

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

UNITED STATES DISTRICT COURT  
CENTRAL DISTRICT OF CALIFORNIA

TOKYO BROADCASTING SYSTEM, a Corporation registered in Japan,	)	LEAD CASE NO. CV 08-06550-MAN
Plaintiff,	)	[Consolidated with Case No. CV 08-06622-MAN]
v.	)	
AMERICAN BROADCASTING COMPANIES, INC., a New York Corporation, et al.,	)	ORDER DENYING MOTION TO DISMISS
Defendants.	)	
<hr/>		
TOKYO BROADCASTING SYSTEM, a Corporation registered in Japan,	)	NO. CV 08-06622-MAN
Plaintiff,	)	
v.	)	
ENDEMOL USA, a California corporation, et al.,	)	
Defendants.	)	

Before the Court is a motion to dismiss three of the four claims alleged in the presently operative complaint. For the reasons set forth below, the Court concludes that the motion should be denied.

1 **BACKGROUND**

2

3 On October 6, 2008, plaintiff Tokyo Broadcasting System, Inc.,  
4 ("TBS") filed a complaint against defendant American Broadcasting  
5 Companies, Inc. ("ABC") in Case No. CV 08-06550-SJO (MANx). On October  
6 8, 2008, TBS filed a separate complaint against defendant Endemol USA  
7 ("Endemol") in Case No. CV 08-06622-DDP (JTLx). On January 5, 2009, the  
8 parties consented to proceed before the undersigned United States  
9 Magistrate Judge for all purposes, pursuant to 28 U.S.C. § 636(c), and  
10 thereafter, the two cases were consolidated.

11

12 On February 23, 2009, TBS filed its Second Amended Complaint in  
13 these consolidated cases ("SAC"). The SAC alleges four claims: (1)  
14 copyright infringement pursuant to 17 U.S.C. § 501 (Ground One); (2) a  
15 Lanham Act violation, *i.e.*, false designation of origin, pursuant to 15  
16 U.S.C. §1125(a) (Ground Two); (3) statutory unfair competition pursuant  
17 to California Bus. & Prof. Code § 17200 (Ground Three); and (4) common  
18 law unfair competition (Ground Four).

19

20 On March 16, 2009, defendant ABC filed a motion to dismiss the SAC  
21 ("Motion").<sup>1</sup> The Motion seeks the dismissal of Grounds Two through Four  
22 of the SAC pursuant to Rule 12(b)(6) of the Federal Rules of Civil  
23 Procedure. On March 31, 2009, TBS filed its Opposition to the Motion.  
24 On April 7, 2009, ABC filed its Reply. Briefing on the Motion, thus, is  
25 complete.

26

---

27 <sup>1</sup> Pursuant to the Court's Order dated March 13, 2009, defendant  
28 Endemol's time to respond to the SAC has been effectively stayed pending  
a ruling on the Motion, because Endemol's time to respond was extended  
until such time as ABC is required to answer the SAC.

1                                   **A BRIEF SUMMARY OF THE SAC'S ALLEGATIONS**

2

3           TBS owns and/or co-owns the copyrights for numerous television

4 shows. These include: *Takeshi's Castle*, which originated in Japan and

5 was licensed for broadcast in the United States and shown under the name

6 *MXC* (a/k/a *Most Extreme Elimination Challenge*); *Sasuke*, which also

7 originated in Japan and was licensed for broadcast in the United States

8 and shown under the name *Ninja Warrior*; and *Kunoichi*, which again

9 originated in Japan and was licensed for broadcast in the United States

10 and shown under the name *Women of Ninja Warrior*) (collectively, the

11 "Shows"). (SAC ¶¶ 5, 12-19, 36-39.) Each of the Shows involve

12 contestants who compete in a variety of physical challenges, including

13 obstacle courses. (*Id.*)

14

15           The American television show *Wipeout* is produced by Endemol and

16 promoted, advertised, and broadcast by ABC. (SAC ¶ 1.) ABC began

17 airing *Wipeout* in 2008, and Endemol has licensed the show for broadcast

18 in numerous other countries. (SAC ¶¶ 26-27.) Like the Shows, *Wipeout*

19 involves contestants who compete in a variety of physical challenges on

20 obstacle courses. *Wipeout* "incorporates not only the total concept and

21 feel of the Shows but also the most significant, original and expressive

22 elements of the Shows" including, *inter alia*, the use of silly but

23 difficult physical challenges on huge obstacle courses, the comical

24 portrayal of contestants' failed attempts, the methods of highlighting

25 such failed attempts, the use of two commentators who make humorous

26 comments, similar camera angles, instant replay and slow-motion devices,

27 and the use of the same challenges and obstacle courses. (SAC ¶¶ 29-

28 30.)

1 The Google Internet search engine allows users to search for  
2 information using keywords; Google matches keywords entered by a user to  
3 its databases and produces for the user a search results page listing  
4 relevant websites. (SAC ¶ 49.) Google offers business customers the  
5 opportunity to tie advertising links to search results through the  
6 purchase of "AdWords," a keyword-triggered, advertising program. When  
7 a keyword purchased by an advertiser is entered by a user in a search  
8 query, an advertising link is generated, which is displayed at the top  
9 or in the margins of the generated search results page. (SAC ¶ 50.)

10  
11 The names of three of the Shows, *Takeshi's Castle*, *Ninja Warrior*,  
12 and *MXC*, are trademarked, and there has been extensive marketing,  
13 advertising, promotion, and sale of goods under these marks. (SAC ¶  
14 51.) As part of its advertising campaign for *Wipeout*, ABC purchased  
15 Google "Adwords," specifically, the keywords for these three Shows.  
16 Thus, when Google users enter as search keywords the names of one or  
17 more of these three Shows, a link is displayed on the search results  
18 page for "*Wipeout* on ABC" and [www.abc.com](http://www.abc.com). If the searcher clicks on  
19 that link, he or she is directed to the ABC website and away from the  
20 websites affiliated with the three Shows. (SAC ¶¶ 53-55.) TBS alleges  
21 that ABC thereby intercepts and diverts consumers looking for the Shows,  
22 who then may not access the websites affiliated with the Shows, and,  
23 thus, ABC is free-riding on the trademarks and goodwill belonging to  
24 TBS. (SAC ¶ 55-56.)

25  
26 In Ground Two, TBS alleges that ABC is not authorized to use TBS's  
27 marks for the Shows, and defendants have improperly linked *Wipeout* with  
28 the Shows. TBS alleges that, by doing so, defendants have "created a

1 false representation concerning an association or connection between"  
2 TBS and defendants, "have created a false designation of origin of"  
3 *Wipeout*, and "have created confusion as to a connection among the  
4 respective parties." (SAC ¶¶ 58-59.)

5  
6 In Ground Three, TBS alleges that the above-described conduct,  
7 along with the conduct described below, constitutes statutory unfair  
8 competition under California law. Plaintiff additionally alleges that,  
9 in an attempt to capitalize on the fact that the Shows originated in  
10 Japan and are widely known as Japanese shows, defendants also tied  
11 *Wipeout* to an ABC show, entitled *I Survived a Japanese Game Show*, which  
12 ran immediately after *Wipeout*. TBS alleges that, as a result,  
13 defendants have created an association between *Wipeout* and the Shows,  
14 have traded on goodwill associated with the Shows to draw viewers to  
15 *Wipeout*, and have created confusion as to a connection between *Wipeout*  
16 and the Shows. (SAC ¶¶ 65-66.)

17  
18 By Ground Four, TBS alleges that the defendants are unfairly  
19 competing with TBS by manipulating the audience into thinking that  
20 *Wipeout* is a duly-licensed Japanese game show and diluting the unique  
21 value of the Shows, causing confusion among viewers, and reducing the  
22 demand for the Shows. (SAC ¶¶ 73-74.)

23  
24 **THE STANDARD FOR REVIEW**

25  
26 The purpose of a Rule 12(b)(6) motion is to test the legal  
27 sufficiency of the statement of the claim for relief. A complaint may  
28 be dismissed for failure to state a claim for two reasons: (1) lack of

1 a cognizable legal theory; or (2) the absence of sufficient facts  
2 alleged under a cognizable legal theory. Balistreri v. Pacifica Police  
3 Dep't, 901 F.2d 696 (9th Cir. 1988).

