

1 KEKER & VAN NEST, LLP  
MICHAEL H. PAGE - #154913  
2 MARK A. LEMLEY - #155830  
RAVIND S. GREWAL - #220543  
3 710 Sansome Street  
San Francisco, CA 94111-1704  
4 Telephone: (415) 391-5400  
Facsimile: (415) 397-7188

5 Attorneys for Plaintiff and Counterdefendant  
6 GOOGLE INC. and Third-Party Defendants  
ASK JEEVES, INC. and EARTHLINK, INC.  
7

8  
9 UNITED STATES DISTRICT COURT  
10 NORTHERN DISTRICT OF CALIFORNIA  
11

12 GOOGLE INC., a Delaware corporation,

13 Plaintiff,

14 v.

15 AMERICAN BLIND & WALLPAPER  
FACTORY, INC., a Delaware corporation  
16 d/b/a decoratetoday.com, Inc.; and DOES 1-  
100, inclusive,

17 Defendants.  
18

19 AMERICAN BLIND & WALLPAPER  
FACTORY, INC., a Delaware corporation  
20 d/b/a decoratetoday.com, Inc.

21 Counterclaimant,

22 v.

23 GOOGLE, INC., AMERICA ONLINE, INC.,  
NETSCAPE COMMUNICATIONS  
CORPORATION, COMPUSERVE  
24 INTERACTIVE SERVICES, INC., ASK  
JEEVES, INC., and EARTHLINK, INC.,  
25

26 Counterdefendants/  
Third-Party Defendants.  
27  
28

Case No. C 03-5340-JF (EAI)

**NOTICE OF MOTION AND MOTION BY  
GOOGLE, ASK JEEVES AND  
EARTHLINK TO DISMISS  
COUNTERCLAIMS AND THIRD-PARTY  
CLAIMS AND MEMORANDUM OF  
POINTS AND AUTHORITIES IN  
SUPPORT THEREOF**

Date: September 17, 2004

Time: 9:00 a.m.

Judge: Hon. Jeremy Fogel

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

**NOTICE OF MOTION AND MOTION**

**TO ALL PARTIES AND THEIR COUNSEL OF RECORD:**

**PLEASE TAKE NOTICE** that on September 17, 2004 at 9 a.m., or as soon thereafter as the matter may be heard before the Honorable Jeremy Fogel in Department 3 of the above-entitled court, 280 South First Street, San Jose, California, plaintiff and counterdefendant Google Inc. (“Google”) and third-party defendants Ask Jeeves, Inc. (“Ask Jeeves”) and Earthlink, Inc. (“Earthlink”) will and hereby do move to dismiss with prejudice all of the counterclaims filed against them by defendant and counterclaimant American Blind & Wallpaper Factory, Inc. (“American Blind”), on the ground that none of them use any of American Blind’s putative trademarks to identify the source of their products or services, and because none of them have engaged in wrongful activity.

This motion is based on Fed. R. Civ. P. 12(b)(6) and is supported by the accompanying memorandum of points and authorities and the authorities cited therein, the Court’s file and such argument as may be presented at the hearing on this motion.

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

**TABLE OF CONTENTS**

NOTICE OF MOTION AND MOTION ..... i

TABLE OF AUTHORITIES ..... iii

MEMORANDUM OF POINTS AND AUTHORITIES .....1

I. INTRODUCTION .....1

II. BACKGROUND FACTS.....3

III. ARGUMENT .....5

    A. Defendants do not use American Blind’s claimed trademarks to  
    identify the source of their search engine or their advertising products. ....5

    B. Defendants’ advertisers do not use American Blind’s claimed  
    trademarks to identify the source of their products .....8

    C. American Blind’s remaining claim, for tortious interference with  
    prospective economic advantage, must also fail.....9

        1. American Blind fails to allege an independently wrongful act.....9

        2. American Blind has also failed to allege a probability of future  
        economic benefit.....10

IV. CONCLUSION.....11

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

**TABLE OF AUTHORITIES**

**FEDERAL CASES**

*I-800 Contacts, Inc. v. WhenU.com, Inc.*,  
309 F. Supp. 2d 467 (S.D.N.Y. 2003) .....6

