# KEYWORD-LINKED ADVERTISING, TRADEMARK INFRINGEMENT, AND GOOGLE'S CONTRIBUTORY LIABILITY

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## ABSTRACT

*A number of trademark holders have recently challenged the policies of Google and other Internet search engines that allow the trademark owner's competitors to purchase advertising space linked specifically to the owner's trademarks when entered as search terms. This iBrief examines the application of trademark law to this practice and concludes that Google would be contributorially liable for trademark infringement only when the advertising links lead to consumer confusion about the identity of the advertiser.*

## INTRODUCTION

¶1 Internet search engines have become one of the most important tools for many users of the World Wide Web. Search engines help web surfers locate online content and are often the first place many people go to start an Internet session. The popularity of search engines makes the Internet search industry a lucrative business, best exemplified by the fervor over the recent Google IPO. A major source of income for many of the most popular search engines, including Google, is the sale of advertisements placed on the search results page.[2] However, the search engines' practice of selecting ads to display based on the search terms entered by the user has recently come under fire.[3] In April 2004 Google began to allow advertisers to purchase the right to have their ads linked to trademarked terms entered into the search field, even if the advertisers were not the trademark holders.[4] The trademark owners have protested, many of them filing lawsuits

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[2] Stefanie Olsen, *Google ads a threat to eBay trademark?*, CNET NEWS.COM, at http://news.com.com/2102-1024_3-5061888.html (Aug 8, 2003) [hereinafter Olsen, *eBay*].

[3] *Id*.

[4] S.H. Klein & J.J. Mazur, *U.S. Trademark Cases Involving Keyword-Triggered Advertising on Internet Search Engines*, *at* http://www.arentfox.com/legal_updates/content511.htm (Sept. 15, 2004).

claiming trademark infringement, unfair competition, and trademark dilution.[5] This iBrief examines the issue of keyword-linked advertising and concludes that Google and other search engines will be contributorily liable for trademark infringement only when the advertisement conceals the identity of the advertiser such that the consumer is confused about the source of the ad.

## I. BACKGROUND: INTERNET ADVERTISING

¶2 One of the critical steps in effective advertising is placing the ad where interested consumers may see it. Advertisers utilize many methods to get their ads in front of consumers. One method that has been a subject of trademark litigation is the use of pop-up ads – those additional browser windows that open during an Internet session.[6] A number of trademark suits have been initiated based on programs that create pop-up ads based on search terms entered or websites visited.[7] Website owners whose sites are among those used to trigger the pop-up ads of competing third-parties claim that the practice infringes their trademarks and copyrights.[8] The issue of liability in these cases is apparently very close to call, as some courts have denied claims of infringement,[9] while other courts have ordered injunctions of the practice.[10]

¶3 Much like pop-up ads that are linked to a specific website, keyword-linked advertising in search engines is another way to provide relevant, client-specific ads to Internet users. When visitors to a search engine enter their search terms, advertisements are placed on the search results page depending on the search terms entered.[11] This practice helps advertisers reach an interested audience since the ads are displayed only when the desired search terms are entered; however, like the website owners in the pop-up cases, trademark owners are unhappy when competitors' ads are linked to the owner's trademarks.[12] Yet, unlike the pop-up cases, where the offending ad appeared in a separate browser window than that of the trademark holder, the linked ads are displayed on the search results page,

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[5] *Id*.
[6] Andrew J. Sinclair, *Legal Update: Third Party Pop-up Advertisements: U-Haul Int'l, Inc. v. WhenU.com*, 10 B.U. J. SCI. & TECH. L. 198, 198 (2004).
[7] *E.g.* U-Haul Int'l, Inc. v. WhenU.com, 279 F. Supp. 2d 723, 723 (E.D. Va. 2003); Wells Fargo & Co. v. WhenU.com, 293 F. Supp. 2d 734, 734 (E.D. Mich. 2003); 1-800 Contacts, Inc. v. WhenU.com, 309 F. Supp. 2d 467, 467 (S.D.N.Y. 2003).
[8] Sinclair, *supra* note 6.
[9] *E.g. U-Haul*, 279 F. Supp. 2d at 731.
[10] *E.g. 1-800 Contacts*, 309 F. Supp. 2d at 509-10.
[11] Klein & Mazur, *supra* note 4.
[12] *Id*.

