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Initial Interest Confusion Is Still Kicking in the Ninth Circuit

BY [KERRIJANE WENNBURG](#) / ON SEPTEMBER 15, 2015

It looks like Amazon.com (Amazon) and Multi Time Machine (MTM) may be going to trial, as the Court of Appeals for the Ninth Circuit recently reversed a district court's summary judgment in a trademark infringement suit against Amazon. In a split decision, the appeals court found that a jury could conclude the online marketplace has created a likelihood of confusion based on the theory of initial interest confusion. This decision is a controversial one, as a number of legal scholars, not to mention courts, have rejected the initial interest confusion doctrine.

At issue in this suit is the operation of Amazon's online search engine. MTM manufactures MTM Special Ops watches, which are "tactical" military style watches. Amazon does not sell MTM's watches on its website. However, if a consumer were to type "MTM Special Ops" into the site's search engine, Amazon's response would fail to notify that it does not carry MTM goods. Instead, it would again list "MTM Special Ops" directly below the search field, which would still show the terms "MTM Special Ops." The results would display various watches which look similar to those of MTM. In other words, the consumer's search will come up with a number of watches being sold by MTM's competitors.

MTM argued consumers might be initially confused into believing MTM has a connection with one of the competitor brands whose watches appear in the results. The Ninth Circuit explained, "[a]s a result of this initial confusion, MTM asserts [a consumer] might look into buying a [competitor's] watch, rather than junk the quest altogether and seek to buy an MTM watch elsewhere." In other words, because Amazon's search engine fails to inform consumers that the site does not carry MTM watches, those seeking that particular brand may be less likely to search for its watches on other sites, as they are confused into thinking they are still getting an MTM product. Therefore, MTM insisted, Amazon's use of the MTM trademark may confuse consumers, thereby leading them to purchase competitor's products.

While the district court determined that the use of MTM's trademarked name on Amazon's site did not create a likelihood of confusion, the Ninth Circuit found a jury could reasonably conclude otherwise based on the doctrine of initial interest confusion. In *Playboy Enterprises Inc. v. Netscape Commc'ns Corp.*, the Ninth Circuit defined initial interest confusion as "customer confusion that creates initial interest in a competitor's product." Thus, initial interest confusion is not about a customer being confused about the source of a particular good at the time of purchase. Rather, it occurs earlier in the process. Even if the initial confusion is mitigated before a purchase is made, the alleged infringer may still be held liable. As explained in *Playboy Enterprises, Inc.*, initial interest confusion is problematic because

“[a]lthough dispelled before an actual sale occurs, initial interest confusion impermissibly capitalizes on the goodwill associated with a mark and is therefore actionable trademark infringement.”

In its decision, the Ninth Circuit cited to an expert report stating that Amazon’s search results are “ambiguous, misleading, and confusing.” Based on this, the court found a reasonable jury might expect consumers to be confused as to why MTM products do not appear in the search results since Amazon does not announce to customers it does not carry any MTM goods. The court noted that Amazon’s competitors, Overstock.com for example, clearly indicate to its shoppers that there is no product matching a search for “MTO Special Ops.” These sites do, however, go on to list products of MTM’s competitors. The court also concluded that “a reasonable jury could infer that the search results will cause shoppers to wonder whether a competitor has acquired MTM or if the competitor is otherwise affiliated with or endorsed by MTM.” In its conclusion, the court emphasized that MTM may ultimately be unable to prove trademark infringement through initial interest confusion. However, the court found there were genuine issues of material fact, thereby warranting a trial.

The Ninth Circuit’s decision can be considered a controversial one, as the doctrine of initial interest confusion has been rejected by a number of federal courts. Those courts that have remained willing to apply it have done so “in an uneven fashion.” The Ninth Circuit has gone especially far by allowing a jury to decide on the initial interest confusion claim.

Supporters of the initial interest confusion doctrine argue it is important in preventing “bait-and-switch” tactics that use a trademark holder’s name and goodwill to help sales. However, critics of the doctrine have argued that “it does not have a foundation in trademark law principles and it is often used as a short cut to finding liability without rigorously analyzing whether there is a likelihood of confusion.” The dissenting judge pointed out there was no evidence that anyone had purchased a watch on Amazon under the mistaken notion that it was in some way affiliated with MTM. He then stated “to establish likelihood of confusion, MTM must show that confusion is likely, not just possible.”

It will be interesting to see how this case proceeds, as it is uncertain whether or not the parties will go to trial. Reports indicate Amazon has requested a new hearing. If Amazon’s request is denied, it will be important to observe how other courts respond to the Ninth Circuit’s decision. Even if this case does not inspire other circuits to begin applying the initial interest confusion doctrine, online marketplaces should beware of the message their search engines *might* be sending.

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3. Patrick J. Concannon, 'Initial Interest Confusion' Trademark Doctrine Still Has Legs in Ninth Circuit, IP LAW BULLETIN (Aug. 16, 2015), http://www.iplawbulletin.com/2015/08/initial-interest-confusion-trademark-doctrine-still-has-legs-in-ninth-circuit/?utm_source=feedburner&utm_medium=feed&utm_campaign=Feed%3A+iplawbulletin+%28IP+Law+Bulletin%29?utm_source=Mondaq&utm_medium=syndication&utm.
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5. MTM SPECIAL OPS, <http://www.specialopswatch.com/> (last visited Sept. 3, 2015).
6. Multi Time Machine, Inc., No. 13-55575 at 3-4.
7. Id. at 4.
8. Id. at 4-5.
9. Id. at 5.
10. Id. at 5.
11. Playboy Enters., Inc. v. Netscape Commc'ns Corp., 354 F.3d 1020, 1025 (9th Cir. 2004).
12. Multi Time Machine, Inc., No. 13-55575 at 9.
13. Peter Sullivan, Pushing the Envelope on Initial Interest Confusion Claims-Multi Time Machine, Inc. v. Amazon, TRADEMARK & COPYRIGHT LAW (August 31, 2015), <http://www.trademarkandcopyrightlawblog.com/>.
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16. Id.
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18. Id.
19. THE NATIONAL LAW REVIEW, *supra* note 14.
20. Multi Time Machine, Inc., No. 13-55575 at 22.
21. Sullivan, *supra* note 13.
22. Id.
23. Id.
24. Id.
25. Multi Time Machine, Inc., No. 13-55575 at 32.
26. Id.
27. Wendy Davis, Court Urged to Deny Amazon New Hearing in Battle over Search Results, THE DAILY ONLINE EXAMINER (Aug. 13, 2015, 1:09 PM), <http://www.mediapost.com/publications/article/256140/court-urged-to-deny-amazon-new-hearing-in-battle-o.html>.