*Academy of Motion Picture Arts and Sciences v. Network Solutions*,  
989 F. Supp. 1276 (C.D. Cal. 1997) .....5, 6, 7

*Batzel v. Smith*  
333 F.3d 1018 (9th Cir. 2003) .....11

*Carafano v. Metrosplash.com, Inc.*,  
339 F.3d 1119 (9th Cir. 2003) .....11

*DaimlerChrysler AG v. Bloom*,  
315 F.3d 932 (8th Cir. 2003) .....7

*Interactive Products Corp. v. a2z Mobile Office Solutions, Inc.*,  
326 F.3d 687 (6th Cir. 2003) .....6, 7, 9

*Lockheed Martin Corp. v. Network Solutions, Inc.*,  
194 F.3d 980 (9th Cir. 1999) .....7, 8

*Lockheed Martin Corp. v. Network Solutions, Inc.*  
985 F. Supp. 949 (C.D. Cal. 1997) .....7

*Lockheed Martin Corp. v. Network Solutions, Inc.*  
141 F. Supp. 2d 648 (N.D. Tex. 2001) .....7

*New Kids on the Block v. News America Publishing, Inc.*,  
971 F.2d 302 (9th Cir. 1992) .....5

*Pirone v. MacMillan, Inc.*,  
894 F.2d 579 (2d Cir. 1990) .....6

*Playboy Enterprises, Inc. v. Netscape Communications Corp.*,  
354 F.3d 1020 (9th Cir. 2004) .....6, 7, 8

*Prestonettes, Inc. v. Coty*,  
264 U.S. 359 (1924).....5

*Toho Co. v. Sears, Roebuck & Co.*,  
645 F.2d 788 (9th Cir. 1981) .....5

*U-Haul International, Inc. v. WhenU.com, Inc.*,  
279 F. Supp. 2d 723 (E.D. Va. 2003) .....6, 7, 8

*United States v. Verdugo-Urquidez*,  
494 U.S. 259 (1990).....7

*Wells Fargo & Co. v. WhenU.com, Inc.*,  
293 F. Supp. 2d 734 (E.D. Mich. 2003).....6

*Zeran v. America Online*,  
129 F.3d 327 (4th Cir. 1997) .....11

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

**STATE CASES**

*Blank v. Kirwan*,  
39 Cal. 3d 311 (1985) .....10

*Della Penna v. Toyota Motor Sales, U.S.A., Inc.*,  
11 Cal. 4th 376 (1995) .....9

*JRS Products, Inc. v. Matsushita Electric Corp. of America*,  
115 Cal. App. 4th 168 (2004) .....10

*Korea Supply Co. v. Lockheed Martin Corp.*,  
29 Cal. 4th 1134 (2003) .....9

*Roth v. Rhodes*,  
25 Cal. App. 4th 530 (1994) .....10

*Sunset House Distributing Corp. v. Coffee Dan's Inc.*,  
240 Cal. App. 2d 748 (1966) .....5

*Westside Center Associates v. Safeway Stores 23, Inc.*,  
42 Cal. App. 4th 507 (1996) .....10

**FEDERAL STATUTES**

15 U.S.C. § 1125(a)(1).....4

15 U.S.C. § 1127.....5

47 U.S.C. § 230(c)(2), (e)(2).....11

47 U.S.C. § 230(f).....11

1 **MEMORANDUM OF POINTS AND AUTHORITIES**

2 **I. INTRODUCTION**

3 This case is a prime example of the confusion that sometimes occurs when parties  
4 attempt to apply straightforward and established principles of law to new technologies—in this  
5 case, applying established trademark law to Internet search engines. For some reason, rules and  
6 propositions that are easily understood in more traditional contexts get hopelessly muddled when  
7 applied to the Internet.

8 Imagine, for example, that Ford wants to target its advertising at Toyota customers. Ford  
9 goes to magazines such as Car and Driver, and pays to have a full-page Ford ad face every  
10 Toyota review the magazine prints that year. Ford is aware that many of the readers of those ads  
11 go to those pages looking for information about Toyotas. After all, that is precisely the point:  
12 Ford wants to target its ads at its competitor’s customers and prospective customers, and win  
13 those customers as its own. In so doing, Ford has “used” its competitor’s trademark, “Toyota,”  
14 in the sense that it is the criterion determining where the Ford ads will appear. But—so long as  
15 the Ford ads themselves do not deceive the reader into thinking that Ford’s cars are made or  
16 sponsored by Toyota—there is no trademark violation in deliberately targeting one’s  
17 advertisements at customers who are buying, or considering buying, or merely seeking  
18 information about, one’s competitor’s product instead. That isn’t trademark infringement, it’s  
19 competition.