4  
5 Although a complaint "does not need detailed factual allegations"  
6 to survive dismissal under Rule 12(b)(6), its "[f]actual allegations  
7 must be enough to raise a right to relief above the speculative level."  
8 Bell Atlantic Corp. v. Twombly, 550 U.S. 544, 555, 127 S. Ct. 1955,  
9 1964-65 (2007). The complaint must contain "enough facts to state a  
10 claim to relief that is plausible on its face." *Id.* at 570, 127 S. Ct.  
11 at 1974; see also Ashcroft v. Iqbal, \_\_ U.S. \_\_, 129 S. Ct. 1937, 1949  
12 (2009)(observing that "[a] claim has facial plausibility when the  
13 plaintiff pleads factual content that allows the court to draw the  
14 reasonable inference that the defendant is liable for the misconduct  
15 alleged").

16  
17 In determining whether a complaint states a claim under Rule  
18 12(b)(6), all allegations of material fact are accepted as true, "as  
19 well as all reasonable inferences to be drawn from them." Navarro v.  
20 Block, 250 F.3d 729, 732 (9th Cir. 2001); see also Twombly, 550 U.S. at  
21 555, 127 S. Ct. at 1965. For an allegation to be "entitled to the  
22 assumption of truth," it must be well-pleaded, that is, set forth a non-  
23 conclusory factual allegation rather than a legal conclusion. Iqbal,  
24 129 S. Ct. at 1950. The Court need not accept as true unreasonable  
25 inferences, unwarranted deductions of fact, or conclusory legal  
26 allegations cast in the form of factual allegations. Bureerong v.  
27 Uvawas, 922 F. Supp. 1450, 1462 (C.D. Cal. 1996); see also Adams v.  
28 Johnson, 355 F.3d 1179, 1183 (9th Cir. 2004) ("conclusory allegations of

1 law and unwarranted inferences are insufficient to defeat a motion to  
2 dismiss"); Sprewell v. Golden State Warriors, 266 F.3d 979, 988 (9th  
3 Cir. 2001).

#### 5 DISCUSSION

6  
7 The Motion does not challenge the sufficiency of the copyright  
8 infringement claim alleged in Ground One of the SAC. Rather, ABC  
9 attacks the sufficiency of the Lanham Act and unfair competition claims  
10 alleged in Grounds Two through Four.

11  
12 With respect to Ground Two, ABC contends that initial interest  
13 confusion cannot be found based on the SAC's allegations regarding ABC's  
14 banner advertising generated through the Google AdWords program. ABC  
15 asserts that, to the extent Grounds Three and Four are premised on the  
16 same allegations that underlie Ground Two, the third and fourth claims  
17 are "congruent" and also must be dismissed. In addition, ABC argues  
18 that an allegation specific to Grounds Three and Four -- regarding ABC's  
19 cross-promotion of a show broadcast following *Wipeout* -- is insufficient  
20 to state any cognizable unfair competition claim. The Court will  
21 address the Ground Two initial interest confusion issue first, and then  
22 will address ABC's arguments specific to Grounds Three and Four.

#### 23 24 I. Ground Two And The Initial Interest Confusion Issue

25  
26 Ground Two rests on the premise that the above-described  
27 allegations of an improper linkage of *Wipeout* with the Shows, through  
28 ABC's participation in the Google AdWords keyword advertising program,

1 constitutes a violation of Section 43(a) of the Lanham Act. TBS seeks  
2 recovery under a false association/false designation of origin theory  
3 pursuant to Section 43(a)(1)(A). 15 U.S.C. § 1125(a)(1)(A).  
4

5 As the Supreme Court has observed, the legislative history of the  
6 Lanham Act shows that its trademark protection provisions exist to  
7 promote two functions, *to wit*, "to secure to the owner of the mark the  
8 goodwill of his business and to protect the ability of consumers to  
9 distinguish among competing producers." Park 'N Fly, Inc. v. Dollar  
10 Park and Fly, Inc., 469 U.S. 189, 198, 105 S. Ct. 658, 663 (1985); see  
11 also Two Pesos, Inc. v. Taco Cabana, Inc., 505 U.S. 763, 767-68, 112 S.  
12 Ct. 2753, 2757 (1992)("The Lanham Act was intended to make 'actionable  
13 the deceptive and misleading use of marks' and 'to protect persons  
14 engaged in . . . commerce against unfair competition.'")(citing and  
15 quoting 15 U.S.C. § 1127); Horphag Research Ltd. v. Pellegrini, 337 F.3d  
16 1036, 1040 (9th Cir. 2003)("Federal trademark law addresses 'the dual  
17 purposes of infringement law: ensuring that owners of trademarks can  
18 benefit from the goodwill associated with their marks and that consumers  
19 can distinguish among competing producers.'")(citation omitted); Hearts  
20 on Fire Company, LLC v. Blue Nile, Inc., 603 F. Supp. 2d 274, 280 (D.  
21 Mass. 2009)(describing the "two basic purposes" of the Lanham Act as:  
22 "foremost, preventing the use of similar or identical marks in a way  
23 that confuses the public about the actual source of the goods and  
24 services; and second, the protection of the goodwill that companies have  
25 built up in their trademarks"). As discussed below, both concerns are  
26 implicated by ABC's attack on Ground Two.  
27

28 In a claim of trademark infringement, the "core element" is the



1 "likelihood of confusion." E & J Gallo Winery v. Gallo Cattle Co., 967  
2 F.2d 1280, 1290 (9th Cir. 1992); see also Interstellar Starship  
3 Services, Ltd. v. Epix, Inc., 304 F.3d 936, 941 (9th Cir. 2002)("The  
4 core element of trademark infringement is whether the similarity of the  
5 marks is likely to confuse customers about the source of the  
6 products."). In numerous decisions, courts have considered and applied  
7 a theory commonly known as "initial interest confusion" in connection  
8 with the likelihood of confusion analysis.<sup>2</sup> The initial interest  
9 confusion theory has been generally described as follows:

10  
11 Initial interest confusion results when a consumer is seeking  
12 a particular trademark holder's product and instead is lured  
13 to those of a competitor by its use of the same or a similar  
14 mark. Even though the consumer may eventually realize that  
15 the product is not the one originally sought, he may stay with  
16 the competitor. In that way, the competitor has captured the  
17 trademark holder's potential visitors or customers. But even  
18 if the consumer quickly becomes aware of the source's actual  
19 identity, or where no actual sale results, there is  
20 nonetheless damage to the trademark's senior user. This  
21 damage can manifest itself in three ways: (1) the original  
22 diversion of the prospective customers' interest; (2) the

---

23  
24 <sup>2</sup> To evaluate the likelihood of confusion, including pursuant to  
25 an initial interest confusion theory, courts in the Ninth Circuit  
26 utilize an eight-factor test commonly called the *Sleekcraft* factors.  
27 Interstellar, 304 F.3d at 942 (citing AMF Inc. v. Sleekcraft Boats, 599  
28 F.2d 341, 346 (9th Cir. 1979)); see also Perfumebay.com Inc. v. eBay,  
Inc., 506 F.3d 1165, 1173 (9th Cir. 2007). As the Motion challenges  
only the adequacy of the SAC's allegation of initial interest confusion,  
the Court need not, and does not, address the remainder of the SAC's  
allegations as they pertain to the *Sleekcraft* factors.

1 potential consequent effect of that diversion on the  
2 customer's ultimate decision whether to purchase caused by an  
3 erroneous impression that two sources of a product may be  
4 associated; and (3) the initial credibility that may be  
5 accorded by the interested buyer to the junior user's products  
6 -- customer consideration that otherwise may be unwarranted  
7 and that may be built on the strength of the senior user's  
8 mark, reputation and goodwill.

9  
10 Deborah F. Buckman, Annotation, *Initial Interest Confusion Doctrine*  
11 *Under Lanham Trademark Act*, 183 A.L.R. Fed 553, § 2 (2003) ("*Buckman*").  
12 Stated otherwise, the initial interest confusion theory rests on the  
13 premise that, due to a competitor's use of another's trademarked term,  
14 the consumer is diverted to that competitor's product at some point in  
15 the search process, but ultimately is not confused at the point of any  
16 transaction.

