

UNITED STATES COURT OF APPEALS FOR THE NINTH CIRCUIT

Multi Time Machine, Inc. v. Amazon.com, Inc.

804 F.3d 930 (9th Cir. 2015) · Decided July 6, 2015

OPINION

SILVERMAN, J.

Order; Opinion by Judge SILVERMAN; Dissent by Judge BEA ORDER Judges Silverman and Quist have voted to grant panel rehearing. Judge Bea has voted to deny rehearing. The petition for rehearing en banc is now moot. The Opinion filed July 6, 2015, and appearing at 792 F.3d 1070 (9th Cir.2015), is withdrawn.

The Superseding Opinion and Dissent are filed contemporaneously with this order. The parties may file additional petitions for panel rehearing or rehearing en banc. OPINION SILVERMAN, Circuit Judge: In the present appeal, we must decide whether the following scenario constitutes trademark infringement: A customer goes online to Amazon.com looking for a certain military-style wristwatch — specifically the “MTM Special Ops” — marketed and manufactured by Plaintiff Multi Time Machine, Inc. The customer types “mtm special ops” in the search box and presses “enter.” Because Amazon does not sell the MTM Special Ops watch, what the search produces is a list, with photographs, of several other brands of military style watches that Amazon does carry, specifically identified by their brand names — LummoX, Chase-Durer, TAWATEC, and Modus.

MTM brought suit alleging that Amazon’s response to a search for the MTM Special Ops watch on its website is trademark infringement in violation of the Lan-*933ham Act. MTM contends that Amazon’s search results page creates a likelihood of confusion, even though there is no evidence of any actual confusion and even though the other brands are clearly identified by name.

The district court granted summary judgment in favor of Amazon, and MTM now appeals. We affirm. “The core element of trademark infringement” is whether the defendant’s conduct “is likely to confuse customers about the source of the products.” *E. & J. Gallo Winery v. Gallo Cattle Co.*, 967 F.2d 1280, 1290 (9th Cir.1992).

Because Amazon’s search results page clearly labels the name and manufacturer of each product offered for sale and even includes photographs of the items, no reasonably prudent consumer accustomed to shopping online would likely be confused as to the source of the products.

Thus, summary judgment of MTM’s trademark claims was proper. I. Factual and Procedural Background MTM manufactures and markets watches under various brand names including MTM, MTM Special Ops, and MTM Military Ops. MTM holds the federally registered trademark

“MTM Special Ops” for timepieces. MTM sells its watches directly to its customers and through various retailers.

To cultivate and maintain an image as a high-end, exclusive brand, MTM does not sell its watches through Amazon.com. Further, MTM does not authorize its distributors, whose agreements require them to seek MTM’s permission to sell MTM’s products anywhere but their own retail sites, to sell MTM watches on Amazon.com.

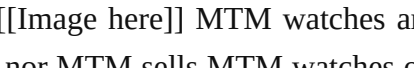
Therefore, MTM watches have never been available for sale on Amazon.com. Amazon is an online retailer that purports to offer “Earth’s Biggest Selection of products.” Amazon has designed its website to enable millions of unique products to be sold by both Amazon and third party sellers across dozens of product categories. Consumers who wish to shop for products on Amazon’s website can utilize Amazon’s search function.

The search function enables consumers to navigate Amazon.com’s large marketplace by providing consumers with relevant results in response to the consumer’s query. In order to provide search results in which the consumer is most likely to be interested, Amazon’s search function does not simply match the words in the user’s query to words in a document, such as a product description in Amazon.com’s catalog.

Rather, Amazon’s search function—like general purpose web search engines such as Google or Bing—employs a variety of techniques, including some that rely on user behavior, to produce relevant results. By going beyond exactly matching a user’s query to text describing a product, Amazon’s search function can provide consumers with relevant results that would otherwise be overlooked.

