

UNITED STATES COURT OF APPEALS FOR THE SECOND CIRCUIT

Rescuecom Corp. v. Google Inc.

562 F.3d 123 (2d Cir. 2009) · No. 06-4881-cv · Decided April 3, 2009

SUMMARY

The United States Court of Appeals for the Second Circuit held that Rescuecom adequately pleaded that Google's recommendation and sale of the Rescuecom trademark as an advertising keyword constituted a use in commerce under the Lanham Act. The court distinguished its prior decision in 1-800 Contacts and held that dismissal under Rule 12(b)(6) was premature because Rescuecom had alleged a likelihood of consumer confusion. The court vacated the judgment and remanded for further proceedings.

CASE DETAILS

COURT	United States Court of Appeals for the Second Circuit
WRITING FOR THE COURT	Leval, Circuit Judge; Calabresi, Circuit Judge; Wesley, Circuit Judge
JURISDICTION	Federal
DECIDED	April 3, 2009
DOCKET	06-4881-cv
DISPOSITION	vacated
PROCEDURAL POSTURE	Rescuecom appealed the Northern District of New York's dismissal of its Lanham Act claims under Federal Rule of Civil Procedure 12(b)(6) for failure to state a claim.
STANDARD OF REVIEW	De novo review of a district court's grant of a Rule 12(b)(6) motion; the court accepts well-pleaded factual allegations as true, draws reasonable inferences in the plaintiff's favor, and construes the complaint liberally.
PRECEDENTIAL VALUE	published and precedential
PARTIES	Rescuecom Corp. v. Google Inc.

TOPICS

- trademark infringement
- trademark law
- motions to dismiss
- statutory interpretation
- appellate procedure

PRACTICE AREAS

QUESTIONS PRESENTED

1. Whether Rescuecom adequately pleaded that Google's recommendation and sale of the Rescuecom trademark as a keyword constituted a use in commerce under the Lanham Act.
2. Whether Second Circuit precedent in 1-800 Contacts required dismissal of Rescuecom's Lanham Act claims at the pleading stage.
3. Whether the complaint adequately alleged a likelihood of consumer confusion sufficient to survive a Rule 12(b)(6) motion.

HOLDINGS

1. The complaint adequately pleaded that Google made a use in commerce of Rescuecom's trademark because Google displayed, offered, recommended, and sold the mark to advertising customers as part of Google's advertising services.
2. The district court misread 1-800 Contacts; that precedent did not require dismissal because the allegations in Rescuecom's complaint were materially different.
3. The complaint sufficiently alleged a likelihood of consumer confusion to survive dismissal, although the court expressed no view on whether Rescuecom could prove confusion or a Lanham Act violation.

KEY QUOTATIONS

"here what Google is recommending and selling to its advertisers is Rescuecom's trademark." (129)

"We did not imply in 1-800 that an alleged infringer's use of a trademark in an internal software program insulates the alleged infringer from a charge of infringement, no matter how likely the use is to cause confusion in the marketplace." (130)

"We conclude that the district court was mistaken in believing that our precedent in 1-800 requires dismissal." (131)

"The judges of the 1-800 panel have read this Appendix and have authorized us to state that they agree with it. At the same time we note that the discussion in this Appendix does not affect the result of this case. We assumed in the body of the opinion, in accordance with the holding of 1-800, that the requirements of the second sentence of the definition of "use in commerce" in § 1127 apply to infringing conduct and found that such use in commerce was adequately pleaded. The discussion in this Appendix is therefore dictum and not a binding opinion of the court." (140-141)

FACTUAL BACKGROUND

Rescuecom operated a computer-service franchising business and owned a registered federal trademark in the name Rescuecom. Google sold keyword-triggered advertising through its AdWords program and recommended keywords through its Keyword Suggestion Tool. According to Rescuecom's complaint, Google recommended and sold the Rescuecom trademark to competitors, causing competitors' advertisements and links to appear when

users searched for Rescuecom, in a manner that could lead users to believe the competitors were affiliated with, sponsored by, or approved by Rescuecom.

PROCEDURAL HISTORY

Rescuecom alleged that Google's AdWords and Keyword Suggestion Tool programs used and sold Rescuecom's trademark as a keyword to trigger competitors' advertisements. The district court dismissed the action, concluding that Second Circuit precedent in 1-800 Contacts compelled the conclusion that Google had not made a use in commerce of Rescuecom's mark. The Second Circuit held that the complaint adequately pleaded use in commerce and vacated the dismissal, remanding for further proceedings.

DISPOSITION

vacated

REMAND INSTRUCTIONS

The judgment dismissing Rescuecom's action is vacated, and the case is remanded to the district court for further proceedings.

CASES CITED

- 1-800 Contacts, Inc. v. WhenU.Com, Inc., 414 F.3d 400 (2d Cir. 2005)
- Lentell v. Merrill Lynch & Co., Inc., 396 F.3d 161, 165 (2d Cir. 2005)
- PaineWebber Inc. v. Bybyk, 81 F.3d 1193, 1197 (2d Cir. 1996)
- Gregory v. Daly, 243 F.3d 687, 691 (2d Cir. 2001)
- S & L Vitamins, Inc. v. Australian Gold, Inc., 521 F. Supp. 2d 188, 199-202 (E.D.N.Y. 2007)
- Merck & Co., Inc. v. Mediplan Health Consulting, Inc., 425 F. Supp. 2d 402, 415 (S.D.N.Y. 2006)
- Estee Lauder Inc. v. The Gap, Inc., 108 F.3d 1503, 1508-09 (2d Cir. 1997)
- U-Haul Int'l, Inc. v. WhenU.com, Inc., 279 F. Supp. 2d 723 (E.D. Va. 2003)
- Wells Fargo & Co. v. WhenU.com, Inc., 293 F. Supp. 2d 734 (E.D. Mich. 2003)
- The Trade-Mark Cases, 100 U.S. 82, 96, 25 L. Ed. 550 (1879)
- Western Stove Co. v. Geo. D. Roper Corp., 82 F. Supp. 206, 216 (S.D. Cal. 1949)
- Procter & Gamble Co. v. Johnson & Johnson Inc., 485 F. Supp. 1185 (S.D.N.Y. 1979), *aff'd*, 636 F.2d 1203 (2d Cir. 1980)
- Whitman v. American Trucking Ass'ns, 531 U.S. 457, 468, 121 S. Ct. 903, 149 L. Ed. 2d 1 (2001)
- Two Pesos, Inc. v. Taco Cabana, Inc., 505 U.S. 763, 768, 112 S. Ct. 2753, 120 L. Ed. 2d 615 (1992)
- Thompson Medical Co., Inc. v. Pfizer Inc., 753 F.2d 208, 215-216 (2d Cir. 1985)