thus precluding the argument that the ad is separate and distinct from the window containing the desired content.[13]

¶4 Prior to 2004, Google denied advertisers the ability to link their ads to the trademarks of others.[14] However, Google recently modified its ad-linking policy to allow advertisers to bid on the chance to have their ads associated with any keyword, even if those keywords are trademarks owned by a competitor.[15] Soon after this policy change, the recent flurry of litigation concerning the issue ensued.[16] In its defense, Google is not allowing unbridled use of trademarks, as the company still "reviews trademark complaints that relate to the content of the keyword ads, [just] not the keywords purchased to trigger the ads."[17] However, the owners of the protected marks are still arguing that even by simply allowing a competitor to sponsor an ad associated with trademarked terms, the search engines are allowing competitors to take unfair advantage of interest associated with the marks.[18] For example, eBay has requested that all keywords that use eBay's trademark be unavailable to advertisers.[19] This request is not uncommon and many trademark owners are seeking judicial intervention to prevent the use of their trademarks in this manner.

¶5 A few recent decisions in French courts on this issue awarded damages to trademark owners against Google finding the keyword-linked advertising practice constitutes infringement.[20] Luckily for Google, though, U.S. courts have been less sympathetic to trademark owners than their Western European counterparts.[21] For instance, Google recently won a partial victory in a trademark dispute in the U.S. District Court for the Eastern District of Virginia.[22] Although concluding that certain aspects of Google's practices in this case may lead to liability under the Lanham Act, the court held that the plaintiff was unable to prove that "the mere use by Google of the [plaintiff's] trademark as a search term or keyword, even in the context of Google's advertising program, violates either the Lanham Act

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[13] *See U-Haul*, 279 F. Supp. 2d at 727.
[14] *Id*.
[15] *Id*.
[16] *See id*.
[17] *Id*.
[18] Stefanie Olsen, *Google wants ruling on search trademark law*, CNET NEWS.COM, at http://news.com.com/2102-1024_3-5113673.html (Dec. 4, 2003) [hereinafter Olsen, *Google wants ruling*].
[19] Olsen, *eBay*, *supra* note 2.
[20] Stefanie Olsen, *Google loses trademark case in France*, CNET NEWS.COM, at http://news.com.com/2100-1030_3-5564118.html (Feb. 7, 2005).
[21] *Id*.
[22] Gov't Employees Ins. Co. v. Google, Inc., No. 1:04CV507, 2005 WL 1903128, at *1 (E.D. Va. Aug. 8, 2005).

or Virginia common law."[23] As will be explained below, this ruling should be the sign of things to come in future disputes on the topic.

## II. LIKELIHOOD OF CONFUSION

### *A. Trademark Law*

¶6 Trademarks have been used for centuries by merchants attempting to identify themselves as the source of their goods.[24] The United States has protected trademark rights in some form since 1870. Congress has gradually increased the power of the trademark statutes to its present form, the Lanham Act,[25] to provide progressively greater protection to trademark owners.[26] Section 32 of the Lanham Act outlines what constitutes infringing use of trademarks, and prohibits any use in commerce of a registered mark or imitation thereof that "is likely to cause confusion, or to cause mistake, or to deceive."[27] Section 43(a) of the Lanham Act further serves to protect trademark owners from competitors' attempts to pass off their own product or service as the trademarked version.[28]

¶7 Thus, the likelihood of confusion plays an important role in determining whether a competitor's use of a mark is an infringing use. In many of the cases dealing with an issue such as keyword-linked advertising, however, there is little chance that a consumer will be confused about the source of the products or services the competing ads promote.[29] Even if a user is misdirected to a competitor's Internet site, the mistake will likely be discovered quickly and, with the ease of navigating the Internet, the user can easily backtrack. Despite this minimal harmful effect, courts have found that the initial confusion as to the source of a product or service may still be enough to assess liability for trademark infringement.[30]