Consumers who go onto Amazon.com and search for the term “mtm special ops” are directed to a search results page. On the search results page, the search query used—here, “mtm special ops”—is displayed twice: in the search query box and directly below the search query box in what is termed a “breadcrumb.” The breadcrumb displays the original query, “mtm special ops,” in quotation marks to provide a trail for the consumer to follow back to the original search.

Directly below the breadcrumb, is a “Related Searches” field, which provides the consumer with alternative search queries in case the consumer is dissatisfied with the results of the original search. Here, the Related Search that is suggested to the consumer is: “mtm special ops watch.” Directly below the “Related Searches” field is a gray bar containing the text “Showing 10 Results.” Then, directly below the gray bar is Amazon’s product listings.

The gray bar separates the product listings from the breadcrumb and the “Related Searches” field. The particular search results page at issue is displayed below:  MTM watches are not listed on the page for the simple reason that neither Amazon nor MTM sells MTM watches on

Amazon, MTM filed a complaint against Amazon, alleging that Amazon's search results page infringes MTM's trademarks in violation of the Lanham Act.

Amazon filed a *935 motion for summary judgment, arguing that (1) it is not using MTM's mark in commerce and (2) there is no likelihood of consumer confusion. In ruling on Amazon's motion for summary judgment, the district court declined to resolve the issue of whether Amazon is using MTM's mark in commerce, and, instead, addressed the issue of likelihood of confusion.

In evaluating likelihood of confusion, the district court utilized the eight-factor test set forth in *AMF Inc. v. Sleekcraft Boats*, 599 F.2d 341 (9th Cir.1979).¹ Relying on our recent decision in *Network Automation, Inc. v. Advanced Systems Concepts*, 638 F.3d 1137 (9th Cir.2011), the district court focused in particular on the following factors: (1) the strength of MTM's mark; (2) the evidence of actual confusion and the evidence of no confusion; (3) the type of goods and degree of care likely to be exercised by the purchaser; and (4) the appearance of the product listings and the surrounding context on the screen displaying the results page.

Upon reviewing the factors, the district court concluded that the relevant Sleekcraft factors established "that there is no likelihood of confusion in Amazon's use of MTM's trademarks in its search engine or display of search results." Therefore, the district court granted Amazon's motion for summary judgment. II. Jurisdiction and Standard of Review We have jurisdiction pursuant to 28 U.S.C. § 1291. "The decision to grant summary judgment in a trademark infringement claim is reviewed de novo, and all reasonable inferences are to be drawn in favor of the non-moving party." *Surfvivor Media, Inc. v. Survivor Prods.*, 406 F.3d 625, 630 (9th Cir.2005). "Although disfavored in trademark infringement cases, summary judgment may be entered when no genuine issue of material fact exists." *Id.* Indeed, in several trademark cases, we have concluded that there is no likelihood of confusion as a matter of law and affirmed the district court's grant of summary judgment in favor of the defendant.

See, e.g., *One Indus., LLC v. Jim O'Neal Distrib.*, 578 F.3d 1154, 1162-65 (9th Cir.2009); *M2 Software, Inc. v. Madacy Entm't*, 421 F.3d 1073, 1080-85 (9th Cir.2005); *Surfvivor Media*, 406 F.3d at 631-34. III. Discussion To prevail on a claim of trademark infringement under the Lanham Act, "a trademark holder must show that the defendant's use of its trademark 'is likely to cause confusion, or to cause mistake, or to deceive.' " *Fortune Dynamic, Inc. v. Victoria's Secret Stores Brand Mgmt.*, 618 F.3d 1025, 1030 (9th Cir.2010) (quoting 15 U.S.C. § 1125(a)(1)-(a)(1)(A)). "The test for likelihood of confusion is whether a 'reasonably prudent consumer' in the marketplace is likely to be confused as to the origin of the good or service bearing one of the marks." *Dreamwerks Prod.*

Group v. SKG Studio, 142 F.3d 1127, 1129 (9th Cir.1998). "The confusion must 'be probable, not simply a possibility.' " *Murray v. Cable NBC*, 86 F.3d 858, 861 (9th Cir.1996). Here, the district court was correct in ruling that there is no likelihood of confusion. Amazon is responding to a

customer's inquiry about a brand it does not carry by doing no more than stating clearly (and showing pictures of) what brands it does carry.

