No. 24-

IN THE

Supreme Court of the United States

LERNER AND ROWE, PC.,

Petitioner,

v.

BROWN ENGSTRAND & SHELY LLC, D/B/A ACCIDENT LAW GROUP, AN ARIZONA CORPORATION; JOSEPH L. BROWN, AN INDIVIDUAL,

Respondents.

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE NINTH CIRCUIT

PETITION FOR A WRIT OF CERTIORARI

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QUESTION PRESENTED

Through the Lanham Act, Congress secures to the owner of a trademark the goodwill of its business and protects the ability of consumers to distinguish among competing producers. *Park 'N Fly, Inc. v. Dollar Park & Fly, Inc.*, 105 S. Ct. 658, 663 (1985). In an action for trademark infringement under the Lanham Act, the plaintiff is required to demonstrate (1) that it has a protectable ownership interest in its mark and (2) that, without its consent, the defendant used the plaintiff's mark in commerce in such a way that is likely to cause consumer confusion. 15 U.S.C. §§ 1114(1), 1125(a)(1). Courts have uniformly approached the question of determining whether the use of another's trademark is likely to cause consumer confusion by weighing various factors in a balancing test. *See e.g., AMF, Inc. v. Sleekcraft Boats*, 599 F.2d 341, 348-349 (9th Cir. 1979).

The questions presented are:

1. Whether the Ninth Circuit has created conflicts with the First, Second, Third, Fourth, Fifth, Sixth, Seventh, Eighth, Tenth, and Eleventh Circuits via its analysis of factors that determine likelihood of consumer confusion in trademark infringement actions.

2. Whether the Ninth Circuit has frustrated the goals of the Lanham act via its analysis of factors that determine likelihood of consumer confusion in trademark infringement actions.

PARTIES TO THE PROCEEDING

Petitioner here, Appellant and Plaintiff below, is Lerner & Rowe, PC ("Lerner & Rowe" or Petitioner).

Respondents, Appellees, and named Defendants below, are Brown Engstrand & Shely LLC, d/b/a Accident Law Group, and Joseph L. Brown, an individual (collectively, "Accident law Group" or Defendants).

CORPORATE DISCLOSURE STATEMENT

Pursuant to Rule 29.6, Petitioner Lerner and Rowe, PC states that it has no parent corporation and no publicly held company owns 10% or more of its stock.

RELATED CASES

Lerner & Rowe PC v. Brown Engstrand & Shely LLC, et. al., Case No. CV-21-01540, United States District Court for the District of Arizona. Judgment entered May 18, 2023.

Lerner & Rowe PC v. Brown Engstrand & Shely LLC, et. al., Case No. CV-21-01540, United States District Court for the District of Arizona. Judgment entered Jul. 28, 2023.

Lerner & Rowe PC v. Brown Engstrand & Shely LLC, et. al., No. 23-16060, United States Court of Appeals for the Ninth Circuit. Judgment entered October 22, 2024.

Lerner & Rowe PC v. Brown Engstrand & Shely LLC, et. al., No. 23-16060, United States Court of Appeals for the Ninth Circuit. Judgment entered December 4, 2024.

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The opinion of the U.S. District Court for the District of Arizona granting Defendants' motion for summary judgment in part and denying in part and denying Plaintiff's motion for partial summary judgment is reported at *Lerner & Rowe PC v. Brown Engstrand & Shely LLC*, 673 F. Supp. 3d 1017 (D. Ariz. 2023) and reproduced in Petitioner's Appendix at App. C, 42a.

The opinion of the district court granting Defendants' motion for reconsideration and granting Defendants' motion for summary judgment is reported at *Lerner & Rowe PC v. Brown Engstrand & Shelly LLC*, 684 F. Supp. 3d 953 (D. Ariz. 2023) and reproduced in Petitioner's Appendix at App. B, 34a.

JURISDICTION

The United States Court of Appeals for the Ninth Circuit entered its judgment on October 22, 2024. (App. A, 1a). Petitioner timely petitioned for rehearing and rehearing *en banc*; the Ninth Circuit denied the petition for rehearing and rehearing *en banc* on December 4, 2024. (App. D, 76a). This Court has jurisdiction under 28 U.S.C. § 1254(1).

CONSTITUTIONAL PROVISIONS AND STATUTES INVOLVED

This case involves provisions of the Lanham Act, 15 U.S.C. § 1051, *et seq.*, with relevant excerpts appearing below.

Section 32 of the Lanham Act, 15 U.S.C. § 1114, provides in relevant part,

> (1) Any person who shall, without the consent of the registrant -
>
> > (a) use in commerce any reproduction, counterfeit, copy, or colorable imitation of a registered mark in connection with the sale, offering for sale, distribution, or advertising of any goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive …
> >
> > shall be liable in a civil action for the remedies hereinafter provided.

Section 43 of the Lanham Act, 15 U.S.C. § 1125(a), provides in relevant part,

> (a) Civil action
>
> > (1) Any person who, on or in connection with any goods or services, or any container for goods, uses in commerce any word, term, name,

symbol, or device, or any combination thereof, or any false designation of origin, false or misleading description of fact, or false or misleading representation of fact, which -

(A) is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person, or

(B) in commercial advertising or promotion, misrepresents the nature, characteristics, qualities, or geographic origin of his or her or another person's goods, services, or commercial activities,

shall be liable in a civil action by any person who believes that he or she is or is likely to be damaged by such act.

Section 45 of the Lanham Act, 15 U.S.C. § 1127, provides in relevant part,

The word "commerce" means all commerce which may lawfully be regulated by Congress.

…

> The term "use in commerce" means the bona fide use of a mark in the ordinary course of trade, and not made merely to reserve a right in a mark. [A] mark shall be deemed to be in use in commerce -
>
> (1) on goods when -
>
> (A) it is placed in any manner on the goods or their containers or the displays associated therewith or on the tags or labels affixed thereto, or if the nature of the goods makes such placement impracticable, then on documents associated with the goods or their sale, and
>
> (B) the goods are sold or transported in commerce, and
>
> (2) on services when it is used or displayed in the sale or advertising of services and the services are rendered in commerce …

INTRODUCTION

This case primarily concerns whether Defendants' unauthorized use of Petitioner's federally protected trademarks is actionable under the Lanham Act. Defendants' advertising scheme uses Petitioner's name and registered marks as internet search engine keywords that trigger the appearance of Defendants' ads when consumers search for Petitioner by name on desktop and mobile devices. Defendants' use of Petitioner's trademarks manipulates search engine results and confuses potential clients searching for Petitioner into calling Defendants' intake department or navigating to Defendants' website by mistake. This is especially true of Defendants' "click-to-call" ads targeted to mobile device users.

The undisputed intent of Defendants' ads is to capture potential clients searching online for Petitioner, not Defendants. The advertising scheme harms Petitioner, as it harms all trademark owners, because Defendants' ads misappropriate the goodwill and recognition inherent in Petitioner's trademarks, eroding their value in addition to diverting clients. This practice also harms consumers who are diverted by "bait and switch" advertising tactics or who may assume there is some of affiliation or sponsorship between the brand in the ad and the one they searched for, if the advertising brand can even be readily distinguished.

The Lanham Act, enacted in 1946, provides the federal structure designed to protect trademarks. *Matal v. Tam*, 137 S.Ct. 1744, 1752 (2017). Through the Act, Congress secures to the owner of a trademark the goodwill of its business and protects the ability of consumers to distinguish among competing products. *Park 'N Fly, Inc. v. Dollar Park & Fly, Inc.*, 105 S. Ct. 658, 663 (1985). The Act prohibits use of another's trademark that is "likely to cause confusion" among the public. 15 U.S.C. 1125(a)(1)(A). However, the Ninth Circuit held below that Petitioner Lerner & Rowe, a prominent law firm with offices in Arizona and several other states, has no recourse against Defendants' use of Lerner & Rowe's trademarks in a manner that has confused hundreds, if not thousands, of potential clients.

The documented results of Defendants' advertising scheme are uncommon, but the scheme itself is hardly unique. It has become common practice for businesses in practically every industry to advertise online. It is also increasingly common to aim ads at customers considering doing business with a competitor by keying ads to that competitors' name and trademarks. Circuits across the country have dealt with this type of targeted advertising by weighing various factors to determine the likelihood of confusion and thus whether the ads at issue violate the Lanham Act.

The Ninth Circuit's decision below warrants this Court's review because it conflicts with the law of other Circuits, as well as the text and purpose of the Lanham Act, and because it will have severe practical consequences. Neither the goal of fair competition nor the goals of the Lanham Act support the court's decision to afford competitors such wide latitude to usurp the valuable goodwill in others' trademarks to confuse consumers and divert business to themselves. Absent a reproach of advertisers' use of competitors' protected trademarks in a manner that, as here, has caused and is likely to cause consumer confusion, trademark owners will be left without remedy or recourse against rampant trademark infringement.

STATEMENT OF THE CASE

A. Lerner & Rowe Is a Well-Known Personal Injury Law Firm That Advertises Extensively Using Its Distinctive Trademarks

Lerner & Rowe, PC, established in 2005 by Glen Lerner and Kevin Rowe, provides legal services to injury victims throughout the state of Arizona and across the United States. The firm has grown into one of the largest, most widely recognized personal injury law firms in Arizona. Lerner & Rowe, PC also owns Lerner & Rowe Law Group and operates Lerner & Rowe Gives Back, a nonprofit organization that has raised Millions of dollars in support of various philanthropic organizations.

Lerner & Rowe has built its reputation in Arizona and throughout the United States via decades of service to its clients as well as significant marketing efforts and expense. Since its founding, Lerner & Rowe has continuously used several distinctive trademarks to identify and promote the firm. Lerner & Rowe, PC and its owners and founders are the owner of all right, title, and interest in three U.S. Federal trademark registrations implicated in this matter: "Lerner & Rowe," "Lerner & Rowe Gives Back," and "Glen Lerner." (App. A, 4a). Lerner & Rowe has held long, continuous use of these marks, and has spent more than $100 Million promoting and advertising them. (App. A, 4a). Lerner & Rowe's advertisements prominently incorporate the marks and have enabled Lerner & Rowe to develop strong brand recognition in Arizona and nationwide. (App. A, 9a).

B. Defendants' Unauthorized Use of Lerner & Rowe's Trademarks

Defendant Brown Engstrand & Shely LLC, d/b/a Accident Law Group (also known as "ALG") was founded in 2015 by Defendant Joseph L. Brown. Accident Law Group competes directly with Lerner & Rowe in Arizona, provides similar services, and uses the same marketing channels. (App. A, 4a). Also, like Lerner & Rowe, Accident Law Group utilizes Google Ads (formerly known as Google

Adwords) to drive traffic to their website and phone number.

As part of their online advertising strategy, Defendants began purchasing Lerner & Rowe's name and trademarks as Google Ad keywords in 2015 and continued to do so through at least May 2021. (App. A, 4a-5a). As a result of this tactic, known as "conquesting," Defendants' ads prominently appeared among the results when consumers searched for Lerner & Rowe by name. Conversely, Lerner & Rowe has never targeted Accident Law Group or Joseph Brown with its own ads.

The placement of Defendants' ads, as well as their nature, contributed to consumer confusion. Specifically, Defendants extensively employed Google's "click-to-call" ad feature, where ads on mobile devices prominently display a phone number, misleading customers to believe that calling that number will connect them with the business they searched for. Defendants' ads also contained generic phrases that customers could associate with any personal injury firm, omitted prominent source identifiers, and otherwise made no effort to compare or distinguish itself from Lerner & Rowe. (App. A, 20a-21a).

C. Defendants' Ads Caused Substantial Confusion Among Consumers Searching for Lerner & Rowe

Defendants' ad campaign keyed to Lerner & Rowe's marks was effective. The ads caused significant, actual confusion among consumers searching for Lerner & Rowe and drove Lerner & Rowe's existing and potential clients to Defendants' website and telephonic intake department. Defendants' own business records contain at least 236 instances of callers expressing confusion as to which firm (Lerner and Rowe or Accident Law Group) they contacted. (App. A, 10a, App. C, 51a). Many of these callers stated explicitly they were "looking for" Lerner & Rowe, "calling for" Lerner & Rowe, that they "wanted" Lerner & Rowe, or they stated explicitly that they thought Accident Law Group *was* Lerner & Rowe. (App. C, 54a). The record further shows that searchers clicked on Defendants' ads keyed to Lerner & Rowe's marks over 7,000 times between 2015-2021. (App. A, 11a).

Despite the knowledge that their ads were causing confusion among potential clients searching for Lerner & Rowe (and other competitors), Defendants declined to take simple steps that would have mitigated this confusion. Instead, Defendants intentionally perpetuated a scheme to profit off Lerner & Rowe's brand and the strength of the Lerner & Rowe trademarks.

D. Proceedings Below

1. The District Court Proceeding

Lerner & Rowe filed its complaint against Defendants on September 9, 2021, in the U.S. District Court for the District of Arizona. The suit alleged (1) trademark infringement, unfair competition, false designation of origin, and false description under the Lanham Act; (2) state trademark infringement and unfair competition; and (3) unjust enrichment. (App. A, 5a.)

Following bifurcated discovery as to liability only, the parties filed cross-motions for summary judgment. On May 18, 2023, the district court denied Lerner &

Rowe's motion for summary judgment and granted partial summary judgment in favor of Defendants. (App. C, 42-43a). Defendants subsequently filed a motion for reconsideration, seeking summary judgment in full. On July 28, 2023, the district court granted Defendants' motion for reconsideration and granted summary judgment in full in favor of Defendants. (App. B, 34-35a). In its opinion, the court discussed the factors of likelihood of confusion set out in *Network Automation, Inc. v. Advanced Systems Concepts, Inc.*, 638 F.3d 1137 (9th Cir. 2011). Crucially, the court weighed the factor regarding evidence of actual confusion in favor of Defendants, holding that, "[e]ven if all 236 calls are considered evidence of actual confusion, the Court finds it *de minimis*." (App. C, 56a.) The district court's novel approach determined that the hundreds of confused callers recorded in Defendants' intake logs (and thousands who clicked on the ads) were "isolated instances," and did not represent an "appreciable" or "significant" amount of confusion when compared to the number of "impressions" of Defendants ads among Google search results and then also weighed against a common threshold for appreciable confusion used in surveys. (App. C, 58a-59a). The district court further determined that, although that the strength of the mark factor weighed in favor of Lerner & Rowe, Defendants' ads were so clearly labeled and the typical internet user so sophisticated that that no reasonable jury could find anything other than a "very low likelihood of confusion" caused by the ads. (App. C, 62a, 68a).

2. The Ninth Circuit Proceeding

Lerner & Rowe appealed the district court's grant of summary judgment, arguing the court committed clear error and failed to follow controlling precedent. Notwithstanding these arguments, the panel affirmed the district court's grant of summary judgment for Defendants on the basis that "Lerner & Rowe failed to establish that Accident law Group's use of the mark was likely to cause consumer confusion." (App. A, 3a). The panel adopted each of the district court's findings of fact and law: the strength of the mark weighed in favor of Lerner & Rowe (App. A, 9a); the 7,452 clicks on Defendants' ads and 236 calls by consumers expressing confusion represents only *de minimis* evidence of confusion (App. A, 3a, 10a-11a); Defendants' ads were clearly labeled (App. A, 20a-21a); consumer sophistication and high degree of care may be presumed (App. A, 16a); and the remaining factors did not weigh so strongly in Lerner & Rowe's favor as to create a genuine dispute of material fact. (App. A, 21a).

Lerner & Rowe subsequently filed a petition for panel rehearing and for rehearing *en banc*, arguing the panel made errors in the application of law and fact and reached a decision that conflicts with prior decisions of the court and decisions of other Circuits. The court denied that petition for rehearing on December 4, 2024. (App. D, 77a). Lerner & Rowe now petitions this Court for certiorari.

REASONS FOR GRANTING THE PETITION

Compelling reasons exist to grant Lerner & Rowe's petition. This case presents a question of federal law with far-reaching, practical implications for nearly every business and consumer in the country. Courts have addressed this question in various ways for nearly 80 years, but the advent and proliferation of internet advertising has stressed the edges of existing frameworks, and a significant split has developed between the Ninth Circuit and every other Circuit. It is necessary, therefore, that this Court provide guidance on this question of significant importance: how should courts approach determining the likelihood of confusion in trademark infringement actions involving online search engine advertising?

The Ninth Circuit recently analyzed this question and, as set forth in greater detail below, made determinations of law that directly conflict with those made by other Circuits, including the First, Second, Third, Fourth, Fifth, Sixth, Seventh, Eighth, Tenth, and Eleventh Circuits. The Ninth Circuit's recent approach has created fissures and contradictions among the Circuits with respect to numerous, sometimes dispositive, factors common to the Circuits' different balancing tests.

Specifically, the Ninth Circuit's holdings expanding the definition of *de minimis* evidence of actual confusion, substituting its judgment for a jury's regarding whether consumer sophistication may be presumed and whether ads are so clearly labeled that they dispel confusion, and neglecting to consider evidence of the intent of the alleged infringer, each directly conflict with how other Circuits have approached those factors of confusion. The Ninth Circuit's divergence from the other Circuits, and its own precedent, is so significant that plaintiffs will now be incentivized to forum shop and enforce their marks or file declaratory judgment actions in the Circuit that will provide the most favorable outcome. This Court's intervention is needed to dispel this conflict and to reconcile the Ninth Circuit's novel approach with the goals of the Lanham Act, protecting consumers from confusion and protecting trademark owners' property rights.

I. The Ninth Circuit's Decision Creates a Conflict with Other Circuits Regarding the Determination of Likelihood of Confusion Under the Lanham Act

a. Ninth Circuit Precedent and Balancing Test

The general framework for analyzing trademark infringement is similar among all Circuits. The test can be broadly defined as whether the plaintiff has a protectable ownership interest in the mark and whether the defendant's use of a mark is "likely to cause confusion, or to cause mistake, or to deceive." 25 U.S.C. § 1114(1)(a). Although the Circuits articulate different factors and balancing tests to determine whether the threshold is met, the throughline is always whether the alleged infringement is likely to cause confusion in the marketplace. No court has previously adopted a bright line by which to determine this threshold as a matter of law. The Ninth Circuit, as with other Circuits, has also cautioned against granting summary judgment in these types of cases, as these disputes are inherently and intensely factual, and are best resolved by a jury. *See e.g., JL Beverage Co., LLC v. Jim Beam Brands Co.*, 828 F.3d 1098, 1105 (9th Cir. 2016).

The Ninth Cricut's version of the likelihood of confusion test involves flexibly weighing eight factors known as the *Sleekcraft* factors. Those factors are (1) strength of the mark; (2) proximity of the goods; (3) similarity of the marks; (4) evidence of actual confusion; (5) marketing channels used; (6) type of goods and the degree of care likely to be exercised by the purchaser; (7) defendant's intent in selecting the mark; and (8) likelihood of expansion of the product lines. *Network Automation*, 638 F.3d at 1145, citing *Sleekcraft*, 599 F.2d 341, 348–49

(9th Cir. 1979). The Ninth Circuit addressed online search engine keyword advertising in *Network Automation* and held that the most relevant *Sleekcraft* factors in these cases are: (1) the strength of the mark, (2) the evidence of actual confusion, (3) the type of goods and degree of care likely to be exercised by the purchaser, and (4) the labeling and appearance of the advertisements and the surrounding context on the screen. 638 F.3d at 1154.

