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# “conquesting” lawsuit is no conquest for trademark plaintiff

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## **Lerner & Row PC v. Brown Engstrand & Shely LLC (9th Cir. 2024)**

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On October 22, 2024, the U.S. Court of Appeals for the Ninth Circuit Court delivered the latest word on whether the practice of “keyword advertising,” and in particular the strategy of “conquesting,” constitutes trademark infringement.

Keyword advertising is an advertising strategy wherein a company bids on a Google Ads keyword, so that an advertisement for its business will appear near the top of the search results whenever someone searches for the keyword in question. Conquesting is a practice whereby a company intentionally bids on search terms or keywords, including a competitor’s name or other trademarks, in order to appear in searches for or related to a competitor.

In the instant case, Accident Law Group or ALG, an Arizona-based personal injury firm, bid on the term “Lerner & Rowe,” the name and registered trademark of a competing personal injury outfit. Lerner & Rowe responded to the perceived affront to its intellectual property rights and brand capital with a lawsuit for trademark infringement in the District of Arizona. The district court granted summary judgment for defendants, holding that no reasonable jury could find that ALG’s ads, viewed alongside search results for “Lerner & Rowe,” were likely to cause consumer confusion.

On appeal, in an opinion authored by Circuit Judge Ana de Alba, the Ninth Circuit affirmed. The Court focused its consumer confusion analysis on the factors considered most relevant to the keyword advertising context: “(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.”

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**Strength of the Mark:** The Court affirmed the district court's undisputed conclusion that Lerner & Rowe's mark is strong, reasoning that "[n]ot only is the mark federally registered, but Lerner & Rowe has spent millions of dollars advertising it, garnering the business of over 100,000 clients." Thus, this factor favored the Plaintiff.

**Evidence of Actual Confusion:** Here the Court evaluated Lerner & Rowe's evidence that ALG received 236 phone calls wherein the callers mentioned Lerner & Rowe when explaining how they had reached ALG. Unfortunately for Lerner & Rowe, the Court found that the quantity of calls hurt rather than helped their case. The Ninth Circuit noted that during the relevant period searches for "Lerner & Rowe" returned results featuring ALG's advertisement 109,322 times. Those results indicated that at most 0.216% consumers experienced confusion upon encountering ALG's ad. The Court further rejected Plaintiff's argument, based on cases like *Ironhawk Technologies, Inc. v. Dropbox, Inc.*, 2 F.4th 1150 (9th Cir. 2021), that as little as one or two instances of actual confusion should weigh in Plaintiff's favor on summary judgment. The Court pointed out that in such cases there was no appropriate denominator over which to place the numerator of cases of actual confusion. Thus, those cases did not enable courts to evaluate what proportion of consumers exposed to a potentially confusing advertisement were in fact confused. In this case however, the Court felt it had all the necessary information to conclude that the percentage of customers who were confused, and thus the degree of actual confusion, was *de minimis*. The Court weighed this factor in ALG's favor.

**Type of Goods and Degree of Care Exercised by the Purchaser:** The Ninth Circuit reiterated its position that "[c]onsumers who use the internet for shopping are generally quite sophisticated about how the internet functions." Given the ubiquity of Google search, the Court reasoned that the prudent online shopper would recognize the ALG ad for what it was, a sponsored link rather than an organic search result. Thus, the Court also weighed this factor in favor of ALG.

**Labeling and Appearance of the Advertisements:** Finally, the Court referred to screenshots that included clearly labeled search results for Lerner & Rowe alongside ALG's advertisements, which were labeled as such in bold text. Despite "acknowledging that some of ALG's advertisements are not models of clarity" (employing generic statements like "Your Personal Injury Attorney—We Don't Win—You Don't Pay"), the Court found a reasonably prudent consumer would not be confused by such ads and would likely scroll past them and select the link containing the exact keyword they had entered in the search bar.

**Other Factors:** The Court followed its analysis of these primary factors with an abbreviated analysis of other likelihood-of-confusion factors, including: proximity of the goods, marketing channels, similarity of the marks, intent, and likelihood of expansion of product lines. The Ninth Circuit either weighed these factors in favor of ALG, or accorded them little to no weight.

Given its confidence in the sophistication of the average online shopper, the *de minimis* evidence of actual confusion, and the perceived clarity of Google's search results page, the Ninth Circuit upheld the lower courts conclusion that "this is one of the rare trademark infringement cases susceptible to summary judgment." This decision comes on the heels of *1-800 Contacts, Inc. v. JAND, Inc.*, No. 22-1634, 2024 WL 4439136 (2d Cir. Oct. 8, 2024) where the Second Circuit similarly held that "the mere act of purchasing a search engine keyword that is a competitor's trademark does not alone, in the context of keyword search advertising, constitute trademark infringement."



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In a concurring opinion, Circuit Judge Roopali Desai urged her colleagues to reconsider *en banc* the Court's holding in a prior case that bidding on keywords constitutes a "use in commerce" under the Lanham Act. In 2011, the Ninth Circuit found that bidding on such keywords was a "use in commerce." *Network Automation, Inc. v. Advanced Systems Concepts, Inc.*, 638 F.3d 1137, 1144–45 (9th Cir. 2011). The Second and Fourth Circuits agree. *Rescuecom Corp. v. Google, Inc.*, 562 F.3d 123, 129 (2d Cir. 2009); *Rosetta Stone Ltd. v. Google, Inc.*, 676 F.3d 144 (4th Cir. 2012). In Judge Desai's view, conquesting in the case before the Court differed from the sale of such keywords (see *Rescuecom*) or the use of Metatags (see *Brookfield Commc'ns, Inc. v. W. Coast Ent. Corp.*, 174 F.3d 1036 (9th Cir. 1999)). She explains that in the former context the seller actually "display, offers, and sells" the marks in question, while in the latter the marks are essentially "affixed" to the product through a website's code. In the context of keyword bidding, the bidder neither actually displays the mark, nor "affixes" it to their product. As such, Judge Desai reasoned that the practice is less clearly a "use in commerce." It will be interesting to see whether the full Ninth Circuit decides to consider the "use in commerce issue" *en banc*, perhaps creating a circuit split.

Significantly, neither the Ninth Circuit nor the Second Circuit cases address a context where a competitor's name (or other trademark) actually appears in the text of an ad generated as the result of a search. Such circumstances may pose a different question both regarding whether such use constitutes a "use in commerce" and whether it is likely to cause consumer confusion.

While different facts could lead to a different outcome, these cases indicate that, barring strong evidence of actual confusion, it will be nearly impossible for a plaintiff to prevail on an argument that the act of bidding on a competitor's keyword, alone, in Google's AdWords program, amounts to trademark infringement under the Lanham Act.