To whatever extent the Sleekcraft factors apply in a case such as this— a merchant responding to a request for a particular brand it does not sell by offering other brands clearly identified as such—the undisputed evidence shows that confusion on the part of the inquiring buyer is not at all likely. Not only are the other brands clearly labeled and accompanied by photographs, there is no evidence of actual confusion by anyone.

To analyze likelihood of confusion, we utilize the eight-factor test set forth in *Sleekcraft*. However, “[w]e have long cautioned that applying the Sleekcraft test is not like counting beans.” *One Indus.*, 578 F.3d at 1162; see also *Network Automation, Inc. v. Advanced Sys. Concepts*, 638 F.3d 1137, 1145 (9th Cir.2011) (“The Sleekcraft factors are intended as an adaptable proxy for consumer confusion, not a rote checklist.”). “Some factors are much more important than others, and the relative importance of each individual factor will be case-specific.” *Brookfield Commc’ns v. West Coast Entm’t Corp.*, 174 F.3d 1036, 1054 (9th Cir.1999).

Moreover, the Sleekcraft factors are not exhaustive and other variables may come into play depending on the particular facts presented. *Network Automation*, 638 F.3d at 1145-46. This is particularly true in the Internet context. See *Brookfield*, 174 F.3d at 1054 (“We must be acutely aware of excessive rigidity when applying the law in the Internet context; emerging technologies require a flexible approach.”).

Indeed, in evaluating claims of trademark infringement in cases involving Internet search engines, we have found particularly important an additional factor that is outside of the eight-factor Sleekcraft test: “the labeling and appearance of the advertisements and the surrounding context on the screen displaying the results page.” *Network Automation*, 638 F.3d at 1154.

In the present case, the eight-factor Sleekcraft test is not particularly apt. This is not surprising as the Sleekcraft test was developed for a different problem — i.e., for analyzing whether two competing brands’ marks are sufficiently similar to cause consumer confusion. See *Sleekcraft*, 599 F.2d at 348.

Although the present case involves brands, that compete with MTM, such as Luminox, Chase-Durer, TAWATEC, and Modus, MTM does not contend that the marks for these competing brands are similar to its trademarks. Rather, MTM argues that the design of Amazon’s search results page creates a likelihood of initial interest confusion² because when a customer searches for MTM Special Ops watches on Amazon.com, the search results page displays the search term used — here, “mtm special ops” — followed by a display of numerous watches manufactured by MTM’s competitors and offered for sale by Amazon, without explicitly informing the customer that

Amazon does not carry MTM watches. *937 Thus, the present case focuses on a different type of confusion than was at issue in Sleekcraft.

Here, the confusion is not caused by the design of the competitor's mark, but by the design of the web page that is displaying the competing mark and offering the competing products for sale. Sleekcraft aside, the ultimate test for determining likelihood of confusion is whether a "reasonably prudent consumer" in the marketplace is likely to be confused as to the origin of the goods.

Dreamwerks, 142 F.3d at 1129. Our case can be resolved simply by a evaluation of the web page at issue and the relevant consumer. Cf. Brookfield, 174 F.3d at 1054 ("[I]t is often possible to reach a conclusion with respect to likelihood of confusion after considering only a subset of the factors."). Indeed, we have previously noted that "[i]n the keyword advertising context [i.e., where a user performs a search on the internet, and based on the keywords contained in the search, the resulting web page displays certain advertisements containing products or services for sale,] the 'likelihood of confusion will ultimately turn on what the consumer saw on the screen and reasonably believed, given the context.' " Network Automation, 638 F.3d at 1153.