The court below analyzed these *Network Automation* and remaining *Sleekcraft* factors in affirming the district court's grant of summary judgment in favor of Defendants. However, the courts reached conclusions of law that not only break from established Ninth Circuit precedent but also directly conflict with conclusions of law made by numerous other Circuits.

b. Circuit Split Regarding Evidence of Actual Confusion

There is, or was, widespread recognition, among the Circuits that "there can be no more positive or substantial proof of the likelihood of confusion than proof of actual confusion," and "while very little proof of actual confusion would be necessary to prove the likelihood of confusion, an almost overwhelming amount of proof would be necessary to refute such proof." *LHO Chicago River, L.L.C. v. Rosemoor Suites, LLC*, 988 F.3d 962, 968 (7th Cir. 2021); *see also Wreal, LLC v. Amazon.com, Inc.*, 38 F.4th 114, 139 (11th Cir. 2022); *Multi Time Mach., Inc. v. Amazon.com, Inc.*, 804 F.3d 930, (9th Cir. 2015)*; Savin Corp. v. Savin Grp.,* 391 F.3d 439, 459 (2d Cir. 2004); *Kibler v. Hall*, 843 F.3d 1068, 1079 (6th Cir. 2016) ("Because past confusion is the best proof of future confusion, any evidence at all favors the plaintiff.")

Circuits are in near-universal agreement that even a few instances of actual confusion are sufficient to tip the balance of factors in favor of the plaintiff or at least create a genuine issue of fact regarding likelihood of confusion. For example, in *Rex Real Est. I, L.P. v. Rex Real Est. Exch., Inc.*, the Fifth Circuit recently held that the lower court erred in holding as a matter of law that plaintiff could not establish a likelihood of confusion, "because [p]laintiff has presented some relevant evidence of [instances of people who inadvertently contacted one party while looking to do business with the other], a reasonable jury could conclude that this digit [of actual confusion] weighs in its favor." 80 F.4th 607, 627 (5th Cir. 2023).

In *Wreal, LLC v. Amazon.com, Inc.*, the Eleventh Circuit concluded that "two reported instances of actual confusion are sufficient to make the issue one of triable fact and thus weighs in [plaintiff's] favor." 38 F.4th 114, 139–40 (11th Cir. 2022).

In *AWGI, LLC v. Atlas Trucking Co., LLC*, the Sixth Circuit affirmed summary judgment in favor of plaintiff, upholding the lower court's determination that the factor weighed in favor of plaintiff where there were five instances of actual confusion. 998 F.3d 258, 267 (6th Cir. 2021).

In *Dorpan, S.L. v. Hotel Melia, Inc.*, the First Circuit vacated summary judgment for defendants, holding that a reasonable jury could conclude that plaintiff has demonstrated actual confusion based on instances of confusion that were "not overwhelming." 728 F.3d 55, 67 (1st Cir. 2013) citing *Kos Pharms., Inc. v. Andrx Corp.*, 369 F.3d 700, 720 (3d Cir.2004) ("even a few incidents" of actual confusion are "highly probative of the likelihood of confusion.").

In *Rosetta Stone Ltd. v. Google, Inc.*, the Fourth Circuit vacated the judgment for defendant based in part on 262 customer complaints expressing confusion, weighed against over 100,000 ad impressions. 676 F.3d 144, 158 (4th Cir. 2012).

In *Heartland Animal Clinic, P.A. v. Heartland SPCA Animal Med. Ctr., LLC,* the Tenth Circuit upheld the district court's determination that "dozens" of calls compiled by plaintiff's employees reflecting consumer confusion supported a likelihood of confusion. 503 F. App'x 616, 621 (10th Cir. 2012), *c.f. M Welles & Assocs., Inc. v. Edwell, Inc.*, 69 F.4th 723, 736 (10th Cir. 2023) ("[plaintiff] has just one anecdotal instance of what might be actual confusion, and the district court properly found that to be de minimis.").

And in *Patsy's Brand, Inc. v. I.O.B. Realty, Inc.* the Second Circuit held that "a few" instances of actual confusion in a limited period weighed in favor of finding a likelihood of confusion. 317 F.3d 209, 218 (2d Cir. 2003), *cf. Reply All Corp. v. Gimlet Media, LLC,* 843 F. App'x 392, 398 (2d Cir. 2021) (two instances of potential consumer confusion "constitute *de minimis* evidence insufficient to raise triable issues regarding likelihood of confusion" and is a neutral factor).

Ninth Circuit precedent regarding this factor, prior to the court's decision in this case, was consistent with the other Circuits. For example, in *Ironhawk Techs., Inc. v. Dropbox, Inc.*, the court reversed a summary judgment ruling in favor of the defendant, holding that two witnesses, testifying that unidentified customers made uncorroborated statements of confusion, constituted sufficient evidence of actual confusion that a reasonable jury could rely on when assessing a likelihood of confusion. 2 F.4th 1150, 1166 (9th Cir. 2021). In *Stone Creek, Inc. v. Omnia Italian Design, Inc.*, the court reversed a finding of no likelihood of confusion, holding defendant liable for infringement in part because "several instances of actual confusion … cannot be dismissed out of hand but must be considered in context and in light of the other evidence of likelihood of confusion. 875 F.3d 426, 433 (9th Cir. 2017), citing *Daddy's Junky Music Stores, Inc. v. Big Daddy's Fam. Music Ctr.*, 109 F.3d 275, 284 (6th Cir. 1997) (explaining that one instance of actual confusion "favors plaintiff at least to some extent").

In *JL Beverage Co., LLC v. Jim Beam Brands Co.*, the court reversed a summary judgment ruling in favor of defendants where plaintiff offered only several individual instances of actual confusion. 828 F.3d 1098, 1111 (9th Cir. 2016). In *S. California Darts Ass'n v. Zaffina*, the court affirmed summary judgment in favor of plaintiff finding a likelihood of confusion based on, *inter alia*, at least one person had been confused by defendant's use of the contested marks. 762 F.3d 921, 930 (9th Cir. 2014). And in *Rearden LLC v. Rearden Com., Inc.*, the court reversed summary judgment in favor of defendants, finding a genuine issues of material fact with respect to actual confusion, where the record contained two incidents that "involve actual confusion on the part of a member of the relevant consuming public." 683 F.3d 1190, 1217 (9th Cir. 2012).

The approach adopted by the Ninth Circuit in this case, however, flips this factor on its head. Evidence that should weigh dispositively in favor of Lerner & Rowe, or at a minimum raise a genuine question of material fact that makes summary judgment for Defendants inappropriate, is now rendered *de minimis* by a misunderstanding of the operation of search engine advertising. Whereas two, or five, or "several" instances of confusion have previously been sufficient to reverse grants of summary judgment against plaintiffs alleging infringement, the lower courts held that hundreds of calls and thousands of clicks were not an appreciable amount of confusion and weighed this factor "substantially in favor" of Defendants in affirming summary judgment against Petitioner. (App. A, 14a-15a).

The lower courts' approach of dividing the number of recorded statements of confusion by the number of "impressions" of Defendants' ads among Google search results, and then comparing that percentage to a common threshold for appreciable confusion in surveys (ten percent) is legally and mathematically misguided. The court's novel approach compares apples to oranges and produces an absurd result that renders *all* the clicks and calls generated by Defendants' search engine advertising (not just their ads keyed to Lerner & Rowe's marks), and essentially all search engine advertising campaigns across every industry, legally *de minimis*.[1] This is a particularly

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1. According to WordStream/LocaliQ's 2024 Google Ads Benchmarks, the average click-through rate for Google search ads was 6.42% across all industries in 2024. https://www.wordstream.com/blog/2024-google-ads-benchmarks. The record shows that the Defendants' 6.81% click-through rate on their ads targeted to Lerner & Rowe's marks between 2017-2021 garnered two-to-five times more traffic from those ads than was average for the legal industry. (App. A, 11a).

egregious result given the rarity and difficulty of obtaining evidence of actual confusion in these cases. *See e.g., Bliss Collection, LLC v. Latham Companies, LLC,* 82 F.4th 499, 512 (6th Cir. 2023)*; Hard Candy, LLC v. Anastasia Beverly Hills, Inc.*, 921 F.3d 1343, 1362 (11th Cir. 2019); *Guthrie Healthcare Sys. v. ContextMedia, Inc*., 826 F.3d 27, 44 (2d Cir. 2016); *Kos Pharm., Inc. v. Andrx Corp.,* 369 F.3d 700, 720 (3d Cir. 2004) ("Because reliable evidence of actual confusion is difficult to obtain in trademark and unfair competition cases, any such evidence is substantial evidence of likelihood of confusion.").

The lower courts' decision to disregard the probative implications of so many of consumers expressing confusion at the point of sale, the most critical moment for business generation, is inconsistent with the Ninth Circuit's own precedent and creates a split with every other Circuit. Indeed, no court of appeals has ever dismissed so many instances of actual confusion as "isolated" or "not appreciable."

It should be shocking (and potentially raise ethical concerns) that several hundred people called one law firm intending to reach another law firm. This Court's review is necessary to avoid the lower courts' unjust and absurd result that functionally prevents trademark holders in the Ninth Circuit from ever establishing an "appreciable" amount of confusion from online search engine advertising.

c. Circuit Split Regarding Consumer Sophistication

It is well established that, absent specific facts to the contrary, the ordinary consumer in a likelihood of confusion analysis is "the typical buyer exercising ordinary caution." *Network Automation*, 638 F.3d at 1152; *see also Lontex Corp. v. Nike, Inc.*, 107 F.4th 139, 153 (3d Cir. 2024) ("ordinary customers tend to exercise limited care and attention"). Courts should only apply a higher standard only if the buyer "has expertise in the field" or "when the goods are expensive." *Network Automation*, 638 F.3d at 1152.

Circuits are again in near-universal agreement that it is folly to presume that ordinary consumers cannot be confused by Google ads at an appreciable rate. That is why courts have consistently recognized that disputes over consumer sophistication are quintessential factual issues properly left to a jury. *See e.g., Select Comfort Corp. v. Baxter*, 996 F.3d 925, 936–38 (8th Cir. 2021); *Rosetta Stone, Ltd. v. Google, Inc.*, 676 F.3d 144, 159-60 (4th Cir. 2012); *Cadbury Beverages, Inc. v. Cott Corp.*, 73 F.3d 474, 480 (2d Cir. 1996); *1-800 Contacts, Inc. v. JAND, Inc.*, No. 22-1634, 2024 WL 4439136, at *11 (2d Cir. Oct. 8, 2024) ("The district court erred by substituting its own facts regarding consumer sophistication" and by ignoring the plausible inference that the relevant consumer could be susceptible to confusion); *see also*, *Jim S. Adler, P.C. v. McNeil Consultants, LLC,* No. 3:19-CV-2025-K-BN, 2023 WL 5600128, at *12 (N.D. Tex. July 27, 2023) ("There is a fact question concerning the sophistication of the relevant consumer base: callers searching for [plaintiff] on mobile devices who touch [defendant's] click-to-call advertisements. This factor is neutral."); *Bedrock Quartz Surfaces, LLC v. Rock Tops Holdings LLC,* No. 2:23-CV-00310-DBB-CMR, 2024 WL 3599064, at *6 (D. Utah July 31, 2024) ("[I]n the absence of any record evidence cited by the parties supporting the degree of care likely exercised by consumers, the court considers this factor to be neutral.").

In *Select Comfort Corp. v. Baxter*, the Eighth Circuit recently addressed this issue in detail and held, "our general adoption of the theory of initial-interest confusion *forecloses summary judgment* where a question of fact exists as to the level of consumer sophistication." 996 F.3d at 936–38 (emphasis added). The court explained that the "mix of authority regarding consumer confusion in the context of internet shopping and mattress purchases demonstrates well why a jury rather than a judge should assess the level of consumer sophistication." *Id.*, at 936-37.

Despite the consensus among the Circuits opposing the presumption of consumer sophistication and heightened degree of care, that is precisely what the lower courts presumed in this case. (App. A, 15a-16a). The lower courts weighed this factor in favor of Defendants, holding that "consumers who use the internet for shopping are generally quite sophisticated about how the internet functions" and "Google's search engine is so ubiquitous that we can be confident that the reasonably prudent online shopper is familiar with its layout and function." (App. A, 16a). The court reached this conclusion despite the lack of any evidence in the record suggesting that consumers who search for and hire a personal injury attorney via Google search are so sophisticated or careful as to avoid confusion. To the contrary, both parties acknowledge that the vast majority of their clients have little or no experience with the legal field, have no previous experience hiring an attorney, and are often calling a personal injury attorney for the first time in the highly emotional window following an accident where they or a family member suffered and injury. (App. A, 15a-16a; App. C, 61a-62a).

This Court has acknowledged an interest in protecting this particular class of customer, "unsophisticated, injured, or distressed lay person[s]," who are "unfamiliar with the law, with how legal services normally are procured, and with typical arrangements between lawyer and client," whose "very plight" makes them "more vulnerable to influence" from deceptive forms of attorney advertising. *Ohralik v. Ohio State Bar Ass'n*, 98 S. Ct. 1912, 1923 (1978); *see also Zauderer v. Off. of Disciplinary Couns. of Supreme Ct. of Ohio,* 105 S. Ct. 2265, 2294 (1985) ("Unlike standardized products, professional services are by their nature complex and diverse. Faced with this complexity, a layperson may often lack the knowledge or experience to gauge the quality of the [services provided] before signing up for a larger purchase.")(citations omitted); *cf. Edenfield v. Fane*, 507 U.S. 761, 762, 113 S. Ct. 1792, 1796, 123 L. Ed. 2d 543 (1993) (unlike a lawyer, "a CPA's typical prospective client is a sophisticated and experienced business executive who has an existing professional relation with a CPA, who selects the time and place for their meeting, and for whom there is no expectation or pressure to retain the CPA on the spot."). Yet the lower courts neglected this interest, instead focusing only on the presumed sophistication of internet users generally, in reaching the sweeping conclusion that Google users today are so discerning that they are rarely, if ever, confused by ads. (App. A, 16a). That conclusion is unsupported by the record, belied by Google's efforts to reduce the distinction between organic results and paid ads, and conflicts with holdings by other Circuits as well as this Court.

d. Circuit Split Regarding Clear Labeling and Click-To-Call Ads

The Ninth Circuit in *Network Automation* shifted the focus of one of the traditional *Sleekcraft* factors, the similarity of the marks, to assess in the keyword advertising context, "what the consumer saw on the screen and reasonably believed, given the context." *Network Automation,* 638 F.3d at 1153. In *Network Automation*, the court took into consideration that "Google and Bing have partitioned their search results pages so that the advertisements appear in separately labeled sections for 'sponsored' links," highlighted the importance of "clearly segregating the sponsored advertisements from the objective results," and looked to the appearance of the ads as a whole, beyond merely the text of the ad. *Id.*, at 1154. The court then expanded its analysis of the appearance and context of how search results and ads are displayed in *Multi Time Mach., Inc. v. Amazon.com,* Inc., 804 F.3d 930, (9th Cir. 2015). In that case, the court explained in detail the reasons supporting its conclusion that Amazon's displayed results were "clearly labeled." Each part of Amazon's page – the search bar, the "breadcrumb," the Related Searches bar and text, and the other product listings – is clearly segregated by text of different sizes and colors and by bars and borders of different colors. 804 F.3d at 933-34. Among the "Related Searches" entries, each of the brands and products are also labeled in large font and accompanied by a model number and photograph of the item. *Id.*

None of the elements that the court citied in *Network Automation* or *Multi Time Machine* as the basis "clear labeling" are present in this case. (App. A, 17a-21a). However, the lower courts seized on the presence of a small "ad" logo that Google *used to* display in the corner of all Google ads,[2] in holding that no reasonable jury

2. In the years since *Network Automation* and *Multi Time Machine* were decided, Google has repeatedly changed both its page layout and how it identifies paid advertisements. Google once had then

could conclude that the lack of segregation by columns or borders or colored shading, lack of photos, lack of distinctive words or symbols, or that the ads and organic results are displayed in the same size, color, and style, could contribute to likelihood of confusion. (App. A, 20a-21a).

Critically, the lower courts also reached this conclusion without addressing Defendants' frequent use of "click-to-call" ads, that the Fifth Circuit recently held contribute to the likelihood of consumer confusion. In *Jim S. Adler, P.C. v. McNeil Consultants, L.L.C.*, 10 F.4th 422 (5th Cir. 2021), like here, a personal injury firm was "conquested" by a competitor with a descriptive trade name similar to Defendants': "Accident Injury Legal Center" instead of "Accident Law Group." The Fifth Circuit held that the generic nature of Accident Injury Legal Center's ads, including their "click-to-call" ads, was relevant because "it enhances rather than dispels the likelihood of initial interest confusion." *Id.* at 429.

Click-to-call ads prominently display a phone number and mislead customers into believing that number will connect them with the business they searched for. These ads are particularly effective for Defendants because they

removed: the contrasting background shades of ads, borders around ads, separate columns for ads and organic results, and small logos for ads and "favicons" for organic results that are visually similar and located in the same place. Google also matched the color and font of ads to organic results. See https://searchengineland.com/search-ad-labeling-history-google-bing-254332. Each of these changes hinders a Google users' ability to discern what is a paid ad, increases the likelihood of consumer confusion, and thereby increases Google's revenue from clicks on ads.

employ a merely descriptive trade name, Accident Law Group, rather than a more distinctive name (e.g., Brown Engstrand & Shely LLC, or Joe Brown Law, etc.) that would function as a clear source designator and more likely dispel confusion. Accident Law Group's ads, like Accident Injury Legal Center's ads in the *Adler* case, use generic text and a generic name and click-to-call features to exacerbate consumer confusion rather than distinguish the business from its competitors. *Id.* There is a triable issue as to whether the appearance of the online advertisements and surrounding context contributes to consumer confusion, and the lower courts erred in holding otherwise, ignoring Ninth Circuit precedent and creating a conflict with the Fifth Circuit.

e. Circuit Split Regarding the Infringer's Intent

Precedent from the Ninth Circuit and other Circuits recognizes a presumptive intent to deceive "where the alleged infringer adopted his mark with knowledge, actual or constructive, that it was another's trademark." *Brookfield Communications, Inc. v. West Coast Entm't Corp.*, 174 F.3d 1036, 1059 (9th Cir. 1999); *see also Multi Time Mach*, 804 F.3d at 940 ("A defendant's intent to confuse constitutes probative evidence of likely confusion: Courts assume that the defendant's intentions were carried out successfully."); *M Welles & Assocs., Inc. v. Edwell, Inc.*, 69 F.4th 723, 733 (10th Cir. 2023) ("[T]he intent of the alleged infringer turns on whether the 'alleged infringer adopted its mark for the purpose of deriving benefit from a plaintiff's existing mark.'"). That is precisely the case here. Defendants were aware of Lerner & Rowe, the services Lerner & Rowe offers, and Lerner & Rowe's competitive position within the same industry, then for years used Lerner & Rowe name and trademarks as part Defendants' own advertising campaigns.

Defendants' intent to deceive consumers searching for Lerner & Rowe therefore indicates a likelihood of confusion, especially in light of Defendants' intentional use of the marks and their indifference to the confusion expressed by hundreds of callers who stated they reached Defendants' intake department by searching for a different firm. (App. A, 10a). In response to hundreds of callers mentioning Lerner & Rowe and other firms by name, Defendants did nothing to remediate that confusion and instead capitalized on it.