20 Similarly, no one would suggest that the owner of a new pizza restaurant runs afoul of  
21 trademark law by handing flyers to customers on their way into the neighboring Domino’s.  
22 Neither is there anything wrong with buying billboard space as close to one’s competitor’s store  
23 as one can, displaying generic painkillers next to brand name painkillers, or in mailing  
24 advertisements to one’s competitor’s customers if one can lawfully obtain a list of them. In each  
25 instance, one is “using” one’s competitor’s trademark in the sense that the trademark is used as  
26 the selection mechanism or “trigger” for one’s own ads. But as the courts have explained, this is  
27 not “use” for purposes of trademark analysis.

28 When this same, entirely legitimate competitive activity moves to the Internet, some

1 people think the rules are (or should be) different. Faced with advertising legitimately targeted at  
2 search engine users searching by phrases that match its trademarks, counterclaimant American  
3 Blind accuses Google (as well as five third-party defendant web portals that are part of Google's  
4 ad network)<sup>1</sup> of violating trademark laws, even though neither Defendants nor their advertisers  
5 use American Blind's putative trademarks to brand their products. American Blind alleges only  
6 that Defendants permit advertisers to intentionally display ads in response to user queries  
7 containing what it alleges are trademark terms; it does not allege that Defendants or any of their  
8 advertisers use these supposed trademarks to identify the source of their own products.  
9 Permitting advertisers to display ads alongside search results so that consumers are presented  
10 with distinct choices does not violate trademark laws. Quite to the contrary, this practice  
11 epitomizes fair play and robust free-market competition. American Blind fundamentally  
12 miscomprehends the purpose of trademark law and, in so doing, fails to state a claim upon which  
13 relief can be granted.

14           When a user enters a search phrase that contains one of American Blind's claimed  
15 trademarks, Google displays a results page that shows search results along the left side. These  
16 search results are non-commercial and are objectively determined using Google's proprietary  
17 algorithms, including its PageRank technology. For the query "American blind" – to which  
18 American Blind claims trademark rights – these algorithms happen to yield one of American  
19 Blind's own websites ([www.decoratetoday.com](http://www.decoratetoday.com)) as the first search result.<sup>2</sup> In addition, Google  
20 makes space available on the right side of the page (next to the search results) for advertisers to  
21 place their ads.<sup>3</sup> To target potential customers, Google's advertisers can display their ads when

---

22  
23 <sup>1</sup> American Blind names as third-party defendants America Online, Inc. ("AOL"), Netscape  
24 Communications Corp. ("Netscape"), CompuServe Interactive Services, Inc. ("CompuServe"),  
25 Ask Jeeves and Earthlink. This brief refers to these third-party defendants, collectively, as the  
26 "Web Portals." This brief refers to the Web Portals and Google, collectively, as "Defendants."

27 <sup>2</sup> The [www.decoratetoday.com](http://www.decoratetoday.com) website is also listed as the first search result when this query is  
28 entered at Earthlink ([search.earthlink.net](http://search.earthlink.net)), AOL ([search.aol.com](http://search.aol.com)), Netscape  
(<http://channels.netscape.com/ns/search/default.jsp>), and CompuServe  
(<http://webcenters.compuserve.com/compuserve/search/default.jsp>).

<sup>3</sup> Similarly, the Web Portals make space available for ads above the search results. These ads are  
variously labeled "Sponsored Web Results" (Ask Jeeves), "Sponsored Results" (Earthlink), or  
"Sponsored Links" (AOL, Netscape, and CompuServe).

1 search engine users enter selected search terms. Therefore, if any advertisers have chosen  
2 “American blind” as a trigger, Google also displays their advertisements on the right side of the  
3 results page, alongside the search results. These ads do not mimic or incorporate American  
4 Blind’s purported trademarks—they simply link to the advertisers’ own websites and offer the  
5 searcher options in addition to the search results.