In other words, the case will turn on the answers to the following two questions: (1) Who is the relevant reasonable consumer?; and (2) What would he reasonably believe based on what he saw on the screen? Turning to the first question, we have explained that "[t]he nature of the goods and the type of consumer is highly relevant to determining the likelihood of confusion in the keyword advertising context." Network Automation, 638 F.3d at 1152. "In evaluating this factor, we consider 'the typical buyer exercising ordinary caution.' " Au-Tomotive Gold, Inc. v. Volkswagen of Am., Inc., 457 F.3d 1062, 1076 (9th Cir.2006) (quoting Sleekcraft, 599 F.2d at 353). "Confusion is less likely where buyers exercise care and precision in their purchases, such as for expensive or sophisticated items." Id. Moreover, "the default degree of consumer care is becoming more heightened as the novelty of the Internet evaporates and online commerce becomes commonplace." Network Automation, 638 F.3d at 1152.

The goods in the present case are expensive. It is undisputed that the watches at issue sell for several hundred dollars. Therefore, the relevant consumer in the present case "is a reasonably prudent consumer accustomed to shopping online." Toyota Motor Sales, U.S.A., Inc. v. Tabari, 610 F.3d 1171, 1176 (9th Cir.2010). Turning to the second question, as MTM itself asserts, the labeling and appearance of the products for sale on Amazon's web page is the most important factor in this case.

This is because we have previously noted that clear labeling can eliminate the likelihood of initial interest confusion in cases involving Internet search terms. See, e.g., Playboy Enters., 354 F.3d at 1030 n. 44 (explaining that clear labeling "might eliminate the likelihood of initial interest confusion that exists in this case"); Network Automation, 638 F.3d at 1154 (same).

Indeed, MTM itself argues: “The common thread of [the Ninth Circuit’s decisions in Brookfield, Playboy, and Network Automation] is that liability under the Lanham Act can only be avoided as a matter of law where there is clear labeling to avoid the possibility of confusion — including initial interest confusion — resulting from the use of another’s trademark.” Thus, MTM agrees that summary judgment of its trademark claims is appropriate if there is clear labeling that avoids likely confusion.

Here, the products at issue are clearly labeled by Amazon to avoid any likelihood of initial interest confusion by a reasonably prudent consumer accustomed to online shopping. When a shopper goes to Amazon’s website and searches for a product using MTM’s trademark “mtm special ops,” the resulting page displays several products, all of which are clearly labeled with the product’s name and manufacturer in large, bright, bold letters and includes a photograph of the item.

In fact, the manufacturer’s name is listed twice. For example, the first result is “Luminox Men’s 8401 Black Ops Watch by Luminox.” The second result is “Chase-Durer Men’s 246.4BB7-XL-BR Special Forces 1000XL Black Ionic-Plated Underwater Demolition Team Watch by Chase-Durer.” Because Amazon clearly labels each of the products for sale by brand name and model number accompanied by a photograph of the item, it is unreasonable to suppose that the reasonably prudent consumer accustomed to shopping online would be confused about the source of the goods.

MTM argues that initial interest confusion might occur because Amazon lists the search term used — here the trademarked phrase “mtm special ops” — three times at the top of the search page. MTM argues that because Amazon lists the search term “mtm special ops” at the top of the page, a consumer might conclude that the products displayed are types of MTM watches.

But, merely looking at Amazon’s search results page shows that such consumer confusion is highly unlikely. None of these watches is labeled with the word “MTM” or the phrase “Special Ops,” let alone the specific phrase “MTM Special Ops.” Further, some of the products listed are not even watches.

The sixth result is a book entitled “Survive!: The Disaster, Crisis, and Emergency Handbook by Jerry Ahem.” The tenth result is a book entitled “The Moses Expedition: A Novel by Juan Gómez-Jurado.” No reasonably prudent consumer, accustomed to shopping online or not, would assume that a book entitled “The Moses Expedition” is a type of MTM watch or is in any way affiliated with MTM watches.

Likewise, no reasonably prudent consumer accustomed to shopping online would view Amazon’s search results page and conclude that the products offered are MTM watches. It is possible that someone, somewhere might be confused by the search results page. But, “[u]nreasonable,

imprudent and inexperienced web-shoppers are not relevant.” Tabari, 610 F.3d at 1176; see also Network Automation, 638 F.3d at 1153 (“[W]e expect consumers searching for expensive products online to be even more sophisticated.”).