The lower courts failed to appreciate this fact. Instead, the courts below gave "little to no weight" to the factor of intent. (App. A, 23a). The court determined that Defendants' practice of targeting Lerner & Rowe with their ads in spite of, or because of, the knowledge that the ads were drawing consumers searching for Lerner & Rowe, evinced merely an "intent to compete." *Id.*

The lower courts' analysis of this factor directly contributes to a holding that is not only contrary to Ninth Circuit precedent, but precedent of other the Circuits universally in accord. *See e.g.*, *Earthquake Sound Corp. v. Bumper Indus.*, 352 F.3d 1210, 1217–18 (9th Cir. 2003) (granting summary judgment against defendant who chose not to make an effort to ascertain whether it might actually be infringing despite being alerted to the possibility of infringement); *Appliance Liquidation Outlet, L.L.C. v. Axis Supply Corp.*, 105 F.4th 362, 381 (5th Cir. 2024) ("bad intent is not necessary but may alone be sufficient to justify an inference that there is a likelihood of confusion."); *Bliss Collection, LLC v. Latham Companies, LLC*, 82 F.4th 499, 513 (6th Cir. 2023) (same); *Sabinsa Corp. v. Creative Compounds, LLC*, 609 F.3d 175, 187 (3d Cir. 2010) (same); *Kibler v. Hall*, 843 F.3d 1068, 1081 (6th Cir. 2016) ("This court may infer a likelihood of confusion from evidence that defendant chose its mark to confuse consumers about the source of the parties' products. The standard assumes that defendant itself believed that using the mark would divert business from plaintiff.")(citations omitted); *see also Trojan Battery Co., LLC v. Trojan EV, LLC*, No. 4:21-CV-3075, 2024 WL 1331783, at *26 (S.D. Tex. Mar. 28, 2024) ("[Defendant] received at least seven messages mentioning [plaintiff]. This evidence weighs heavily in favor of a finding that [defendant] intended to trade on the goodwill in [plaintiff's] brand."); *Vital Pharmaceuticals v. PHD Marketing, Inc.*, 2022 WL 2952495, at *3-4 (C.D. Cal. July 26, 2022) (defendant's continued use of the infringing mark after instances of consumer confusion that included emails received by Defendant reflected improper intent).

The split between the Ninth Circuit and the other Circuits, on this factor as well as the others above, makes this Court's review essential. The conflicts between the Circuits are outcome determinative. Trademark owners with similar claims will be entitled to recovery in some Circuits but denied a remedy in others. The Court should therefore take this opportunity to resolve the conflict among the Circuits regarding the factors of likelihood of confusion and provide uniform guidance.

II. This Case Raises Important Issues Regarding Use of Trademarks in Online Search Engine Advertising

This Court's review is also warranted because this case involves an important federal question. Likelihood of confusion is a crucial determination in any action under the Lanham Act and is thus a crucial to the enforcement of trademark rights. This case is especially important given the rapidly evolving landscape of online advertising and the need for updated guidance. Even if there were no Circuit split on this issue, review of the Ninth Circuit's decision would still be necessary. The lower court's opinion functionally eliminates recourse for trademark owners under the Lanham Act and blesses competitors to freeride on the goodwill of popular marks and cause confusion in the marketplace without fear of reprisal. That result is antithetical to the purpose of the Lanham Act and cannot be allowed to stand. This Court should take up the questions presented and protect consumers and trademark owners who engage in internet advertising and e-commerce.

a. The Ninth Circuit's Decision Frustrates the Purpose of the Lanham Act

"Trademarks are serving their quintessential function when customers type in a mark with the intent to purchase goods or services based on the goodwill of a well-known company." Gilson, *Trademark Protection and Practice*, § 7A.14 (2005). This quintessential function is precisely what Defendants' scheme is designed to exploit. Defendants' choice to target Lerner & Rowe's name and trademarks with its Google Ads was done specifically to capitalize on consumers' knowledge of and desire for

Lerner & Rowe's services. Notwithstanding this point, the lower court's grant of summary judgment against Petitioner creates a novel, narrow interpretation of likelihood of confusion that prevents trademark owners from seeking recourse against competitors who usurp their goodwill and sow confusion in the marketplace.

Allowing the Ninth Circuit's opinion to stand grants competing brands leeway to commercially exploit any trademark. If an advertiser can: (1) for years target a direct competitor who has (2) an indisputably strong trademark and (3) uses the same marketing channels and (4) provides similar services, with a scheme designed to display (5) ads formatted to look like organic search results and (6) prominently display the advertiser's phone number instead of the one searched for and (7) contain generic advertising language and (8) make no effort to compare or contrast the advertising brand from the targeted brand, and (9) the advertiser uses a merely descriptive trade name that (10) is similar to an affiliated unit of the targeted brand, and (11) the ads lack disclaimers, words, or symbols that would alert a viewer that the advertiser is separate and distinct from the targeted brand, and (12) the targeted consumers are legally unsophisticated and infrequently engage with the advertised services, and (13) the ads have resulted in hundreds of documented instances of consumer confusion at the point of sale which (14) the advertiser was made aware of and yet continued because (15) it was profitable to the advertiser at the expense of the targeted brand, and the prevailing test does not allow even the possibility of a jury finding a likelihood of confusion, *then there is no balance in the purported balancing test.*

If impressions can be used as a denominator to render all evidence of actual confusion *de minimis*, if the mere appearance of a small "ad" logo constitutes clear labeling that is sufficient to dispel initial interest as well as source and affiliation confusion, if all online searchers are presumed to be sophisticated and exercise heightened degree of care, and an advertiser can be made aware of hundreds of instances of consumer confusion yet their bad intent cannot be inferred, then trademark owners who have any online presence are effectively estopped from having a jury decide the alleged trademark infringement or unfair competition. That result frustrates the Lanham Act's goals of safeguarding trademark owners from misappropriation and shielding consumers from deception. 15 U.S.C. § 1127; *see also Park 'N Fly, Inc. v. Dollar Park & Fly, Inc.*, 469 U.S. 189, 198 (1985); *Inwood Lab., Inc. v. Ives Lab., Inc.*, 456 U.S. 844, 855 n.14 (1982) ("trademark infringement inhibits competition and subverts both goals of the Lanham Act" with "the infringer depriv[ing] the owner of the goodwill which he spent energy, time and money to obtain" while "depriv[ing] consumers of their ability to distinguish among the goods of competing manufacturers.") (citations omitted).

b. The Court Should Grant This Petition to Ensure Trademark Owners' Rights Are Protected as Intended by the Lanham Act

Courts have long recognized that the Lanham Act should be construed broadly to protect consumers and trademark owners and to cover specific marketing activities that were not anticipated at the time it was enacted (*e.g.*, infringement involving the internet and search engines, which obviously did not exist in 1946 when the Act was passed). As noted by the Seventh Circuit, "it is clear that

Congress intended to create a self-contained statutory device to deal with all kinds of trademark infringement and unfair competition." *NuPulse, Inc. v. Schlueter Co.,* 853 F.2d 545, 549 (7th Cir. 1988); *see also Steele v. Bulova Watch Co.,* 344 U.S. 280, 287 (1952) (the commerce scope of the Lanham Act has a "sweeping reach."). Indeed, it is a universally held view among the Circuits that pre-sale, initial interest confusion is actionable under the Lanham Act, and multiple Circuits have explicitly referred to this type of advertising, both generally and in the specific context of this case, as a "bait and switch." *See e.g., Jim S. Adler, P.C. v. McNeil Consultants, L.L.C.,* 10 F.4th 422, 427 (5th Cir. 2021); *Select Comfort Corp. v. Baxter*, 996 F.3d 925, 932 (8th Cir. 2021); *PlayNation Play Sys., Inc. v. Velex Corp.*, 924 F.3d 1159, 1167 (11th Cir. 2019); *Vail Assocs., Inc. v. Vend-Tel-Co.*, 516 F.3d 853, 872 (10th Cir. 2008); *Lamparello v. Falwell*, 420 F.3d 309, 317 (4th Cir. 2005); *AM Gen. Corp. v. DaimlerChrysler Corp.*, 311 F.3d 796, 828 (7th Cir. 2002).

Lerner & Rowe acknowledges that Google ad keywords *can* be a legitimate marketing tactic when done properly. However, the "conquesting" ads must distinguish or compare the advertiser's brand; they must *convince* the searcher to choose something other than what they were searching for. Otherwise, the searcher has no reason besides confusion or mistake to choose the advertiser's brand over the one they searched for.

Here, Defendants' ads neither compare nor distinguish themselves from Lerner & Rowe. (App. A, at 17a-18a, 28a). Instead, Defendants' advertising model – a descriptive trade name, generic ad language, and click-to-call ads keyed to Lerner & Rowe's marks – intentionally blends in with their targeted competitors and capitalizes off searchers contacting them by mistake. Defendants' use of Lerner & Rowe's marks, and other competitors' marks, exploits the drawing power of those marks for Defendants' own unearned, undeserved benefit at the expense of their competitors. This is the very type of exploitative, deceptive advertising the Lanham Act exists to prevent.

The lower courts' approach blows a massive hole in long-established trademark protection and cannot be reconciled with the text and intent of the Lanham Act. *See* 15 U.S.C. § 1127; *Park 'N Fly, Inc.*, 469 U.S. at 198. Upholding the lower courts' ruling that Defendants' scheme of using Lerner & Rowe's trademarks as keywords in their online ad campaign is permissible, as a matter of law, will significantly diminish a trademark owner's right to the use of its brand online and thwart the owner's ability to protect consumers from these types of online schemes. Conversely, trademark infringers will gleefully use it as a blueprint for how to take advantage of the goodwill inherent in competitors' supposedly protected marks.

Resolution of the question presented will therefore determine whether use of a competitor's trademarks as search engine keywords is actionable under the Lanham Act or whether competitors are free to use the marks of other brands to confuse and divert consumers with impunity. This Court's review is required to ensure the Lanham Act is applied as intended, to safeguard trademark owners from misappropriation of the valuable goodwill in their businesses, and to shield consumers from deceptive competition and advertising practices.

III. This Court's Review Is Urgently Needed

Given the Ninth Circuit's departure from established principles of law in every other Circuit, parties will be encouraged to forum shop, enforcing their marks or filing declaratory judgment actions in the courts that will provide the most favorable outcome to their position. If the decision below stands, trademark owners will receive less protection of their marks in the Ninth Circuit than anywhere else in the country. A trademark owner located in certain states who sues for infringement, or a trademark owner from any state who advertises nationally and becomes subject to a declaratory judgment action in the Ninth Circuit, now faces an inequitable hurdle to their ability to stop infringement. Conversely, trademark owners will have an incentive to seek redress in any other Circuit.

Given the fractured state of the law and the incentive to forum shop, there is a pressing need for this Court weigh in and provide guidance on the proper framework for determining when and how keyword advertising violates the Lanham Act. Striking the proper balance between protecting trademark rights under the Lanham Act and encouraging fair competition has great practical importance to every business that advertises online and every consumer who shops for goods or services online. The consequences of the Ninth Circuit's reinterpretation of what constitutes a likelihood of confusion, and its expansion of the permissible use of another's trademark, are likely to continue to grow as consumers increasingly rely on the internet to shop. This Court should therefore grant the petition, reverse the court of appeals decision below, and remand this case with directions to vacate the summary judgment order and analyze the likelihood of confusion pursuant to a standard for federal courts consistent with the goals of the Lanham Act.

CONCLUSION

Based on the foregoing, the Petition for Writ of Certiorari should be granted.

Respectfully submitted, this March 3rd, 2025,

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APPENDIX

TABLE OF APPENDICES

APPENDIX A — ORDER OF THE UNITED STATES COURT OF APPEALS FOR THE NINTH CIRCUIT, FILED OCTOBER 22, 2024

UNITED STATES COURT OF APPEALS
FOR THE NINTH CIRCUIT

No. 23-16060
D.C. No. 2:21-cv-01540-DGC

LERNER & ROWE PC, AN ARIZONA CORPORATION,

Plaintiff-Appellant,

v.

BROWN ENGSTRAND & SHELY LLC, DBA ACCIDENT LAW GROUP, AN ARIZONA CORPORATION; JOSEPH L. BROWN, AN INDIVIDUAL,

Defendants-Appellees,

and

DOES, 1-10, INCLUSIVE,

Defendant.

Appeal from the United States District Court
for the District of Arizona.
David G. Campbell, District Judge, Presiding.

Appendix A

Argued and Submitted May 14, 2024
Phoenix, Arizona;

Filed October 22, 2024

Before: Roopali H. Desai and Ana de Alba, Circuit Judges, and Edward M. Chen,* District Judge.

Opinion by Judge de Alba;
Concurrence by Judge Desai

SUMMARY**

Lanham Act

The panel affirmed the district court's grant of summary judgment in favor of defendants in a trademark infringement action under the Lanham Act.

Plaintiff Lerner & Rowe, PC, a personal injury law firm based in Arizona, had three registered trademarks, including the name "Lerner & Rowe." In a strategy known as "conquesting," defendant Brown, Engstrand & Shely, LLC, doing business as The Accident Law Group, or ALG, purchased the term "Lerner & Rowe" as a Google Ads keyword.

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* The Honorable Edward M. Chen, United States District Judge for the Northern District of California, sitting by designation.

** This summary constitutes no part of the opinion of the court. It has been prepared by court staff for the convenience of the reader.

The panel affirmed the district court's grant of summary judgment on Lerner & Rowe's trademark infringement claim on the ground that Lerner & Rowe failed to establish that ALG's use of the mark was likely to cause consumer confusion. The panel concluded that the strength of the mark weighed in favor of Lerner & Rowe. But the de minimis evidence of actual confusion weighed in favor of ALG, as did the reasonably prudent consumer's degree of care and the labeling and appearance of ALG's advertisements. And other factors did nothing to change the panel's conclusion that Lerner & Rowe failed to establish a genuine dispute of material fact regarding the likelihood of confusion element of a claim for trademark infringement.

Concurring in the majority opinion in full, Judge Desai wrote separately to urge the court to reconsider en banc the holding of *Network Automation, Inc. v. Advanced Sys. Concepts Inc.*, 638 F.3d 1137 (9th Cir. 2011), that keyword bidding and purchasing constitutes a "use in commerce," which is required to show a likelihood of confusion under the Lanham Act.

OPINION

DE ALBA, Circuit Judge:

"What's in a name?" William Shakespeare, Romeo and Juliet act 2, sc. 2, l. 46. According to Juliet Capulet, not much. Romeo Montague's last name, though charged with meaning, does not confuse her about who he is. In this keyword advertising trademark dispute, the district court saw most consumers as discerning Juliets. Appellant, however, likens them to the larger Capulet clan, a group more prone to confusion. As explained below, we disagree and affirm the district court's grant of summary judgment.

I. Factual and Procedural Background

Appellant Lerner & Rowe, PC ("Lerner & Rowe"), and Appellee Brown, Engstrand & Shely, LLC—which does business as The Accident Law Group ("ALG")—are both personal injury law firms based in Arizona. Founded in 2005, Lerner & Rowe is the larger of the two firms with nineteen offices throughout the state. It has three registered trademarks: on June 14, 2011, it registered the phrase "Lerner & Rowe Gives Back;" on March 3, 2015, it registered the name "Glen Lerner;" and, on May 19, 2020, it registered the name "Lerner & Rowe." Lerner & Rowe has spent over $100 million promoting its brand and trademarks in Arizona.

Since its founding in 2015 until 2021, ALG purchased the term "Lerner & Rowe" as a Google Ads keyword, which prompted ALG's advertisements to appear near the top of Google's search results list whenever someone searched for "Lerner & Rowe." This strategy, known as "conquesting," is a common internet marketing tool by which companies promote their services to potential customers who might be searching for a competitor. In fact, Lerner & Rowe has engaged in conquesting in other contexts. Importantly, while the format and copy of ALG's advertisements varied from search to search, they never included or referenced the term "Lerner & Rowe."

On September 8, 2021, Lerner & Rowe filed a complaint alleging claims for (1) trademark infringement, unfair competition, false designation of origin, and false description under the Lanham Act; (2) state trademark infringement and unfair competition; and (3) unjust enrichment. In a May 18, 2023, order, the district court granted summary judgment in favor of ALG on the trademark infringement and unjust enrichment claims but denied summary judgment on the unfair competition claims. ALG moved for reconsideration, and the district court subsequently entered summary judgment as to all claims. Lerner & Rowe timely appealed that ruling. We have jurisdiction pursuant to 28 U.S.C. § 1291.

II. Legal Standard

We review grants of summary judgment de novo. *Multi Time Mach., Inc. v. Amazon.com, Inc.*, 804 F.3d 930, 935 (9th Cir. 2015). "[O]n a defendant's motion for summary judgment, not only does the movant carry the burden of establishing that no genuine dispute of material fact exists, but the court also views the evidence in the light most favorable to the non-moving party." *JL Beverage Co., LLC v. Jim Beam Brands Co.*, 828 F.3d 1098, 1105 (9th Cir. 2016). A genuine dispute of material fact exists "if the evidence is such that a reasonable jury could return a verdict for the nonmoving party." *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 248, 106 S. Ct. 2505, 91 L. Ed. 2d 202 (1986). "If the evidence is merely colorable or is not significantly probative, summary judgment may be granted." *Id.* at 249-50 (citations omitted). When, as here, the moving party does not have the burden of proof on an issue at trial, it "can prevail merely by pointing out that there is an absence of evidence to support the nonmoving party's case." *Soremekun v. Thrifty Payless, Inc.*, 509 F.3d 978, 984 (9th Cir. 2007). "If the moving party meets its initial burden, the non-moving party must set forth, by affidavit or as otherwise provided in Rule 56, 'specific facts showing that there is a genuine issue for trial.'" *Id.* (quoting *Anderson*, 477 U.S. at 250). Due to the factintensive nature of trademark infringement claims, we grant motions for summary judgment infrequently. *See JL Beverage*, 828 F.3d at 1105. Nevertheless, when no genuine issue of material fact exists, we have not hesitated to affirm a grant of summary judgment. *See Surfvivor Media, Inc. v. Survivor Prods.*, 406 F.3d 625, 634 (9th Cir. 2005); *M2 Software, Inc. v. Madacy Ent.*, 421 F.3d 1073, 1085 (9th Cir. 2005).

III. Discussion

"To prevail on a claim of trademark infringement under the Lanham Act, 15 U.S.C. § 1114, a party 'must prove: (1) that it has a protectible ownership interest in the mark; and (2) that the defendant's use of the mark is likely to cause consumer confusion.'" *Network Automation, Inc. v. Advanced Sys. Concepts, Inc.*, 638 F.3d 1137, 1144 (9th Cir. 2011) (quoting *Dep't of Parks & Recreation for the State of Cal. v. Bazaar Del Mundo Inc.*, 448 F.3d 1118, 1124 (9th Cir. 2006)). Because the parties do not dispute that Lerner & Rowe has a protectible interest in its mark, this case concerns only the likelihood of confusion element.

When assessing the likelihood of confusion in the keyword advertising context, we primarily consider the following non-exhaustive list of factors:

> (1) the strength of the mark; (2) the evidence of actual confusion; (3) the type of goods and degree of care likely to be exercised by the purchaser; and (4) the labeling and appearance of the advertisements and the surrounding context on the screen displaying the results page.

Id. at 1154. Other, less relevant factors include the "proximity of the goods, similarity of the marks, marketing channels used, defendant's intent in selecting the mark, and likelihood of expansion of the product lines." *Id.* at 1145 (quoting *AMF Inc. v. Sleekcraft Boats*, 599 F.2d 341, 348-49 (9th Cir. 1979)) (cleaned up). These factors are "not a rote checklist," and we must be flexible when analyzing them. *Id.* Depending on the circumstances of a given case, certain factors may be more important than others. *Id.* at 1148; *see also Multi Time Mach.*, 804 F.3d at 937, 939 (affirming grant of summary judgment based on two factors: "evaluation of the web page at issue and the relevant consumer").