6 Stripped of its high-tech trappings, American Blind alleges only that Defendants permit  
7 their advertisers to compete head-to-head with American Blind, by targeting their advertisements  
8 at potential American Blind customers. The law encourages, rather than forbids, robust  
9 competition. Because American Blind has not alleged that Defendants or their advertisers use  
10 American Blind’s trademarks to identify their own products or services, American Blind has  
11 failed to state a claim and the Court should grant the motion to dismiss American Blind’s  
12 counterclaims.

## 13 II. BACKGROUND FACTS

14 For purposes of this motion only, Google accepts as true the allegations of American  
15 Blind’s Counterclaims. Google’s popular search engine helps users find what they are looking  
16 for on the Internet. Counterclaims, ¶¶ 35-36. Users enter a term into Google’s search engine,  
17 which then produces a results page listing websites related to the search term. *Id.*, ¶ 35. To  
18 generate revenue, Google also sells advertising space, in which advertisers can place text ads that  
19 link to their websites. *Id.*, ¶ 38. Under the Google “AdWords” program, advertisers can have  
20 their ads displayed when Google users enter designated search terms, including trademarks. *Id.*,  
21 ¶¶ 38, 42. Titled “Sponsored Links,” these ads appear in separate sections alongside and above  
22 the search results. *Id.*, ¶ 38. The Web Portals each operate websites that also offer search results  
23 provided by Google’s search engine in response to user queries,<sup>4</sup> as well as ads. *Id.*, ¶¶ 68, 73;  
24 Exh. F.

25 Thus, when a user enters the phrase “American Blind,”<sup>5</sup> Google provides search results

26 \_\_\_\_\_  
27 <sup>4</sup> Ask Jeeves actually uses only Google’s ads, not its web search results. However, because this  
28 is a motion to dismiss, the moving parties accept as true for purposes of this motion the  
allegations in the counterclaims.

<sup>5</sup> American Blind alleges that Defendants’ activities infringe three of its registered trademarks –

1 that link to web pages deemed relevant by its algorithms to this query phrase, which search  
 2 results might include web pages owned by American Blind (like [www.decoratetoday.com](http://www.decoratetoday.com)),  
 3 websites of American organizations for the blind, such as the American Blind Skiing Foundation  
 4 ([www.absf.org](http://www.absf.org)), or web pages that simply contain the searched-for phrase somewhere in their  
 5 text, such as news reports or third-party websites that rate American Blind's products and  
 6 services. *See* Counterclaims, Exh. D. In the margins above and alongside these search results,  
 7 Google may display "Sponsored Links," paid for by companies such as [www.EZblinds.com](http://www.EZblinds.com) or  
 8 [www.Homedepot.com](http://www.Homedepot.com), that want their ads displayed near search results for "American blind."  
 9 *Id.*, ¶¶ 44, 72; Ex. D. These advertisers may provide links to websites that offer products and  
 10 services that compete with American Blind's own products and services. *Id.*, ¶¶ 44, 72.

11 Google also offers advertisers a service that, upon request, provides them with "ideas for  
 12 new keywords" that they may wish to consider for their ads. Counterclaims, ¶ 45. These new  
 13 keywords include queries that may already trigger an ad if the advertiser is using the "broad  
 14 match" feature.<sup>6</sup> *Id.*, ¶ 46. In an attempt to improve the performance of their ads, advertisers  
 15 may wish to replace general keywords with more specific keywords. *Id.* Alternatively,  
 16 advertisers may wish to ensure that their advertisements do not show up when irrelevant queries  
 17 are entered, and may therefore wish to add some of these keywords as "negative keywords."<sup>7</sup> *Id.*

18 American Blind does not allege that any of these advertisements mimic or incorporate  
 19 American Blind's trademarks. Nor does American Blind allege that Defendants or their  
 20 advertisers use American Blind's marks to brand or otherwise identify the source of their  
 21 products. Indeed, American Blind does not even allege that its trademarks appear anywhere in  
 22

---

23 "AMERICAN BLIND & WALLPAPER FACTORY;" "AMERICAN BLIND FACTORY;" and  
 24 "DECORATETODAY" – as well as its alleged marks "AMERICAN BLIND" and  
 "AMERICAN BLINDS." Counterclaims, ¶¶ 17-18.

