

No. 24-953

IN THE
Supreme Court of the United States

LERNER AND ROWE, PC,
AN ARIZONA CORPORATION,

Petitioner,

v.

BROWN ENGSTRAND & SHELY LLC,
D/B/A ACCIDENT LAW GROUP,
AN ARIZONA CORPORATION, *et al.*,

Respondents.

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

REPLY BRIEF

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ARGUMENT

The Petition provided compelling reasons why the Court should grant review. The Ninth Circuit's decision below created conflicts with every other Circuit regarding how to determine the likelihood of consumer confusion in trademark infringement actions. The decision below also frustrates the goals of the Lanham Act and presents an important federal question that requires this Court's attention.

In response, Respondents struggle to deny these reasons for review while, unsurprisingly, endorsing the lower court's analysis. The Brief in Opposition largely ignores the cases evincing a circuit split. Instead, it spends significant time attempting to downplay this case as unextraordinary and trying to imagine vehicle problems to dissuade this Court from granting review. However, these arguments for denying certiorari do not withstand scrutiny. This Court should grant the petition.

1. The Ninth Circuit Created a Conflict with Other Circuits Regarding How to Determine the Likelihood of Consumer Confusion

Respondents attempt to sidestep the significant conflict that now exists between the Ninth Circuit and every other Circuit by characterizing the Petition's cited cases as "various generalized recitations of law" and "assumed facts." (BIO 7). That is nonsense. The cases in the Petition represent merely a sample of the wealth of precedent across the Circuits holding that that even a few instances of actual confusion are sufficient to swing the balance of factors in favor of the plaintiff or at least create

a genuine issue of fact regarding likelihood of confusion. (Pet. 15-17). Notably, Respondents make no effort to refute the “various generalized recitations of law” and “assumed facts.”

Neither does the Brief in Opposition refute that Respondents were made aware, hundreds of times, that their ads were causing confusion in the marketplace. (Pet. 25-27). Instead, Respondents merely repeat the lower court’s flawed reasoning regarding the intent factor without addressing the conflict with the other Circuits. (BIO 26). This is likewise true for Respondent’s endorsement of the lower court’s analysis of the consumer sophistication factor, citing the Ninth Circuit’s internal progression of assuming greater sophistication without acknowledging it has moved away from the other Circuits which have not adopted the same assumptions. (BIO 15-16; see also Pet. 20-22).

Respondents further argue that the “case-specific nature” of the Ninth Circuit’s analysis avoids creating a circuit split. (BIO 5). However, even if it were true that this case was so factually unique that there was little threat of creating a conflict with other cases – not true, see Pet. 32-33 – highlighting the fact-based nature of likelihood-of-confusion cases is an argument for why the lower courts’ grant and affirmation of summary judgment were in error and require this Court’s intervention. See *JL Beverage Co., LLC v. Jim Beam Brands Co.*, 828 F.3d 1098, 1105-06 (9th Cir. 2016).

The lower court has moved the line for which infringement disputes may be resolved via summary judgment. Whereas two, or five, or several instances of

confusion have created a genuine issue of material fact (or weighed dispositively for the plaintiff), now hundreds of calls and thousands of clicks are, as a matter of law, not an appreciable amount of confusion to merit consideration by a jury. (App. A, 15a). That determination of law is antithetical to the purposes of the Lanham Act – shielding consumers from deception and safeguarding trademark owners from misappropriation – and is in direct conflict with every other Circuit. (Pet. 14-19).

2. The Lower Courts Improperly Analyzed the Actual-Confusion Factor

The lower courts held that the evidence of actual confusion must be viewed and weighed in context. (BIO 10; App. A, 10a-14a). While that is reasonable as a “general platitude,” the context used in this case to render *de minimis* the proffered evidence was wholly inappropriate and produced an absurd result. (Pet. 18-19). Google Ads generate a massive volume of impressions, which are nearly valueless individually, and do not provide meaningful context as a “denominator” for recorded calls expressing confusion.¹

Choosing the right denominator is just as important as having one at all. Just as it would be inappropriate to use the millions of people who fly in the United States

1. Impressions can be an appropriate denominator for the clicks on Respondents’ ads. Dividing clicks by impressions to derive a click-through-rate is a common metric used to evaluate the efficacy of Google Ads. However, as previously noted, Respondents have also used that percentage in a manner that obscures the impact of their ads and renders essentially all internet advertising *de minimis*. (Pet. 18).

each day as a denominator to render *de minimis* 236 hypothetical deaths from a plane crash, it is inappropriate to use 100,000 ad impressions to say 236 recorded calls to Respondents' intake department expressing confusion are *de minimis*. In both daily flyers and ad impressions, an observer may view "the entire iceberg," (App. A, 12a), but it is illogical to use that whole iceberg to render *de minimis* otherwise significant statistics that measure related but separate categories of things.