This case primarily concerns "initial interest confusion," which occurs when an alleged infringer uses a competitor's mark to direct consumer attention to its product.[1] *See Playboy Enters., Inc. v. Netscape Commc'ns Corp.*, 354 F.3d 1020, 1025 (9th Cir. 2004). "Although dispelled before an actual sale occurs, initial interest confusion impermissibly capitalizes on the goodwill associated with a mark and is therefore actionable trademark infringement." *Id.* Such a claim applies, however, only to "misleading and deceptive" uses of a mark, not to "legitimate comparative and contextual advertising." *Network Automation*, 638 F.3d at 1148. Therefore, in the keyword advertising context, we have emphasized that, "the owner of the mark must demonstrate likely confusion, not mere diversion." *Id.* at 1149; *see also Playboy Enters.*, 354 F.3d at 1035 (Berzon, J., concurring) ("There is a big difference between hijacking a customer to another website by making the customer think he or she is visiting the trademark holder's website (even if only briefly) . . . and just distracting a potential customer with another *choice*, when it is clear that it is a choice.").

1. Lerner & Rowe also advanced a theory of source confusion, which occurs when consumers purchase services from an alleged infringer due to confusion about the actual provider of those services. *See Brookfield Commc'ns, Inc. v. W. Coast Ent. Corp.*, 174 F.3d 1036, 1062 (9th Cir. 1999) (citing *Dr. Seuss Enters., L.P. v. Penguin Books USA, Inc.*, 109 F.3d 1394, 1405 (9th Cir. 1997)). This does not, however, affect our analysis, because both theories turn on the same likelihood of confusion test.

A. Strength of the Mark

Strong trademarks receive greater protection because "a user searching for a distinctive term is more likely to be looking for a particular product, and therefore, could be more susceptible to confusion when sponsored links appear that advertise a similar product from a different source." *Network Automation*, 638 F.3d at 1149. Courts measure a mark's strength both conceptually—by its "inherent distinctiveness"—and commercially—by its "actual marketplace recognition." *Id.* (quoting *Brookfield Commc'ns*, 174 F.3d at 1058). Even when a mark is not inherently distinctive, commercial strength—"extensive advertising, length of exclusive use, public recognition"—can compensate for its conceptual weakness. *Am. Int'l Grp., Inc. v. Am. Int'l Bank*, 926 F.2d 829, 832 (9th Cir. 1991) (quoting *Accuride Int'l, Inc. v. Accuride Corp.*, 871 F.2d 1531, 1536 (9th Cir. 1989)).

The district court correctly found, and ALG does not dispute, that Lerner & Rowe's mark is strong. Not only is the mark federally registered, but Lerner & Rowe has spent millions of dollars advertising it, garnering the business of over 100,000 clients. This factor weighs in favor of Lerner & Rowe.

B. Evidence of Actual Confusion

"[A] showing of actual confusion among significant numbers of consumers provides strong support for the likelihood of confusion." *Playboy Enters.*, 354 F.3d at 1026. In fact, if a plaintiff can demonstrate "that an '*appreciable* number' of people are confused," that fact, alone, might entitle the plaintiff to a trial on the likelihood of confusion. *Thane Int'l Inc. v. Trek Bicycle Corp.*, 305 F.3d 894, 902 (9th Cir. 2002), *superseded on other grounds by statute*, Trademark Dilution Revision Act of 2006, Pub. L. No. 109-312, 120 Stat. 1730-33, *as recognized in Blumenthal Distrib., Inc. v. Herman Miller, Inc.*, 963 F.3d 859, 870 (9th Cir. 2020) (quoting *Entrepreneur Media, Inc. v. Smith*, 279 F.3d 1135, 1151 (9th Cir. 2002)). Nevertheless, because actual confusion evidence is difficult to gather, "the absence of such evidence is not dispositive." *Off. Airline Guides, Inc. v. Goss*, 6 F.3d 1385, 1393 (9th Cir. 1993).

Here, Lerner & Rowe's proffer of actual confusion consists of 236 phone calls that ALG's intake department received during which the caller mentioned Lerner & Rowe by name when responding to a question about how the caller found ALG's phone number.[2] Data from Google shows that, between 2017 and 2021, searches for "Lerner & Rowe" returned results featuring ALG's advertisement 109,322 times. Evidence of 236 instances

2. The district court concluded that most of these call log entries were too ambiguous to constitute reliable evidence of actual confusion. The entries are indeed terse, and many do not convey any apparent impression of customer confusion. For example, some callers mentioned Lerner & Rowe because the firm had referred them to ALG. This is not evidence of confusion at all. Other entries—like one that states, "Google. Thought we were L&R"—more likely express confusion. Most of the entries fall somewhere between these two poles in terms of the clarity with which they convey customer confusion. Nevertheless, for the sake of brevity, we will treat all 236 call log entries as evidence of actual confusion because, as discussed below, even that total, under the particular facts of this case, represents only de minimis evidence of actual confusion.

of actual confusion, therefore, constitutes only 0.216% of the total number of users exposed to the challenged advertisements.[3] Moreover, users clicked on ALG's advertisements 7,452 times, or just 6.82% of the time Google displayed them. ALG separately commissioned an expert survey concluding that ALG's advertisements confused between 0% and 3% of consumers. The district court dismissed this evidence of actual confusion as de minimis and concluded that this factor favored ALG.

Lerner & Rowe does not dispute these statistics. Nor did it commission its own survey. Rather, it relies on cases like *Ironhawk Technologies, Inc. v. Dropbox, Inc.*, 2 F.4th 1150 (9th Cir. 2021), for the proposition that even one or two instances of actual confusion should weigh in the plaintiff's favor on summary judgment. In *Ironhawk*, we weighed two instances of actual confusion in favor of the plaintiff, concluding that "it is evidence a reasonable jury could rely on to support a finding of actual confusion or when assessing a likelihood of confusion under the totality of the circumstances." 2 F.4th at 1166; *see also Entrepreneur Media*, 279 F.3d at 1151 (holding that, while a jury could disregard as de minimis a single incident of actual confusion, such evidence still weighed slightly in favor of plaintiff's infringement claim for purposes of summary judgment). In Lerner & Rowe's view, its proffer of 236 instances of actual confusion easily meets

3. In the district court, the parties acknowledged that, because the call logs did not include entries from 2017, it would be more accurate to compare the 236 calls to the 102,382 results featuring ALG's advertisements that occurred between 2018 and 2021. Doing so results in a purported actual confusion rate of 0.231%, which does not meaningfully change our analysis.

Ironhawk's standard regardless of the number of times consumers viewed ALG's advertisements.

Typically, instances of actual confusion present a numerator with no denominator, saying little or nothing about the actual proportion of the consumer population that is confused. In such cases, we see the tip of an iceberg and have no ability to speculate about how much lies below the surface. Here, however, no speculation is necessary—we can see the entire iceberg. Because we have both the numerator—the 236 calls representing actual confusion—and the denominator—the 109,322 consumers who saw the advertisements—we can discern with a high degree of precision the proportion of all consumers who were actually confused. *See* 3 J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition* § 23:14 (5th ed.) ("Evidence of the number of instances of actual confusion must be placed against the background of the number of opportunities for confusion before one can make an informed decision as to the weight to be given the evidence."). The resulting 0.216% confusion rate is direct evidence of the likelihood of confusion comparable to, but more complete than, survey evidence. No reasonable jury would conclude that this percentage is anything but de minimis and fails to support a finding of likelihood of confusion. *See Nutri/Sys., Inc. v. Con-Stan Indus., Inc.*, 809 F.2d 601, 606-07 (9th Cir. 1987) (holding that after a bench trial, the trial court properly discounted instances of confusion that "at best, were thin, and at worst, were trivial"); *Entrepreneur Media*, 279 F.3d at 1151 (holding that "a reasonable juror could find *de minimis*, and thus unpersuasive, one instance of actual confusion"); *see also Henri's Food Prods. Co., Inc. v. Kraft, Inc.*, 717 F.2d 352, 358 (7th Cir. 1983) (holding that a survey confusion rate of 7.6% weighed against infringement).

Our conclusion does not conflict with cases like *Ironhawk*, where we weighed individual instances of confusion without the benefit of knowing the total number of opportunities consumers had for confusion. *See* 2 F.4th at 1165-66. We surmised that a reasonable jury would likely find the proffered evidence of actual confusion in *Ironhawk* de minimis, but we could not make that determination ourselves without more data. *See id.* at 1166. Here, on the other hand, we know how many times consumers searched for "Lerner & Rowe" on Google and saw an ALG advertisement. We also know how many of those consumers called ALG and, in a potential expression of confusion, referenced "Lerner & Rowe." The resulting calculation is simple and telling: unlike in *Ironhawk*, the evidence of actual confusion here is demonstrably de minimis.

While evidence showing the actual proportion of confused consumers is important, we do not suggest that courts should automatically discount de minimis instances of actual confusion when the record contains additional evidence of consumer confusion. The Fourth Circuit's decision in *Rosetta Stone Ltd. v. Google, Inc.*, 676 F.3d 144 (4th Cir. 2012), is instructive. There, the district court disregarded five depositions from confused consumers because there had been more than 100,000 opportunities for confusion over a period of six years. *Id.* at 157-58. The Fourth Circuit noted that, if the depositions had been the only evidence of actual confusion before the district court, disregarding them would not have been improper. *Id.* at 158. But the plaintiff had presented other evidence, including records of 262 customer complaints, in-house studies from Google about the likelihood that the defendant's advertising strategy could confuse consumers, testimony from Google's in-house trademark attorneys who were themselves unable to distinguish between the links at issue in the case, and an expert survey demonstrating a net confusion rate among consumers of 17%. *Id.* at 158-59. Here, by contrast, Lerner & Rowe's de minimis actual confusion evidence stands alone. In fact, ALG presented the only other evidence of confusion—an expert survey showing a customer confusion rate of 0% to 3% and evidence of a 6.82% click-thru rate[4]—which bolsters the de minimis nature of Lerner & Rowe's actual confusion evidence. *See* 5 J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition* § 32:189 (5th ed.) ("When the percentage results of a confusion survey dip below 10%, they can become evidence which will indicate that confusion is not likely.").

Having determined that Lerner & Rowe's evidence of actual confusion is de minimis, we must now decide how to weigh it. In one sense, the evidence Lerner & Rowe has presented is so slight it may as well have presented none at all. Due to the difficulties in gathering evidence of actual confusion, we have noted that "its absence [is] generally unnoteworthy." *Brookfield Commc'ns*, 174 F.3d at 1050; *see also LaQuinta Worldwide LLC v. Q.R.T.M., S.A. de C.V.*, 762 F.3d 867 (9th Cir. 2014). *But see M2 Software*, 421 F.3d

4. As one circuit has recognized, a click-thru rate represents the upper limit of initial interest confusion. See 1-800 Contacts, Inc. v. Lens.com, *Inc.*, 722 F.3d 1229, 1244 (10th Cir. 2013). But we cannot know how many, if any, consumers clicked on ALG's advertisements out of confusion rather than mere diversion.

at 1083 (weighing plaintiff's failure to proffer evidence of actual confusion in favor of defendant); *One Indus., LLC v. Jim O'Neal Distrib., Inc.*, 578 F.3d 1154, 1163 (9th Cir. 2009) (same). Here, however, the nature of the actual confusion evidence paints a picture that affirmatively contradicts Lerner & Rowe's assertions that ALG's advertisements were likely to confuse an appreciable number of consumers, compelling us to conclude that this factor should weigh substantially in favor of ALG. *See Surfvivor Media*, 406 F.3d at 633 (weighing de minimis actual confusion evidence against plaintiff when defendant presented consumer survey showing "an absence of significant confusion"); *see also Brookfield Commc'ns*, 174 F.3d at 1050 (noting "a crucial difference" between a plaintiff's concession of no actual confusion and a mere failure to present such evidence); *Cohn v. Petsmart, Inc.*, 281 F.3d 837, 842-43 (9th Cir. 2002) (per curiam) (weighing factor against plaintiff where, under the circumstances, "some evidence of actual confusion should have become available").

C. The Reasonably Prudent Consumer's Degree of Care

Sophisticated consumers and those shopping for high-value products are likely to exercise a higher degree of care while shopping and are, therefore, less likely to be confused by similar marks. *See Network Automation*, 638 F.3d at 1152. Additionally, when it comes to online shopping, "the default degree of consumer care is becoming more heightened as the novelty of the Internet evaporates and online commerce becomes commonplace." *Id.* The district court weighed this factor in favor of ALG because acquiring legal services can be expensive and important and because those accustomed to online shopping are typically savvy enough to differentiate between search engine results.

We agree that this factor weighs in ALG's favor. Since at least 2010, we have recognized that "[c]onsumers who use the internet for shopping are generally quite sophisticated about" how the internet functions. *Toyota Motor Sales, U.S.A., Inc. v. Tabari*, 610 F.3d 1171, 1178 (9th Cir. 2010). For example, regular internet users can readily distinguish domain names associated with the companies they are searching for from those they are not. *See id.* Additionally, Google's search engine is so ubiquitous that we can be confident that the reasonably prudent online shopper is familiar with its layout and function, knows that it orders results based on relevance to the search term, and understands that it produces sponsored links along with organic search results. Moreover, in this case, the relevant consumers specifically typed in "Lerner & Rowe" as a search term, suggesting that they would be even more discerning of the results they received. Therefore, because this case involves shopping on Google by using the precise trademark at issue, this factor weighs in favor of ALG.[5]

D. Labeling and Appearance of Advertisements

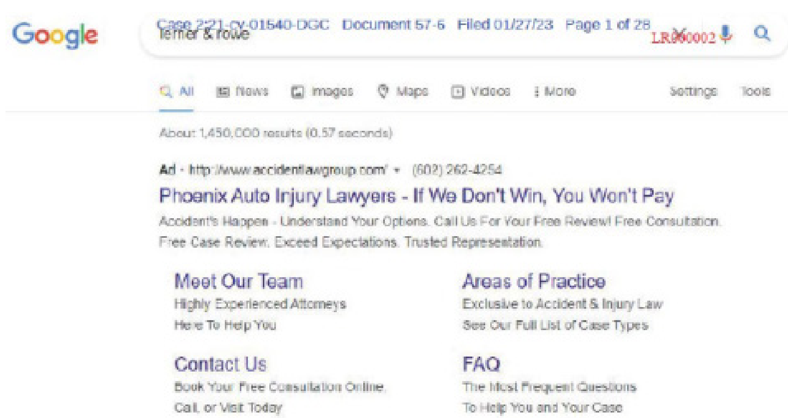
"[C]lear labeling can eliminate the likelihood of initial interest confusion in cases involving Internet search terms." *Multi Time Mach.*, 804 F.3d at 937; *see also*

5. It is unnecessary for us to address the district court's assumption that the value of personal injury legal services heightens the degree of consumer care.

Network Automation, 638 F.3d at 1153 ("In the keyword advertising context the 'likelihood of confusion will ultimately turn on what the consumer saw on the screen and reasonably believed, given the context.'" (quoting *Hearts on Fire Co. v. Blue Nile, Inc.*, 603 F. Supp. 2d 274, 289 (D. Mass. 2009))). The district court, after analyzing three screenshots depicting ALG's advertisements, concluded that the advertisements would not confuse a reasonably prudent consumer searching online for personal injury legal services.[6] We agree.

To frame the following discussion, the relevant screenshots depicting ALG's advertisements are reprinted below:

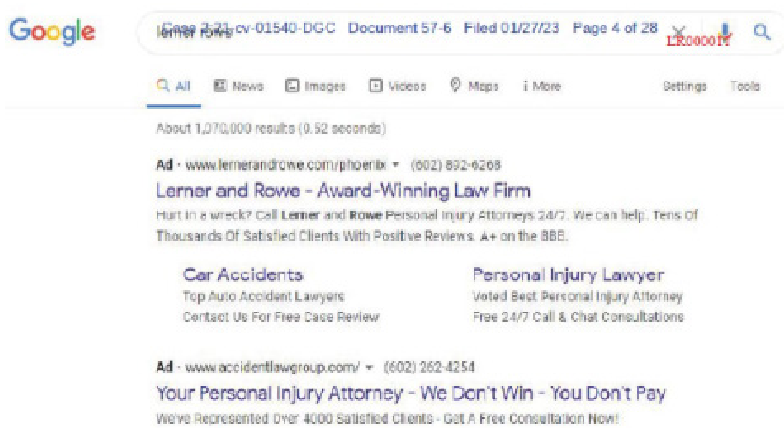
First screenshot:



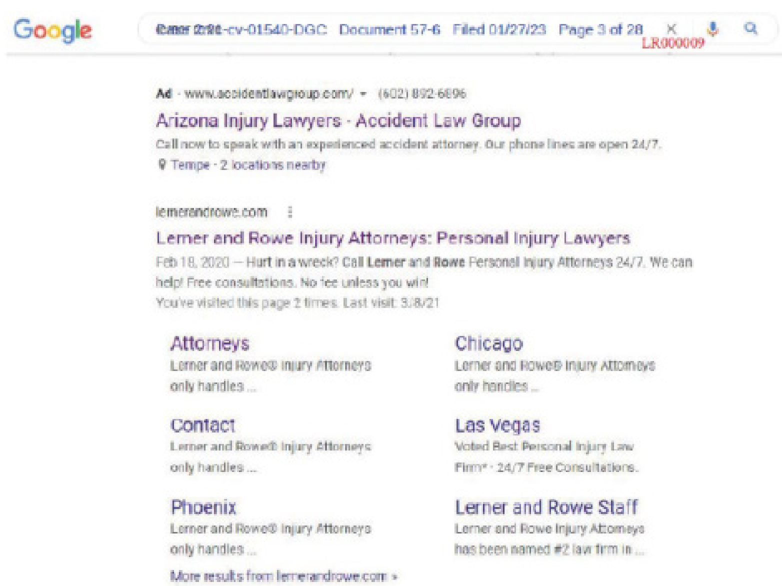
6. Lerner & Rowe provided 28 screenshots for the district court's review, but 25 of those images were gathered after May 2021, when ALG stopped paying Google for "Lerner & Rowe" as an advertising keyword. Accordingly, the district court looked only to the three screenshots that pre-dated May 2021; we will do the same.

Appendix A

Second screenshot:



Third screenshot:



The most significant feature of the second and third screenshots is the clearly labeled result for Lerner & Rowe's website. Though the first screenshot does not display a result for Lerner & Rowe, we think it reasonable that, based on the other two screenshots, such a result likely appeared immediately after the ALG advertisement. But even if the list of search results did not include an entry for Lerner & Rowe after the ALG advertisement, our conclusion would remain the same. Indeed, we find it difficult to believe that consumers searching for the phrase "Lerner & Rowe" would not choose to click on the link that matches their search query word for word.

Nor do we think that ALG's advertisements are so confusing as to lure reasonably prudent online shoppers into unwittingly clicking on them in search of Lerner & Rowe's website. Lerner & Rowe attempts to demonstrate confusion by distinguishing Multi Time Machine v. Amazon.com, where we held that Amazon's search results page was so clearly labeled that no reasonable consumer would find it confusing. *See* 804 F.3d at 937-38. That case involved Amazon searches for the MTM Special Ops watch, a product that the manufacturer did not sell on Amazon. *Id.* at 933. When someone searched for "mtm special ops" on Amazon, the results page listed the search query twice above a "Related Searches" field that contained alternative search queries that might help the consumer find a related product. *Id.* Below the "Related Searches" field, separated by a gray bar, was a list of products available on Amazon that were similar to the MTM Special Ops watch. *Id.* at 934. The entry for each of these products included a photograph and listed the name of the product and the manufacturer in "large, bright, bold letters." *Id.* at 938.