17  
18 While the theory underlying the initial interest confusion doctrine  
19 has been analyzed and applied by the federal courts for a number of  
20 years,<sup>3</sup> albeit under various formulations and names, its use in cases  
21 alleging trademark infringement in the Internet commerce arena is of  
22 more recent vintage. The Ninth Circuit first applied the term "initial  
23 interest confusion" in Brookfield Communications, Inc. v. West Coast  
24 Entertainment Corporation, 174 F.3d 1036 (9th Cir. 1999) ("*Brookfield*"),  
25 a Web domain name case discussed below. Since that date, application of  
26 the initial interest confusion doctrine to Web commerce cases has not

---

27  
28 <sup>3</sup> See *Buckman*, introductory paragraph.

1 been uniform. The federal courts, on both an inter-Circuit and intra-  
2 Circuit basis, have expressed differing opinions on various issues  
3 critical to application of the doctrine.  
4

5 For example, courts have drawn differing conclusions on the  
6 question of whether the sale of a trademarked keyword to trigger a  
7 search engine result and/or a banner advertisement constitutes the  
8 required "use in commerce" for a Lanham Act claim, although the  
9 decisional weight now seems to favor finding the requisite "use" to  
10 exist.<sup>4</sup> A more significant divergence of opinion remains, however, on  
11 the question of whether a mere initial diversion or distraction of  
12 consumer interest to a competitor is enough to warrant application of  
13 the doctrine, or whether actual customer confusion must exist. That  
14 divergence in analytical approach -- fueled by varying views on which of  
15 the twin goals of the Lanham Act should be paramount to the analysis, *to*  
16 *wit*, the prevention of customer confusion or the prevention of free-  
17 riding (*i.e.*, capitalizing) on the trademark holder's goodwill --  
18 remains hotly debated at present. In addition, as technology advances  
19 and the situations implicating the initial interest confusion doctrine  
20 expand, judges and commentators continue to debate the appropriateness  
21 of analogies to "brick and mortar stores," *i.e.*, traditional commerce in  
22 the physical realm. Other fundamental analytical differences exist and  
23  
24  
25

---

26 <sup>4</sup> See, e.g., Rescuecom Corp. v. Google Inc., 562 F.3d 123, 127-  
27 31 (2d Cir. 2009)(effectively overturning prior precedent to find that  
28 the sale of a trademarked keyword through the Google AdWords program  
constitutes a "use in commerce"); Hearts on Fire, 603 F. Supp. 2d at  
282-83 (collecting cases).

1 are evolving.<sup>5</sup>

2  
3 Much has been written, both academic and decisional, regarding the  
4 application of initial interest confusion theory to Web commerce in  
5 general and to the particular keyword/banner advertising situation in  
6 issue here.<sup>6</sup> At the same time, this aspect of Lanham Act law is evolving

7  
8 <sup>5</sup> For example, to apply the initial interest confusion doctrine  
9 in cases involving Web searching, the Second Circuit appears to require  
10 that intentional deception be proved. See Savin Corp. v. The Savin  
11 Group, 391 F.3d 439, 462 n.13 (2d Cir. 2004). In contrast, the Ninth  
12 Circuit has found the initial interest confusion theory applicable in a  
domain name/metatag case in which there was no evidence that the alleged  
infringer acted with the intent to confuse consumers. See Brookfield,  
174 F.3d at 1059-60.

13 <sup>6</sup> The following is an unexhaustive listing of relevant articles:  
14 Jonathan J. Darrow and Gerald R. Ferrera, *The Search Engine Advertising*  
15 *Market: Lucrative Space or Trademark Liability?*, 17 TEX. INTELL. PROP. L.J.  
16 223 (2009); Gregory R. Shoemaker, *Don't Blame Google: Allowing Trademark*  
17 *Infringement Actions Against Competitors Who Purchase Sponsored Links on*  
18 *Internet Search Engines Under the Initial Interest Confusion Doctrine*,  
19 58 CATH U. L. REV. 535 (2009); Regina Nelson Eng, *A Likelihood of*  
20 *Infringement: The Purchase and Sale of Trademarks as Adwords*, 18 ALB.  
21 L.J. SCI. & TECH. 493 (2008); Thomas C. Folsom, *Space Pirates,*  
22 *Hitchhikers, Guides, and the Public Interest: Transformational Trademark*  
23 *Law in Cyberspace*, 60 RUTGERS L. REV. 825 (2008); Michael Grynberg,  
24 *Trademark Litigation As Consumer Conflict*, 83 N.Y.U. L. REV. 60 (2008);  
25 Jose L. Hernandez, *A Comprehensive Solution for Trademark-Triggered*  
26 *Displays Online*, 13 J. TECH. L & POL'Y 193 (2008); Greg Lastowka, *Google's*  
27 *Law*, 73 BROOK. L. REV. 1327 (2008); Ashley A. Locke, Note, *Playboy,*  
28 *Contact Lenses, and Trademark Infringement: An Analysis of Possible*  
*Claims as a Result of Pop-Up Advertisements*, 1 J. BUS. ENTREPRENEURSHIP & L.  
481 (2008); J. Patrick Norris, Student Work, *The Sale of Internet*  
*Keywords: Trademark Infringement Actionable Under the Lanham Act?*, 2  
CHARLESTON L. REV. 889 (2008); Niki R. Woods, Note, *Initial Interest*  
*Confusion in Metatag Cases: The Move From Confusion to Diversion*, 22  
BERKELEY TECH. L.J. 393 (2007); Manavinder S. Bains, *The Search Engine*  
*Economy's Achilles Heel? Addressing Online Parallel Imports Resulting*  
*From Keyword and Metatag Misuse*, 2006 STAN. TECH. L. REV. 6 (2006); Robert  
J. Bone, *Hunting Goodwill: A History of the Concept of Goodwill in*  
*Trademark Law*, 86 B.U. L. REV. 547 (2006); John Handy, Note, *Why the*  
*Initially Confused Should Get a Clue: The Battle Between Trademark*  
*Infringement and Consumer Choice Online*, 16 FORDHAM INTELL. PROP. MEDIA &  
ENT. L.J. 567 (2006); Zachary J. Zweihorn, Note, *Searching for*  
*Confusion: The Initial Interest Confusion Doctrine and Its*  
*Misapplication to Search Engine Sponsored Links*, 91 CORNELL L. REV. 1343  
(2006); Sarah J. Givan, *Using Trademarks as Location Tools on the*

1 and in substantial flux. Substantially divergent views have been  
2 expressed by both federal judges and academics regarding the theoretical  
3 and policy underpinnings of the initial interest confusion doctrine, the  
4 doctrine's appropriate parameters, and how the doctrine should evolve  
5 and apply not only to existing technology but also as technology  
6 changes. Rather than replicate the discussion to date, the Court will  
7 focus below on the law governing this case, namely, the Ninth Circuit's  
8 precedent on this issue.

9  
10 A. The Ninth Circuit, Initial Interest Confusion, And Web  
11 Commerce

12  
13 The Ninth Circuit has recognized that using another's trademark  
14 through means calculated "to capture initial consumer attention, even  
15 though no actual sale is finally completed as a result of the confusion,  
16 may still be an infringement." Dr. Seuss Enterprises, L.P. v. Penguin  
17 Books USA, Inc., 109 F.3d 1394, 1405 (9th Cir. 1997). Under prevailing  
18 Ninth Circuit law, application of the initial interest confusion

19  
20 *Internet: Use in Commerce?*, 2005 UCLA J.L. & TECH. 4 (2005); Jennifer E.  
21 Rothman, *Initial Interest Confusion: Standing at the Crossroads of*  
22 *Trademark Law*, 27 CARDOZO L. REV. 105 (2005); Stacey L. Dogan & Mark A.  
23 Lemley, *Trademarks and Consumer Search Costs on the Internet*, 41 HOUS.  
24 L. REV. 777 (2004); Melinda M. Kline, Comment, *Missing the Mark: The*  
25 *Trademark Battle Over Software-Based Contextually Targeted Advertising*  
26 *on the Internet*, 54 CASE W. RES. L. REV. 917 (2004); Erich D.  
27 Schiefelbine, Comment, *Stopping a Trojan Horse: Challenging Pop-Up*  
28 *Advertisements and Embedded Software Schemes on the Internet Through*  
*Unfair Competition Laws*, 19 SANTA CLARA COMPUTER & HIGH TECH. L.J. 499 (2003);  
Kurt M. Saunders, *Confusion is the Key: A Trademark Law Analysis of*  
*Keyword Banner Advertising*, 71 FORDHAM L. REV. 543 (2002); Gregory Shea,  
Note, *Trademarks and Keyword Banner Advertising*, 75 S. CAL. L. REV. 529  
(2002); Christine D. Galbraith, *Electronic Billboards Along the*  
*Information Superhighway: Liability Under the Lanham Act for Using*  
*Trademarks to Key Internet Banner Ads*, 41 B.C. L. REV. 847 (2000); Rachel  
Jane Posner, *Manipulative Metatagging, Search Engine Baiting, and*  
*Initial Interest Confusion*, 33 COLUM. J.L. & SOC. PROBS. 439 (2000).

