalf of an Internet parodist, *Smith v. Wal-Mart Stores*, 1:06 CV 0526 (N.D. Ga.), or publications about particular dangerous drugs. Non-commercial keyword advertising is currently the subject of a trademark action under Florida trademark law in *Lennar Corp. v. Morgan*, No. 06-000493 CA (Fla. Cir. Ct Martin Cy.). In that case, which pits a major national developer against an individual whose website criticizes the developer's business practices, the defendant has had to foot substantial legal bills simply to defend his right to criticize a large corporation and to use keyword advertising to call public attention to the fact that his website relates to that subject.

In such cases, the defendant cannot even balance the possible financial gain from keyword advertising against the cost of litigation. Such defendants are very

unlikely to have “advertising insurance” to help bear the cost of defending the cases. The imposition of such transaction costs, and the resulting chilling effect on speech, can be avoided either by affirming based on the “no trademark use” holding adopted below, or on the alternate ground that the likelihood of confusion theory alleged in the complaint is simply preposterous based on the realities of the way search engines function, and the way in which actual search results contain links to tens of thousands of non-Rescuecom websites, including but not limited to those of Rescuecom’s competitors.³

C. Keyword Advertising Is Subject to Legal Limits.

Although keyword advertising programs do not inherently violate the trademark laws, they are not without legal limits. Not all of those limits are enforced by the trademark laws, however.

1. Search Engines Should Clearly Disclose Which Listings Are the Result of Paid Advertising.

One danger from the use of keyword advertising is that Internet consumers may

³ Documents that are integral to a complaint may be considered on a motion to dismiss under Rule 12(b)(6) without converting the motion into a summary judgment proceeding. *Cortec Industries v. Sum Holding L.P.*, 949 F.2d 42, 47-48 (2d Cir. 1991); *Decker v. Massey-Ferguson, Ltd.*, 681 F.2d 111, 113 (2d Cir. 1982). Thus, the Court can take judicial notice of searches on Google to assess the number of search results that are returned in response to searches using trademarked names, in trying to make sense of plaintiff’s theory of infringement or dilution.

not be able to distinguish between the listings on the results page that have been returned because the search engine operator determined, based on its impartial algorithms, that the results were relevant to their search, and those listings that appear because they provide information that a search engine advertiser has paid to have placed there. As explained several years ago by the organization Commercial Alert,

The failure to disclose that an ad is an ad is material because it can ultimately affect consumers' purchasing decisions, by diverting their attention to the advertisers. This is, of course, the purpose of the ad, and there is no question that the search listing ads in fact do this.

Because of the earlier editorial integrity in search engine results, there is an implied representation to search engine users that listings are not skewed by marketing or commercialism. Consumers are accustomed to search engine protocols based on editorial integrity, and have not been told of the departure from these protocols. In effect, this is a high-tech case of "bait and switch."

<http://www.commercialalert.org/PDFs/SearchEngines.pdf>.

The Federal Trade Commission agreed with this complaint and responded by warning search engine companies of the need for clear notice, finding that "while many search engine companies do attempt some disclosure of paid placement, their current disclosures may not be sufficiently clear." <http://www.ftc.gov/os/closings/staff/commercialalertletter.htm>.

There is some reason to be concerned about whether all search engines are providing sufficiently clear warning that particular links constitute paid advertising.

Google provides captions for the section of its search results pages that include paid advertisements, identifying them as “Sponsored Links.” The language of the label appears legally adequate to reveal the paid nature of the listings, although the fact that the label is shown in a pale font that is no larger than the other text on the page tends to downplay the disclosure.⁴

Moreover, the placement of some of the paid listings may bring them to the attention of the user **before** the impartial listings. Sometimes all paid results appear to the side, plainly separating them from the unpaid search results. On other occasions, the very first results that the user sees may be sponsored ones, and sometimes (especially on Yahoo!) the sponsored listings even resume at the end of the list of search results. Although the use of pastel shading behind the paid listing above (or below) the “organic” results helps to separate the two kinds of listings, the shading may accentuate the paid listings at the top, adding to the prominence of their location.

Like a newspaper that fills the top of the fold on the front page with advertising, a search engine that places several paid listings at the top of the page runs the risk of being perceived as predominantly an advertising publication rather than

⁴ Yahoo! additionally provides a hyperlinked parenthetical, “About this page,” which is linked to pages explaining to users that sponsored results are paid ads.

the provider of impartial search results based on “relevance” to the search terms. There is a danger that this system of placement may leave users somewhat more confused about whether the paid listings represent the most relevant listings returned in response to their search. Although the existence of a market for search engines gives defendant’s competitors the opportunity to compete for traffic by making the impartial results more prominent instead of threatening to bury them in paid listings, the fact that Google supplies such a huge fraction of all paid search advertising makes this development worrisome.

In addition to the possibility that confusion between paid and unpaid listings may result in an FTC complaint or other proceeding for deceptive advertising, placements that blur the boundaries between paid and unpaid listings may adversely affect the standard of review accorded to search engine companies whose listings are challenged under laws other than the Lanham Act. The search ranking provided by a search engine’s impartial algorithm may be a constitutionally protected opinion under the First Amendment. *Search King v. Google Technology*, 2003 WL 21464568 (W.D. Okla. May 27, 2003). To the extent that rankings are paid advertising, the degree of constitutional protection would be considerably lower. It is thus in Google’s interest to ensure that the distinction between their paid and unpaid advertising remains clear and unmistakable.

