

Unauthorized Use of Another's Trademark on the Internet¹

1	Introduction	1
2	Trademark Law – The Basics.....	2
3	What is Special About Trademarks and the Internet?....	5
4	Trademarks in Hidden or Buried Code	6
5	Trademarks in the Path of a URL or in a Third Level Domain Name	15
6	Linking and Trademark Infringement.....	19
7	Framing and Trademark Infringement Error! Bookmark not defined.	
8	Search Engines and Trademark Infringement..... Error! Bookmark not defined.	

1. Introduction

Trademark conflicts involving domain names on the Internet quickly led to the passage of new law -- the Anticybersquatting Consumer Protection Act (“ACPA”)² -- to address problems of

¹ Erlend Bakken © 2002. The author is a lawyer with the Norwegian lawfirm Arntzen de Besche. This article was written while the author was a LLM student at UC Davis, King Hall School of Law, 2001-2002. Contact at eb@adeb.no.

bad faith registration of trademarked names by non-trademark holders. But the ACPA, the only law enacted to deal with trademarks on the Internet, applies only to cybersquatting of domain names. Since trademark disputes related to the Internet arise in a number of ways outside cybersquatting, it is important to understand how the historical doctrines of trademark infringement and trademark dilution apply to situations outside the scope of ACPA.

The issues this article addresses are familiar questions to trademark law. As is the case outside the Internet, one must ask whether there is a likelihood of confusion and whether there is dilution. However, these questions are difficult to answer applying the old doctrines of trademark law, and raises new questions. For example, is initial interest confusion sufficient to find trademark infringement when trademarks are used in metatags? To what extent will the unauthorized use of a trademark in the path of a URL be considered a “fair use” of the trademark and therefore non-infringing? Can linking or framing cause dilution of a trademark? Will paid placement or keyed banner ads cause a likelihood of consumer confusion?³ When answering these and similar questions, the courts find themselves redefining the boundaries of the Lanham Act, and with the basic objectives of trademark law in mind, it is unclear where these boundaries should be set.

2. Trademark Law – The Basics

The Supreme Court has described the basic objectives of trademark law as twofold: 1) consumer protection, and 2) protecting trademark holders from competitors’ free riding.⁴

² Anticybersquatting Consumer Protection Act, 15 U.S.C.A. §§ 1125(d)(1)(A) and 1129 (November 1999).

³ The terms will be further explained in the following sections.

⁴

[T]rademark law, by preventing others from copying a source-identifying mark, reduces the customer’s costs of shopping and making purchasing decisions, for it quickly and easily assures a potential customer that this item – the item with this mark – is made by the same producer as other similarly marked items that he or she liked (or disliked) in the past. At the same time, the law helps assure a producer that it (and not an imitating competitor) will reap the financial, reputation related rewards associated with a desirable product.” (Internal citations omitted.)

Traditionally, the law's emphasis was on consumer protection. However, both the latest legislative additions to the Lanham Act -- the Federal Dilution Act ("FDA")⁵ and ACPA -- are primarily concerned with free riding. Consequently, this has led to arguments that federal trademark law has shifted too far towards granting property rights in trademarks.⁶

2.1 Trademark Infringement

To protect consumers, the Lanham Act holds liable any person who uses a registered trademark in connection with the sale of goods or services in a way that is "likely to cause confusion."⁷ Additionally, the so-called unfair competition provision of the Lanham Act (§ 1125 (A)) provides a similar protection from the use of an unregistered mark that is likely to cause confusion. For convenience, this article will not distinguish between unauthorized uses of registered or unregistered trademarks.

Traditional questions of trademark infringement are answered by the application of the court developed "likelihood of confusion" test. This test involves analyzing the facts of the case through a number of factors. These factors include: (1) the strength of the mark, (2) the proximity of the goods, (3) the similarity of marks, (4) evidence of actual confusion, (5) possibility of bridging the gap, (6) sophistication of the consumer and (7) good faith on part of the alleged infringer.⁸

There is substantial case law relating to the application of the trademark infringement test in general, and the number of cases involving trademark infringement in cyberspace is also growing. Even though the Internet brings new elements into trademark infringement cases, old

Qualitex Co. v. Jacobson Prods. Co., Inc, 514 U.S. 159, 163-64 (1995).