1 doctrine does not require a finding of actual source confusion, *i.e.*, a  
2 consumer's confusion or mistake regarding whom he or she is patronizing,  
3 and that a customer made a purchase as a result of any confusion.  
4 Rather, in this Circuit, the gravamen of the initial interest confusion  
5 doctrine is the idea that, when someone uses another's mark to divert  
6 consumers looking for products related to that mark, that user  
7 "improperly benefits from the goodwill that [the mark's owner] has  
8 developed in its mark." *Brookfield*, 174 F.3d at 1062-64 (discussing  
9 initial interest confusion cases); see also *Interstellar*, 304 F.3d at  
10 941.

11  
12 For example, in *Nissan Motor Co. v. Computer Corp.*, 378 F.3d 1002  
13 (9th Cir. 2004), the Japanese car manufacturer Nissan sued Nissan  
14 Computer Corporation, a North Carolina computer store operated by a man  
15 named Uzi Nissan, which utilized the domain name nissan.com for a Web  
16 site. That Web site functioned only as an advertising space and posted  
17 advertising links principally to sites not related to automobiles but  
18 also, for a brief period, posted links to automobile-related sites. The  
19 Ninth Circuit affirmed the district court's finding, premised on an  
20 initial interest confusion theory, that Nissan Computer's use of  
21 nissan.com coupled with automobile-related advertising violated the  
22 Lanham Act. *Id.* at 1005-06. The Ninth Circuit found that initial  
23 interest confusion "exists as a matter of law," because "use of the mark  
24 for automobiles captures the attention of consumers interested in Nissan  
25 vehicles." *Id.* at 1006. The Court reasoned as follows:

26  
27 Although Nissan Computer was not directly selling automobiles,  
28 it was offering information about automobiles and this

1 capitalized on consumers' initial interest. An internet user  
2 interested in purchasing, or gaining information about Nissan  
3 automobiles would be likely to enter nissan.com. When the  
4 item on that website was computers, the auto-seeking consumer  
5 "would realize in one hot second that she was in the wrong  
6 place and either guess again or resort to a search engine to  
7 locate" Nissan Motor's site. [*Citing Interstellar, 304 F.3d*  
8 *at 946.*] . . . . [O]nce nissan.com offered links to  
9 auto-related websites, then the auto-seeking consumer might  
10 logically be expected to follow those links to obtain  
11 information about automobiles. Nissan Computer financially  
12 benefitted because it received money for every click.  
13 Although nissan.com itself did not provide the information  
14 about automobiles, it provided direct links to such  
15 information. Due to the ease of clicking on a link, the  
16 required extra click does not rebut the conclusion that Nissan  
17 Computer traded on the goodwill of Nissan Motor's mark.

18  
19 *Id.* at 1019. In short, while consumers accessing the nissan.com site  
20 would realize instantly that the site was not that of Nissan, the  
21 Japanese car company, they nonetheless might pursue the automobile-  
22 related advertising link on the Web site, which caused Nissan Computer  
23 to receive a financial benefit due to the goodwill inherent in the mark  
24 of the Nissan car company. *Id.* (noting that "a consumer searching for  
25 information about automobiles on the internet may exercise little care  
26 and will click on all information about automobiles").

27  
28 The seminal Ninth Circuit decision addressing the initial interest

1 confusion doctrine in the context of Web commerce and the use of  
2 another's mark is *Brookfield*. Plaintiff Brookfield had trademarked the  
3 term "MovieBuff," which it used in the marketing of its various products  
4 related to the entertainment industry. 174 F.3d at 1041. Brookfield  
5 discovered that defendant West Coast had registered the domain name  
6 www.moviebuff.com and was using the term MovieBuff and similar terms in  
7 its website metatags.<sup>7</sup> Among other things, West Coast intended to use  
8 the moviebuff domain name in connection with sales of a database product  
9 that was similar to one created and sold by Brookfield. *Id.* at 1042,  
10 1061-62. Alleging trademark infringement and unfair competition,  
11 Brookfield sought injunctive relief, but was unsuccessful at the  
12 district court level. *Id.* at 1043. The Ninth Circuit reversed and  
13 ordered the district court to issue a preliminary injunction, finding  
14 that the use of the MovieBuff mark in West Coast's domain name created  
15 a likelihood of source or sponsorship confusion, and the use of the mark  
16 in metatags for West Coast's website was likely to cause initial  
17 interest confusion. *Id.* at 1066.

18  
19 With respect to the metatag use finding, the Ninth Circuit reasoned  
20 that:

21  
22 Web surfers looking for Brookfield's "MovieBuff" products who  
23 are taken by a search engine to "westcoastvideo.com" will find  
24 a database similar enough to "MovieBuff" such that a sizeable  
25 number of consumers who were originally looking for  
26

---

27 <sup>7</sup> Metatags are HTML code terms embedded in a webpage that are  
28 invisible to a general viewer, but are accessible by search engines.  
*See, e.g., Brookfield*, 174 F.3d at 1045.



1 Brookfield's product will simply decide to utilize West  
2 Coast's offerings instead. Although there is no source  
3 confusion in the sense that consumers know they are  
4 patronizing West Coast rather than Brookfield, there is  
5 nevertheless initial interest confusion in the sense that, by  
6 using "moviebuff.com" or "MovieBuff" to divert people looking  
7 for "MovieBuff" to its web site, West Coast improperly  
8 benefits from the goodwill that Brookfield developed in its  
9 mark.

10  
11 174 F.3d at 1062. The Ninth Circuit emphasized that, in this situation,  
12 "[c]ustomers are not confused in the narrow sense," i.e., they  
13 understand which entity they are dealing with; however, the harm  
14 redressible under the Lanham Act is the initial diversion of customers  
15 based on a misappropriation of the mark holder's goodwill. *Id.* at 1064;  
16 see also *id.* at 1065 (observing that West Coast "acted affirmatively in  
17 placing Brookfield's trademark in the metatags of its web site, thereby  
18 creating the initial interest confusion"; emphasis in original).

19  
20 In 2004, before Nissan issued, the Ninth Circuit again addressed  
21 the initial interest confusion doctrine in the context of Web searching  
22 efforts. In Playboy Enterprises, Inc. v. Netscape Communications Corp.,  
23 354 F.3d 1020 (9th Cir. 2004) ("*Playboy*"), the Ninth Circuit considered  
24 a practice similar to that in issue here, viz., the displaying of banner  
25 advertisements on search results pages in response to a user's entry of  
26 trademarked keywords when performing a search. The defendant search  
27 engine entities maintained lists of terms to which they keyed  
28 advertisers' banner ads, which included two terms in which the plaintiff

1 held trademarks. Defendants required adult-oriented advertisers to link  
2 their ads to words on the list, including plaintiff's trademarked terms.  
3 Thus, when users entered the two trademarked terms into defendants'  
4 search engines, the banner ads of adult-oriented companies would be  
5 displayed on the search results pages. Evidence was introduced that  
6 these banner ads were confusingly labeled, or not labeled at all, and  
7 included buttons reading "click here." The defendant search engines  
8 used click rate statistics to convince advertisers to renew their  
9 contracts. *Id.* at 1023.

10  
11 The Ninth Circuit reversed the district court's grant of summary  
12 judgment in favor of the defendant search engines, after finding that a  
13 genuine issue of material fact existed based on an initial interest  
14 confusion theory. Citing *Brookfield*, the majority opinion in *Playboy*<sup>8</sup>  
15 defined initial interest confusion as follows:

16  
17 Initial interest confusion is customer confusion that creates  
18 initial interest in a competitor's product. Although  
19 dispelled before an actual sale occurs, initial interest  
20 confusion impermissibly capitalizes on the goodwill associated  
21 with a mark and is therefore actionable trademark  
22 infringement.

