

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 July 28, 2009

SUMMARY

The Second Circuit vacated the dismissal of Rescuecom Corporation’s Lanham Act claims against Google and remanded for further proceedings. The court held that allegations that Google recommended and sold Rescuecom’s trademark as an advertising keyword adequately pleaded a use in commerce, distinguishing its prior decision in 1-800 Contacts v. WhenU.com. The court did not decide whether Google’s practices actually caused a likelihood of consumer confusion.

CASE DETAILS

COURT	United States Court of Appeals for the Second Circuit
WRITING FOR THE COURT	Jon O. Newman; Pierre N. Leval; Guido Calabresi; Peter W. Hall
JURISDICTION	Federal
DECIDED	July 28, 2009
DOCKET	06-4881-cv
DISPOSITION	vacated
PROCEDURAL POSTURE	Rescuecom appealed the Northern District of New York's dismissal under Federal Rule of Civil Procedure 12(b)(6) of its Lanham Act claims against Google.
STANDARD OF REVIEW	De novo review of a district court's grant of a Rule 12(b)(6) motion. The court accepts the complaint's factual allegations as true, draws reasonable inferences in the plaintiff's favor, and construes the complaint liberally.
PRECEDENTIAL VALUE	published precedential opinion
PARTIES	Rescuecom Corp. v. Google Inc.

TOPICS

- trademark infringement
- trademark law
- statutory interpretation
- appellate procedure
- standard of review

PRACTICE AREAS

- trademark law
- trademark infringement
- intellectual property
- commercial litigation
- appellate procedure

QUESTIONS PRESENTED

1. Whether Google's recommendation and sale of Rescuecom's trademark as a keyword to trigger sponsored advertisements constituted a use in commerce under the Lanham Act.
2. Whether Rescuecom adequately pleaded a Lanham Act claim based on a likelihood of consumer confusion to survive a Rule 12(b)(6) motion.
3. Whether the Second Circuit's decision in *1-800 Contacts, Inc. v. WhenU.com, Inc.* required dismissal of Rescuecom's complaint.

HOLDINGS

1. The complaint adequately alleged that Google made a use in commerce of Rescuecom's mark because Google recommended, displayed, offered, and sold the mark to advertising customers in connection with Google's advertising services.
2. Rescuecom adequately alleged that Google's presentation of competitor advertisements and links in response to searches for Rescuecom's trademark was likely to cause consumer confusion as to affiliation, sponsorship, approval, or origin.
3. The district court misconstrued *1-800 Contacts*; that precedent did not require dismissal of Rescuecom's complaint.

KEY QUOTATIONS

"The Complaint's allegations that Google's recommendation and sale of Rescuecom's mark to Google's advertisers, so as to trigger the appearance of their advertisements and links in a manner likely to cause consumer confusion when a Google user launches a search of Rescuecom's trademark, properly alleges a claim under the Lanham Act." (562 F.3d at 127)

"Whether Google's actual practice is in fact benign or confusing is not for us to judge at this time. We consider at the 12(b)(6) stage only what is alleged in the Complaint." (562 F.3d at 134)

"The discussion in this Appendix is therefore dictum and not a binding opinion of the court." (562 F.3d at 157)

FACTUAL BACKGROUND

Rescuecom operated a computer-service franchising business and owned a federally registered trademark for "Rescuecom." Google operated AdWords and Keyword Suggestion Tool, through which advertisers could purchase or be encouraged to purchase trademarks and other terms to trigger sponsored advertisements and links. Rescuecom alleged that Google's recommendation and sale of its mark to competitors caused competitor advertisements to appear when users searched for Rescuecom, in a manner likely to create confusion about affiliation, sponsorship, approval, or origin.

PROCEDURAL HISTORY

The district court dismissed Rescuecom's claims for trademark infringement, false designation of origin, and dilution, concluding that Google's alleged conduct did not constitute a use in commerce of Rescuecom's mark.

The Second Circuit vacated the judgment and remanded for further proceedings, holding that the complaint adequately alleged a use in commerce and a likelihood of consumer confusion.

DISPOSITION

vacated

REMAND INSTRUCTIONS

The case was remanded to the United States District Court for the Northern District of New York for further proceedings on Rescuecom's Lanham Act claims.

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)
- Estee Lauder Inc. v. The Gap, Inc., 108 F.3d 1503, 1508-09 (2d Cir. 1997)
- Two Pesos, Inc. v. Taco Cabana, Inc., 505 U.S. 763, 768 (1992)
- Thompson Med. Co., Inc. v. Pfizer Inc., 753 F.2d 208, 215-16 (2d Cir. 1985)
- 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)
- 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 (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 (2001)