⁵ Federal Dilution Act, 15 U.S.C.A. § 1125(c) (January 1996).

⁶ For an article on this subject, see Mark A. Lemley, *The Modern Lanham Act and the Death of Common Sense*, 108 YALE L.J. 1687 (1999).

⁷ 15 U.S.C.A. § 1114. This provision covers confusion as to source of the good or service in question, and also confusion as to sponsorship and/or endorsement by the trademark holder.

⁸ Some courts call this test the *Polaroid* test. *Polaroid Corp. v. Polarad Elect. Corp.*, 287 F.2d 492 (2d Cir. 1961), while others call it the *Sleekcraft* test. *AMF Inc. v. Sleekcraft Boats*, 599 F.2d 341 (9th Cir. 1979).

case law remains relevant to assessing whether an unauthorized use of a trademark on the Internet is an infringement.

According to § 1114 of the Lanham Act, a likelihood of confusion alone is insufficient to find trademark infringement. The trademark use must also be in commerce, and such use must be in connection with the sale, offering for sale, distribution, or advertising of any goods or services. Unless specifically argued by either of the parties, however, the courts seem to place little emphasis on these requirements.⁹

2.2 Trademark Dilution

While, the likelihood of confusion test mostly applies to a competitors' unauthorized use of trademarks, the Federal Dilution Act ("FDA") also protects against a non-competitors' use. The FDA applies where such use causes actual "dilution of the distinctive quality of the mark."¹⁰ It defines dilution as the "lessening of the capacity of a famous mark to identify and distinguish goods and services."¹¹

To establish dilution, a trademark holder must show that "(1) [defendants have] made use of a junior mark sufficiently similar to the famous mark to evoke in a relevant universe of consumers a mental association of the two that (2) has caused (3) actual economic harm to the famous mark's economic value by lessening its former selling power as an advertising agent for its goods and services."¹²

⁹ Be aware, however, that any activities not making a use in commerce of the trademark is outside the jurisdictional purview of § 1114. For a case dealing with the "use in commerce" requirement in the Internet context, see *OBH, Inc. v. Magazine, Inc.*, 86 F. Supp. 2d 176 (W.D.N.Y. 2000).

¹⁰ Federal Trademark Dilution Act of 1995, Pub. L. No. 104-98, 109 Stat. 985 (codified as amended at 15 U.S.C.A. § 1125(c)).

¹¹ *See id.* § 1127.

¹² *Ringling Bros. Barnum & Bailey Combined Shows, Inc. v. Utah Div. of Travel Dev.*, 170 F.3d 449 (4th Cir. 1999). In this case the phrase "Greatest Snow on Earth" was held not to dilute plaintiff's mark "The Greatest Show on Earth."

Moreover, there are additional ways an unauthorized use can be held to cause dilution of a famous mark, such as blurring or tarnishment. For the purposes of this article, no distinction will be made between the different forms of dilution.¹³ Further, unlike the trademark infringement test, the dilution doctrine does not require a likelihood of confusion. However, the protection granted by the dilution doctrine is limited to “famous” trademarks.¹⁴

3. What Is Special About Trademarks and the Internet?

Before the Internet and the World Wide Web, identical or nearly identical trademarks could exist in different geographic areas at the same time without the issue of trademark infringement ever arising. This is no longer the case.

Imagine, before the Web, a west coast company selling spare car parts and doing business under the mark Thrifty. Another, completely unrelated company could use the same mark while engaging in the same kind of business on the east coast without causing consumer confusion, and therefore, without infringing on anyone’s trademark. Today, after taking the advice of computer savvy friends and family, both “Thrifty East” and “Thrifty West” have established an online presence, hoping to increase their sale of spare car parts. Thrifty West uses the domain name www.thrifty.com, while Thrifty East uses the domain name www.thriftycarparts.com. While not directly competing a decade ago, the two companies are now chasing the same customers.

This is one example of how the Web has brought people closer together; an east coast company is suddenly just a mouse-click away for a west coast customer. While this certainly has its advantages, it increases the risk of confusion by the use of similar trademarks in different geographic areas. In other words, in the past trademarks had geographic limitations based on where the mark was physically used. Today, due to the web, these same geographical limitations

¹³ To find dilution in an Internet case, a court need not even rely on the traditional definitions of “blurring” and “tarnishment.” *Panavision Int’l, L.P. v. Toeppen*, 141 F.3d 1316 (9th Cir. 1998).