23  
24 354 F.3d at 1025. Characterizing the plaintiff's argument as consistent  
25 with *Brookfield*, the Ninth Circuit accepted it and found that: because  
26 the unlabelled banner advertisements appeared immediately after a user

27  
28 <sup>8</sup> As discussed *infra*, Circuit Judge Berzon filed a concurring  
opinion in *Playboy*, the import of which is in substantial dispute here.

1 typed in the plaintiff's trademarked words, users might be confused  
2 about sponsorship of the advertisements<sup>9</sup> and, moreover, might follow the  
3 instruction to "click here" and be led to a competitor's website. The  
4 Ninth Circuit observed that, like in *Brookfield*, a computer user  
5 initially seeking the plaintiff's product might decide to remain on the  
6 competitor's site instead, which the user reached because of the use of  
7 the plaintiff's mark, and "[s]uch use is actionable." *Id.* at 1025-26.  
8 Thus, even though the user might realize immediately that he had reached  
9 a site unaffiliated with the plaintiff, "the damage has been done,"  
10 because the competitor would have gained a customer based on its  
11 appropriation of the goodwill the plaintiff had developed in its mark.  
12 *Id.* at 1025.

13  
14 The *Playboy* majority noted that "analogies to *Brookfield*" suggested  
15 that the plaintiff would be able to show a likelihood of confusion,  
16 based on an initial interest confusion theory, sufficient to defeat  
17 summary judgment on remand. 354 F.3d at 1026. The defendants asserted  
18 that, nonetheless, they were entitled to summary judgment based on a  
19 defense of nominative use. In rejecting that defense, the Ninth Circuit  
20 emphasized that it was "not addressing a situation in which a banner  
21 advertisement clearly identified its source with its sponsor's name,"  
22 which "**might** eliminate the likelihood of initial interest confusion that  
23 exists in this case." *Id.* and at n.43 (emphasis added).

24  
25 In a separate concurring opinion, Judge Berzon agreed with the

26  
27 <sup>9</sup> The Court noted that, as to the confusion regarding  
28 sponsorship aspect of plaintiff's theory, confusion would not occur if  
the banner advertisement "clearly identified its source." 354 F.3d at  
1025 n.16.

1 majority's conclusion, "as it is fully consistent with the applicable  
2 precedents," but expressed her concern about the potentially broad  
3 import of the *Brookfield* decision, which, in her view, was "wrongly  
4 decided." 354 F.3d at 1034. Judge Berzon commenced her discussion by  
5 noting that she was "struck by how analytically similar keyed  
6 advertisements are to the metatags found infringing in" *Brookfield*.<sup>10</sup>  
7 *Id.* She noted that "*Brookfield* might suggest that there could be a  
8 Lanham Act violation *even if* the banner advertisements were clearly  
9 labeled, either by the advertiser or by the search engine." *Id.* Judge  
10 Berzon opined, however, that such a result should not be the law. *Id.*

11  
12 Judge Berzon reasoned that the initial interest confusion doctrine  
13 should not encompass situations in which a consumer "is never confused  
14 as to source or affiliation" and knows that the product or web link in  
15 issue is not related to the product of the trademark holder, "because  
16 the list produced by the search engine so informs him." 354 F.3d at  
17 1034-35. She characterized labeled banner advertisements as  
18 "distracting a potential customer with another *choice*" and noted that  
19 providing such customer choice does not constitute trademark  
20 infringement. *Id.* at 1035.

21  
22 Judge Berzon concluded her concurrence by indicating her  
23

---

24 <sup>10</sup> ABC's argument in its Reply -- that *Brookfield* is "irrelevant"  
25 in this case, and any argument that it applies is "absurd," because it  
26 involved metatag use rather than keyword advertising -- is specious.  
27 The *Playboy* majority plainly did not consider *Brookfield* inapplicable to  
28 the assessment of the keyword advertising program before the Ninth  
Circuit. See 354 F.3d at 1025-26; see also *Storus*, 2008 WL 449835, \*4  
(applying *Brookfield* to find initial interest confusion in connection  
with a claim based on the use of plaintiff's mark pursuant to Google's  
AdWords program).

1 disagreement with the "broad principle set forth in *Brookfield*,"  
2 including that decision's rationale to the extent it was premised on any  
3 alleged initial misdirection or confusion by customers -- a factor she  
4 believes was absent from the facts of *Brookfield*.<sup>11</sup> 354 F.3d at 1035-36.  
5 She observed, however, that the holding in *Playboy* is limited "to  
6 situations in which the banner advertisements are not labeled or  
7 identified," and thus, there was no need in deciding *Playboy* to resolve  
8 *Brookfield*'s applicability to a labeled banner advertisement. *Id.* at  
9 1036 (noting that she wished to "flag the issue" should the Ninth  
10 Circuit need to address it in a future case).

11  
12 Since *Brookfield* and *Playboy*, the Ninth Circuit has not issued a  
13 published or citable unpublished decision addressing the application of  
14 the initial interest confusion doctrine to a situation in which an  
15 entity uses a competitor's mark in metatags and/or keyword advertising  
16 on the Web.<sup>12</sup>

17 ///

18 ///

19 ///

20 ///

---

21  
22  
23 <sup>11</sup> Judge Berzon found an analogy used in *Brookfield* -- of a  
24 highway sign that misdirected drivers searching for Business A by  
25 utilizing the name of Business A followed by directions to competing  
26 Business B -- to be flawed. In her view, customers searching for  
27 *Brookfield*'s MovieBuff products were not misdirected when their search  
28 results list included the West Coast Web site, because the domain name  
of that site was accurately listed as westcoastvideo.com in the search  
results. 354 F.3d at 1035-36.

<sup>12</sup> Both *Interstellar* and *Nissan*, cited earlier, involved  
complaints of infringement based on a non-mark owner's use of a  
trademarked term in a Web domain name.

1 B. Dismissal Of Ground Two At The Pleading Stage Is Not  
2 Warranted.  
3

4 ABC's attack on Ground Two rests on the proposition that the  
5 initial interest confusion doctrine cannot apply in the Ninth Circuit,  
6 as a matter of law, when banner advertisements flowing from keyword  
7 advertising arrangements are labeled. ABC contends that there can be no  
8 confusion, under any theory of trademark law, when the source of a  
9 banner advertisement is identified. Because the SAC expressly alleges  
10 that the advertising link in issue refers to "Wipeout on ABC" and the  
11 domain name www.abc.com (SAC ¶¶ 53, 65.a), then, according to ABC, no  
12 Lanham Act claim can exist. ABC asserts that the Ninth Circuit's  
13 decision in *Playboy* compels this conclusion.  
14

15 The fatal flaw in ABC's argument is that Ninth Circuit precedent,  
16 to date, does not support it. In *Playboy*, the majority made clear that  
17 it was not resolving the question of whether initial interest confusion  
18 can, or cannot, be found when a banner advertisement "clearly identifies  
19 its source with its sponsor's name." The majority merely observed in a  
20 footnote, in dicta, that clear identification of sponsorship "**might**  
21 eliminate the likelihood of initial interest confusion," but expressly  
22 did not decide that issue. 354 F.3d at 1030 & n.43 (emphasis added);  
23 see also *id.* at 1036 (Berzon, J., concurring: noting that *Playboy's*  
24 holding is limited to "situations in which the banner advertisements are  
25 not labeled or identified"). In short, in *Playboy*, the Ninth Circuit  
26 left the issue now before this Court open. See Rhino Sports, Inc. v.  
27 Sport Court, Inc., 2007 WL 1302745, \*7 (D. Ariz. 2007) (noting *Playboy's*  
28 use of the term "might" and finding that, in the light of that reference

1 and *Brookfield*, in the Ninth Circuit, "there remains the possibility  
2 that initial interest confusion still may result in" cases in which the  
3 linked banner advertising is labeled).

4  
5 ABC rests its motion to dismiss on Judge Berzon's concurrence in  
6 *Playboy*, an effort that is misguided. Whether or not Judge Berzon's  
7 concurring opinion reflects the appropriate application of the initial  
8 interest confusion doctrine to keyword advertising on the Internet (and  
9 this Court expresses no opinion on that issue), her concurrence is not  
10 the controlling law in this Circuit, as she explicitly acknowledged.  
11 *Playboy*, 354 F.3d at 1036 (noting that she simply "wanted to flag the  
12 issue" for purposes of a future case in which the Ninth Circuit might  
13 need to resolve the issue).