Respondents maintain that "the lower courts correctly applied the law and reached a conclusion that follows what most every other court across the country has done when confronted with similar facts." (BIO 2, 11). Notwithstanding the fact that this claim is obviously wrong, see Pet. 15-17, the Brief in Opposition fails to cite a single case from any court of appeals that mirrored the Ninth Circuit's approach to *de minimis* confusion. Indeed, no court of appeals has ever dismissed hundreds of instances of actual confusion as *de minimis* in while granting summary judgment for the defendant.

The cases cited in the Brief in Opposition do not hold that confused consumer calls should be weighed against Google Ad impressions, do not even address internet advertising, and are each either easily distinguishable from the present matter or in fact support *Petitioner's* position. (BIO 8). For example, in *George & Co. LLC v. Imagination Entm't Ltd.*, the Fourth Circuit affirmed that, "in light of [plaintiff's] huge sales volume [500,000 games per year], four instances of consumer confusion is at best *de minimis*." 575 F.3d 383, 398 (4th Cir. 2009); see also *Nora Beverages, Inc. v. Perrier Group of Am., Inc.*, 269 F.3d 114, 124 (2d Cir. 2001) (two anecdotes of confusion

are *de minimis*); *Door Sys., Inc. v. Pro-Line Door Sys., Inc.*, 83 F.3d 169, 173 (7th Cir. 1996) (same). These cases are immediately distinguishable from the present matter where there are far more instances of confusion.² They also illustrate where the dispute regarding *de minimis* confusion does lie: when there are, for example, two or four instances of confusion, the context of those few instances takes on heightened importance.

Respondents also cite to *Kendall-Jackson Winery, Ltd. v. E. & J. Gallo Winery*, where the court denied plaintiff's motion following a jury trial and upheld the jury instructions. 150 F.3d 1042, 1052 (9th Cir. 1998). This case, if it has any relevance at all to the present matter, supports Petitioner's argument that its proffered evidence of actual confusion should have been weighed by a jury, not dismissed on summary judgment.

Finally, Respondents cite to *Therma-Scan, Inc. v. Thermoscan, Inc.*, where the court affirmed that plaintiff's evidence of confusion, 6 emails over 2 years, was insignificant weighed against 3 million sales. 295 F.3d 623, 635-36 (6th Cir. 2002). And still, the court weighed this factor as neutral. *Id.* The *Therma-Scan* case starkly demonstrates the split created by the decision below, where far more instances of confusion were (improperly)

2. Even Respondents most favorable citation, *GOLO, LLC v. Goli Nutrition Inc.*, CV-20-667-RGA, 2020 WL 5203601, at *9 (D. Del. Sept. 1, 2020), is an unpublished district court opinion, where "210 confusion events, in the context of having 500,000 customers," were *de minimis*. *Id.* In the present case, there are not only more documented instances of confusion, but Respondents' customer pool is 1/100th the size of that in *GOLO*. These cases are meaningfully, and mathematically, distinct.

compared to a much smaller denominator and still the court weighed the factor “substantially in favor” of Respondents in affirming summary judgment. (App. A, 14a-15a).

3. The Lower Courts Improperly Analyzed the Clear Labeling Factor

It is misguided, and unsupported by the record, to claim the small “ad” logo in the corner of Respondents’ ads are sufficient to dispel consumer confusion. (BIO 1, 18). That approach ignores the reality of how businesses and consumers use search engines and how Google has changed its display over time to reduce the visual distinction between paid and organic search results. (See Pet. 23-24, 30).

It is also flatly untrue to claim the lower court cited the “white space” between search results (no different than the space between these paragraphs) as evidence of clear labeling. (BIO 1, 18; App. A, 20a). Instead, the actual stated reasoning highlights one of the court’s assumptions unsupported by the record. *Id.* (“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”).