25 <sup>6</sup> An ad using the broad match feature is triggered by the keywords selected by the advertiser,  
 and also by synonyms, related phrases, and plurals.

26 <sup>7</sup> The "negative keyword" feature allows advertisers to exclude irrelevant queries. For example,  
 27 an advertiser selling fruit who selects "apple" as a keyword may also want to select "-computer"  
 (the dash denotes a negative keyword) to keep the ad from being triggered by queries with the  
 28 word "computer" in them.

1 the advertisements.

### 2 III. ARGUMENT

#### 3 A. Defendants do not use American Blind’s claimed trademarks to identify the source 4 of their search engine or their advertising products.

5 American Blind alleges that Defendants’ use of American Blind’s purported trademarks  
6 to trigger third-party advertisements constitutes trademark infringement, false representation and  
7 dilution under the Lanham Act, injury to business reputation and dilution and unfair competition  
8 under the California Business and Professions Code, and common law trademark infringement  
9 and unfair competition. All of these causes of action require American Blind to prove that  
10 Google and the other Defendants *use* its trademarks. *See Academy of Motion Picture Arts and*  
11 *Sciences v. Network Solutions*, 989 F. Supp. 1276, 1279-81 (C.D. Cal. 1997) (federal trademark  
12 infringement and dilution claims and state law unfair competition claims require that defendant  
13 “used” another’s mark without permission in connection with its own goods and services); *Toho*  
14 *Co. v. Sears, Roebuck & Co.*, 645 F.2d 788, 793 (9th Cir. 1981) (dilution doctrine codified in  
15 Business and Professions Code protects trademark holder from harm due to defendant’s “use” of  
16 its mark); *Sunset House Distributing Corp. v. Coffee Dan’s Inc.*, 240 Cal. App. 2d 748, 753  
17 (1966) (state law trademark infringement and unfair competition claims require defendant’s “use  
18 of a confusingly similar tradename” to tradename used by plaintiff); 15 U.S.C. § 1125(a)(1)  
19 (false representation actionable under Lanham Act if party “uses in commerce” a “false or  
20 misleading representation of fact”).

21 But not all “uses” of a trademark are actionable. Trademarks “identify and distinguish”  
22 goods “from those manufactured or sold by others” and “indicate the source of the goods.” 15  
23 U.S.C. § 1127; *New Kids on the Block v. News America Publ’g, Inc.*, 971 F.2d 302, 305 (9th Cir.  
24 1992). As a result, courts have long recognized that “[a] trade-mark only gives the right to  
25 prohibit the use of it so far as to protect the owner’s good will against the sale of another’s  
26 product as his.” *Prestonettes, Inc. v. Coty*, 264 U.S. 359, 368 (1924) (Holmes, J.). Simply put,  
27 “[i]f defendants are only using [plaintiff’s] trademark in a ‘non-trademark’ way—that is, in a  
28 way that does not identify the source of a product—then trademark infringement and false

1 designation of origin laws do not apply.” *Interactive Prods. Corp. v. a2z Mobile Office*  
2 *Solutions, Inc.*, 326 F.3d 687, 695 (6th Cir. 2003); *see also Academy of Motion Picture Arts and*  
3 *Sciences*, 989 F. Supp. 1276 at 1279 (“commercial use” under Lanham Act requires that  
4 defendant attach marks to goods or services that it sells); *Pirone v. MacMillan, Inc.*, 894 F.2d  
5 579, 583 (2d Cir. 1990) (a defendant “can infringe [a trademark owner’s] rights only if [the  
6 defendant’s] use was a ‘trademark use,’ that is, one indicating source or origin”).

