

Lerner & Rowe PC v. Brown Engstrand & Shely LLC

119 F.4th 711 (9th Cir. 2024)

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. . . .

III. Discussion

. . . . 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.

Network Automation, Inc. v. Advanced Sys. Concepts, Inc., 638 F.3d 1137, 1154 (9th Cir. 2011). 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

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. . . . This does not, however, affect our analysis, because both theories turn on the same likelihood of confusion test.

website (even if only briefly) ... and just distracting a potential customer with another *choice*, when it is clear that it is a choice.”).

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. . . .

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

. . . .

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 of actual confusion, therefore, constitutes only 0.216% of the total number of users exposed to the challenged advertisements. 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.

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.

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 *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. . . .

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 rate⁴—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. . . . 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 *Survivor 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”). . . .

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.

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

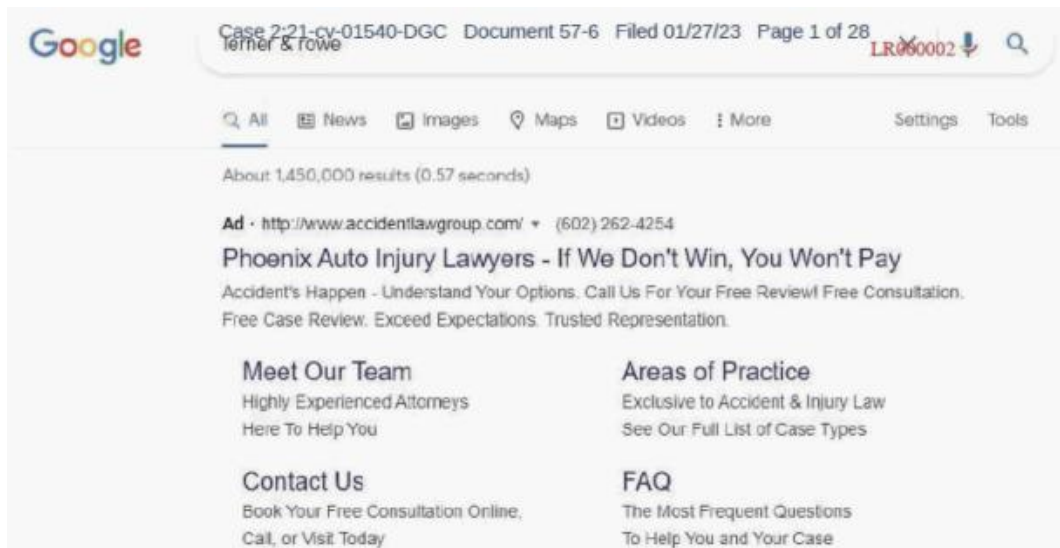
D. Labeling and Appearance of Advertisements

“[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. . . . 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. We agree.

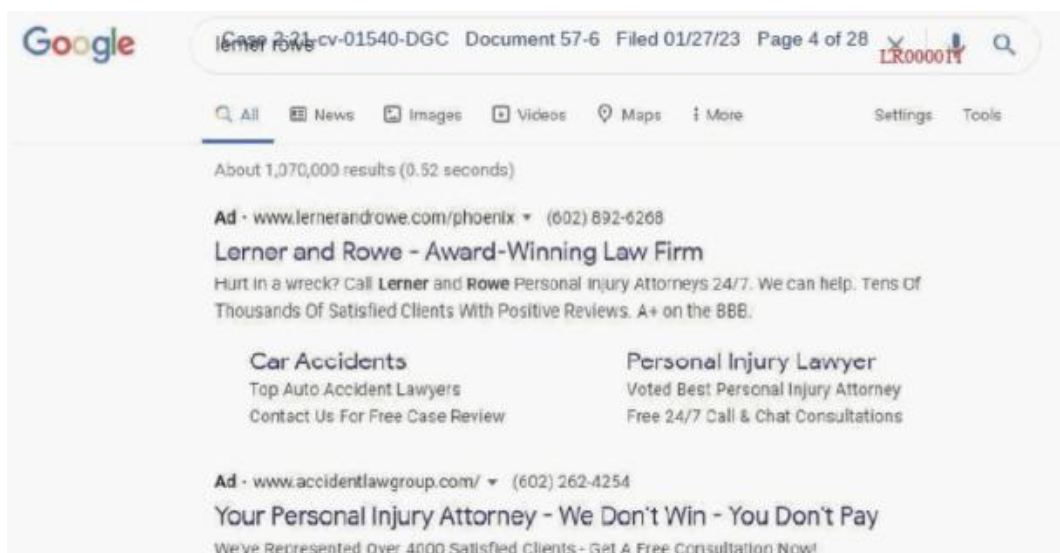
To frame the following discussion, the relevant screenshots depicting ALG's advertisements are reprinted below:

First screenshot:

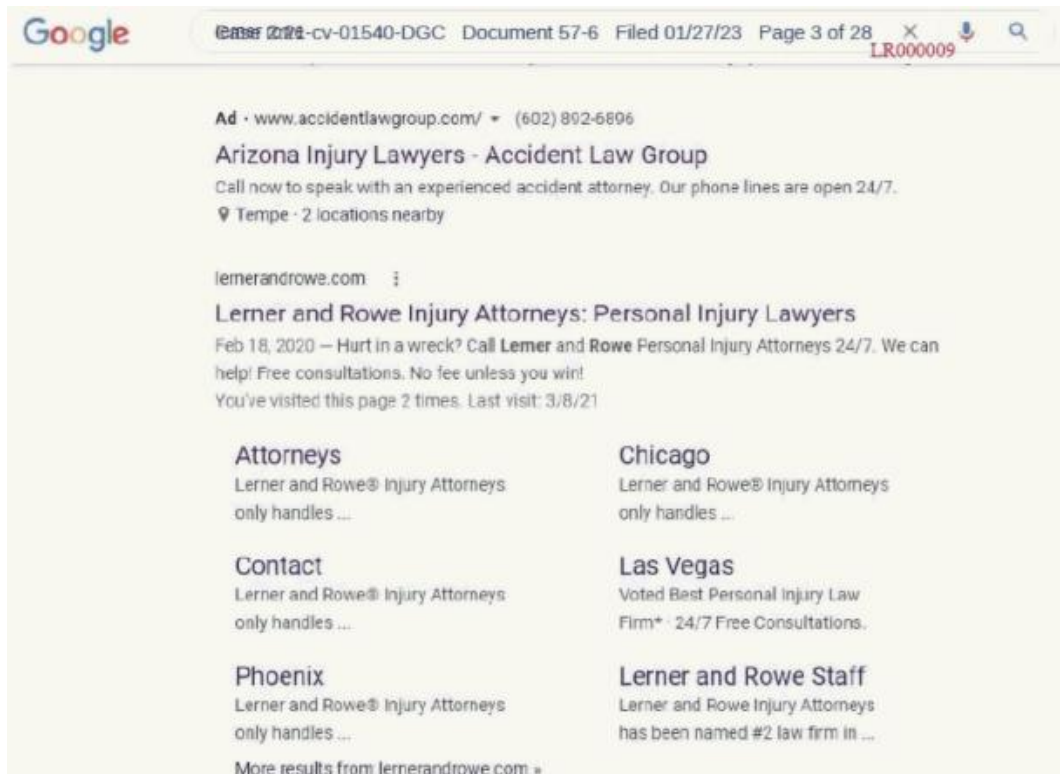
⁵ It is unnecessary for us to address the district court's assumption that the value of personal injury legal services heightens the degree of consumer care.



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. 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.

....

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.