Respondents also wrongly suggest that a factor mentioned in the *Multi Time Machine* case, that some results included different types of products (i.e., books rather than watches) lessens the likelihood of confusion, cuts in their favor. (BIO 19). However, whereas the *Multi Time Machine* court held that no reasonably prudent consumer would conclude that the books displayed were

MTM watches, 804 F.3d at 938, Respondents' services are related to Petitioner's, similar in kind and marketed to the same consumer, and are therefore more likely to cause confusion. See *Network Automation*, 638 F.3d at 1150; *Sleekcraft*, 599 F.2d at 350.

4. The Brief in Opposition Mischaracterizes the Record Below and the Lower Court's Holding.

Respondents claim that Petitioner, and Petitioner's own expert, acknowledge that keyword advertising is a common and legitimate practice. (BIO 1, 3). However, Respondents exaggerate these statements in a self-serving manner. Petitioner acknowledged that Google Ad keywords can be a legitimate marketing tactic *when done properly*. (Pet, 31). The Petition explained myriad ways in which Respondents' ads run afoul of best practices as well as Respondents' efforts to capitalize on consumer confusion by blending in with their targeted competitors. (Pet. 31-32). The Petition also notes that Lerner & Rowe has never targeted Accident Law Group or Joseph Brown with its own ads. (Pet. 8).

Additionally, Respondents claim that Petitioner's request to adopt Google's "negative keyword" feature is anticompetitive because it "would preclude Google's broad-match algorithm from ever presenting ALG's competing ads." (BIO 4). That is flatly untrue. Negative keywords are a free, common tool used to mitigate consumer confusion. They prevent ads from being shown when a Google searcher types in the *exact* words in the negative match phrase, i.e., "Lerner & Rowe." They have no effect whatsoever on other search terms, e.g. "attorney," "injury," "accident," "law," "group," etc. If Respondents adopted negative

keywords as requested, Google's algorithm would still display Respondents' ads when consumers searched for terms common to the industry or for ALG by name. Their only effect would be to prevent Respondents' ads from appearing when consumers expressed their preference by searching specifically for Lerner & Rowe.

Respondents further allege that Petitioner argues, "for the first time, that competitive keyword advertising is only legitimate when the ad specifically references both trademarks for purposes of distinguishing or comparing the two competing brands," (BIO 29). These allegations are, again, untrue. Not only did Petitioner raise the issue to the lower courts that Respondents' ads do not compare or contrast their services against Petitioner's, but Petitioner does not seek to delegitimize online or keyword advertising. Rather, Petitioner seeks merely to prevent bad actors from misappropriating the valuable goodwill inherent in a competitor's trademarks through deceptive marketing practices. (See Pet. 24-25).

**5. Alleged Alternative Bases for Affirmance
Do Not Cut Against Review of a Significant
Circuit Split and Important Federal Question**

**a. Petitioner's Evidence of Actual Confusion
Is Admissible**

Respondents' argument that their call logs containing statements of consumer confusion are inadmissible is entirely without merit. (BIO 12-13). Courts have regularly 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); *Select Comfort Corp. v. Baxter*, 996 F.3d 925, 937 (8th Cir. 2021) (transcribed statements from calls by potential customers who called defendants believing they were calling plaintiffs was evidence of confusion); see also, *Ortega v. BMW of N. Am., LLC*, No. 2:18-CV-06637-R-SK, 2019 WL 9044692, at *2 (C.D. Cal. Oct. 16, 2019) (the “customer states” statements within repair orders offered to prove that Defendant had been given notice of concerns are not hearsay); *Lincoln Nat’l Life Ins. Co. v. McClendon*, 230 F. Supp. 3d 1180, 1185 (C.D. Cal. 2017) (overruling defendant’s hearsay objections as to transcripts from call logs and log notes prepared by plaintiff’s customer service representatives).

Moreover, as the district court noted, the record indicates the callers’ stated reasons for calling were recorded accurately and with care. (App. A, 51a-53a). Respondent Joe Brown testified that Respondents’ agents made the records contemporaneously and in the ordinary course of their duties, and that ALG maintained the call logs to assess the effectiveness of their marketing strategies and make appropriate adjustments. (App. A, 52a-53a). There is nothing in the record to suggest Respondents did not employ capable employees and reasonable business practices. The logs are therefore reliable, probative, and admissible. Fed. R. Evid. 807(a).³