7 Another district court recently decided a case with facts nearly identical to those  
8 presented here and, not surprisingly, it held that when a defendant uses trademarks encountered  
9 on the Internet to trigger advertisements, but does not use the trademark to identify the source of  
10 its goods, the defendant does not use the trademark in a way that runs afoul of trademark laws.  
11 *See U-Haul Int’l, Inc. v. WhenU.com, Inc.*, 279 F. Supp. 2d 723 (E.D. Va. 2003). In *U-Haul*, the  
12 defendant WhenU’s computer software SaveNow monitored software licensees’ Internet use,  
13 searching for designated terms, including trademarks. *Id.* at 725-26. When the licensee  
14 encountered the trademark “U-Haul,” the SaveNow software triggered and displayed “pop-up  
15 advertisements” that obscured the other windows on the licensees’ computer screens. *Id.* at 726-  
16 27. The court held that this practice “does not constitute ‘use’ under the Lanham Act,” because  
17 “U-Haul fails to adduce any evidence that WhenU uses U-Haul’s trademarks to identify the  
18 source of its goods or services.” *Id.* at 728; *see also Wells Fargo & Co. v. WhenU.com, Inc.*, 293  
19 F. Supp. 2d 734, 757-58 (E.D. Mich. 2003) (also holding that selling pop-up advertisements  
20 triggered by trademarked keywords is not actionable under the Lanham Act); *but see 1-800*  
21 *Contacts, Inc. v. WhenU.com, Inc.*, 309 F. Supp. 2d 467, 490 n.43 (S.D.N.Y. 2003) (declining to  
22 follow, without discussion, *U-Haul* and *Wells Fargo*), *appeal under submission*, No. 04-0026-cv  
23 (2d Cir. April 5, 2004).<sup>8</sup>

24 \_\_\_\_\_  
25 <sup>8</sup> American Blind may cite *Playboy Enterprises, Inc. v. Netscape Communications Corp.*, 354  
26 F.3d 1020 (9th Cir. 2004), as contrary authority, but *Playboy* is inapposite. In *Playboy*, the court  
27 held that the defendant Internet search engine operators were not entitled to summary judgment  
28 on claims that they infringed and diluted the plaintiff’s trademarks by selling unlabeled banner  
advertisements that were triggered by queries including those trademarks. *Id.* at 1023.

The issue raised by the instant motion – whether the use of a trademark as a keyword to trigger  
advertising can be actionable under trademark law – was not before the *Playboy* court. In the  
*Playboy* appeal, there was “[n]o dispute” that the “defendants used the marks in commerce,” as

1 Similarly, courts have rejected trademark claims against Internet domain name registrars  
 2 such as Network Solutions for selling trademarks as domain names to cybersquatters, even where  
 3 the cybersquatters are making an infringing use of the mark. These courts reason that Network  
 4 Solutions cannot be held liable because it is not using the protected term to identify Network  
 5 Solutions' services or products.<sup>9</sup> See *Academy of Motion Picture Arts and Sciences*, 989 F.  
 6 Supp. at 1279-80 ("There has been no allegation that Network Solutions markets its registration  
 7 service or the quality of its service by displaying or otherwise exploiting the Academy's marks);  
 8 *Lockheed Martin Corp. v. Network Solutions*, 985 F. Supp. 949, 967-68 (C.D. Cal. 1997), *aff'd*  
 9 *on other grounds*, 194 F.3d 980, 983-85 (9th Cir. 1999); *Lockheed Martin Corp. v. Network*  
 10 *Solutions*, 141 F. Supp. 2d 648, 654-55 (N.D. Tex. 2001).

11 Defendants do not use any of American Blind's purported trademarks to identify the  
 12 source of their search engine or advertising products. Google uses its stylized "GOOGLE" mark  
 13 to identify its search engine and AdWords products. Similarly, each of the other Defendants  
 14 uses its own mark to identify its products. Defendants employ American Blind's putative marks  
 15 only as triggers for displaying advertisements; nowhere in its counterclaims does American  
 16 Blind accuse any Defendant of using American Blind's marks "to identify the source" of any of  
 17 its products or services. *U-Haul*, 279 F. Supp. 2d at 728. Defendants therefore use American  
 18 Blind's claimed marks in a "non-trademark" way and "trademark infringement and false  
 19 designation or origin laws do not apply." *Interactive Prods.*, 326 F.3d at 695. As a result,  
 20 American Blind's federal and state law claims for infringement, false representation, dilution,

---

21  
 22 required in order to sustain a claim of trademark infringement. *Id.* at 1024. Because there was  
 23 no dispute as to the "use in commerce" requirement, the court focused on whether there was a  
 24 likelihood of confusion under the doctrine of initial interest confusion. *Id.* The *Playboy* court's  
 25 assumption of "use in commerce" therefore has no bearing on the instant motion. See *United*  
 26 *States v. Verdugo-Urquidez*, 494 U.S. 259, 272 (1990) (issues assumed in reaching a decision  
 27 "are not binding in future cases that directly raise the questions").