To establish likelihood of confusion, MTM must show that confusion is likely, not just possible. See Murray, 86 F.3d at 861. MTM argues that in order to eliminate the likelihood of confusion, Amazon must change its search results page so that it explains to customers that it does not offer MTM watches for sale before suggesting alternative watches to the customer.

We disagree. The search results page makes clear to anyone who can read English that Amazon carries only the brands that are clearly and explicitly listed on the web page. The search results page is unambiguous — not unlike when someone walks into a diner, asks for a Coke, and is told “No Coke. Pepsi.” See *Multi Time Mach., Inc. v. Amazon.com, Inc.*, 792 F.3d 1070, 1080-81 (9th Cir.2015) (Silverman, J., dissenting).

In light of the clear labeling Amazon uses on its search results page, no reasonable trier of fact could conclude that Amazon’s search results page would likely confuse a reasonably prudent consumer accustomed to shopping online as to the source of the goods being offered. Cf. *Playboy*, 354 F.3d at 1030 n. 44 (Clear labeling “might eliminate the likelihood of *939initial interest confusion that exists in this case.”); *Network Automation*, 638 F.3d at 1154 (same).

As Judge Berzon put it, “I do not think it is reasonable to find initial interest confusion when a consumer is never confused as to source or affiliation, but instead knows, or should know, from the outset that a product or web link is not related to that of the trademark holder because the list produced by the search engine so informs him.” *Playboy*, 354 F.3d at 1034-35 (9th Cir.2004) (Berzon, J., concurring)..

MTM attempts to argue that summary judgment of its claims is inappropriate because there are numerous factual disputes related to Amazon’s search results page. But, to the extent there are factual disputes between the parties, none is material to the analysis. MTM cannot dispute the fact that the watches at issue sell for hundreds of dollars.

Therefore, as a matter of law, the relevant consumer would be a reasonably prudent consumer accustomed to shopping online. See *Tabari*, 610 F.3d at 1176; *Network Automation*, 638 F.3d at 1152-53. Further, MTM cannot dispute the contents of the web page at issue. A review of Amazon’s web page shows that each product listed for sale is clearly labeled with the product’s name and manufacturer and a photograph, and no product is labeled with MTM’s mark.

Thus, the undisputed facts show that it is highly unlikely that a reasonably prudent consumer accustomed to shopping online would be confused as to the source of the goods offered for sale on Amazon’s web page. The likelihood of confusion is often a question of fact, but not always.

In a case such as this, where a court can conclude that the consumer confusion alleged by the trademark holder is highly unlikely by simply reviewing the product listing/advertisement at issue, summary judgment is appropriate. Cf. *M2 Software*, 421 F.3d at 1085 (explaining that summary judgment of a trademark claim is appropriate where the plaintiff has failed to present “sufficient evidence to permit a rational trier of fact to find that confusion is ‘probable,’ not merely ‘possible’”).

Indeed, in the similar context of evaluating claims of consumer deception when dealing with false advertising claims, we have at least twice concluded—after a review of the label or advertisement at issue—that there was no likelihood of consumer deception as a matter of law because no reasonable consumer could have been deceived by the label/advertisement at issue in the manner alleged by the plaintiff.

See, e.g., *Davis v. HSBC Bank*, 691 F.3d 1152, 1162 (9th Cir.2012); *Freeman v. Time, Inc.*, 68 F.3d 285, 289-90 (9th Cir.1995). Further, we are able to conclude that summary judgment is appropriate in the present case without delving into any factors other than: (1) the type of goods and the degree of care likely to be exercised by the purchaser; and (2) the labeling and appearance of the products for sale and the surrounding context on the screen displaying the results page.