14  
15 Notwithstanding Judge Berzon's criticism of *Brookfield*, the  
16 *Brookfield* decision remains the law of this Circuit, and this Court must  
17 follow it. See Miller v. Gammie, 335 F.3d 889, 899-900 (9th Cir.  
18 2003)(*en banc*)(noting that "a three-judge panel may not overrule a prior  
19 decision of the court," and lower courts are bound by the holdings of  
20 higher courts); Hart v. Massanari, 266 F.3d 1155, 1171 (9th Cir.  
21 2001)(opining that "the first panel to consider an issue sets the law  
22 not only for all the inferior courts in the circuit, but also future  
23 panels of the court of appeals"; and "[o]nce a panel resolves an issue  
24 in a precedential opinion, the matter is deemed resolved, unless  
25 overruled by the court itself sitting *en banc*, or by the Supreme Court  
26 . . . , [and] a later three-judge panel considering a case that is  
27 controlled by the rule announced in an earlier panel's opinion has no  
28 choice but to apply the earlier-adopted rule; it may not any more

1 disregard the earlier panel's opinion than it may disregard a ruling of  
2 the Supreme Court"). Other district courts faced with the argument made  
3 here by ABC have rejected it for this very reason. See Soilworks, LLC  
4 v. Midwest Industrial Supply, Inc., 575 F. Supp. 2d 1118, 1130 n.5 (D.  
5 Ariz. 2008)(addressing a keyword advertising/search engine situation,  
6 the court ruled that, while Judge Berzon's concurrence criticized  
7 *Brookfield's* application of the initial interest confusion theory in a  
8 metatag situation, "[f]or now, . . . [*Brookfield*] is the law of the  
9 circuit and must be followed"); Storus Corp. v. Aroa Marketing, Inc.,  
10 2008 WL 449835, \*4 n.6 (N.D. Cal. 2008)(addressing a trademark claim  
11 based on defendant's use of plaintiff's mark through Google's AdWords  
12 program, the court noted that it was "bound by *Brookfield*"  
13 notwithstanding Judge Berzon's concurrence); Google, Inc. v. American  
14 Blind & Wallpaper Factory, Inc., 2007 WL 1159950, \*10 (N.D. Cal.  
15 2007)(observing that the court cannot "treat Judge Berzon's concurrence  
16 as controlling law").<sup>13</sup>

17  
18 ABC's further assertion -- that an unpublished Ninth Circuit  
19 decision, a decision from this district, and several district court  
20 decisions outside of this Circuit establish that a finding of initial  
21 interest confusion is precluded, as a matter of law, when a banner  
22 advertising link is labeled -- is unpersuasive. The unpublished Ninth  
23 Circuit decision on which ABC relies is not citable and has no  
24

---

25  
26 <sup>13</sup> It may be that, one day, Judge Berzon's rationale will become  
27 the accepted view in this Circuit. Much of the law review commentary  
28 (see Note 6, *supra*) is supportive of such an outcome. However, unless  
and until a Ninth Circuit precedential decision issues adopting her  
view, just as Judge Berzon noted herself to be bound by *Brookfield's*  
precedent, this Court too must follow *Brookfield*.



1 precedential value<sup>14</sup>; moreover, in that decision, the Ninth Circuit did  
2 not hold as ABC claims, because the posture of the case precluded the  
3 Court from assessing whether initial interest confusion could be shown.  
4 Similarly, United States District Judge Cormac J. Carney's decision in  
5 Finance Express LLC v. Nowcom Corp., 564 F. Supp. 1160, 1178 (C.D. Cal.  
6 2008), did not find, as ABC asserts, that initial interest confusion is  
7 absent when banner advertising is labeled. While Judge Carney noted in  
8 passing, based on note 44 in *Playboy* as quoted earlier, that "a clearly-  
9 labeled banner advertisement might not create initial interest  
10 confusion," he did not reach the issue of whether such an advertisement  
11 did or did not create confusion, because the advertisement before him  
12 did not clearly identify its source. *Id.*

13  
14 ABC's reliance on J.G. Wentworth S.S.C. Ltd. P'ship v. Settlement  
15 Funding LLC, 85 U.S.P.Q. 2d 1780 (E.D. Pa. 2007), and Gov't Employees  
16 Ins. Co. v. Google, Inc., 77 U.S.P.Q. 2d 1841 (E.D. Va. 2005), is  
17 equally unavailing. The latter case was decided following a bench  
18 trial, and the presentation of survey evidence during that trial was  
19 found to be inadequate to prove consumer confusion. That trial followed  
20 the court's earlier denial of a motion to dismiss, based on a finding  
21 that the question of whether Google's use of the plaintiff's trademarked  
22 term to generate keyword advertising created a likelihood of confusion  
23 was a fact-specific inquiry not properly resolved on a motion to  
24 dismiss. See Gov't Employees Ins. Co. v. Google, Inc., 330 F. Supp. 2d  
25 700, 704 (E.D. Va. 2004). In J.G. Wentworth, the plaintiff relied on

26  
27 <sup>14</sup> Picture It Sold, Inc. v. I Sold It, LLC, 199 Fed. Appx. 631  
28 (9th Cir. Aug. 28, 2006). Only those unpublished Ninth Circuit  
decisions issued on or after January 1, 2007, may be cited as precedent.  
See U.S. Ct. App. 9th Cir. Rule 36-3(b); Fed. R. App. P. 32.1(a).

1 *Brookfield* to support the initial interest confusion theory it urged be  
2 applied, because no cases in the Third Circuit had applied that theory  
3 in the context of metatags. The Pennsylvania district court granted a  
4 motion to dismiss, finding no likelihood of confusion specifically  
5 because it "disagree[d]" with *Brookfield*. 85 U.S.P.Q. 2d at 1786. That  
6 a district judge from outside the Ninth Circuit "disagree[s]" with  
7 presently binding Ninth Circuit precedent is not a convincing reason for  
8 this Court to ignore this Circuit's precedent.

9  
10 As Judge Berzon recognized in her *Playboy* concurrence, the  
11 rationale of *Brookfield* would appear to compel the conclusion that  
12 initial interest confusion could be found in the keyword advertising  
13 situation at issue here, assuming the truth of the SAC's allegations (as  
14 this Court must do for purposes of the instant Motion). Under the  
15 pertinent SAC allegations, ABC purchased TBS's trademarked terms through  
16 the Google AdWords program and thereby acquired the opportunity to  
17 intercept customers searching for information regarding the Shows,  
18 including, possibly, when and how they might be viewed. As a result of  
19 ABC's actions, consumers who enter TBS's trademarked terms into the  
20 Google search engine will be presented with a search results page  
21 displaying an ad for *Wipeout* and a link to ABC's website. Consumers who  
22 click on the ABC link may not return to the search results page and,  
23 thus, would not access the websites for the Shows that were the initial  
24 subject of the consumer's interest and search. As a result, TBS is  
25 harmed in such instances, because it loses potential viewers. The SAC  
26 further alleges that, by this conduct, defendants are free-riding on the  
27 goodwill TBS has generated in connection the trademarked Show terms.  
28 (SAC ¶¶ 53-56.)

1           These allegations of defendants' diversion of consumers' initial  
2 interest in the Shows are sufficient, at the pleading stage, to state  
3 initial interest confusion within the meaning of existing Ninth Circuit  
4 precedent. Under *Brookfield*, the fact that consumers conducting Google  
5 searches for the Shows may have been aware that the displayed  
6 advertising link for *Wipeout* led to ABC's site, and not to a site for  
7 the Shows, is not dispositive of Ground Two. See *Brookfield*, 174 F.3d  
8 at 1062. Plainly, however, the law in this area is developing. See  
9 *Google v. American Blind*, 2007 WL 1159950, \*10 ("the future application  
10 of the initial interest confusion doctrine to identified, sponsored  
11 links is an unsettled question in the Ninth Circuit").