25 Moreover, the *Playboy* is further distinguishable because that case related solely to "unlabeled  
 26 banner advertisements." 354 F.3d at 1025 (emphasis added). In contrast, the ads at issue in the  
 27 case at bar all include URLs that identify the source of the ads. Counterclaims, Exhs. C-F; 354  
 28 F.3d at 1025 n.16 (noting that had the advertisements in *Playboy* clearly identified their source,  
 "no confusion would occur").

<sup>9</sup> See also *DaimlerChrysler AG v. Bloom*, 315 F.3d 932, 939 (8th Cir. 2003) (holding that a  
 telecommunications company did not use the term "Mercedes" in a trademark case merely by

1 and unfair competition must fail.

2 **B. Defendants' advertisers do not use American Blind's claimed trademarks to identify**  
 3 **the source of their products**

4 To succeed on its alternative claims that Defendants contributorily or vicariously  
 5 infringes its claimed trademarks, American Blind must, among other things, allege that  
 6 Defendants' advertisers infringe those trademarks. *See Lockheed Martin Corp. v. Network*  
 7 *Solutions, Inc.*, 194 F.3d 980, 983-86 (9th Cir. 1999) (contributory infringement and dilution  
 8 claims require a showing that the defendant materially contributed to another's improper use of a  
 9 trademark).

10 Nowhere in its complaint does American Blind allege that Google's advertisers  
 11 incorporate or refer to American Blind's putative trademarks. And, in fact, none of the ads  
 12 included in the Exhibits to American Blind's counterclaims incorporate or refer to its supposed  
 13 trademarks. *See* Counterclaims, Exhs. C-F. Those advertisers instead use their own names (such  
 14 as [www.EZblinds.com](http://www.EZblinds.com)) to identify the source of their products. *Id.* All American Blind alleges  
 15 is that the advertisers have elected to have their ads appear as "Sponsored Links" (or "Sponsored  
 16 Web Results" or "Sponsored Results") near search results for, for example, "American blind."<sup>10</sup>  
 17 Because Google's advertisers do not use American Blind's claimed trademarks to identify the  
 18 source of their products, but only as a trigger for the display of their advertisements, those  
 19 advertisers do not infringe American Blind's claimed trademarks.<sup>11</sup> *See U-Haul*, 279 F. Supp. 2d

20  
 21 licensing a vanity phone number that spelled 1-800-MERCEDES to Mercedes dealers).

22 <sup>10</sup> *See also Playboy*, 354 F.3d at 1025 n.16 (noting that had the advertisements in *Playboy* clearly  
 23 identified their source, "no confusion would occur," in which case the initial interest confusion  
 claim would have failed).

24 <sup>11</sup> American Blind may point out that its complaint alleges that Google "actively promotes and  
 25 encourages" advertisers to use American Blind's claimed marks as keywords. *See*  
 26 Counterclaims, ¶¶ 45-48. Because this is a motion to dismiss, the Court must, for present  
 27 purposes, accept the well-plead allegations of American Blind's counterclaims as true. Those  
 28 allegations are, however, irrelevant. The allegations fail to suggest that Google is branding its  
 products with American Blind's marks; thus, Google is not a direct infringer. And those  
 allegations cannot support American Blind's claims for contributory or vicarious infringement,  
 because, as noted above, American Blind has not and cannot allege direct infringement by  
 Google's advertisers.

1 at 728; *Interactive Prods.*, 326 F.3d at 695.

2 Because American Blind alleges no trademark “use” of its purported marks in any  
3 advertisements, no set of facts contained in its countercomplaint can support its claims against  
4 Defendants for contributory infringement or contributory dilution.