¹⁴ But see Lemley, *supra* note 6, at 1698-99.

don't necessarily apply.¹⁵

In addition to contributing to erasing the geographic boundaries of trademarks, the Internet has also created new possibilities for unauthorized use of trademarks.¹⁶ The remainder of this article will address how traditional trademark law applies to the unauthorized use of trademarks in metatags (section 4), in third level domain names and in the path of a URL (section 5), related to links (section 6), in frames (section 7), and by search engines (section 8).

4. Trademarks in Hidden or Buried Code

4.1 Introduction

Can an invisible word create confusion? On the web, perhaps. Metatags, or other forms of buried or hidden code are not normally visible to the average Internet surfer. Still, some courts have held that use of metatags can result in trademark infringement. So what exactly is a metatag?

Webopedia defines a metatag as:

A special [HTML tag](#) that provides information about a [Web page](#). Unlike normal HTML tags, meta tags do not affect how the page is displayed. Instead, they provide information such as who created the page, how often it is updated, what the page is about, and which keywords represent the page's content. Many [search engines](#) use this information when building their indices.¹⁷

¹⁵ As the geographical boundaries for trademarks disappear, difficult questions, such as of jurisdiction, do also arise. These are interesting legal questions, but they are not issues specific to trademark law. These same jurisdictional issues arise with regard to contractual disputes, consumer protection legislation etc, and they are therefore not dealt with within the scope of this article.

¹⁶Not all unauthorized uses of trademarks on the Internet raise new questions. When a trademark is used without authorization in the text of a website itself, such use is no different than from when the trademark is used in a newspaper, a magazine, a brochure or any other hard-copy paper media. An example is a recent Ninth Circuit decision, which dealt with Welles' (a former playmate) use of Playboy's trademarks in the text of her website. *Playboy Enter., Inc. v. Welles*, 279 F.3d 796 (9th Cir. 2002).

¹⁷ Webopedia, meta tag, available at http://www.webopedia.com/TERM/M/meta_tag.html (last visited June 1, 2003).

As this definition points out, some search engines use metatags to retrieve information about websites and their content. Therefore, website operators realize that metatags can be used to lure or deceive search engines by making unauthorized use of a famous trademark to attract attention to their website. In response, some search engines have chosen not to make use of metatags when indexing a web site.¹⁸

The Ninth Circuit used the following analogy to describe the unauthorized use of another's trademark in one's metatag:

Using another's trademark in one's metatags is much like posting a sign with another's trademark in front of one's store. Suppose West Coast's competitor (let's call it "Blockbuster") puts up a billboard on a highway reading – "West Coast Video: 2 miles ahead at Exit 7" – where West Coast is really located at Exit 8 but Blockbuster is located at Exit 7. Customer's looking for West Coast's store will pull off at Exit 7 and drive around looking for it. Unable to locate West Coast, but seeing the Blockbuster store right by the highway entrance, they may simply rent there. Even customers who prefer West Coast may find it not worth the trouble to continue searching for West Coast since there is a Blockbuster right there.¹⁹

4.2 Likelihood of Confusion²⁰

¹⁸ Other new ways of deceiving search engines include the use of white typing on white background. While this would not be visible to the average person accessing that site, it would be detected by a spider/robot sent out by a search engine to find out about the content on that site. For the purpose of this article, no distinction will be made between such different ways that a web site creator can try to lure a search engine with words hidden in buried code or on the web site itself.

¹⁹ *Brookfield Communications v. West Coast Entm't Corp.*, 174 F.3d 1036 (9th Cir. 1999).

²⁰ To find trademark infringement a likelihood of confusion or even initial interest confusion is by itself not insufficient. There must also be a use in commerce, and such use must be in connection with the sale, offering for sale, distribution, or advertising of any goods or services.

The role of search engines is important when considering whether unauthorized use of a trademark in a metatag creates a likelihood of confusion. Only when using a search engine can a consumer be confused by a deceptive metatag. As search engines and their users become more sophisticated, the likelihood of confusion will decrease. For example, if I type in a query for Volkswagen hoping to find the official Volkswagen website, I likely will get over a million hits. Many will be official Volkswagen websites from different countries, but certainly not all of them. Further, the order in which the hits appear depends on the search engine. The “better” search engines tend to have the official websites listed towards the top of their search results. Therefore, the search result location is often an indication of whether the web site is official. Finally, most search engines include additional information regarding the websites they list, such as an excerpt from the content of the website and the title of the website. Such information will also decrease the potential for consumer confusion.

