



IDEAS ON INTELLECTUAL PROPERTY LAW

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What's in a name?

Ninth Circuit OKs keyword ad "conquering"

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FOR U.S. UTILITY PATENTS

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FOR U.S. TRADEMARKS

What's in a name?

Ninth Circuit OKs keyword ad “conquesting”

Federal courts rarely decide cases before trial — especially when dealing with relatively new issues. However, an Arizona district court did just that in a trademark infringement case involving an online advertising technique called “conquesting.” The U.S. Court of Appeals for the Ninth Circuit subsequently upheld the judgment, clarifying its belief that the ad practice is on solid legal ground.

SEARCH FOR RELIEF

The case revolved around a dispute between two personal injury law firms based in Arizona. The plaintiff is the larger of the two, with 19 offices throughout the state. It holds three federally-registered trademarks, including for “Lerner & Rowe.” The firm has spent more than \$100 million promoting its brand and trademarks in Arizona.

The defendant, doing business as The Accident Law Group (ALG), bought the term “Lerner & Rowe” as a Google Ads keyword so that its ads would appear near the top of Google search results when someone searched for the term. This strategy is known as

conquesting. ALG’s ads themselves never included or referenced the term, though.

In 2021, Lerner & Rowe sued ALG for, among other things, trademark infringement. The trial court entered summary judgment in ALG’s favor before trial, and the plaintiff appealed.

HOW TO ASSESS CONSUMER CONFUSION

With no dispute as to whether the plaintiff had a protectable interest in its mark, the appellate court focused on whether the defendant’s use of the mark would likely cause consumer confusion. According to the court, a plaintiff must demonstrate likely confusion — not “mere diversion” — in the keyword advertising context.

When assessing the likelihood of confusion in this context, the court primarily considers the following nonexhaustive list of factors:

- Strength of the mark,
- Evidence of actual confusion,



SECOND CIRCUIT TAKES A SIMILAR STANCE

Two weeks before the ruling in *Lerner* (see main article), the U.S. Court of Appeals for the Second Circuit issued its decision in another case involving a competitor's use of trademarks in keyword search advertisements. The parties were both online retailers of contact lenses.

The defendant bought search engine keywords consisting of the plaintiff's trademarks to use as keywords in online ad campaigns. It designed misleading, source-ambiguous paid ads for consumers searching for the plaintiff's website to divert them to the defendant's website, which mimicked the plaintiff's website.

As in *Lerner*, though, the defendant didn't actually use the plaintiff's trademarks, other than buying them as keywords in online search engine auctions. It didn't, for example, display or use the trademarks within the advertisement text. The court held that the mere act of buying a search engine keyword that's a competitor's trademark doesn't alone, in the context of keyword search advertising, constitute trademark infringement. The Second Circuit noted that, in doing so, it joined "the consensus view."

- Type of goods and degree of care likely to be exercised by the purchaser, and
- Labeling and appearance of the advertisements and the surrounding context on the screen showing the results page.

Less relevant factors include proximity of the goods, similarity of the marks, marketing channels used, defendant's intent and likelihood of product line expansion.

COURT APPLIES TEST

The mark here was federally registered and, as mentioned, *Lerner & Rowe* had spent millions of dollars advertising it, landing business from more than 100,000 clients. So the court easily found that the first factor weighed in the plaintiff's favor. That wasn't the case, though, for the remaining three factors.

Although evidence of actual confusion is often difficult to collect, the plaintiff submitted evidence of 236 phone calls to ALG's intake department in which callers mentioned *Lerner & Rowe* when asked how they found ALG's phone number. Data from Google, however, showed that searches for the term over a four-year period returned results showing that only 0.216% of the total number of users exposed to ALG's ad were actually confused.

The court found that no reasonable jury could find this percentage anything more than *de minimis* and that the percentage was too small to support a finding of likelihood of confusion. The second factor, therefore, weighed substantially in favor of ALG.

The appellate court also found that the third and fourth factors favored ALG. For more than a decade, it said, the court has recognized that consumers who use the internet to shop generally are "quite sophisticated" about how the internet works. For example, they're familiar with Google's layout and understand that it produces sponsored links (with a bolded "Ad" designation) along with organic search results. Further, because these consumers would have been using the precise trademark at issue to search, they would have been particularly discerning of the results and capable of finding the result for *Lerner & Rowe* that included their actual search term.