3. The record further supports that Respondents used the callers’ statements in crafting their marketing strategy. The statements are therefore also admissible under Rule 801(d)(2)(B) as admissions by a party opponent. See 5 Weinstein’s Federal Evidence § 801.31 (2021) (“[a] party may adopt a written statement if the party *uses the statement* or takes action in compliance with the statement.”) (emphasis added).

b. Petitioner's Evidence of Click-to-Call Ads Is Admissible

Respondents' argument that there was no error in failing to address their click-to-call ads, because the lower courts rejected several screenshots of Respondents' ads, completely ignores the substantial, undisputed evidence in the record regarding their various ad campaigns including their click-to-call ads. (BIO 21). The Google Ad data in the record shows Respondents employed click-to-call ads frequently and effectively between 2017-2021. In fact, most of Respondents' conquering conversions were via mobile phones and their click-to-call ads had significantly higher engagement than their other types of campaigns keyed to Petitioner's trademarks. This undisputed evidence, as well as Respondent Joe Brown's deposition testimony, belies the Brief in Opposition's curious claim that Petitioner has not demonstrated that Respondents paid hundreds of thousands of dollars over several years to cause their ads to be shown when Google users searched for Lerner & Rowe. The lower courts erred by ignoring this evidence and focusing only on Respondents' desktop ads.⁴

4. The lower courts only address three screenshots of Respondents' ads. This approach neglects to acknowledge that the other screenshots, taken after May 2021, are still relevant because they supplement the Google Ad data in the record and illustrate the same formatting, text, and types of ads, including click-to-call ads, that Respondents employed between 2017 and May 2021. There is also no danger of prejudice to Respondents in considering every screenshot, given the undisputed data in the record and the fact Respondents were already aware of the content and appearance of their own ad campaigns.

c. It Is Well-Settled Law that Use of a Competitor's Trademarks as Keywords in Online Advertising Constitutes "Use in Commerce"

Respondents argue that the lower court could have affirmed based on the alternative reason that keyword advertising does not constitute a "use in commerce" under the Lanham Act. (BIO 28). However, a mark is "deemed to be in use in commerce . . . when it is used or displayed in the sale or advertising of services and the services are rendered in commerce. . . ." 15 U.S.C. § 1127 ("use in commerce" definition 2). Based on the plain reading of the Lanham Act, Respondents' purchase of Lerner & Rowe's trademarks as Google Ad Keywords indisputably constitutes a commercial transaction that occurred "in commerce." Similarly, Respondents' use of Petitioner's trademarks is both "in commerce" and "in connection with any goods or services" because Petitioner's trademarks were used to trigger commercial advertising that included links to contact ALG. Holding to the contrary would upend decades of precedent among the Circuits, which uniformly agree 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. See e.g., *Jim S. Adler, P.C. v. McNeil Consultants, L.L.C.*, 10 F.4th 422, 429 (5th Cir. 2021); *Network Automation, Inc. v. Advanced Sys. Concepts, Inc.*, 638 F.3d 1137, 1145 (9th Cir. 2011).

6. This Case Presents a Federal Question of Broad Importance

Respondents claim this case does not present an important federal question because they “merely arranged to serve clearly labeled ads in search results for Lerner & Rowe.” (BIO 30). However, as other Circuits have recognized, that “arrangement” is akin to a bait-and-switch scheme. See e.g., *Adler*, 10 F.4th at 427; *Select Comfort*, 996 F.3d at 932; *PlayNation Play Sys., Inc. v. Velez Corp.*, 924 F.3d 1159, 1167 (11th Cir. 2019).

Moreover, Respondents do not and cannot deny that the intent of this scheme was to capture potential clients searching online for Lerner & Rowe, not for ALG or Joe Brown. Respondents’ efforts to compete with Petitioner via a shortcut, by confusing and misdirecting consumers who specifically searched for and wanted to contact Petitioner, is not legitimate or natural competition.

Even in its most benign form, the practice of keying Google ads to a competitor’s name and trademarks exploits the goodwill associated with those marks, arguably antithetical to the purpose of the Lanham Act. Respondents, however, take the scheme further, displaying their ads in a manner likely to increase the likelihood of confusion among consumers specifically searching for Petitioner (with the knowledge that clients were mistakenly contacting them despite searching for another firm) in addition to freeriding on the investment Petitioner has made in its own brand. Condoning this type of infringement will have far-reaching consequences for all online advertisers. (Pet. 32-33).

CONCLUSION

The Petition for a writ of certiorari should be granted.

Respectfully submitted,

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