Lerner & Rowe notes that, unlike in *Multi Time Machine*, Google's search results do not contain a "Related Results" field and do not separate advertisements from organic results with "borders, bars, or shading." First, it is not surprising that Google styles its search results differently from Amazon; they are distinct search engines with distinct functions. Second, *Multi Time Machine* did not elucidate a list of features that a search engine must incorporate in order for their results to be clearly labeled. Analyzing the search results in the context of the Google results at issue here, we conclude that the bolded "Ad" designation next to each of ALG's advertisements sufficiently distinguishes ALG's advertisements from the search's organic results. Moreover, the fact that ALG's advertisements sometimes appear above organic results for Lerner & Rowe does not change this analysis. We think that reasonably prudent consumers shopping on Google would be accustomed to scrolling past advertisements at the top of a list of search results to find the organic result relevant to their query.

We acknowledge that some of ALG's advertisements are not models of clarity. As Lerner & Rowe points out, sometimes the content of an advertisement contains generic statements that could apply to any personal injury law firm—for example, "Your Personal Injury Attorney—We Don't Win—You Don't Pay." In such cases, the only feature identifying ALG as the source of the advertisement is the URL, which is in a smaller, lighter font. While these features could possibly cause confusion in isolation, our job is to analyze the advertisements within the context of the entire search results page. That page invariably contains a result for Lerner & Rowe that includes the precise search term at issue, dispelling any confusion ALG's advertisements might cause. The parties' presentation of de minimis evidence of actual confusion only bolsters our conclusion that it is only the "[u]nreasonable, imprudent and inexperienced web-shoppers" who might find the search results pages confusing. *Tabari*, 610 F.3d at 1176.

E. Other Factors

While the factors above are the most relevant to trademark infringement claims based on keyword advertising, other factors can also be helpful. *See Network Automation*, 638 F.3d at 1149-54 (weighing nine factors and finding four to be the most relevant to the court's analysis). Here, however, our assessment of these other factors does nothing to change our conclusion that Lerner & Rowe has failed to establish a genuine dispute of material fact regarding the likelihood of confusion element.

1. Proximity of the Goods

When companies provide similar services, consumers are more likely to confuse them. *See Network Automation*, 638 F.3d at 1150. Nevertheless, "the proximity of the goods . . . become[s] less important if advertisements are clearly labeled or consumers exercise a high degree of care, because rather than being misled, the consumer would merely be confronted with choices among similar products." *Id.* The district court correctly noted that, even though ALG and Lerner & Rowe are direct competitors offering similar services, savvy online shoppers would be able to differentiate between the parties' links on Google. If it has any weight at all, this factor falls in favor of ALG.

2. Marketing Channels

This factor might be relevant if ALG's advertisements appeared on a lesser-known or product-specific search engine, but "[t]oday, it would be the rare commercial retailer that did not advertise online, and the shared use of a ubiquitous marketing channel does not shed much light on the likelihood of consumer confusion." *Network Automation*, 638 F.3d at 1151. Lerner & Rowe cites a case from the year 2000 to argue that online marketing increases the likelihood of confusion. While that may have been true over twenty years ago when internet advertising was new, our precedent acknowledges that advertising on Google is commonplace today. The district court properly accorded this factor little to no weight.

3. Similarity of Marks

"Where the two marks are entirely dissimilar, there is no likelihood of confusion." *Brookfield Commc'ns*, 174 F.3d at 1054. Lerner & Rowe argues that this factor favors it because ALG's use of Lerner & Rowe's mark as a keyword means that ALG uses a mark identical to Lerner & Rowe's. *Network Automation* rejected this exact reasoning, holding that this factor should reflect "what consumers 'encountered in the marketplace,'" not what Google's algorithm uses to churn out search results. 638 F.3d at 1151. In this case, ALG does not display Lerner & Rowe's mark in its advertisements. In fact, the URL above each advertisement displays ALG's own mark, albeit in a lower-case, condensed form. These two marks—"Lerner & Rowe" and "Accident Law Group"—are in no way similar. This factor favors ALG.

4. Intent

"When the alleged infringer knowingly adopts a mark similar to another's, reviewing courts presume that the defendant can accomplish his purpose: that is, that the public will be deceived." *Network Automation*, 638 F.3d at 1153 (quoting *Sleekcraft*, 599 F.2d at 354). Apart from an affirmative intent to confuse, an alleged infringer's failure to take remedial steps when faced with evidence of confusion can cause a likelihood of confusion. *See Playboy Enters.*, 354 F.3d at 1028-29. We agree with the district court that, because Lerner & Rowe's evidence of intent is identical to the evidence it offered to support its likelihood of confusion argument generally, it has failed to distinguish between an intent to deceive and an intent to compete on the part of ALG. Accordingly, this factor bears little to no weight.

5. Likelihood of Expansion of Product Lines

"The likelihood of expansion of product lines factor is relatively unimportant where two companies already compete to a significant extent." *Brookfield Commc'ns*, 174 F.3d at 1060. Lerner & Rowe acknowledges that this factor is unimportant to the likelihood of confusion analysis because it competes directly with ALG. The district court correctly acknowledged the same.

IV. Conclusion

The district court was correct to conclude that this is one of the rare trademark infringement cases susceptible to summary judgment. The generally sophisticated nature of online shoppers, the evidence demonstrating that there is not an appreciable number of consumers who would find ALG's use of the mark confusing, and the clarity of Google's search results pages, convince us that ALG's use of the "Lerner & Rowe" mark is not likely to cause consumer confusion. The district court's judgment is affirmed.[7]

7. ALG alternatively asks us to affirm the district court's grant of summary judgment on the ground that ALG never used Lerner & Rowe's trademark in commerce. *Network Automation*, however, explicitly held that "the use of a trademark as a search engine keyword that triggers the display of a competitor's advertisement is a 'use in commerce' under the Lanham Act." 638 F.3d at 1145-46. Because no intervening Supreme Court decision is "clearly irreconcilable" with this holding, we have no power to overrule it. *Miller v. Gammie*, 335 F.3d 889, 900 (9th Cir. 2003) (en banc).

DESAI, Circuit Judge, concurring:

I concur in the majority opinion in full. But I write separately to urge our court to reconsider whether keyword bidding and purchasing constitutes a "use in commerce" under the Lanham Act. Our binding precedent says it does, *Network Automation, Inc. v. Advance Systems Concepts, Inc.*, 638 F.3d 1137, 1144-45 (9th Cir. 2011), but I am not convinced that we got it right or that our holding withstands the test of time and recent advancements in technology.

To prevail on a trademark infringement claim, a plaintiff "must prove: (1) that it has a protectible ownership interest in the mark; and (2) that the defendant's use of the mark is likely to cause consumer confusion." *Dep't of Parks & Recreation v. Bazaar Del Mundo Inc.*, 448 F.3d 1118, 1124 (9th Cir. 2006). Subsumed in the second element of this test is the requirement that a defendant uses the mark in commerce. 15 U.S.C. § 1114(1)(a). But we have not seriously grappled with whether bidding on keywords constitutes a "use in commerce." That is partly because, ordinarily, the bulk of our focus in trademark infringement cases is devoted to whether the defendant's conduct created a likelihood of consumer confusion. With the growing reliance by businesses on keyword advertising, it is time to revisit what "use in commerce" means in this context.

Under the Lanham Act, a mark is "used in commerce" when it is "used or displayed in the sale or advertising of services."[1] 15 U.S.C. § 1127. This definition is easily satisfied when a defendant displays a mark. But what about when a defendant does not display a mark? Is it enough that a defendant merely bid on a mark, even if the defendant never displayed the mark themselves?

We have previously suggested that a defendant can "use" a mark in commerce even if the mark is not visibly displayed. *See Brookfield Commc'ns, Inc. v. W. Coast Ent. Corp.*, 174 F.3d 1036, 1064-65 (9th Cir. 1999) (holding that use of competitor's trademark in metatags, which are not visible on a website, is actionable under the Lanham Act). Other circuits suggest the same. *See, e.g., 1-800 Contacts, Inc. v. WhenU.Com, Inc.*, 414 F.3d 400, 411 (2d Cir. 2005) (recognizing that the use of metatags may involve conduct that constitutes a "use" under the Lanham Act). But this case presents a different question: Whether an action, like bidding on keywords, that involves no display or presentation of a mark whatsoever satisfies the "use in commerce" definition. In other words, does a buyer of advertising keywords who bids on certain terms and phrases "use" its competitor's mark when bidding on it?

In *Network Automation*, we answered, yes. 638 F.3d at 1144-45. But we provided no analysis to support this holding, *id.* at 1145, and we relied on cases with

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1. This definition relates to the requirements for registering a mark, but courts routinely use it in the infringement context as well. *See Rescuecom Corp. v. Google Inc.*, 562 F.3d 123, 139-41 (2d Cir. 2009) (explaining how § 1127 evolved to apply to the infringement context, despite Congress's apparent intention that it apply to registration of trademarks).

meaningfully different facts. Given that the cases on which *Network Automation* relied are readily distinguishable, the purpose of trademark infringement actions and modern practice on the internet suggest we may have gotten it wrong.

I. *Network Automation* relied on factually distinguishable cases.

A. *Rescuecom* did not consider purchasers of advertising keywords.

Network Automation relied almost exclusively on the Second Circuit's decision in *Rescuecom Corp. v. Google, Inc.*, 562 F.3d 123, 129 (2d Cir. 2009), for its conclusion that purchasing advertising keywords satisfies the "use in commerce" definition. 638 F.3d at 1145 (citing *Rescuecom* and concluding, "[w]e now agree with the Second Circuit that such use is a 'use in commerce' under the Lanham Act"). But the plaintiff in *Rescuecom* sued Google, the *seller* of the keywords, not the *buyer* of the keywords. 562 F.3d at 129. Specifically, the plaintiff alleged that Google's "Adwords" program and Keyword Suggestion Tool used the plaintiff's marks to cause consumer confusion. *Id.* at 125-26. The district court granted Google's motion to dismiss, holding that Google did not use Rescuecom's mark in commerce. *Id.* at 127. The Second Circuit reversed. *Id.* at 131. It explained that Google satisfied § 1127's "use or display" definition because Google "displays, offers, and sells Rescuecom's mark to [its] advertising customers when selling its advertising services." *Id.* at 129. By "recommending and selling [Rescuecom's mark] to its advertisers," Google necessarily displayed Rescuecom's trademark in the sale of services. *Id.* The Second Circuit's decision in *Rescuecom* is based on the display of a trademark, a fact that does not exist here.

Purchasers of keywords do not display the mark. Here, Lerner & Rowe alleges that ALG bid on certain search terms—including "Lerner & Rowe"—and having been the highest bidder, paid Google to place its own advertisement near the top of the list when users use that search term. This process does not involve ALG displaying Lerner & Rowe's mark. Google—not ALG—displayed, offered, and sold the advertising term consisting of Lerner & Rowe's mark. While Google or other search engine providers may "use" trademarks by displaying and selling them as advertising words, it does not necessarily follow that bidding on those advertising words involves a "use." And, to be sure, the buyer of keywords does not in any way display a trademark to sell or advertise services.

B. Purchasing adwords is not comparable to using metatags.

Network Automation also pointed to a separate line of cases involving metatags to support its holding. Metatags are snippets of HTML code that describe the contents of the website. *Brookfield*, 174 F.3d at 1045. During the earlier days of the internet, many search engines relied on metatags in code to rank their search results. 4 J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition* § 25A:3 (5th ed. 2024). "The more often a term appear[ed] in the metatags and in the text of the web page, the more likely it [wa]s that the web page [would] be 'hit' in a search for that keyword and the higher on the list of 'hits' the web page [would] appear." *Brookfield*, 174 F.3d at 1045. Internet users took advantage of this system, incorporating their competitors' trademarks into their website codes to improve the likelihood of appearing in a search for their competitor's mark.

We have previously assumed without expressly deciding that this type of conduct with metatags constitutes a "use in commerce." *Id.* at 1062-63. In *Brookfield*, we held that the use of metatags was actionable because it could cause initial interest confusion. Although the parties did not expressly raise the "use in commerce" issue, our conclusion implied that metatags constituted such a use.

But incorporating metatags consisting of a competitor's trademark into a website code is comparable to displaying or presenting a mark. *Rescuecom* explained, and we appear to have endorsed the view that such "internal" displays still constitute a "use in commerce." *See, e.g.*, 562 F.3d at 129 (explaining that "use of a trademark in a software program's internal directory [does not] preclude[] a finding of trademark use"). Even if metatags do not involve an external display, they are functionally equivalent to "affixing" the competitor's mark to the product—a defendant affixes the competitor's mark to its website through its code to gain the benefits of the mark. This is precisely what the "use in commerce" requirement aims at. McCarthy, *supra*, § 23:11.50 (explaining that the "use in commerce" definition in § 1127 is a "relaxed remnant" of trademark law's requirement that a user "affix" a trademark to goods to obtain trademark protection).

A defendant bidding on keywords may not be the same as a defendant incorporating its competitor's trademarks into its own website. Although metatags and bidding on keywords are similar because neither involve a visible display of the competitor's mark on the defendant's website, the visibility of the mark or lack thereof is not what constitutes "use." Metatags constitute a "use" because the defendant affixes the competitor's mark to its website via its code. In contrast, keyword bidding does not require the defendant to display or affix a mark—internally or externally—in the advertising of its services.

Here, Google, not ALG, displayed Lerner & Rowe's mark on its website. ALG merely bid on keywords. Even if bidding on keywords resulted in the display of ALG's advertisements when consumers searched for Lerner & Rowe's mark, Google and not ALG is responsible for displaying the mark. Whether the defendant used a mark thus requires us to look at the defendant's conduct. Purchasing keywords may not be the same as using metatags for purposes of "use in commerce."

II. We should reconsider our holding in *Network Automation* en banc.

Because purchasing keywords is different than selling them or using metatags, *Network Automation*'s holding is unsupported by existing case law. When considering whether ALG used or displayed Lerner & Rowe's mark in the sale or advertising of its services, 15 U.S.C. § 1127, the more reasoned conclusion may be that it did not. As noted above, ALG did not affix, display, offer, or present

Lerner & Rowe's mark to any consumers. And while "use in commerce" is a relatively permissive standard, *Network Automation*, 638 F.3d at 1145, it is not boundless. Multiple considerations support the conclusion that the boundary could be drawn at ALG's conduct in this case.

First, trademark infringement typically requires presenting the mark to the allegedly confused consumers. In an ordinary infringement case, the defendant's presentation of a similar mark causes consumer confusion about the source of the goods or services. *See, e.g., Surfvivor Media, Inc. v. Survivor Prods.*, 406 F.3d 625, 629 (9th Cir. 2005). ALG's actions look nothing like the ordinary case. Indeed, ALG never presented Lerner & Rowe's marks to the consumer on the other end of the search engine—or to any consumer at all. Google users entered their chosen search terms, and Google arranged the results, including sponsored advertisements, for the user. To the extent ALG displayed or presented anything to the consumer, it presented its *own* mark, which both parties acknowledge is not similar to "Lerner & Rowe." An action based only on one's own placement of their own product appears outside the realm of what the Lanham Act seeks to protect. 15 U.S.C. § 1114(a)(1).

Second, the traditional likelihood of confusion factors are not well-suited to address these circumstances. As *Network Automation* noted, even the *Sleekcraft* factors that typically apply in the internet context are "a particularly poor fit for the question presented here." 638 F.3d at 1148. We noted, for example, that an inquiry into the similarity of the marks "is impossible here where the consumer does not confront two distinct trademarks." *Id.* at 1151. Ultimately, *Network Automation* devised an entirely new factor to deal with competitive keyword advertising: "labeling and appearance." *Id.* at 1153-54. We give this factor great weight in our analysis. *Id.* (explaining that "likelihood of confusion will ultimately turn on what the consumer saw on the screen and reasonably believed, given the context"). Rather than continue relying on a nearly dispositive factor created exclusively for this context with little guidance, we should consider correcting our precedent and holding that purchasers of keywords do not "use" their competitors' trademarks in commerce.

And third, given the predominance of the internet in our lives, this type of advertising has become commonplace. Scrolling through sponsored ads at the top of a results page is often the rule—not the exception—when using a search engine. The familiarity of sponsored ads to those navigating internet platforms makes the likelihood of confusion inquiry difficult, if not impossible, to satisfy. McCarthy, *supra*, § 25A:7 ("Courts almost always find no likelihood of confusion if all that [a] defendant has done is use another's mark as a keyword to trigger an ad for defendant in which the other's trademark does not appear."). Consumers likely understand that, even when they search for a trademarked term, the sponsored results may not be associated with that trademark. This is not because the keyword purchaser has displayed or incorporated the trademark into its own page, but because sophisticated internet consumers understand the general norms and context in which internet advertisements appear. *See Toyota Motor Sales, U.S.A., Inc. v. Tabari*, 610 F.3d 1171, 1178 (9th Cir. 2010) (explaining that "[c]onsumers who use the internet for shopping are generally quite sophisticated" about how the internet works).

* * *

Twenty-five years ago, we recognized that "emerging technologies require a flexible approach" in the internet context. *Brookfield*, 174 F.3d at 1054. But that flexible approach is limited by the plain text and purpose of the Lanham Act. At bottom, trademark law is designed to protect parties against infringing *uses* of their marks. Bidding on and purchasing keyword search terms may not constitute such a use. We should take the opportunity to directly address this issue en banc rather than relying on our holding in *Network Automation*.

APPENDIX B — ORDER OF THE UNITED STATES DISTRICT COURT FOR THE DISTRICT OF ARIZONA, FILED JULY 28, 2023

UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF ARIZONA

No. CV-21-01540-PHX-DGC

LERNER & ROWE PC,

Plaintiff,

v.

BROWN ENGSTRAND & SHELLY LLC;
AND JOSEPH L BROWN,

Defendants.

July 28, 2023, Decided;
July 28, 2023, Filed

ORDER

On May 18, 2023, the Court issued an order granting in part and denying in part Defendants' motion for summary judgment. Doc. 72. Defendants have filed a motion for reconsideration pursuant to Local Rule 7.2(g). Doc. 74. The motion is fully briefed and no party seeks oral argument.[1] For reasons stated below, the Court will

1. The Court ordered a response and reply pursuant to Local Rule 7.2(g)(2).

grant Defendants' motion for reconsideration and grant the motion for summary judgment in full.[2]

I. Legal Standard.

When an action presents multiple claims for relief, the Court may revise "any order or other decision that adjudicates fewer than all the claims." Fed. R. Civ. 54(b). A party seeking such a revision may bring a motion for reconsideration under Local Rule 7.2(g). *Fed. Trade Comm'n v. Noland*, No. CV-20-00047-PHX-DWL, 2022 U.S. Dist. LEXIS 55593, 2022 WL 901386, at *3 (D. Ariz. Mar. 28, 2022). Motions for reconsideration are disfavored and should be granted only in rare circumstances. *See id.*; *Ross v. Arpaio*, No. CV-05-4177-PHX-MHM, 2008 U.S. Dist. LEXIS 53959, 2008 WL 1776502, at *2 (D. Ariz. Apr. 15, 2008) (citation omitted). A motion for reconsideration will be granted where the Court has overlooked or misapprehended matters or otherwise has committed manifest error. *See* LRCiv 7.2(g)(1); *Carroll v. Nakatani*, 342 F.3d 934, 945 (9th Cir. 2003).

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2. On June 19, 2023, Plaintiff filed a notice of appeal to the Ninth Circuit. Doc. 76. The Court has not entered (and has not been asked to enter) an order under Rule 54(b). Nor is the Court's previous order a final judgement with respect to the matters addressed in Plaintiff's attempted interlocutory appeal. Because Plaintiff's appeal is premature, the notice of appeal does not deprive the Court of jurisdiction. *Nascimento v. Dummer*, 508 F.3d 905, 908 (9th Cir. 2007) (quoting *Ruby v. Sec'y of Navy*, 365 F.2d 385, 388-89 (9th Cir. 1966) (en banc)) ("When a Notice of Appeal is defective in that it refers to a non-appealable interlocutory order, it does not transfer jurisdiction to the appellate court, and so the ordinary rule that the district court cannot act until the mandate has issued on the appeal does not apply.").