Cf. *Brookfield*, 174 F.3d at 1054 (“[I]t is often possible to reach a conclusion with respect to likelihood of confusion after considering only a subset of the factors”). However, if we were to evaluate each of the remaining *Sleekcraft* factors, those factors would not change our conclusion, here, because those factors are either neutral or unimportant. “Actual confusion”—We have held that “[a] showing of actual confusion among significant numbers of consumers provides strong support for the likelihood of confusion.” *Playboy*, 354 F.3d at 1026 (noting that a strong showing by the plaintiff in regard to this factor alone can reverse a grant of summary judgment).

However, ⁹⁴⁰here, there is no evidence of actual confusion. The only “evidence” MTM presented to the district court of actual confusion is the deposition testimony of MTM’s president stating that someone named Eric told him, in reference to Amazon’s web page, “it’s confusing.” Hearsay problems aside, this testimony is too speculative to show actual confusion because there is no evidence showing that Eric was a potential consumer.

Indeed, at oral argument, MTM conceded that it does not have evidence of actual consumer confusion. Therefore, this factor does not weigh in MTM’s favor. “Defendant’s Intent” — We have also held that “[a] defendant’s intent to confuse constitutes probative evidence of likely confusion: Courts assume that the defendant’s intentions were carried out successfully.” *Playboy*, 354 F.3d at 1028 (footnote omitted).

MTM argues that the design of Amazon’s search results page is evidence of its intent to cause confusion. The design, however, indisputably produces results that are clearly labeled as to the

type of product and brand. Amazon has designed its results page to alleviate any possible confusion about the source of the products by clearly labeling each of its products with the product's name and manufacturer.

Therefore, this factor also does not weigh in MTM's favor. "Strength of the Mark" — MTM argues that it has presented sufficient evidence below from which a jury could properly conclude that its trademark is both conceptually strong and commercially strong.

However, we find that this factor is unimportant under the circumstances of this case. Even assuming MTM's mark is one of the strongest in the world — on the same level as Apple, Coke, Disney, or McDonald's — there is still no likelihood of confusion because Amazon clearly labels the source of the products it offers for sale. Further, as we previously found in *Network Automation*, the remaining *Sleekcraft* factors are unimportant in a case, such as this, involving Internet search terms where the competing products are clearly labeled and the relevant consumer would exercise a high degree of care.

See *Network Automation*, 638 F.3d at 1150-53 (finding "proximity of goods," "similarity of marks," "marketing channels," and "likelihood of expansion" to be unimportant in a trademark case involving Internet search terms where the advertisements are clearly labeled and the relevant consumers would exercise a high degree of care). IV. Conclusion In light of Amazon's clear labeling of the products it carries, by brand name and model, accompanied by a photograph of the item, no rational trier of fact could find that a reasonably prudent consumer accustomed to shopping online would likely be confused by the Amazon search results.

Accordingly, we affirm the district court's grant of summary judgment in favor of Amazon. **AFFIRMED.** The eight factors enumerated in *Sleekcraft* are as follows: "1. strength of the mark; 2. proximity of the goods; 3. similarity of the marks; 4. evidence of actual confusion; 5. marketing channels used; 6. type of goods and the degree of care likely to be exercised by the purchaser; 7. defendant's intent in selecting the mark; and 8. likelihood of expansion of the product lines." 599 F.2d at 348-49..

"Initial interest confusion is customer confusion that creates initial interest in a competitor's product. Although dispelled before an actual sale occurs, initial interest confusion impermissibly capitalizes on the goodwill associated with a mark and is therefore actionable trademark infringement." *Playboy Enters. v. Netscape Commc'ns Corp.*, 354 F.3d 1020, 1025 (9th Cir.2004).

Following the issuance of the original opinion in this action, several amici filed briefs questioning the validity of the doctrine of initial interest confusion in the context of the Internet. However, in the present appeal, the parties did not dispute the application of the doctrine of initial interest confusion, and we as a three-judge panel are bound by the precedent of our court.

See *Miller v. Gammie*, 335 F.3d 889, 899 (9th Cir.2003) (“[A] three-judge panel may not overrule a prior decision of the court.”).

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