The two most often cited decisions when it comes to use of trademark in metatags are *Brookfield Communications v. West Coast Entm’t Corp.*²¹ and *Playboy Enters., Inc. v. Welles*.²² Neither case applied the traditional likelihood of confusion test to the issue of metatags. In *Brookfield*, the court applied an *initial interest* confusion test, while the court in *Welles* held that Welles’ use of Playboy in the metatags on her site was a *nominative use*, and therefore not infringing.²³

²¹ *Brookfield*, 174 F.3d 1036.

²² *Welles*, 279 F.3d 796.

²³ Another relevant case is *Playboy Enter., Inc. v. Asiafocus Int’l, Inc.*, 1998 U.S. Dist. LEXIS 10359 (E.D. Va. 1998). The court in that case found that the use of playmate and playboy in the URL, in the text itself and in metatags caused “a strong likelihood that the consuming public would believe that the defendants’ Web site was sponsored by or somehow affiliated with PEI, given (1) the strength of PEI’s trademarks PLAYBOY and PLAYMATE; (2) the defendants’ unauthorized use of the identical marks PLAYBOY and PLAYMATE; (3) the similarity of the goods and services offered by PEI and the defendants; (4) the evidence of actual confusion; and (5) that the Internet is the exact marketing channel used by both PEI and the defendants.” *Playboy Enters., Inc.*, 1998 U.S. Dist. LEXIS at 10359.

Further, in *Brookfield*, the Ninth Circuit held that West Coast's use of "moviebuff" in their domain name created a likelihood of confusion. However, the court also found that the resulting confusion from West Coast's use of movie buff in their metatags was not as great as where West Coast used the "moviebuff.com" domain name. According to the court it was difficult to say that a consumer was likely to be confused about whose site he had reached or to think that Brookfield somehow sponsored West Coast's web site. Nevertheless, the court found that West Coast had infringed Brookfield's trademark rights when they used "movie buff" in their metatags, because such use would result in initial interest confusion.

The *Brookfield* court cited several earlier cases in support for the *initial interest confusion* test: *Grotrian v. Steinway & Sons*,²⁴ and *Mobil Oil Corp. v. Pegasus Petroleum Corp.*²⁵ In *Grotrian* the court declined to hold "that actual or potential confusion at the time of purchase necessarily must be demonstrated to establish trademark infringement under the circumstances of this case."²⁶ In *Mobil*, the court held that a successful plaintiff must show a "likelihood that an appreciable number of ordinarily prudent purchasers are likely to be misled, or indeed simply confused, as to the source of the goods in question."²⁷ Similarly, additional cases relied upon by the Ninth Circuit in *Brookfield* seem to require a likelihood of confusion in the initial phases of the deal. Thus, applying the reasoning of these cases to the factual pattern in *Brookfield*, confusion at the initial phase, when the consumer was searching for "movie buff" at a search engine, should be required to find trademark infringement. But rather than asking whether there was a likelihood that consumers would be confused at that point, the court chose to focus on West Coast's improper appropriation of the goodwill that Brookfield had developed in its mark. Thus,

²⁴ *Grotrian, Helfferich, Schulz, Th. Steinweg Nachf. v. Steinway & Sons*, 523 F.2d 1331 (2d Cir. 1975).

²⁵ *Mobil Oil Corp. v. Pegasus Petroleum Corp.*, 818 F.2d 254 (2d Cir. 1987).

²⁶ *Grotrian*, 523 F.2d 1331 at 1342.

²⁷ *Mobil Oil*, 818 F.2d 254 at 256.

in order to find initial interest confusion after *Brookfield*, it is unclear whether a finding of confusion is necessary, or whether improper appropriation of goodwill is sufficient.