12  
13           Whether or not TBS ultimately will prevail on its initial interest  
14 confusion theory, either on summary judgment or following a trial,  
15 remains to be seen. However, the issue presently before the Court "is  
16 not whether the plaintiff ultimately will prevail, but whether [it] is  
17 entitled to offer evidence to support [its] claim." *Usher v. City of*  
18 *Los Angeles*, 828 F.2d 556, 561 (9th Cir. 1987). The Court concludes  
19 that, under existing law, the SAC's allegations are sufficient to allow  
20 Ground Two to proceed based on an initial interest confusion theory.  
21 See *Rescuecom Corp.*, 562 F.3d at 131 (reversing Rule 12(b)(6) dismissal  
22 of false designation of origin claim premised on allegations that  
23 competitors of plaintiff purchased plaintiff's mark as a keyword through  
24 Google Adwords, resulting in displays of competitors' banner ads at the  
25 tops of lists of search results and allegedly causing computer users to  
26 mistakenly believe that the competitors' products are affiliated with  
27 the brand name originally sought through the search; and stating,  
28 "Whether Google's actual practice is in fact benign or confusing is not

1 for us to judge at this time. We consider at the 12(b)(6) stage only  
2 what is alleged in the Complaint."); Hearts on Fire, 603 F. Supp. 2d at  
3 288-89 (denying Rule 12(b)(6) motion to dismiss Lanham Act claim based  
4 on defendant's purchase of keyword trigger for sponsored link  
5 advertising, even as to sponsored links that did not display the  
6 trademarked term, because the allegations were sufficient to indicate  
7 that consumers seeing such links might believe the defendant to be an  
8 authorized retailer of plaintiff's products; and noting that "the  
9 likelihood of confusion will ultimately turn on what the consumer saw on  
10 the screen and reasonably believed, given the context," and "[w]hether  
11 this likely confusion was sufficiently sustained on all the facts for  
12 Plaintiff to prevail . . . is a question for summary judgment").

13  
14 To the extent the Motion seeks dismissal of any claim based on the  
15 SAC's purported failure to allege a cognizable theory of initial  
16 interest confusion sufficient under the Lanham Act,<sup>15</sup> the Motion must be,  
17 and is, DENIED.

18  
19 II. Grounds Three And Four Survive At The Pleading Stage.

20  
21 As discussed above, the Court has concluded that the principal  
22 premise for Lanham Act liability alleged in the SAC for Grounds Two,  
23 Three, and Four -- the alleged diversion of TBS customers through ABC's  
24

---

25 <sup>15</sup> ABC argues that to the extent Grounds Three and Four rest on  
26 the same theory of a Lanham Act violation -- *i.e.*, are premised on an  
27 initial interest confusion theory stemming from the use of TBS's marks  
28 in connection with the AdWords keyword triggered advertising program --  
these claims must be dismissed in addition to Ground Two. Because the  
Court has rejected ABC's argument as to Ground Two, it also must reject  
this aspect of the Motion as pertains to Grounds Three and Four.

1 use of trademarked terms to generate banner advertising in connection  
2 with Google searches -- withstands attack under Rule 12(b)(6). TBS's  
3 third and fourth claims allege an additional theory of liability  
4 pertaining to ABC's marketing, promotion, and broadcast of another show,  
5 *I Survived a Japanese Game Show*.

6  
7 Specifically, TBS complains that ABC's cross-promotion of *Wipeout*  
8 with *I Survived a Japanese Game Show*, which is shot in Japan and is  
9 broadcast immediately after *Wipeout*, is a strategy designed to  
10 capitalize on the Japanese origin of the Shows. TBS contends that the  
11 conjoined advertising of *Wipeout* and *I Survived a Japanese Game Show*,  
12 coupled with broadcasting the two shows back-to-back, is an additional  
13 source of confusion for consumers about the source of *Wipeout*. (SAC ¶¶  
14 65-66, 73-74.) (Hereafter, for ease of reference, these Grounds Three  
15 and Four allegations of the SAC will be referenced by the phrase, the "*I*  
16 *Survived Allegations*." )

17  
18 By the Motion, ABC contends that the *I Survived Allegations* are  
19 insufficient to state a violation of the Lanham Act under a false  
20 advertising theory, because: TBS lacks standing to raise any claim  
21 based on the *I Survived a Japanese Game Show* television show, given that  
22 it has no ownership interest in that show; and TBS has not alleged any  
23 false statement of fact for Lanham Act purposes. ABC argues that,  
24 because the *I Survived Allegations* do not state a Lanham Act violation,  
25 TBS cannot seek any relief based on these allegations under either  
26 California & Business Professions Code § 17200 (Ground Three) or  
27 California's common law of unfair competition (Ground Four).

28

1 TBS argues that the *I Survived* Allegations satisfy the false  
2 statement of fact requirements for a Lanham Act violation, because the  
3 challenged conduct "contained an actionable implicit statement that  
4 misled consumers into believing that *Wipeout* originated in Japan, or was  
5 licensed from or otherwise associated with Japanese producers."  
6 (Opposition at 23.) TBS further asserts that the *I Survived* Allegations  
7 are sufficient to state, as a separate basis independent of the Lanham  
8 Act theory, claims of a violation of Section 17200 (under a false  
9 advertising theory) and common law unfair competition.

10  
11 As a threshold matter, the Court is not persuaded by ABC's  
12 contention that the SAC fails to state Section 17200 violation and  
13 common law unfair competition claims, because TBS lacks standing to  
14 bring such claims.<sup>16</sup> ABC's assertion that the SAC fails to plead the  
15 requisite elements of injury in fact and loss of money or property  
16 caused by unfair competition, as tied to the *I Survived* Allegations, is  
17 simply untrue. The SAC expressly alleges that, as a result of the  
18 unfair competition alleged in Ground Three, *i.e.*, both the *I Survived*  
19 Allegations and the Google keyword advertising allegations, TBS "has  
20 suffered an injury in fact and lost money," including by: forcing TBS  
21 to divert resources that it otherwise would have spent on creating,  
22 selling, and promoting the Shows and new programs; the dilution of the  
23 value of TBS's trademarks; the dilution of the unique value of the  
24 Shows; and reducing the demand for the Shows with potential licensees.

25  
26 <sup>16</sup> The Court also rejects ABC's assertion that Grounds Three and  
27 Four are pleaded as if they are based *only* on a Lanham Act false  
28 advertising theory. While Paragraph 65 of the SAC could be stated more  
clearly, its allegations, fairly construed, do not limit the theory of  
Grounds Three and Four to Lanham Act claims.

1 (See SAC, ¶¶ 69, 74-75.) As the Motion does not raise any other attack  
2 on the sufficiency of the Ground Three and Ground Four allegations to  
3 state claims under Section 17200 and/or the common law of unfair  
4 competition that are not based on the Lanham Act, Grounds Three and Four  
5 cannot be dismissed under Rule 12(b)(6) to the extent they raise claims  
6 not based on the Lanham Act.

7  
8 The Court also rejects ABC's assertion that, because TBS lacks a  
9 trademark interest in *I Survived a Japanese Game Show* itself, TBS lacks  
10 standing to raise in Grounds Three and Four Lanham Act-based unfair  
11 competition claims based on the *I Survived* Allegations. While the  
12 Complaint does not specify whether the *I Survived* Allegations seek to  
13 base an asserted Lanham Act violation on a false association theory (§  
14 43(a)(1)(A)) or a false advertising theory (§ 43(a)(1)(B)), TBS  
15 apparently seeks relief based on the latter. (See Opposition at 22-  
16 24.)<sup>17</sup> The first element of a Lanham Act § 43(a) false advertising claim  
17 is "a false statement of fact by the defendant in a commercial  
18 advertisement about its own or another's product." Southland Sod Farms  
19 v. Stover Seed Co., 108 F.3d 1134, 1139 (9th Cir. 1997). This element  
20 is met by a statement that is literally false, either facially or by  
21 implication, or a statement that is literally true "but likely to  
22 mislead or confuse consumers." *Id.* at 1139-40. By Grounds Three and  
23 Four, TBS is not contending that it has a protectible interest in *I*  
24 *Survived a Japanese Game Show*. Rather, TBS is contending that the  
25 cross-promotion of *Wipeout* and *I Survived a Japanese Game Show*, coupled

---

26  
27 <sup>17</sup> In contrast, TBS apparently founds its Ground Two allegations,  
28 which are directed only to the Google AdWords allegations, on §  
43(a)(1)(A).

1 with broadcasting the shows back-to-back, gives rise to the implication  
2 that *Wipeout* is of Japanese origin and may mislead viewers into  
3 believing that TBS is involved in and/or endorsed *Wipeout*.