II. The Court Will Reconsider its Prior Ruling.

The Court granted summary judgment in favor of Defendants on Plaintiff's trademark infringement claim under the Lanham Act. Doc. 72 at 4-22. The Court found that Plaintiff presented insufficient evidence to prove that Defendants' use of its trademark was likely to cause consumer confusion. *Id.* Plaintiff's evidence, consisting of Defendants' call logs and screenshots of Google search pages, showed only *de minimis* instances of actual confusion and non-confusing internet search returns. *Id.* at 9-13, 16-20.

The remaining claims in this case are for unfair competition, false designation of origin and false description under the Lanham Act, and trademark infringement and unfair competition under Arizona common law. Defendants assert that the argument made in their summary judgment motion — that Plaintiff lacks sufficient evidence to show a likelihood of confusion — was intended to address all of "the federal and state claims for trademark and unfair competition." *Id.* at 4 (citing Doc. 65 at 6). The Court missed this point in its initial review of Defendant's motion, but now sees that Defendants did in fact argue that "[c]laims for unfair competition and trademark infringement under federal and state law are substantially congruent" and turn on a likelihood-of-confusion analysis. Doc. 65 at 6. Defendants asserted that Plaintiff "ha[d] not and [could] not establish beyond controversy essential elements of each of its claims." *Id.*

Plaintiff did not dispute Defendants' "substantial congruence" assertion. Plaintiff cited no case law distinguishing the likelihood-of-confusion analysis for trademark infringement under the Lanham Act from the unfair competition or false designation of origin and false description claims brought under that statute. Nor did Plaintiff argue that the Court's analysis did not apply to the state claims.

Although courts need not consider matters "that are not specifically and distinctly argued" in a party's original brief, *Miller v. Fairchild Indus., Inc.*, 797 F.2d 727, 738 (9th Cir. 1986), the decision to revise a prior order is within the Court's discretion. *See Payne v. Shinn*, No. CV-20-0459-TUC-JAS, 2023 U.S. Dist. LEXIS 4369, 2023 WL 142909, at *4 (D. Ariz. Jan. 10, 2023) (finding "independent grounds to exercise its discretion to amend the prior order"); *Noland*, 2022 U.S. Dist. LEXIS 55593, 2022 WL 901386, at *3 (D. Ariz. Mar. 28, 2022) ("Local Rule 7.2(g) does not enact a hard-and-fast prohibition against granting reconsideration[.]").

Review of relevant case law shows that the remaining claims in this case all require Plaintiff to show a likelihood of confusion. *See JL Beverage Co., LLC v. Jim Beam Brands Co.*, 828 F.3d 1098, 1104 (9th Cir. 2016) ("The likelihood of consumer confusion is central to" federal trademark infringement, false designation of origin, and unfair competition under the Lanham Act."); *SiteLock LLC v. GoDaddy.com LLC*, 562 F. Supp. 3d 283, 299 (D. Ariz. 2022) ("Lanham Act and Arizona common-law unfair competition claims share the same analysis.") (cleaned up); *AAA Alarm & Sec. Inc. v. A3 Smart Home LP*, No. CV-21-00321-PHX-GMS, 2021 U.S. Dist. LEXIS 163919, 2021 WL 3857417, at *2 (D. Ariz. Aug. 30, 2021) ("Courts . . . address Arizona common law trademark claims under the framework of federal law.") (citation omitted). It makes no sense to proceed to trial on the remaining claims when the Court has already found that Plaintiff lacks evidence to establish a likelihood of confusion. *See* Doc. 72 at 4-22. The Court therefore will reconsider its prior order and enter summary judgment on the remaining claims.

III. Plaintiff's New Argument Is Unavailing.

In response to Defendants' newly emphasized argument, Plaintiff argues that its Arizona common law claims for unfair competition "are distinct from its claims of trademark infringement and unjust enrichment." Doc. 78 at 5. Plaintiff contends that although a likelihood of confusion can be used to prove unfair competition, there is another way to prove this claim: "To prevail on a claim of unfair competition, a plaintiff must either show that it was 'engaged in competitive business' with the defendant or that the defendant's actions were 'likely to produce public confusion.'" *Id.* at 5 (emphasis in original) (citations omitted). The Court is not persuaded.

Plaintiff relies on *Sutter Home Winery, Inc. v. Vintage Selections, Ltd.*, 971 F.2d 401 (9th Cir. 1992), and *Joshua David Mellberg LLC v. Will*, 96 F. Supp. 3d 953 (D. Ariz. 2015), but neither case holds that merely "engaging in competitive business" is sufficient to prove unfair competition. In *Sutter Home Winery*, the Ninth Circuit held that an unfair competition claim failed where the parties were not in competition and no public confusion was alleged. 971 F.2d at 407-08. And *Joshua David Mellberg* concerned unfair competition claims based on theories of misappropriation, computer fraud, trespass, and conversion, not unfair competition. 96 F. Supp. 3d at 963 (adopting the magistrate judge's report and recommendation and noting "the Court is not persuaded that the Magistrate Judge's ruling was based on the failure to allege public confusion.").

Further, both cases relied on *Lininger v. Desert Lodge*, 63 Ariz. 239, 160 P.2d 761 (Ariz. 1945), in which the Arizona Supreme Court similarly did not hold that proof of a competitive business was alone sufficient for an unfair competition claim:

> The question before us in this case . . . is whether, on the evidence hereinbefore set out, the trial court was justified in finding that appellant and appellee are not in competition in marketing their respective services, and that there exists no reasonable likelihood that prospective customers will regard appellee's business as associated with appellant. We think the question must be answered in the affirmative.

Id. at 764. The court found that the parties were "not engaged in competition," but also that the defendant's actions would not cause confusion: "the improbability that prospective customers will identify or associate appellant with the business of appellee seems obvious." *Id.*

Even more basically, it makes no sense to suggest that the tort of unfair competition can be established simply by proving the parties compete. *Unfair* competition is the essence of the claim. *See, e.g., Great Am. Duck Races Inc. v. 18 Kangaroo Mfr. Inc.*, 398 F.Supp.3d 494, 508 (D. Ariz. 2019) ("Under Arizona law, 'the ultimate question' for unfair competition is always whether trade is being unfairly diverted."); *ACT Grp. Inc. v. Hamlin*, No. CV-12-567-PHX-GMS, 2012 U.S. Dist. LEXIS 101446, 2012 WL 2976724, at *6 (D. Ariz. July 20, 2012) ("Under Arizona law, 'the universal test for unfair competition is whether the public is likely to be confused.'") (quoting *Boice v. Stevenson*, 66 Ariz. 308, 187 P.2d 648, 653 (Ariz. 1947)); *Doe v. Ariz. Hosp. & Healthcare Ass'n*, No. CV07-1292-PHX-SRB, 2009 U.S. Dist. LEXIS 42871, 2009 WL 1423378, at *12 (D. Ariz. Mar. 19, 2009) ("Neither party has cited a case where a court applied Arizona law and found that the tort of unfair competition existed in the absence of allegations of public confusion, and the Court is not aware of such a case."); *see also Taylor v. Quebedeaux*, 126 Ariz. 515, 617 P.2d 23, 24 (Ariz. 1980) ("The gravamen of the case before us is unfair competition and the essence of unfair competition is confusion of the public. If such confusion exists, the relevant inquiry is whether the name taken by a defendant has previously come to indicate the plaintiff's business."); *Skydive Arizona, Inc. v. Hogue*, P.3d 153 (Ariz. Ct. App. 2015) ("The universal test for unfair competition is whether the public is likely to be deceived. That is, the ultimate question is always whether trade is being unfairly diverted, and whether the public is being cheated into the purchase of something which it is not in fact getting; the courts interfere solely to prevent deception.").

In short, all of Plaintiff's claims require a likelihood of confusion. Plaintiff has identified no source of confusion in this case other than Defendants' purchase of Plaintiff's trademark as Google keywords. Because the Court has found that Defendants lack evidence to show that this conduct created a likelihood of confusion, the Court will grant Defendants' motion for reconsideration and enter summary judgment on all claims. Because all claims fail, this holding applies to all Defendants, including Joseph L. Brown.

IT IS ORDERED:

1. Defendants' motion for reconsideration (Doc. 74) is **granted**.

2. Defendants' motion for summary judgment (Doc. 65) is **granted** in full.

3. The Clerk of Court shall enter judgment in favor of Defendants and terminate this action.

Dated this 28th day of July, 2023.

/s/ David G. Campbell
David G. Campbell
Senior United States District Judge

APPENDIX C — ORDER OF THE UNITED STATES DISTRICT COURT FOR THE DISTRICT OF ARIZONA, FILED MAY 18, 2023

UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF ARIZONA

No. CV-21-01540-PHX-DGC

LERNER & ROWE PC,

Plaintiff,

v.

BROWN ENGSTRAND & SHELY LLC, ET AL.,

Defendants.

May 18, 2023, Decided;
May 18, 2023, Filed

ORDER

Plaintiff Lerner & Rowe, PC brought this action against Defendants Joseph Brown and Brown Engstrand & Shely LLC, which do business as The Accident Law Group, claiming trademark infringement, unfair competition, false designation of origin, false description, and unjust enrichment. Doc. 1. The parties cross-move for summary judgment on the trademark infringement and unjust enrichment claims. Docs. 56, 65. Defendants also move for summary judgment on all claims against Joseph Brown. Doc. 65.

The motions are fully briefed and the Court heard oral argument on April 4, 2023. *See* Docs. 57, 66-70. For reasons stated below, Defendants' motion will be granted in part and denied in part and Plaintiff's motion will be denied.

I. Background.

Plaintiff Lerner & Rowe is an Arizona-based law firm that specializes in personal injury litigation. Doc. 57 ¶¶ 2-3. Plaintiff also operates Lerner & Rowe Law Group, another law firm specializing in other areas of the law, and Lerner & Rowe Gives Back Foundation, a nonprofit organization dedicated to community outreach. *Id.* ¶¶ 4-7. Plaintiff and its principals own three federally registered trademarks: "Lerner & Rowe," "Glen Lerner," and "Lerner & Rowe Gives Back LR." *Id.* ¶ 10. Plaintiff advertises by Internet, radio, television, and print media throughout Arizona and the United States, spending more than one million dollars per month. *Id.* ¶¶ 12-14.

Defendant The Accident Law Group ("ALG") is a personal injury law firm that operates primarily in the Phoenix area. Doc. 57 ¶ 16; Doc. 66-1 at 3. Defendant Joseph Brown founded ALG, manages the firm, and directs its advertising activity. Doc. 57 ¶¶ 17-19; Doc. 66 ¶¶ 1, 74. ALG competes with Plaintiff and employs a similar advertising strategy. Doc. 57 ¶¶ 20-21; Doc. 66 ¶¶ 1, 75.

From December 2015 to May 2021, Defendants purchased specific keywords from Google as part of their marketing strategy. Doc. 57 ¶ 23; Doc. 66, ¶¶ 23, 82. When an Internet user entered search terms that included keywords Defendants had purchased, Google would return normal search results, but would also include ALG's advertisements in the results. Doc. 57 ¶ 22; Doc. 66 ¶ 1. This case arises because Defendants purchased "Lerner & Rowe" as Google keywords. Doc. 57 ¶ 23; Doc. 66 ¶¶ 23, 82. As a result, for several years, consumers searching for "Lerner & Rowe" on Google would receive returns that included ALG's advertisement. Doc. 57 ¶ 25; Doc. 66 ¶¶ 25, 81. Plaintiff claims that this advertising tactic infringed its trademark.

II. Legal Standards.

A party seeking summary judgment "bears the initial responsibility of informing the district court of the basis for its motion, and identifying those portions of [the record] which it believes demonstrate the absence of a genuine issue of material fact." *Celotex Corp. v. Catrett*, 477 U.S. 317, 323, 106 S. Ct. 2548, 91 L. Ed. 2d 265 (1986). Summary judgment is appropriate if the evidence, viewed in the light most favorable to the nonmoving party, shows "that there is no genuine dispute as to any material fact and the movant is entitled to judgment as a matter of law." Fed. R. Civ. P. 56(a) . Summary judgment is also appropriate against a party who "fails to make a showing sufficient to establish the existence of an element essential to that party's case, and on which that party will bear the burden of proof at trial." *Celotex*, 477 U.S. at 322. Only disputes over facts that might affect the outcome of the suit will preclude the entry of summary judgment. The disputed evidence must be "such that a reasonable jury could return a verdict for the nonmoving party." *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 248, 106 S. Ct. 2505, 91 L. Ed. 2d 202 (1986).

To prevail on a trademark infringement claim, a plaintiff must prove (1) that it has a protectible ownership interest in the mark, and (2) that the defendant's use of the mark is likely to cause consumer confusion, thereby infringing the plaintiff's rights to the mark. *Dep't of Parks & Recreation for State of Cal. v. Bazaar Del Mundo Inc.*, 448 F.3d 1118, 1124 (9th Cir. 2006). The parties in this case agree that "Lerner & Rowe" is a valid, protectible trademark that belongs to Plaintiff. Doc. 57 ¶ 10; Doc. 66 ¶¶ 1,10. They also agree that Defendants purchased "Lerner & Rowe" as a keyword from Google for several years. Doc. 57 ¶ 22; Doc. 66 ¶ 1. Each side moves for summary judgment on the second element of Plaintiff's trademark claim — whether Defendants' actions caused a likelihood of confusion. *See* Docs. 56, 65.

Although it might at first seem that one firm's purchase of another firm's trademark as a Google keyword would constitute infringement, courts generally have not adopted that view. In *Network Automation, Inc. v. Advanced Systems Concepts, Inc.*, 638 F.3d 1137 (9th Cir. 2011), the Ninth Circuit reversed a preliminary injunction that enjoined one competitor from purchasing another competitor's trademark as a Google keyword. And as a leading trademark treatise notes: "Courts almost always find no likelihood of confusion if all that defendant has done is use another's mark as a keyword to trigger an ad for defendant in which the other's trademark does not appear." J. Thomas McCarthy, 5 McCarthy on Trademarks and Unfair Competition § 25A:7 (5th ed.) (citing cases).

Plaintiff advances theories of source confusion and initial interest confusion. Source confusion exists "when consumers are likely to assume that a product or service is associated with a source other than its actual source because of similarities between the two . . . marks or marketing techniques." *Int'l Jensen, Inc. v. Metrosound U.S.A., Inc.*, 4 F.3d 819, 825 (9th Cir. 1993) (cleaned up). Initial interest confusion "occurs when the defendant uses the plaintiff's trademark in a manner calculated to capture initial consumer attention, even though no actual sale is finally completed as a result of the confusion." *Network Automation*, 638 F.3d at 1144 (quoting *Nissan Motor Co. v. Nissan Computer Corp.*, 378 F.3d 1002, 1018 (9th Cir. 2004)). To establish initial interest confusion, the trademark owner "must demonstrate likely confusion, not mere diversion." *Id.* at 1149.

III. Factors Relevant to Likelihood of Confusion.

The Ninth Circuit has identified eight factors for assessing likelihood of confusion: (1) strength of the mark, (2) relatedness of the goods or services, (3) similarity of the marks, (4) evidence of actual confusion, (5) marketing channels used, (6) types of goods or services and degree of care exercised by consumers, (7) defendant's intent in selecting the mark, and (8) likelihood of expansion of the product lines. *AMF Inc. v. Sleekcraft Boats*, 599 F.2d 341, 348-49 (9th Cir. 1979). These "*Sleekcraft* factors" are "pliant," with "the relative importance of each individual factor being case-specific." *Brookfield Commc'ns, Inc. v. W. Coast Ent. Corp.*, 174 F.3d 1036, 1054 (9th Cir. 1999); *see also Sleekcraft*, 599 F.2d at 348 (citations omitted) ("The list is not exhaustive. Other variables may come into play depending on the particular facts presented."); *Stone Creek, Inc. v. Omnia Italian Design, Inc.*, 875 F.3d 426, 431 (9th Cir. 2017) (citations omitted) ("[C]ourts do not merely count beans or tally points. Not all factors are created equal, and their relative weight varies based on the context of a particular case.").

This is particularly true for Internet advertising. As the Ninth Circuit has explained, "[g]iven the multifaceted nature of the Internet and the ever-expanding ways in which we all use the technology ... it makes no sense to prioritize the same ... factors for every type of potential online commercial activity." *Network Automation*, 638 F.3d at 1148; *Playboy Enters., Inc. v. Netscape Commc'ns Corp.*, 354 F.3d 1020, 1023 (9th Cir. 2004) (considering all eight *Sleekcraft* factors); *GoTo.com, Inc. v. Walt Disney Co.*, 202 F.3d 1199, 1205 (9th Cir. 2000) (focusing on "(1) the similarity of the marks, (2) the relatedness of the goods or services, and (3) the simultaneous use of the Web as a marketing channel.") (citations omitted); *Brookfield*, 174 F.3d at 1062 ("[T]he traditional eight-factor test is not well-suited for analyzing the metatags issue.").

Unlike in the traditional infringement context, there is a risk that a consumer using a trademark as a search term "might be confused by a results page that shows a competitor's [paid] advertisement on the same screen, when that advertisement does not clearly identify the source or its product." *Network Automation*, 638 F.3d at 1149. In that context, the four most important factors are: "(1) the strength of the mark; (2) the evidence of actual confusion; (3) the type of goods and degree of care likely to be exercised by the purchaser; and (4) the labeling and appearance of the advertisements and the surrounding context on the screen displaying the results page." *Id.* at 1154.

This case involves direct competitors offering personal injury legal services. Doc. 57 ¶ 20; Doc. 66 ¶ 1. The gravamen of Plaintiff's complaint is that Defendants purchased Plaintiff's mark to "misleadingly direct" prospective clients from Lerner & Rowe to ALG. Doc. 56 at 2. This case presents issues like those raised in *Network Automation*. 638 F.3d at 1154 . The Court therefore will focus its analysis on the four factors emphasized in *Network Automation* and will address the remaining *Sleekcraft* factors only briefly.[1]

1. Defendants contend that "[i]n the keyword-advertising context, the Ninth Circuit has found most of the *Sleekcraft* factors unhelpful" and urge the Court to apply *Multi Time Mach., Inc. v. Amazon.com, Inc.*, 804 F.3d 930 (9th Cir. 2015). Doc. 65 at 7-12. But the Court finds *Network Automation* more relevant, as have other courts considering keyword advertising cases between competitors. *See, e.g.*, *Asuragen, Inc. v. Accuragen, Inc.*, No. 16-CV-05440-RS, 2018 U.S. Dist. LEXIS 13279, 2018 WL 558888, at *3 (N.D. Cal. Jan. 25, 2018) (declining to apply *Multi Time* in a trademark dispute between a medical technology company and a molecular diagnostic company).

A. Strength of the Mark.

The parties do not dispute that Plaintiff's trademark is strong. Doc. 57 ¶ 15; Doc. 66 ¶ 1. "Lerner & Rowe" is a federally registered trademark, and federal registration "alone may be sufficient in an appropriate case to satisfy the determination of distinctiveness." *Network Automation*, 638 F.3d at 1149.