Although users may find the placement of paid advertising confusing, the problems raised by this placement are not **trademark** problems. Confusion about whether a listing is displayed prominently because it is a paid ad or because the unpaid algorithm identified it through an impartial calculation is not tantamount to confusion about whether Rescuecom is the source of the listings. Accordingly, this form of confusion is not actionable under the trademark laws.

2. The Content of Paid Listings, Like Other Online Uses of Trademarks, Must Not Create Confusion About Whether the Site Linked From the Listing Is Sponsored by Rescuecom.

Some trademark holders have contended that the content of some paid listings creates a likelihood of confusion about whether the markholder is the source of the websites advertised by those paid listings. Public Citizen agrees that, if one of Google's advertisers used the Rescuecom mark in an advertisement in a way that deceptively suggested that Rescuecom was the source or sponsor of the linked page or of the advertisement itself, such a use could constitute trademark infringement and hence could be the basis for a claim against the advertiser.

That argument, however, does not provide a valid basis for suit against Google in this case. Rescuecom's complaint refers in passing to the "content" of the keyword advertising, ¶ 36, but does not clearly allege the contents of the keyword advertisements themselves as a basis for Rescuecom's claims, and no specific

advertisement text has been alleged to be confusing about source. Indeed, the complaint does not allege that Google had any responsibility for the contents of the advertisements. To the contrary, the complaint only taxes Google with having created a paid keyword advertising program and with being responsible for the placement of advertisements based on search words used by Internet viewers. Although the complaint also alleges that Google deliberately encourages advertisers to use Rescuecom as a search term in their advertisements, there is, as argued above, nothing inherently improper about identifying a trademark holder as the subject or point of comparison of a website.

An advertisement may create a likelihood of confusion with respect to source if the listing incorrectly implies that the underlying site is about Rescuecom in some way when, in fact, it has no relationship to Rescuecom and does not even mention Rescuecom or compare the advertiser's products to Rescuecom's. However, as a matter of law, a publisher such as Google should not be legally responsible for comparing the advertisements to the underlying websites to make sure that representations of content are accurate and not confusing. The fact that Google, like any web host, retains the capacity to respond to complaints about misuse of trademarks should not alone provide a basis for holding it liable when trademarks are, in fact, misused in particular advertisements. Indeed, search engines generally

automate the process of keyword advertising, rather than having the ads reviewed by humans before they are displayed. Because keyword advertising may be paid at a rate of less than a dollar per click (depending on how valuable the keyword is in the marketplace), the process of having individuals with sufficient experience and knowledge review particular ads and compare them to the underlying websites to make the requisite legal judgments about whether a court might decide there is a likelihood of confusion or fair use is likely to be more expensive than the program is worth.

Thus, if search engines are responsible for infringement any time a trademarked term appears in a keyword ad and is deemed confusing and not fair use, the result will be that Google must forbid the use of trademarks in keyword ad text to avoid the possibility of being held liable. And yet a comparative advertisement, or an advertisement for a critical website, can be most effective, and indeed most truthful, when the ad explicitly identifies the point of comparison or the point of criticism but also makes clear the comparative or critical nature of the linked web site. The better course is to make the advertisers alone legally responsible for the confusing use of trademarks in the text of advertisements displayed in response to keyword searches.

CONCLUSION

The judgment of the district court should be affirmed either on the ground

stated below, or on the alternate ground that the practice of keyword advertising does not create likely confusion as a matter of law.

Respectfully submitted,

Paul Alan Levy

Public Citizen Litigation Group
1600 - 20th Street, N.W.
Washington, D.C. 20009
(202) 588-1000

Attorney for Public Citizen

February 22, 2007

CERTIFICATION OF COMPLIANCE

Pursuant to Rule 32(a)(7)(C), I certify that this brief is proportionally spaced in 14 point type and that my word processing program, Word Perfect X3, counted 6777 words in the body of the document (not counting cover, certificates and tables).

I certify that the foregoing statement is true and correct.

Paul Alan Levy

Public Citizen Litigation Group
1600 - 0th Street, NW
Washington, D.C. 20009
(202) 588-1000

Attorney for Public Citizen

February 22, 2007

UNITED STATES COURT OF APPEALS
FOR THE SECOND CIRCUIT

RESCUECOM CORPORATION,)
)
 Plaintiff-Appellant,)
)
 v.) No. 06-4881-cv
)
GOOGLE, INC.,)
)
 Defendant-Appellee.)

ANTI-VIRUS CERTIFICATION

Pursuant to Second Circuit Rule 32(a)(1)(E), I hereby certify that, using Symantec Antivirus, Program 10.0.1.1000, San Engine 71.1.011, Virus Definition File 2/16/2007 rev. 19, I scanned for viruses the PDF version of the brief of amicus curiae Public Citizen that is being submitted in this case as an email attachment to briefs@ca2.uscourts.gov, and that no viruses were detected.

Paul Alan Levy

February 22, 2007

CERTIFICATE OF SERVICE

I hereby certify that on this date I caused two copies of the hard copy of the foregoing Brief of Public Citizen as amicus curiae to be sent by first-class mail, postage prepaid, and an electronic copy of the brief in PDF format to be sent by email, to counsel for appellant and appellee as follows:

Edmund Gegan, Esquire
2560 Burnet Avenue
Syracuse, New York 12306
egegan@rescuecom.com

Michael Page, Esquire
Keker & Van Nest, LLP
710 Sansome Street
San Francisco, California 94111-1704

Respectfully submitted,

Paul Alan Levy

Public Citizen Litigation Group
1600 - 0th Street, NW
Washington, D.C. 20009
(202) 588-1000

Attorney for Public Citizen

February 22, 2007