¶8 The most noted decision on this issue of "initial interest confusion" is *Brookfield Communications v. West Coast Entertainment.*[31] In *Brookfield*, West Coast Entertainment registered the domain name moviebuff.com despite the fact that Brookfield had a registered trademark

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[23] *Id*.
[24] PAUL GOLDSTEIN, COPYRIGHT, PATENT, TRADEMARK AND RELATED STATE DOCTRINES 220 (5th ed. 2004).
[25] 15 U.S.C. §§ 1051 et seq. (2000).
[26] *See* GOLDSTEIN, *supra* note 25, at 220-22.
[27] *See* 15 U.S.C. § 1114(1)(a) (2000).
[28] *See* 15 U.S.C. § 1125(a)(1)(A) (2000).
[29] *See* Brookfield Communications v. West Coast Entm't Corp., 174 F.3d 1036, 1062 (9th Cir. 1999).
[30] *See, e.g.*, *id*.
[31] *Id*.

for its entertainment industry software product "MovieBuff."[32] The United States Court of Appeals for the Ninth Circuit found that although users arriving at West Coast's moviebuff.com website would realize that the site was not associated with Brookfield's MovieBuff software, the initial interest confusion caused by West Coast's use of the mark caused some damage to Brookfield.[33] The court noted that "the use of another's trademark in a manner calculated 'to capture initial consumer attention, even though no actual sale is finally completed as a result of the confusion, may be still [sic] an infringement.'"[34] This holding shows that any action taken to divert the consumer's attention to one's product by using the name and reputation of a competitor's product is improper for "the fact that there is only initial consumer confusion does not alter the fact that [the infringer] would be misappropriating [the mark-holder's] acquired goodwill."[35] Thus, the protections afforded by the trademark statute are interpreted broadly to protect the interest of the trademark owner.

### *B. Keyword-Linked Advertising*

¶9 The primary issue in online advertising cases tends to be whether the ad creates confusion as to its source.[36] Thus, the test in *Brookfield* is whether the accused infringer used the plaintiff's mark "in a manner calculated to capture initial consumer attention."[37] In the context of keyword-linked search results, infringing ads are the ones that fail to identify the true source of the ad, either by falsely identifying the ad as being from the trademark holder or by giving no indication as to the source of the ad.[38] If there is no uncertainty as to the source of the ads, though, there is no likelihood of confusion.

¶10 Additional factors may also be considered when determining whether the consumer will be confused as to the source of the ads. The ads can be placed in a separate location from the general search results under the heading "Sponsored Links." This placement alerts web surfers to the fact that the ads are not a part of the search results. Further, unlike trademarks within domain names or HTML metatags, online advertisements are more readily identifiable to most Internet users due to the great volume

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[32] *Id.* at 1041.
[33] *See id.* at 1062.
[34] *Id*. (quoting Dr. Seuss Enter., L.P. v. Penguin Books USA, Inc., 109 F.3d 1394, 1405 (9th Cir. 1997)).
[35] *Brookfield*, 174 F.3d at 1064.
[36] Kurt M. Saunders, *Confusion is the Key: A Trademark Law Analysis of Keyword Banner Advertising*, 71 FORDHAM L. REV. 543, 551 (2002).
[37] Brookfield Communications v. West Coast Entm't Corp., 174 F.3d 1036, 1062 (9th Cir. 1999).
[38] Saunders, *supra* note 37, at 565.

of online advertising today.[39] Many consumers frequently ignore ads and look immediately to the search results.[40] These additional factors, together with the content of legitimate ads will leave little possibility of initial confusion. Of course, ads that intentionally conceal their source increase the likelihood of confusion, but the placement of ads and the consumer savvy of many Internet users act to diminish this likelihood.[41]

## III. FAIR USE

### *A. Trademark Law*

¶11 While trademark owners are granted substantial deference in infringement disputes, the monopolistic control over the use of their marks is not absolute. The Lanham Act provides fair use limitations to the protections afforded to trademarks.[42] In an Internet setting, most cited instances of the fair use defense involve the nominative use of a trademark in domain names, websites, and HTML metatags. Nominative uses are those uses of a trademark by a party intended solely "to describe not its own product, but the [trademark owner]'s."[43] For example, a nominative use may convey biographical information in relation to the trademarked product or service or compare the competitor's product or service to the trademarked brand.