In addition, the commercial strength of a mark relates to "actual marketplace recognition." *Fortune Dynamic, Inc. v. Victoria's Secret Stores Brand Mgmt., Inc.* , 618 F.3d 1025, 1034 (9th Cir. 2010). Evidence of "extensive advertising, length of exclusive use, and uniqueness" may strengthen a mark. *Accuride Int'l, Inc. v. Accuride Corp.*, 871 F.2d 1531, 1536 (9th Cir. 1989). Plaintiff has used the "Lerner & Rowe" trademark since at least 2006 and has spent over $100 million in advertising. Doc. 57-3 at 1; Doc. 57-2 at 29-30. Plaintiff has been counsel to over 100,000 clients. Doc. 57-1 at 1. This all strengthens Plaintiff's mark.[2]

2. The Court finds the mark strong even though some case law, focusing on conceptual strength, suggests a different conclusion. "Conceptual strength involves classification of a mark 'along a spectrum of generally increasing inherent distinctiveness as generic, descriptive, suggestive, arbitrary, or fanciful.'" *Network Automation*, 638 F.3d at 1149 (citation omitted). Because the "Lerner & Rowe" mark identifies the founding partners of the law firm, some cases would suggest it is only descriptive and thus "inherently [conceptually] weak." *Am. Int'l Grp., Inc. v. Am. Int'l Bank*, 926 F.2d 829, 832 (9th Cir. 1991); *see Quiksilver, Inc. v. Kymsta Corp.*, 466 F.3d 749, 760 (9th Cir. 2006) ("Personal names . . . are generally regarded as descriptive terms, which are not inherently distinctive.") (cleaned

"The purpose of examining the strength of plaintiff's mark is to determine the scope of trademark protection to which the mark is entitled." *Entrepreneur Media, Inc. v. Smith*, 279 F.3d 1135, 1141 (9th Cir. 2002) (citations omitted). The stronger Plaintiff's mark, the greater protection it will receive. *See id.*

Because Plaintiff's mark is strong, "consumers searching for [Lerner & Rowe] are presumably looking for its specific [services], and not a category of [services]." *Network Automation*, 638 F.3d at 1150.[3] Consumers "therefore could [have been] more susceptible to confusion when sponsored links appear[ed] that advertise[d]" Defendants' similar personal injury litigation services. *Id.* at 1149.

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up). The Court finds that the mark's federal registration, substantial advertising history, and frequent use in Internet searches amply demonstrate its strength, as the parties seem to agree.

3. Defendants dispute this presumption, arguing that consumers do not have "homogenous goals and expectations," and "[w]here an online shopper's search objective is unclear, it is impossible to determine whether that shopper was actually confused or misled." Doc. 65 at 9-10. But the presumption concerns what consumers are "looking for," not what they expect to find in a typical Internet search. This distinction is recognized in the article Defendants cite. *See* David J. Franklyn, David A. Hyman, *Trademarks As Search Engine Keywords: Much Ado About Something*? 26 Harv. J.L. & Tech. 481, 517-18 (2013) (reporting that 99% of survey participants were looking for some combination of products bearing the brand name they searched for and competing brands).

B. Evidence of Actual Confusion.

Evidence of actual confusion "is persuasive proof that future confusion is likely." *Sleekcraft*, 599 F.2d at 352 (cleaned up). "But proving actual confusion is difficult . . . and the courts have often discounted such evidence because it was unclear or insubstantial." *Id.* And what might initially appear to be evidence of actual confusion may instead be evidence of consumer error. 4 McCarthy on Trademarks & Unfair Competition § 23:13.

Plaintiff argues that its evidence shows actual confusion. *See* Doc. 56 at 3-4. Defendants maintained call logs for four years which show that callers to Defendants' phone number mentioned Lerner & Rowe 236 times. *See* Docs. 57-10, 57-11. Each log entry includes the date of the call and the caller's name, as well as a column labeled "[w]hat they said referred by." Doc. 57-11 at 1. Plaintiff contends that many of the responses in this column show actual confusion, including: "Referred by L&R (they had a conflict)"; "referred by L&R"; "googled — L&R"; "Internet — Lerner & Rowe"; "thought he called L&R"; "Lerner/Rowe/TV"; and "Wanted L&R." *Id.*

1. Defendants' Hearsay Arguments.

Defendants assert that these call log entries are inadmissible hearsay. Doc. 65 at 17. Defendants argue that the call logs themselves are out-of-court declarations admitted for the truth of the matter asserted, constituting a first level of hearsay. This objection is likely to be overcome at trial by testimony satisfying the business records exception. Fed. R. Evid. 803(6). There appears to be no doubt that the logs were made and retained by Defendants in the regular course of their business, by employees receiving the incoming calls and recording contemporaneous statements. And deposition testimony shows that the call logs were created by Defendants as a regular practice. *See* Doc. 57-4 at 48-49.

Defendants further argue that statements in the "[w]hat they said referred by" column constitute separate out-of-court declarations by callers, admitted for the truth of the matter asserted (why the caller called), constituting a second level of hearsay. This is a closer question, but the Court concludes that these statements would also likely be admissible at trial.

Under Rule 807, a statement is admissible if "(1) the statement is supported by sufficient guarantees of trustworthiness — after considering the totality of the circumstances under which it was made and evidence, if any, corroborating the statement, and (2) it is more probative on the point for which it is offered than any other evidence that the proponent can obtain through reasonable efforts." Fed. R. Evid. 807(a). Both elements are satisfied here.

First, the circumstances under which the caller's statements were recorded appear to be reliable. Defendants made the records. They presumably employed capable employees and reasonable business practices. Defendants maintained the logs for a serious business purpose — to assess the effectiveness of their marketing strategy and make appropriate adjustments. *See* Doc. 57-4 at 36. These facts suggest that the callers' stated reasons for calling were recorded accurately and with care.

Second, statements made by callers are the most probative evidence on a central issue in this case — whether consumers were actually confused by Defendants' use of Plaintiff's name as a keyword. *See FTC v. AMG Servs.*, No. 2:12-CV-00536-GMN, 2014 U.S. Dist. LEXIS 10240, 2014 WL 317781, at *15-16 (D. Nev. Jan. 28, 2014) (admitting statements contained in a consumer-complaint database and statements from the defendants' former employees regarding those complaints under Rule 807(a)); *see also* 5 Weinstein's Federal Evidence § 803.08 (2021) ("[A] statement included in a record of a regularly conducted activity may demonstrate trustworthiness and be admissible under the residual hearsay exception .... A judge, therefore, has some discretion to admit the statements of non-participants in the regular activity if the facts indicate that the statements are sufficiently reliable.").[4]

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4. Plaintiff argues that the statements can be admitted under Rule 801(d)(2)(B) as admissions of the party opponent. This may be a viable argument. Weinstein's states that "[a] party may adopt a written statement if the party *uses the statement* or takes action in compliance with the statement." 5 Weinstein's Federal Evidence § 801.31 (2021) (emphasis added). It appears Defendants used the callers' statements in crafting its marketing strategy. The Court has found other cases that may support admission of the logs in their entirety. *See United States v. Ullrich*, 580 F.2d 765, 771-772 (5th Cir. 1978) (inventory schedule prepared by credit company was admissible because witness testified that this schedule is integrated into records used and kept in the regular course of business); *United*

2. Ambiguity of the Call Logs.

Plaintiff describes the calls in three categories. The first category includes instances where callers were either "looking for" or "calling for" Plaintiff, "wanted Plaintiff," or "stated explicitly that they thought Defendants were Plaintiff." Doc. 56 at 3-4. The second category of callers stated that a Google or Internet search prompted their call. *Id.* at 4. The third category includes callers who "mentioned Plaintiff by name . . . but no additional context was recorded." *Id.* Defendants raise a fourth category: callers who said they were referred by Plaintiff. Doc. 65 at 19 (citing Doc. 57-2 and Doc. 57-10). Plaintiff says there were five such callers. Doc. 57 ¶ 37. Defendants put the number at 29. Doc. 57-10 at 3.

Plaintiff argues that the first category — those in some way requesting Lerner & Rowe — reflect "customers express[ing] confusion as to whether Defendants [were] . . . affiliated with Plaintiff." Doc. 56 at 11. But without more information, it is difficult to know exactly what the callers were experiencing. Defendants say they identified themselves as "Accident Law Group" in each of

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States v. Pfeiffer, 539 F.2d 668, 670-71 (8th Cir. 1976) (invoices from common carriers were prepared and transmitted in regular course of business, manufacturer relied on them, and custodian was familiar with invoicing procedures); *but see NLRB v. First Termite Control Co.*, 646 F.2d 424, 429 (9th Cir. 1981) (addressing these two cases and stating that the Ninth Circuit will not decide whether they are correctly decided). Finally, many courts have admitted reports of statements by allegedly confused customers under Rule 803(3). *See* 4 McCarthy on Trademarks and Unfair Competition § 23:15 n.4 (citing cases).

the calls. Doc. 57 at 42-43. The first category of responses therefore might suggest that the callers understood the difference between Lerner & Rowe and the Accident Law Group and were not confused about whether they were the same; or might suggest that the callers phoned Defendants by mistake; or might suggest the callers called because they thought Defendants' Google ad was for Lerner & Rowe. *See Cohn v. PetSmart, Inc.*, 281 F.3d 837, 843 (9th Cir. 2002) ("Cohn received several dozen inquir[i]es over the years about whether the parties were related. Without some other evidence of actual confusion, however, these inquiries are too ambiguous to demonstrate actual confusion.").

For the second category of calls, Defendants' employees recorded phrases such as "googled-L&R" and "website/looking for L&R." *See, e.g.*, Doc. 57-11 at 1, 4. Again, because Defendants identified themselves upon receiving the call and later asked what prompted the call, it is difficult to know if these callers were confused by Defendants' ads. That might be the case, or it might be that the callers became interested in Defendants' ad after starting a Google search for Lerner & Rowe. *Cf. Jim S. Adler, P.C. v. McNeil Consultants, L.L.C.*, 10 F.4th 422, 429 (5th Cir. 2021) (considering that a personal injury law firm did not identify itself on a call prompted by a keyword search of a competitor's mark as evidence of initial interest confusion).

As to the third and fourth categories, some entries state "Lerner and Rowe" or "TV-L&R." *See, e.g.*, Doc. 57-11 at 2. Others state "referred by L&R" or "referred by Lerner & Rowe." *See, e.g.*, *id.* at 1-2. Plaintiff contends that the "Lerner & Rowe" entries are evidence of actual confusion (Doc. 56 at 2; Doc. 67 at 6), but Plaintiff's contention ignores that Plaintiff really did refer some clients to Defendants (Doc. 57-2 at 7). Further, that a caller said Plaintiff's television advertisement prompted them to call does not show that Defendants' Google advertisement caused confusion.

In short, although Defendants' call logs certainly are relevant evidence on the question of consumer confusion, they are not definitive. More information is needed to determine which if any of the callers were in fact confused by Defendants' use of the keywords and Internet ads.

3. Plaintiff's Actual Confusion Evidence is *De Minimis*.

Even if all 236 calls are considered evidence of actual confusion, the Court finds it *de minimis*. "The federal statute prohibiting trademark infringement requires a trademark holder to prove that the alleged infringer's use of a mark 'is likely to cause confusion, or to cause mistake, or to deceive.'" *Thane Int'l Inc. v. Trek Bicycle Corp.*, 305 F.3d 894, 900 (9th Cir. 2002) (quoting 15 U.S.C. § 1114(1) (a) & (b)). The ultimate question to be answered in this case, therefore, is whether Defendants' use of Plaintiff's name as a keyword created a "likelihood" of confusion.

Evidence of actual confusion can be used to prove a likelihood of confusion. As the Ninth Circuit has explained, evidence of actual confusion "constitutes 'persuasive proof that future confusion is likely.'" *Clicks Billiards, Inc. v. Sixshooters, Inc.*, 251 F.3d 1252, 1265 (9th Cir. 2001) (quoting *Fuddruckers, Inc. v. Doc's B.R. Others, Inc.*, 826 F.2d 837, 845 (9th Cir. 1987)). "If enough people have been actually confused, then a likelihood that people are confused is established." *Thane*, 305 F.3d at 902.

As the Ninth Circuit has further explained, however:

> This is not to say that evidence of actual confusion will always compel a jury to find likelihood of confusion. In some cases, a jury may properly find actual confusion evidence de minimis and thus unpersuasive as to the ultimate issue. But if a party produces evidence from which a reasonable jury could surmise that an "appreciable number" of people are confused about the source of the product, then it is entitled to a trial on the likelihood of confusion — although it will not necessarily prevail at that trial.

Id. (cleaned up) (quoting *Entrepreneur Media*, 279 F.3d at 1150-51).

As this statement makes clear, isolated instances of actual confusion are not enough. The evidence must be sufficient to show actual confusion among an "appreciable number" of potential consumers. *Id.* In other cases, the Ninth Circuit has said there must be actual confusion "among significant numbers of consumers." *Network Automation*, 638 F.3d at 1151; *see also Rearden LLC v.*

Rearden Com., Inc., 683 F.3d 1190, 1210 (9th Cir. 2012) ("evidence of actual confusion, at least on the part of an appreciable portion of the actual consuming public, constitutes strong support for a 'likelihood of confusion' finding"); *Playboy*, 354 F.3d at 1026 ("significant numbers of consumers"); *Nutri/System, Inc. v. Con-Stan Indus., Inc.*, 809 F.2d 601, 606 (9th Cir. 1987) ("[T]he instances of confusion, at best, were thin, and at worst, were trivial . . . . The court acted properly in finding that any actual confusion was de minimis.").

The Ninth Circuit has never defined what it means by an "appreciable" or "significant" number of confused consumers. But because infringement plaintiffs ultimately must prove a "likelihood" of confusion, it seems evident that the number of confused consumers must be compared to the total number of consumers who were exposed to the allegedly misleading actions of the infringer. A number that might seem "appreciable" or "significant" standing alone may be only minimal when compared to the universe of persons who saw the allegedly infringing advertisement. As the McCarthy treatise notes:

> Evidence of the number of instances of actual confusion must be placed against the background of the number of opportunities for confusion before one can make an informed decision as to the weight to be given the evidence. If there is a very large volume of contacts or transactions which could give rise to confusion and there is only a handful of instances of actual confusion, the evidence of

> actual confusion may receive relatively little weight.

4 McCarthy on Trademarks and Unfair Competition § 23:14.

The parties agree that during the years that Defendants purchased Plaintiff's name as a keyword, Google searches for some version of "Lerner & Rowe" returned a screen that included Defendants' advertisement 109,322 times. Doc. 66, ¶ 91; Doc. 68 at 1. The 236 instances of potential confusion constitute 0.215% of this total number. Thus, even if it is assumed that all 236 callers who mentioned Lerner & Rowe were confused by Defendants' use of keywords (contrary to the ambiguity of the calls as noted above), Plaintiff's evidence shows that only two-tenths of one percent of the consumers who searched for Plaintiff's law firm and saw Defendants' ads were actually confused by those ads. This tiny percentage cannot reasonably be said to constitute an "appreciable" or "significant" number of consumers confused by Defendants' advertising strategy. Nor can it be said to show that Defendants' marketing strategy made confusion likely. 15 U.S.C. § 1114(1).[5]

5. It is also undisputed that of the 109,322 Google searches that returned a page with Defendants' ad, the consumer conducting the search clicked on Defendants' ad 7,452 times. Doc. 66, ¶ 92; Doc. 68 at 1. This "click through" rate is 6.82%. But Plaintiff present no evidence about how many of these consumers ever contacted Defendants, much less were misled by Defendants' ads (as opposed to recognizing the ad was for a different law firm and returning to their original search).

Defendants present a consumer survey showing a net confusion rate of 3%. Doc. 66-7 at 12-13. Plaintiff contends that the survey "is flawed in several crucial respects, and the Court should give little, if any, weight to the findings therein." Doc. 67 at 17. But the Court cannot weigh evidence at the summary judgment stage, and Plaintiff does not argue that the survey is inadmissible. If believed by a jury, the survey would further support Defendants' contention that any confusion in this case is minimal.

Plaintiff does not produce a competing consumer survey. "This warrants a presumption that the results would have been unfavorable." *Playboy Enters., Inc. v. Netscape Commc'ns Corp.*, 55 F. Supp. 2d 1070, 1084 (C.D. Cal.), *aff'd*, 202 F.3d 278 (9th Cir. 1999); *see, e.g.*, *Stonefire Grill, Inc. v. FGF Brands, Inc.*, 987 F. Supp. 2d 1023, 1053-54 (C.D. Cal. 2013); *James R. Glidewell Dental Ceramics Inc. v. Keating Dental Arts, Inc.*, No. SACV 11-1309-DOC ANX, 2013 U.S. Dist. LEXIS 24824, 2013 WL 655314, at *9 (C.D. Cal. Feb. 21, 2013). And even if the Court does not adopt such a presumption, the absence of a contrary survey means that Plaintiff's sole evidence of actual confusion consists of 236 call log entries — approximately 0.2% of the total confusion opportunities.

C. Type of Goods & Degree of Care.

Confusion is less likely where buyers exercise care and precision in their purchases, such as when they are shopping for expensive or sophisticated items. *Au-Tomotive Gold, Inc. v. Volkswagen of Am., Inc.*, 457 F.3d 1062, 1076 (9th Cir. 2006). "Consumers are expected to proceed with more care if the goods or services are specialized or of uncommon importance." *Great Am. Duck Races Inc. v. Kangaroo Mfg. Inc.*, 398 F. Supp. 3d 494, 506 (D. Ariz. 2019).

Selecting a lawyer is likely quite important to persons seeking to recover damages for personal injuries, even if they are not normally sophisticated consumers of legal services. And consumers purchasing expensive goods or services "can be expected to exercise greater care." *Network Automation*, 638 F.3d at 1152; *see also E. & J. Gallo Winery v. Gallo Cattle Co.*, 967 F.2d 1280, 1293 (9th Cir. 1992) (citations omitted). "Legal services are expensive, generally costing hundreds if not thousands of dollars." *ACI Law Grp. PLLC v. ACI Law Grp. PC*, No. CV-21-00098-PHX-DWL, 2021 U.S. Dist. LEXIS 178882, 2021 WL 4263692, at *16 (D. Ariz. Sept. 20, 2021). Consumers seeking legal representation are thus likely to exercise more care. *Id.*; *see also Cochran Firm, P.C. v. Cochran Firm L.A., LLP*, No. CV-12-05868-SJO-MRWX, 2013 U.S. Dist. LEXIS 193861, 2013 WL 12114839, at *10 (C.D. Cal. Feb. 26, 2013), *rev'd on other grounds*, 572 F. App'x 491 (9th Cir. 2014) (concluding that prospective clients of law firms offering personal injury legal services "are likely to exercise a greater degree of care than consumers of basic consumer goods.").

Plaintiff argues that legal services provided on a contingency basis are not expensive, reducing the level of care consumers will exercise. Doc. 56 at 12-13. The Court does not agree. Paying one-third or more of an accident recovery in the form of a contingent fee is very expensive relative to the benefit received, and can be expensive in absolute terms for higher dollar claims.

What is more, consumers generally are becoming savvier in Internet searches and less likely to be deceived when they see competing ads. As the Ninth Circuit has noted, "the default degree of consumer care is becoming more heightened as the novelty of the Internet evaporates and online commerce becomes commonplace." *Network Automation*, 638 F.3d at 1152; *see also Toyota Motor Sales v. Tabari*, 610 F.3d 1171, 1178 (9th Cir. 2010) ("Consumers who use the internet for shopping are generally quite sophisticated about such matters.").

In view of the product at issue in this case — important and expensive legal services — and the growing sophistication of Internet shoppers generally, the Court finds that consumers searching on Google for Lerner& Rowe are likely to exercise significant care, reducing the chances of confusion.