5 **C. American Blind’s remaining claim, for tortious interference with prospective  
6 economic advantage, must also fail**

7 American Blind’s sole remaining claim, for tortious interference with prospective  
8 economic advantage must be dismissed because (1) American Blind fails to allege an  
9 independently wrongful act; and (2) American Blind fails to allege a probability of future  
10 economic benefit from existing economic relationships.<sup>12</sup>

11 **1. American Blind fails to allege an independently wrongful act**

12 “[A] plaintiff seeking to recover for an alleged interference with prospective contractual  
13 or economic relations must plead and prove as part of its case-in-chief that the defendant not  
14 only knowingly interfered with the plaintiff’s expectancy, but engaged in conduct that was  
15 wrongful by some legal measure other than the fact of interference itself.” *Della Penna v.*  
16 *Toyota Motor Sales, U.S.A., Inc.*, 11 Cal. 4th 376, 393 (1995). An act is independently wrongful  
17 only if it is unlawful pursuant to some “constitutional, statutory, regulatory, common law, or  
18 other determinable legal standard.” *Korea Supply Co. v. Lockheed Martin Corp.*, 29 Cal. 4th  
19 1134, 1159 (2003).

20 American Blind has accused Defendants of doing nothing more than permitting their  
21 advertisers to display ads to persons using American Blind’s supposed trademarks as part of a  
22 search engine query. Neither Defendants nor their advertisers use American Blind’s claimed  
23 trademarks to identify their products. Google, and the remaining Defendants, simply allow  
24 advertisers to promote products and services in competition with American Blind. As explained

25 \_\_\_\_\_  
26 <sup>12</sup> To plead the tort of intentional interference with prospective economic advantage, plaintiff  
27 must allege: (1) an economic relationship between the plaintiff and some third party, with the  
28 probability of future economic benefit or advantage to the plaintiff; (2) defendant knew of the  
existence of that relationship; (3) defendant intentionally engaged in wrongful conduct designed  
to interfere with or disrupt the relationship; (4) actual disruption of the relationship; and (5)  
economic harm to the plaintiff proximately caused by the wrongful conduct of the defendant.

1 above, such activity does not violate any law or legal standard. Indeed, there is nothing  
2 untoward about allowing advertisers to promote their businesses. Because Defendants' actions  
3 are not independently wrongful, American Blind fails to state a claim for tortious interference  
4 with prospective economic advantage.

5 **2. American Blind has also failed to allege a probability of future economic**  
6 **benefit**

7 Even if American Blind had alleged an independent wrong on Defendants' part, the  
8 interference claim would fail, because American Blind fails to allege the existence of an ongoing  
9 economic relationship with which Defendants' interfered. *See Roth v. Rhodes*, 25 Cal. App. 4th  
10 530, 546 (1994) (allegation of an existing economic relationship is an "essential element" of an  
11 interference claim).

12 American Blind does not allege that Defendants interfered with any existing contract,  
13 agreement or other relationship between it and its customers. American Blind only alleges that  
14 some of American Blind's past and prospective customers *may* have purchased products and  
15 services from American Blind, but instead – due to Defendants' actions – clicked on  
16 advertisements and links to American Blind's competitors' websites. Counterclaims, ¶¶ 120-23.  
17 Thus, American Blind alleges that it lost "future and prospective sales." *Id.*, ¶ 123.

18 These allegations are inadequate to support a claim for tortious interference. The tort  
19 "protects the expectation that the [specified] relationship eventually will yield the desired  
20 benefit, not necessarily the more speculative expectation that a potentially beneficial relationship  
21 will eventually arise." *Westside Ctr. Assocs. v. Safeway Stores 23, Inc.*, 42 Cal. App. 4th 507,  
22 524 (1996) (precluding application of the tort to future "hypothetical relationships" with all  
23 possible buyers not developed at the time of the allegedly tortious acts); *see also Blank v.*  
24 *Kirwan*, 39 Cal. 3d 311, 331 (1985) (plaintiff had no protectable expectancy of a relation with  
25 the class of potential poker club patrons "but at most a hope for an economic relationship and a  
26 desire for future benefit"); *Roth*, 25 Cal. App. 4th at 546 (podiatrist denied space in medical  
27 building did not have existing relationships with "speculative future patients").

28 \_\_\_\_\_  
*JRS Products, Inc. v. Matsushita Elec. Corp. of America*, 115 Cal. App. 4th 168, 179-80 (2004).