¶12 One recent high-profile example of such a use is *Playboy Enterprises, Inc. v. Terri Welles*.[44] In *Welles*, the defendant was a former Playboy playmate who described herself as such on her personal website.[45] Playboy asserted that the use of the "Playboy" and "Playmate" marks may give visitors to Welles' site the wrongful impression that the site was sponsored by Playboy.[46] The court thought otherwise and held that the use of Playboy's marks both on the website and in the website's metatags was purely nominative and therefore fair use.[47] This result illustrates how the fair use limitations to trademark protection prevent a trademark owner from extending his rights to foreclose legitimate, non-trademark uses of his mark.

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[39] *Id*. at 567.
[40] *Id*.
[41] *Id*. at 575.
[42] *See* Lanham Act § 43(c)(4), 15 U.S.C. § 1125(c)(4) (2000).
[43] Playboy Enter., Inc. v. Terri Welles, 279 F.3d 796, 801 (9th Cir. 2002).
[44] *Id*.
[45] *Id*. at 799.
[46] *Id*. at 800.
[47] *Id*. at 801.

### *B. Keyword-Linked Advertising*

¶13 As opposed to a trademark use that intentionally causes confusion as to the source of the product or service, many advertisers wish to identify themselves as competitors of the trademark holder. As noted in *Welles*, trademark uses that serve only to identify the trademark owner's product or service or are used in comparative advertising qualify as fair use and are not subject to infringement claims.[48] There are many possible applications of keyword-linked advertising that would fall into this category of use, including ads for services supplementary to the trademarked product or service (e.g. Volkswagen repairman) and ads comparing a trademarked product to a competitor's.

¶14 Many trademark-holders that are complaining about the keyword-linking practice are requesting that the search engines disallow all use of their trademarks as keywords.[49] However, providing a complete bar to the use of all trademark references as keywords for ad-linking would be over-inclusive in denying any legitimate fair use defenses to accusations of infringement. For instance, the owner of a site that sells eBay management software argued that creating such a bar would unfairly stifle legitimate competition.[50] He reiterated a common analogy used to defend fair uses of trademarks: "How do you say that you repair Volkswagens without saying Volkswagen?"[51] Thus, the equitable solution seems to be somewhere between the current laissez-faire practice and a complete end to the availability of trademarks in keyword-linked ads.

¶15 Google has been willing to "perform a limited investigation and respect[s] 'reasonable' requests to remove trademark terms from the bidding process."[52] Search engine provider Yahoo limits its keyword-linked ad sales even further, only permitting use by an advertiser whose "website refers to the trademark or its owner in a permissive nominative manner without creating confusion, or if the keyword is generic or merely descriptive."[53] Such practices that take an active, although responsive, approach to preventing infringement could ensure that legitimate competitive uses of the keyword-linked advertising are protected.

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[48] Playboy Enter., Inc. v. Terri Welles, 279 F.3d 796, 801 (9th Cir. 2002).
[49] Olsen, *eBay*, *supra* note 2.
[50] *Id*.
[51] *Id*.
[52] Olsen, *Google wants ruling*, *supra* note 18.
[53] Klein & Mazur, *supra* note 4.

## IV. CONTRIBUTORY INFRINGEMENT

### *A. Trademark Law*

¶16 While trademark law in the U.S. has developed to protect a mark-holder's rights, its provisions are generally focused on assigning liability to those who personally infringe protected marks. There is little that may be used to assign liability to those who merely enable infringement by others. This contributory liability is well-established in copyright law, but the doctrine is not as commonly applied in a trademark setting. "[N]either section 32 nor section 43(a) explicitly mentions contributory infringement,"[54] and as such, "the Lanham Act's test for infringement is not particularly well suited for dealing with parties other than the person who actually sells to the ultimate consumer."[55] To remedy this situation, the Supreme Court developed a test for liability as a contributor to infringement in *Inwood Laboratories, Inc. v. Ives Laboratories, Inc.*,[56] stating "liability for trademark infringement can extend beyond those who actually mislabel goods with the mark of another."[57] In *Inwood*, the manufacturer of a generic drug produced its product with the same coloring and general appearance as the brand name drug sold by the plaintiff.[58] The evidence at trial indicated that even though the generic's manufacturer did not label its product with the plaintiff's trademark, some pharmacists had intentionally mislabeled the generic drug as the brand name version and were selling it as such.[59] The plaintiff contested that the design of the generic drug contributed to the infringing action taken by the pharmacists.[60] The defendant manufacturer was not held liable for the actions of such pharmacists, but the test for what actions would constitute contributory infringement was established:

> If a manufacturer or distributor intentionally induces another to infringe a trademark, or if it continues to supply its product to one whom it knows or has reason to know is engaging in trademark infringement, the manufacturer or distributor is contributorially responsible for any harm done as a result of the deceit.[61]

¶17 The rule presented in *Inwood* was later extended beyond situations involving manufacturers and distributors. In *Hard Rock Café Licensing*

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[54] John T. Cross, *Contributory Infringement and Related Theories of Secondary Liability for Trademark Infringement*, 80 IOWA L. REV. 101, 109 (1994).
[55] *Id*. at 104.
[56] 456 U.S. 844 (1982).
[57] *Id*. at 853.
[58] *Id*. at 847.
[59] *Id*. at 849.
[60] *Id*. at 850.
[61] *Id*. at 854.

*Corp v. Concessions Services, Inc*.,[62] the operator of a flea market was sued for the activity of counterfeiters in selling trademarked items from one of the stalls of the flea market.[63] Since the application of the *Inwood* rule was not established outside the manufacture and distribution of goods, the court applied tort law as to find liability only in cases where the operator knew or had reason to know that the infringing activity was taking place.[64] However, even though the defendant in this case would be liable if it had known or should have known that the infringement was taking place, the court imposed no affirmative duty to actively police the flea market to prevent such activity.[65]

¶18 The *Inwood* standard was further extended to the Internet context in *Lockheed Martin Corp. v. Network Solutions, Inc*.[66] In *Lockheed*, the plaintiff trademark holder sued the domain name registrar for selling rights to the domain names skunkworks.com, skunkwrks.com, and skunkwerks.com even though the plaintiff owned the federally registered service mark, SKUNK WORKS.[67] The plaintiff referenced flea market cases, such as *Hard Rock*, claiming that if the flea market operator has a duty to investigate if he learns of counterfeiters at his location, the defendant should likewise have a duty to investigate known occurrences of trademark infringement in the domain names it registers.[68] However, the court noted that, unlike the continuous landlord-tenant relationship between the infringer and the contributing party in the flea market context, the relationship between the infringer and the domain name registrar ends once the transaction is made.[69] Since domain name registration alone does not amount to trademark infringement, the expansion of *Inwood* to this context was found inappropriate.[70] Additionally, the court noted that even if the *Inwood* standard were to apply to the domain name registrar, it would be unreasonably difficult to monitor the entire Internet as opposed to simply monitoring a flea market.[71]

### *B. Keyword-Linked Advertising*

¶19 Since the search engines are not themselves performing the infringing activity, the basis for liability would be as a contributor to

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[62] 955 F.2d 1143 (7th Cir. 1992).
[63] *Id*. at 1145.
[64] *Id*. at 1149.
[65] *Id*. at 1149.
[66] 985 F. Supp. 949 (C.D. Cal. 1997).
[67] *Id*. at 951.
[68] *Id*. at 960-62.
[69] *Id*. at 961.
[70] *Id*. at 961-62.
[71] *Id*. at 962.

infringement. According to the *Inwood* test, the search engine would be liable if it "intentionally induces another to infringe a trademark, or if it continues to supply its product to one whom it knows or has reason to know is engaging in trademark infringement."[72] Thus, Google must first show it did not intentionally induce infringement.[73] The details of Google's role in the trademark activity seem to indicate this would not be difficult to show: first, Google does not dictate what keywords are associated with an ad, the advertiser chooses its own keywords; second, the advertiser is responsible for the text of the ad, the source of the possible infringement; and lastly, Google has stated its willingness to remove trademark terms from bidding upon reasonable requests from trademark owners.[74] Thus, Google is likely to escape liability under this first prong of *Inwood*; nevertheless, Google must then show that it did not continue to sell its ad space to advertisers it knew or should have known were engaging in trademark infringement. Such a showing can be made by comparison to the *Lockheed* case.[75]