THE RESULTS

The appellate court's assessment of the less relevant factors didn't change its conclusion. Because the plaintiff didn't establish a genuine dispute regarding the likelihood of confusion, this was a rare trademark infringement case that could be decided before trial. ■

Expert's "word salad" leads to tossed patent verdict

You never want a court to describe your expert witness's testimony as "word salad" — especially when particularized testimony is required to win your case. A patent owner learned this lesson the hard way when, according to the U.S. Court of Appeals for the Federal Circuit, its expert testimony fell short of that needed for an infringement claim based on the doctrine of equivalents.

SINGLE ACTION

NexStep owns a patent related to a "concierge device" that offers a streamlined approach for initiating technical customer support for a smart device, requiring only "a single action" from the user. The invention saves the user the time and hassle of following all the usual steps needed to call a support center and provide the necessary information to identify the malfunctioning product.

NexStep sued Comcast Cable Communications, alleging that three different tools in Comcast's mobile smartphone application infringed its patent. Each of the tools is initiated by pressing a series of buttons on the smartphone's display.

A jury found that the patent wasn't literally infringed by the tools but *was* infringed under the doctrine of equivalents. The trial court, however, set aside the jury's verdict. It granted final judgment of noninfringement as a matter of law, meaning that a reasonable jury wouldn't have legally sufficient evidence to find in favor of NexStep on the question of liability under the doctrine of equivalents.

The court found that the testimony of NexStep's expert was too conclusory to sustain the verdict. His "word salad," it said, lacked the specificity and analysis required. NexStep appealed.

GENERALIZED GIBBERISH

Under the doctrine of equivalents, a product or process that doesn't literally infringe the express

terms of a patent claim can still be found infringing if there's an "equivalence" between the elements of that product or process and the elements of the patented invention. As the appellate court noted in this case, a finding of infringement under the doctrine is "exceptional."



Accordingly, the Federal Circuit has imposed specific evidentiary requirements on this approach to establishing infringement. First, equivalency is determined by comparing the individual elements of the accused product and process with the claimed elements of the patented invention. Second, the

evidence of equivalency must be presented through the “particularized testimony of a person of ordinary skill in the art, typically a qualified expert.” Finally, the patentee must present “a meaningful explanation of why” the elements are equivalent, or “particularized testimony and linking argument as to the insubstantiality of the differences.”

NexStep’s expert opted to prove infringement under the doctrine of equivalents through the function-way-result test. This asks whether the allegedly infringing product or process performs substantially the same function in substantially the same way to obtain the same result as the patented invention.

The appellate court agreed with the lower court that the expert’s testimony was inadequate because it didn’t establish:

- What the function, way and result of both the patented device and the allegedly infringing device were, and
- Why those functions, ways and results were substantially the same.

For example, the expert never identified a particular element or elements in the Comcast device as

being equivalent to the “single action” requirement in the patent.

That failure alone, the court said, was fatal to the doctrine of equivalents theory, but it was far from the only problem. The expert also didn’t explain why the function, way and result were substantially similar, instead resorting to comparing the overall similarities of the Comcast device and the invention. In addition, the Federal Circuit chided the expert for testifying that “several button presses along the way” provide the same function as the “single action,” essentially “because I said so.”

A finding of patent infringement
under the doctrine of equivalents
is “exceptional.”

CONNECTIONS COUNT

Notably, the court rejected NexStep’s request for an “easily understandable technology” exception to the requirement for particularized testimony and linking argument. If you’re relying on a doctrine of equivalents theory, you must satisfy the requirement regardless of the technology involved. □

Court closes the book on free digital library

While licensing fees for digital books may burden libraries and reduce access to creative work, authors demand compensation for the copying and distribution of their original creations. The U.S. Court of Appeals for the Second Circuit recently had to balance these interests in a copyright infringement case.

THE PROLOGUE

Four book publishers sued the Internet Archive (IA) for allegedly infringing their copyrights on 127 books. IA creates digital copies of print books and posts them on its website as part of its “free digital library.”