D. Appearance of the Advertisement and the Surrounding Context.

"In the keyword advertising context, the likelihood of confusion will ultimately turn on what the consumer saw on the screen and reasonably believed, given the context." *Network Automation.*, 638 F.3d at 1153 (cleaned up). "[C]lear labeling can eliminate the likelihood of initial interest confusion in cases involving Internet search terms." *Multi Time*, 804 F.3d at 937; *see also Playboy*, 354 F.3d at 1035 (Berzon, J., concurring) ("There is a big difference between hijacking a customer to another website by making the customer think he or she is visiting the trademark holder's website (even if only briefly), which is what may . . . happen[] . . . when . . . advertisements are not labeled, and just distracting a potential customer with another choice, when it is clear that it is a choice."); *Aliign Activation Wear, LLC v. Lululemon Athletica Canada, Inc.*, No. 2:20-CV-03339-SVW-JEM, 2021 U.S. Dist. LEXIS 139350, 2021 WL 3117239, at *14 (C.D. Cal. June 7, 2021), *aff'd*, No. 21-55775, 2022 U.S. App. LEXIS 22076, 2022 WL 3210698 (9th Cir. Aug. 9, 2022) (granting summary judgment against the plaintiff because the search results were clearly labeled); *Boost Beauty, LLC v. Woo Signatures, LLC*, No. 2:18-CV-02960-CAS-EX, 2022 U.S. Dist. LEXIS 24515, 2022 WL 409957, at *12 (C.D. Cal. Feb. 7, 2022) ("[T]he WooLash advertisement that appeared after the 'boostlash' search is labeled as an advertisement, and features a product clearly labeled as WooLash, with no reference to plaintiff's BoostLash product. Accordingly, it is highly unlikely that a consumer searching for the BoostLash product would confuse it for the WooLash product.").

The leading trademark treatise offers this analogy:

> [A] customer walk[s] into a brick and mortar retail computer store and ask[s] the salesperson to show him a DELL laptop. Assume hypothetically, that competitor LENOVO offers the retailer a higher margin of profit than DELL. So the salesperson guides the customer over to a counter with LENOVO computers,

> saying: "DELL laptops are great, but have you looked at the new LENOVO?"
>
> In this hypothetical LENOVO has "bought" the DELL mark and other competing brands in the sense that the salesperson is motivated to mention LENOVO as an alternative. The customer is diverted or distracted, but certainly not "confused" or "deceived."

5 McCarthy on Trademarks and Unfair Competition § 25A:8.

In the keyword advertising context, a search engine displaces the computer store in this analogy. *See id.* at n.9 (citing Eric Goldman, *Brand Spillovers*, 22 Harv. J.L. & Tech. 381, 398-400 (2009) ("[J]ust as retailers sit between manufacturers and consumers in the distribution chain, online intermediaries now effectively sit between consumers and retailers in that chain.")). The results page of the search engine — like the computer salesperson — informs the consumer of alternatives. *Id.* ("From a consumer perspective, the brand-triggered ads are analogous to a retail salesperson informing the consumer that competitive choices exist."). And suggesting alternatives increases advertising revenues for the search engine like the increased profit margins the computer store generates.

But if advertisements do not "clearly identify [their] source" or are "unlabeled," they are "more likely to mislead consumers into believing" that by clicking on the ad they will be directed to the trademark holder's website. *Network Automation*, 638 F.3d at 1147, 1154; *see, e.g.*, *Porta-Fab Corp. v. Allied Modular Bldg. Sys. Inc.*, No. 8:20-CV-01778, 2022 U.S. Dist. LEXIS 185040, 2022 WL 4596646, at *3 (C.D. Cal. July 24, 2022) (finding an advertisement not clearly labeled when "a competitor . . . did not just incorporate a competitor's trademarked name as a search term, but rather used a phrase in its Google Ad that essentially told consumers it sold [the plaintiff's] products," and used the plaintiff's name in the advertisement); *Gravity Defyer Corp. v. Under Armour, Inc.*, No. LA CV13-01842 JAK, 2014 U.S. Dist. LEXIS 108669, 2014 WL 3766724, at *9 (C.D. Cal. July 7, 2014) (finding an advertisement not clearly labeled when "[n]early all of Defendants' advertisements are labeled as 'Under Armour Micro G Defy'" and "Plaintiff's advertisements are labeled as 'G Defy' or 'Gravity Defyer.'").

The record contains screenshots of Google pages produced by searching for "lerner & rowe," "lerner rowe," and similar searches. Doc. 57-6. Plaintiff produces 28 such screenshots. Doc. 57-6. A declaration attached to Plaintiff's reply brief states, however, that only three of them were captured before or during May 2021, when Defendants were buying Plaintiff's trademark as a keyword. Doc. 68-3 (listing screenshots which can be found at Doc. 57-6 at 1, 3, and 4). Defendants' counsel agreed with this fact during oral argument. The remaining screenshots were taken after May 2021, when Defendants were not buying Plaintiff's name as a keyword, and Plaintiff's counsel acknowledged during oral argument that there is no evidence in the record suggesting that Defendants' purchase of Lerner & Rowe as a keyword during or before May 2021 would have resulted in an increase in their advertisement being displayed after that date. Thus, to evaluate the effect of Defendants' allegedly infringing conduct — buying the keywords — the Court will consider only the three screenshots taken while Defendants were making such purchases before or during May 2021. *See* Doc. 57-6 at 1, 3-4.

In all three screenshots, Defendants' advertisements are labeled with the word "Ad" in bold typeface at the top left corner of the entry — the first thing a reader sees in the entry. *See id.* Defendants' ad includes their name and phone number, links to Defendants' website, and the following generic language: "Accidents Happen — Understand Your Options," or "Call now to speak with an experienced accident attorney," or "We've Represented Over 4000 Satisfied Clients — Get A Free Consultation Now[.]" *Id.* Defendants' ads do not use Plaintiff's trademarked name "Lerner & Rowe" or any other form of "Lerner" or "Rowe" in their ads. *Id.* Nor do they use Plaintiff's common language of "Hurt in a wreck?" or otherwise seek to mimic Plaintiff's trademark or ads. *Id.*

In one of the three relevant screenshots, Defendants' ad appears first, labeled "Ad" in bold type, followed immediately by a larger entry for Plaintiff's firm, not labeled "Ad." *See* Doc. 57-6 at 3. Plaintiff's larger entry contains the name "Lerner & Rowe" with sub links for "Attorneys," "Contact," "Lerner & Rowe Staff," "Phoenix," and other cities. *Id.* Defendants' smaller ad does not use or otherwise seek to mimic Plaintiff's trademark. *Id.*

The second relevant screenshot shows Plaintiff's ad, not Defendants', as the first search result. *See id.* at 4. Defendants' ad appears next, clearly labeled "Ad" in bold type and using Defendants' ALG name. *Id.* Defendants' ad does not use the words "Lerner" or "Rowe" or otherwise mimic Plaintiff's trademark. *Id.*

The third screenshot contains only Defendants' ad, clearly labeled "Ad" in bold type, and using Defendants' firm name. *Id.* at 1. No other part of the search result is shown, but the page is clearly cut off so the rest of the search results cannot be seen. *Id.* The fact that there were more results is clearly shown by Google's language at the top of the screenshot: "About 1,450,000 results (0.57 seconds)." *Id.* Plaintiff's counsel agreed during oral argument that some of the screenshots were cropped and did not show all the search results. Defendants' ad in this third screenshot does not contain the words "Lerner" or "Rowe" or any other imitation of Plaintiff's trademark. *Id.*

Remember the Ninth Circuit's guidance that "[i]n the keyword advertising context, the likelihood of confusion will ultimately turn on what the consumer saw on the screen and reasonably believed, given the context." *Network Automation.*, 638 F.3d at 1153 (cleaned up). This case is a good example. A consumer looking at the three relevant screenshots would see Defendants' entry with Defendants' name, clearly labeled "Ad," would see Plaintiff's competing entry with their name and trademark, and would see nothing in Defendants' ad to suggest that Defendants are Lerner & Rowe. "[C]lear labeling can eliminate the likelihood of initial interest confusion in cases involving Internet search terms." *Multi Time*, 804 F.3d at 937. Given the likelihood that consumers conducting these searches were relatively sophisticated Internet users with a strong incentive to choose a good law firm to vindicate their personal injury rights, the likelihood of confusion is very low.

Plaintiff argues that Defendants' "generic" and "chameleon-like" name — Accident Law Group - "more easily confuses a searcher into believing they are affiliated with another firm, especially a firm like Plaintiff that has a related entity with a similar name that predates Defendants' firm by several years: Lerner & Rowe Law Group." Doc. 56 at 10. But "Accident Law Group" is not confusingly similar to "Lerner & Rowe" and Plaintiff presents no evidence that any consumers ever searched for the full name "Lerner & Rowe Law Group" or even knew that "Law Group" was part of Plaintiff's family of names.

E. Trademark Infringement Conclusion.

Three of the four key factors discussed above favor Defendants, but "[t]he list of factors is not a score-card — whether a party 'wins' a majority of the factors is not the point." *Thane*, 305 F.3d at 901. The point is that the Court should use the relevant factors to decide, in the case of a summary judgment motion, whether the plaintiff has presented enough evidence for a reasonable jury to find a likelihood of confusion. The Ninth Circuit has "cautioned that district courts should grant summary judgment motions regarding the likelihood of confusion sparingly, as careful assessment of the pertinent factors that go into determining likelihood of confusion usually requires a full record." *Id.* at 901-02. It is also the case, however, that summary judgment is appropriate against a party who "fails to make a showing sufficient to establish the existence of an element essential to that party's case, and on which that party will bear the burden of proof at trial." *Celotex*, 477 U.S. at 322.

This is one of the rare cases where summary judgment is warranted on the issue of likelihood of confusion. "[T]he *sine qua non* of trademark infringement is consumer confusion," and "when we examine initial interest confusion, the owner of the mark must demonstrate likely confusion, not mere diversion." *Network Automation*, 638 F.3d at 1149.

The three relevant screenshots produced by Plaintiff show clear labeling of Defendants' entry, using Defendants' name and prominently labelled as an "Ad," and with no use of Plaintiff's trademark or confusingly similar language or content. Reasonably savvy Internet users with a strong incentive to select the right lawyer would not be confused by these clearly labeled ads into believing that Defendants were Plaintiff. Plaintiff produces no survey evidence showing a likelihood of confusion, and its evidence that, at most, 0.215% of all consumers exposed to Defendants' ads were in fact confused by them is simply not enough to show a likelihood. Two-tenths of one percent is not an appreciable or significant portion of consumers exposed to Defendants' keyword-generated ads. Plaintiff does have a strong mark, but no reasonable jury viewing Plaintiff's thin evidence could find that potential clients viewing

Defendants' clearly labeled ads are likely to be confused into thinking Defendants were in fact Plaintiff.

The 25 irrelevant screenshots produced by Plaintiff — screenshots taken during a time when Defendants' were *not* buying Plaintiff's name as a keyword — reinforce the Court's conclusion. Each of the irrelevant screenshots was produced by searching for "lerner & rowe," "lerner rowe," or a variation of these words. Doc. 68-3. And even though Defendants had not purchased Plaintiff's name as a keyword, Defendants' ads appeared in the search results along with ads for other personal injury law firms. Google's algorithm apparently called up similar law firms when a specific law firm was searched for. *See, e.g.*, Doc. 57-6 at 15 (including an ad for azinjuredworker.com), 17 (getlawyersnow.com and palumbowolfe.com), 18 (arjashahlaw.com), 20 (getlawyersnow.com), 22 (hutzlerlaw.com), 28 (larryhparkerphoenix.com). These screenshots show what Internet users find when searching on Google for Lerner & Rowe — ads for a variety of law firms. As with all searches on Google, the consumer then must scroll through the returns to decide which entries are worth clicking on. Because Defendants' entries use their name and are clearly labeled "Ad," the consumers would know they are seeing an ad for another law firm, as would be true with the other firms seen in the screenshots. The Internet user would then, as the Ninth Circuit has recognized, "skip from site to site, ready to hit the back button whenever they're not satisfied with a site's contents." *Toyota Motor Sales*, 610 F.3d at 1179. This is not confusion; this is typical Internet searching. And because "the owner of the mark must demonstrate likely confusion, not mere diversion," Plaintiff has presented insufficient evidence to survive summary judgment. *Network Automation*, 638 F.3d at 1149.

F. Other Factors.

The less relevant *Sleekcraft* factors do not alter this conclusion.

• The parties are direct competitors and offer essentially the same services, but the Google search returns would simply present them with options to consider. Savvy Internet users searching for a professional to represent them would be capable of considering the alternatives with care. *Network Automation*, 638 F.3d at 1150 ("The proximity of the goods [may] become less important if advertisements are clearly labeled or consumers exercise a high degree of care, because rather than being misled, the consumer would merely be confronted with choices among similar products.").

• On similarity of the marks, the foregoing discussion shows that Defendants' ads are not similar in "appearance" or "sound" to Plaintiff's marks. *Fortune Dynamic*, 618 F.3d at 1032.

• Both parties advertise in the same marketing channels, including the Internet. Doc. 57, ¶ 21; Doc. 66, ¶ 1. But the "shared use of a ubiquitous marketing channel does not shed much light on the likelihood of consumer confusion." *Network Automation*, 638 F.3d at 1151 (citation omitted); *see also Playboy*, 354 F.3d at 1028 (The plaintiff's and the advertisers' "sites appear[] on search results pages. Given the broad use of the Internet today, the same could be said for countless companies. Thus, this factor merits little weight.").

• On Defendants' intent, Plaintiff points to the same evidence it uses in support of actual confusion. This evidence does not show that Defendants' "use of [Plaintiff's] trademark serve[d] to mislead consumers rather than truthfully inform them of their choice" in personal injury attorneys. *Network Automation*, 638 F.3d at 1153; *see also Sazerac Co., Inc. v. Fetzer Vineyards, Inc.*, 265 F. Supp. 3d 1013, 1036 (N.D. Cal. 2017), *aff'd*, 786 F. App'x 662 (9th Cir. 2019) (An "intent to compete . . . is not . . . equivalent to an intent . . . to mislead and to cause consumer confusion.").

• Likelihood of expansion of product lines is not helpful because the parties are already direct competitors. *Brookfield*, 174 F.3d at 1060 ("The likelihood of expansion in product lines factor is relatively unimportant where two companies already compete to a significant extent.").

In sum, the Court reaches the same conclusion whether it considers the four factors emphasized in *Network Automation* or all the *Sleekcraft* factors.

IV. Unjust Enrichment.

Plaintiff seeks damages under A.R.S. § 44-403, arguing that Defendants "wrongfully divert[ed] the relevant consuming public to Defendants' website and phone number." Doc. 56 at 16. Plaintiff's citations to pre-*Network Automation* cases are not helpful. As discussed above, "mere diversion" does not support a trademark infringement claim. *Network Automation*, 638 F.3d at 1149. Because Plaintiff has failed to present sufficient evidence of consumer confusion, it also fails to present sufficient evidence of "wrongful diversion." *ACI Law Grp. PLLC*, 2021 U.S. Dist. LEXIS 178882, 2021 WL 4263692, at *18 (citing *Maier Brewing Co. v. Fleischmann Distilling Corp.*, 390 F.2d 117, 121 (9th Cir. 1968) (noting the rationale behind applying unjust enrichment to trademark infringement claims is "that the infringer has taken the plaintiff's property as represented by his trademark and has utilized this property in making a profit, and that if permitted to retain the profit, the infringer would be unjustly enriched."). The Court will grant summary judgment for Defendants on unjust enrichment.

V. Defendant Joseph Brown's Liability.

Defendants move for summary judgment on Defendant Brown's liability as to Plaintiff's remaining unfair competition claims. *See* Doc. 65 at 2.

"A corporate officer or director is, in general, personally liable for all torts which he authorizes or directs or in which he participates, notwithstanding that he acted as an agent of the corporation and not on his own behalf." *Transgo, Inc. v. Ajac Transmission Parts Corp.*, 768 F.2d 1001, 1021 (9th Cir. 1985) (citations omitted) (finding a corporate officer personally liable in the "passing off" context); *see also Comm. for Idaho's High Desert, Inc. v.*

Yost, 92 F.3d 814, 823 (9th Cir. 1996) (applying *Transgo* to trademark infringement). Cases imposing personal liability on "corporate officers have typically involved instances where the defendant was the 'guiding spirit' behind the wrongful conduct or the 'central figure' in the challenged corporate activity." *Davis v. Metro Prods., Inc.*, 885 F.2d 515, 524 (9th Cir. 1989) (citing *Escude Cruz v. Ortho Pharm. Corp.*, 619 F.2d 902, 907 (1st Cir. 1980)) (cleaned up); *see, e.g.*, *Bell v. Moawad Grp., LLC*, 326 F. Supp. 3d 918, 931 (D. Ariz. 2018) ("There is no genuine dispute that Mr. Moawad was 'a moving, active conscious force behind' the infringement. Mr. Moawad conducted the online image search, found the infringing image, thought of a caption for it, and sent it to an employee with express directions to post the image on MCG's three social media accounts.") (citations omitted).

Defendants assert that "Lerner & Rowe has no evidence of wrongful conduct by Mr. Brown individually." Doc. 65 at 25. Defendants offer no support for this contention. "Even after *Celotex* it is never enough simply to state that the non-moving party cannot meet its burden at trial." *Nissan Fire & Marine Ins. Co. v. Fritz Cos.*, 210 F.3d 1099, 1105 (9th Cir. 2000) (citing *Clark v. Coats & Clark, Inc.*, 929 F.2d 604, 608 (11th Cir. 1991)); *see Century Int'l Arms Inc. v. Xtech Tactical LLC*, No. CV-18-03404-PHX-GMS, 2020 U.S. Dist. LEXIS 206913, 2020 WL 6526205, at *2 (D. Ariz. Nov. 5, 2020).

What is more, deposition testimony shows that Defendant Brown created his own advertising agency to personally direct ALG's marketing efforts and directed the keyword advertising campaign for eighteen months of the relevant period. Doc. 57-4 at 14-15. The Court will deny summary judgment as to Defendant Brown's liability on the remaining claims.

IT IS ORDERED:

1. Plaintiff's motion for summary judgment (Doc. 56) is **denied**.

2. Defendants' motion for summary judgment (Doc. 65) is **granted in part** and **denied in part** as set forth in this order.

3. By separate order, the Court will schedule a conference call to set a trial date and schedule a final pretrial conference.

Dated this 18th day of May, 2023.

/s/ David G. Campbell
David G. Campbell
Senior United States District Judge

APPENDIX D — DENIAL OF REHEARING OF THE UNITED STATES COURT OF APPEALS FOR THE NINTH CIRCUIT, FILED DECEMBER 4, 2024

UNITED STATES COURT OF APPEALS
FOR THE NINTH CIRCUIT

No. 23-16060

D.C. No. 2:21-cv-01540-DGC
District of Arizona,
Phoenix.

LERNER & ROWE PC, AN ARIZONA CORPORATION,

Plaintiff-Appellant,

v.

BROWN ENGSTRAND & SHELY LLC, DBA ACCIDENT LAW GROUP, AN ARIZONA CORPORATION; JOSEPH L. BROWN, AN INDIVIDUAL,

Defendants-Appellees,

and

DOES, 1-10, INCLUSIVE,

Defendant.

December 4, 2024, Filed

Before: DESAI and DE ALBA, Circuit Judges, and CHEN,* District Judge.

ORDER

The panel has unanimously voted to deny appellant's petition for panel rehearing. Judge Desai and Judge de Alba have voted to deny the petition for rehearing en banc, and Judge Chen so recommends. The full court has been advised of the petition for rehearing en banc, and no judge has requested a vote on whether to rehear the matter en banc. Fed. R. App. P. 35.

The petitions for rehearing and rehearing en banc are DENIED.

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* The Honorable Edward M. Chen, United States District Judge for the Northern District of California, sitting by designation.