¶20 An obvious similarity exists between the situation in *Lockheed* and the current issue of keyword-linked ad sales due to the Internet context; however, the court in *Lockheed* noted that it is the nature of the relationship between the infringer and the contributing party that forms the basis for contributory liability.[76] In contrast to the situation in *Lockheed*, where the relationship between the parties ended once the transaction was made, the relationship between the advertiser and the search engine is a continuing one and is therefore within the application of the *Inwood* test.[77] In the Google context, the relationship is much closer to that in the flea market cases than the relationship detailed in *Lockheed*. Like stalls in a flea market, the ads sold are stored on the search engine site, over which the search provider exerts control.

¶21 Furthermore, the *Lockheed* court noted that even if the defendant was liable in the domain name scenario, it could not be expected to monitor the Internet.[78] This reasoning is not due solely to the vast amount of information on the Internet but due to the nature of the registrar's connection with the infringing material. Namely, the registrar does not

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[72] Inwood Laboratories, Inc. v. Ives Laboratories, Inc., 456 U.S. 844, 854 (1982).
[73] It should be noted that the plaintiff in *Lockheed* did not even contend in its suit that the defendant intentionally induced infringement. Lockheed Martin Corp. v. Network Solutions, Inc, 985 F. Supp. 949, 961 (C.D. Cal. 1997).
[74] Olsen, *Google wants ruling*, *supra* note 18.
[75] *Lockheed*, 985 F. Supp. at 961.
[76] *Id*.
[77] *Id*.
[78] *Id*. at 962.

provide "actual storage and communications for infringing material."[79] Google has argued that its role in the keyword-linking advertising practice is similar to the defendant in *Lockheed* as a "pure machine-linking function," which would not be a trademark use.[80] Again, the search engine scenario is much more similar to a flea market than the entire Internet since the ads are stored on the search engine's servers.

¶22 Although the analogy equating the search engine to a flea market seems closer than the comparison to the domain name case, the search engines may still avoid the application of the *Inwood* test under certain circumstances. The *Lockheed* court stated that the domain name registrar had only a remote involvement with the potentially infringing uses since it did not provide "actual storage and communications *for infringing material*."[81] Therefore, Google could reasonably be held responsible only for the material that is contained on Google's site, such as the advertisement itself, and not for any infringing material found on the advertiser's linked website. If the infringing activity is on the advertiser's website and not in the ad itself, the *Lockheed* reasoning would apply.

## CONCLUSION

¶23 Keyword-linked advertising has become a popular way for advertisers to reach their intended audiences. Many of the attacks on the system by trademark-holders are little more than attempts to over-extend the limited monopoly rights in the use of the trademark. The Lanham Act does not restrict the fair use of a trademark in both nominative uses and comparative advertising.[82] Thus, many keyword-linked advertisements do not give rise to infringement liability.

¶24 However, Google and its competitors are not able to completely wash their hands of the trademark-linked ads situation. A contributory infringement claim would be valid for those ads that conceal the advertiser's identity such that the consumer is confused as to the source of the ad, even if just initially. In those situations, Google and other search engines would be advised to continue the practice of removing such infringing ads when alerted to their presence. While *Hard Rock* determined there is no affirmative duty to take precautions against infringing activities,

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[79] *Id*.
[80] *Id*. at 958. *See* Stefanie Olsen, *Geico Gets Green Light to Sue Google, Overture*, CNET NEWS.COM, *at* http://news.com.com/2102-1024_3-5345484.html (Sept. 2, 2004).
[81] *Lockheed*, 985 F. Supp. at 962.
[82] Lanham Act § 43(c)(4), 15 U.S.C. § 1125(c)(4).

once knowledge of that activity is attained, a duty to remedy the situation exists.[83]

[83] Hard Rock Café Licensing Corp v. Concessions Services, Inc., 955 F.2d 1143, 1149 (7th Cir. 1992).