Other than for a brief period, IA maintained a one-to-one owned-to-loaned ratio for its digital books. It initially allowed only as many concurrent checkouts of a digital book as it possessed in physical form. IA later expanded to include other libraries, counting the number of print copies of a book possessed by those libraries toward the number of digital copies it would make available.

IA asserted a fair use defense to the publishers’ claims. The trial court rejected that defense before trial and ruled in favor of the plaintiffs, leading to an appeal.



THE COURT'S BODY OF WORK

The appeals court analyzed the four statutory fair use factors and found they all weighed in the publishers' favor:

1. Purpose and character of the use. To assess this factor, courts consider the extent to which the defendant's use is transformative and whether it is commercial — but “transformativeness” is the central question. The court didn't find IA's use commercial, nor did it find the use transformative. IA didn't add “meaningfully new or different features” but merely copied the books in full. And changing the medium of a work, the court said, is a derivative use, not a transformative one.

The copying of small or less important passages is more likely to constitute fair use.

2. Nature of the copyrighted works. The court considered whether the books were expressive or creative. (Fair use is more likely with factual or informational works.) It explained that, though the books included both fiction and nonfiction, even

the nonfiction books contained original expression “close to the core of intended copyright protection.”

3. Amount and substantiality of the use compared to the copyrighted works as a whole. The copying of small or less important passages is more likely to constitute fair use. IA, however, copied the books in their entirety and distributed them to the public in full, effectively substituting for the publishers' books.

4. Effect of the use on the potential market for or value of the works. The most important factor, this focuses on whether the use usurps — versus simply damaging — the market for the copyrighted work by offering a competitive substitute. In finding that the factor favored the publishers, the court stressed that IA's free digital library is *intended* to serve as a substitute for the original books.

THE EPILOGUE

Ultimately, the court refused to sanction the “large scale copying and distribution of copyrighted books” without permission from or payment to the copyright holders. The Copyright Act, it concluded, doesn't allow for widescale copying that deprives creators of compensation and diminishes the incentive to produce new works. □

Patent experts can acquire “ordinary skill” belatedly

Anyone involved with patent cases is likely to come across the term “person of ordinary skill in the art” or some derivation. It generally refers to a hypothetical person with knowledge in the field to which a patented invention relates.

But at what point in time must an expert testifying from such a perspective have acquired that knowledge? The U.S. Court of Appeals for the Federal Circuit now has weighed in.

DEVELOPING CASE

Osseo Imaging owns patents related to orthopedic imaging systems. The invention date for the patents was in 1999.

Osseo sued Planmeca USA, alleging that some of the imaging systems Planmeca developed infringed its patents. In 2022, a jury found that Planmeca directly infringed most of the patent claims at issue and that none of the claims were obvious, which would have made them invalid. Planmeca appealed, challenging the testimony of Osseo’s expert witness.

TIMING ISN’T EVERYTHING

In many patent cases, one or both parties present expert witnesses to testify from the perspective of a “person of ordinary skill in the art.” As the appellate court explained, the expert must have at least ordinary skill in the art, but nothing more.

Planmeca, however, argued on appeal that Osseo’s expert became a person of ordinary skill in the relevant art eight to 10 years after the time of the invention. Because he wasn’t properly skilled at the time of the invention, it contended, the verdict can’t be supported by his testimony.

The appeals court disagreed, finding it made “little sense” to add Planmeca’s suggested timing requirement. The court acknowledged that, in an

infringement analysis, the interpretation of patent claims requires knowledge of a person of ordinary skill at the time of the invention.



However, it was reluctant to conclude that an expert’s subsequent acquisition of the requisite level of skill alone renders the expert’s infringement testimony unreliable to the degree that it should be barred. An expert, the court said, doesn’t need to have had the skill level before the invention to testify *from the vantage point* of a person of ordinary skill in the art. Rather, an expert can acquire the necessary skill level later and develop an understanding of what a person of ordinary skill knew at the time of the invention.

LOOKING AHEAD

The Federal Circuit pointed out that an opposing party can use cross-examination to undermine the credibility of an expert who acquired ordinary skill after the time of the invention. It also noted, though, that such experts could avoid damage to their credibility by explaining to the judge and jury how they gained the perspective of a person of ordinary skill at the time of the invention. □

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