4  
5 The issue, however, is less clear with respect to ABC's contention  
6 that a cognizable "false statement" has not been alleged for purposes of  
7 a Lanham Act § 43(a) false advertising claim. As noted above, TBS  
8 relies on the notion that an "implicit statement" arises from ABC's  
9 cross-promotion efforts, arguing that actions other than outright  
10 statements can satisfy the "false statement" requirement. TBS cites as  
11 an example Adventure Products, Inc. v. Simply Smashing, Inc., 2007 WL  
12 2775128 (S.D. Cal. 2007), in which plaintiff complained that defendant,  
13 on its website, sold knock-offs of t-shirt products protected by patents  
14 held by plaintiff. Among other things, plaintiff alleged that this  
15 conduct constituted false advertising under the Lanham Act, because by  
16 displaying plaintiff's protected designs on its website, defendant  
17 misled consumers into believing that defendant was authorized to sell  
18 plaintiff's products, which, in turn, created confusion as to the origin  
19 of the goods. The district court found these allegations sufficient to  
20 state a claim for false advertising. *Id.* at \*2.

21  
22 Similarly, in Mutual Pharm. Co. v. Ivax Pharm., 459 F. Supp. 2d 925  
23 (C.D. Cal. 2006), another case cited by TBS, defendant included its non-  
24 FDA-approved drug on a price list marketing channel used by  
25 manufacturers of FDA-approved drugs. Plaintiff introduced survey  
26 evidence showing that the price list was commonly believed to contain  
27 only FDA-approved drugs, thereby potentially causing pharmacists to  
28 believe that defendant's drug was FDA-approved due to its inclusion on



1 the list. The district court concluded that the use of this marketing  
2 mechanism by defendant "could create an implicit false impression of  
3 FDA-approval" and, thus, satisfied the false statement requirement under  
4 the implied falsehood theory for a false advertising claim. *Id.* at 940-  
5 42.

6  
7 TBS argues that "[i]f the placement of a design onto a website  
8 constituted an actionable 'statement,'" "so too can juxtaposition of  
9 images from two different television shows into one advertisement," as  
10 ABC did with *Wipeout* and *I Survived a Japanese Game Show*. (Opposition  
11 at 23.) The problem with TBS's analogy, however, as ABC points out, is  
12 that in the cases on which TBS relies, the defendants actually  
13 "juxtaposed" their products with those of the plaintiff, thereby  
14 creating an implicit association between the two products that was  
15 apparent on the face of the juxtaposing mechanism itself, whether the  
16 website or drug pricing list. Thus, the cases on which TBS relies for  
17 its "implicit statement" theory are not apposite here.

18  
19 TBS's "implicit statement" theory of a Lanham Act § 43(a)(1)(B)  
20 false statement relies on a series of inferential leaps, *to wit*, that  
21 a viewer who sees the juxtaposed ads for *Wipeout* and *I Survive a*  
22 *Japanese Game Show* and thereby notes that the shows are broadcast one  
23 after the other, will infer that: because the latter show is a Japanese  
24 show, *Wipeout* also must be a Japanese show; and because *Wipeout* is a  
25 Japanese show, it must be affiliated with TBS and the Shows. The first  
26 inference is a weak one. Television networks frequently promote shows  
27 that are broadcast on the same nights by showing juxtaposed snippets of  
28 each show coupled with a thematic label, such as "Thursday is Comedy

1 Night." The fact that these snippets are run together in an ad that  
2 implies a broad and general theme for the evening's viewing (e.g.,  
3 comedy or drama or action) does not reasonably give rise to an inference  
4 that the shows advertised together are associated in any specific  
5 fashion, such as by sharing the same writers or production company.  
6

7 While it is true that § 43(a)(1)(B) false statements "extend[] to  
8 false representations made by implication or innuendo" (Cook, Perkiss &  
9 Liehe, Inc. v. Northern Calif. Collection Service, 911 F.2d 242, 245  
10 (9th Cir. 1990)), it is difficult to conclude that the cross-promotion  
11 actions of ABC alleged in the SAC equate to the "statement" needed to  
12 support an unfair competition claim premised on a Lanham Act §  
13 43(a)(1)(B) false advertising theory. See Universal City Studios v.  
14 Sony Corp. of America, 429 F. Supp. 407, 409-10 (C.D. Cal.  
15 1977)(granting motion to dismiss with respect to Lanham Act claim that  
16 marketing of the then-new Betamax machine to record copyrighted  
17 television programs, which used terms such as "your favorite Monday  
18 night 9 o'clock show," implied that copyright owners had consented to  
19 the use of the Betamax to record their copyrighted shows and that such  
20 copying was legal, after finding that: "the court simply cannot credit  
21 as reasonable the inference plaintiffs claim is implicit in defendants'  
22 ads"; "[t]o say that 'this product is capable of copying television  
23 shows' is simply not the same as saying 'when you use this product to  
24 copy television shows you are acting legally'"; and because "no  
25 inference beyond the face of the representation [was] created," there  
26 could be no Lanham Act liability based on a theory that the advertising  
27 was false, because it lacked a clarifying statement).  
28

1 That said, the Court concludes that the false advertising premise  
2 for Grounds Three and Four survives dismissal, albeit barely. The false  
3 advertising basis for Lanham Act liability "embraces innuendo, indirect  
4 intimations, and ambiguous suggestions evidenced by the consuming  
5 public's misapprehension of the hard facts underlying an  
6 advertisement.'" William H. Morris Co. v. Group W, Inc., 66 F.3d 255,  
7 257-58 (9th Cir. 1995)(*per curiam*)(citation omitted). "Even if an  
8 advertisement is not literally false, relief is available under Lanham  
9 Act § 43(a) if it can be shown that the advertisement has misled,  
10 confused, or deceived the consuming public." Southland Sod Farms, 108  
11 F.3d at 1140. When a Lanham Act false advertising claim rests on a  
12 true, but assertedly misleading, statement, under Ninth Circuit  
13 precedent, proof of its misleading effect appears to be key. *See, e.g.*,  
14 Morris, 66 F.3d at 258 ("Where a statement is not literally false and is  
15 only misleading in context, . . . proof that the advertising actually  
16 conveyed the implied message and thereby deceived a significant portion  
17 of the recipients becomes critical."); Mutual Pharm. Co., 459 F. Supp.  
18 2d at 933 (if "a plaintiff's theory of recovery is premised upon a claim  
19 of implied falsehood, a plaintiff must demonstrate, by extrinsic  
20 evidence, that the challenged [advertisements] tend to mislead or  
21 confuse consumers").

22  
23 If a plaintiff does not prove the claim to be literally false,  
24 he must prove that it is deceptive or misleading, which  
25 depends on the message that is conveyed to consumers. Public  
26 reaction is the measure of a commercial's impact. As the  
27 district court noted, the success of the claim usually turns  
28 on the persuasiveness of a consumer survey.

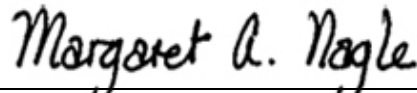
1 United Industries Corp. v. Clorox Corp., 140 F.3d 1182-83 (8th Cir.  
2 1998)(quoting Johnson & Johnson-Merck Consumer Pharm. Co. v. Rhone-  
3 Poulenc Rorer Pharm., 19 F.3d 125, 129-30 (3d Cir. 1994)).

4  
5 The SAC alleges that the cross-promotion and broadcast  
6 juxtaposition of *Wipeout* and *I Survived a Japanese Game Show* created an  
7 "association between *Wipeout* and the Shows" and "created confusion as to  
8 a connection between *Wipeout* and the Shows." (SAC, ¶¶ 65-66.) The  
9 Court does not know whether any such "association" or "confusion" can be  
10 proved to have flowed from ABC's joint promotion and broadcast of these  
11 two shows. Nonetheless, the Court concludes that the *I Survived*  
12 Allegations are sufficient, at the pleading stage, to afford TBS the  
13 chance to support its implicit statement theory of a Lanham Act false  
14 advertising violation in connection with Grounds Three and Four with  
15 proof of consumer effect.

16  
17 **CONCLUSION**

18  
19 For all of the foregoing reasons, IT IS ORDERED that the Motion is  
20 DENIED. Defendants ABC and Endemol shall file and serve an Answer to  
21 the Second Amended Complaint within twenty (20) days of this Order.

22 DATED: August 12, 2009

23  
24 

25 

---

MARGARET A. NAGLE  
26 UNITED STATES MAGISTRATE JUDGE  
27  
28