A persuasive argument can be made that initial interest confusion should be insufficient to find trademark infringement, at least in a situation where a website makes unauthorized use of a trademark in its metatags. There are significant differences between the real world and the cyberworld not clearly reflected in the analogy used by the court in *Brookfield*. Accordingly, these differences should, under certain circumstances, lead to different results. For example, in the analogy, the consumer is driving on the highway looking for a West Coast store, when she sees a sign that telling her where to go to find the store. In the cyber world, the consumer sees no such sign. If the consumer does not know the name of the West Coast store's website, she might try to guess it's URL, e.g. www.westcoastvideo.com. If successful, it doesn't matter how many times Blockbuster had put "west coast" in its metatags, she would never be exposed to them. The consumer is exposed to Blockbuster's metatags only if she uses a search engine to search for "west coast." Moreover, even under these circumstances, search engines that don't search metatags would fail to turn up Blockbuster's website on their search list.

Further, even search engines that do search metatags will, for different reasons, often list Blockbuster towards the bottom of their search list. Additionally, West Coast's website would also be on that search list, as would many other websites.²⁸ The number of hits search engines retrieve on general queries is often very high, and the consumer often does not initially find the desired site. If she ends up at the wrong site, the search results are still only as far away as the back button on her browser. Therefore, a consumer spends little effort to return to these results.

Finally, most search engines include some information regarding the content of the Blockbuster website (such as a small excerpt from the web site or the title of the website) when

²⁸ A search for "West Coast" on Google turned up over 2.5 million hits. Search was done March 20, 2002.

listing it among their search results. In most cases, this information reveals the true identity of the website. Therefore, consumer confusion is often not the result of the unauthorized use of a trademark in metatags, not even initial interest confusion.

Therefore, the use of West Coast in metatags is arguably very different from posting a false sign telling consumers where to exit to find West Coast. This difference between the real world and the cyberworld magnifies the consequences between the use of a false road sign and the use of a mark in metatags. In the real world, the consumer would have to drive her car around looking to get back to the highway, and then keep looking for West Coast. Conversely, in the cyber world she would only have to push her back button on her browser. These differences can be used to support two arguments: (1) that the unauthorized use of trademarks in metatags is unlikely to create even initial interest confusion, and (2) that the consequences of initial interest confusion in the real world and the cyber world are different, and therefore, initial interest confusion should be sufficient to find trademark infringement only in the real world.

4.3 Defenses to Trademark Infringement

In *Brookfield*, the Ninth Circuit recognized that the fair use doctrine applies in cyberspace as it does in the real world. This doctrine allows for the unauthorized use of a competitor's mark to truthfully identify the competitor's goods in a fair manner. Typically, the doctrine allows for use of a competitor's trademark in comparative advertisements.

A convincing argument can be made that, as a general rule, the unauthorized use of trademarks in metatags should be held to a similar fair use standard as comparative advertisements. Such an argument is supported by the nature of metatags, and when and how a consumer is exposed to them. A fair assumption is that many people when they query about a trademark on a search engine, are not only looking for the official site, but also are looking for

competitors' websites or alternatives to the products/services offered by the trademark holder.²⁹ The Blockbuster/West Coast example from *Brookfield* is one such illustration. In that case, the fair use doctrine would likely allow (1) West Coast to make a comparison with Blockbuster's rental prizes on their website, and (2) allow West Coast to list their major competitors (with hyperlinks to their websites) and encourage their visitors to compare their terms and conditions. If so, why shouldn't the fair use doctrine allow West Coast to list their competitors in their metatags? Should the list of competitors become unfair just because it is invisible? Further, is it logical to conclude that the unauthorized use of trademarks in metatags, like that described in *Brookfield*, normally lead to an improper appropriation of goodwill? Suppose a user chooses to convert from Blockbuster to West Coast after having entered West Coast's website to look at their terms and conditions. The most likely conclusion to be made is that the terms and conditions of West Coast, rather than the goodwill of Blockbuster, is the main reason for her conversion. Therefore, the better argument is that the change from Blockbuster to West Coast is not an example of actionable misappropriation of goodwill, but rather a use that is fair and non-infringing under trademark law.³⁰

It should be noted that the fair use doctrine defense is only available when the mark is used fairly and in good faith. This test permits trademark holders to prevent the unauthorized use of their trademarks in metatags in inappropriate situations.³¹

²⁹ I can show no surveys in support for this assumption, which largely is based on my own experiences and discussions with friends, family and colleagues.

³⁰ A view to the contrary can be found in *Eli Lilly and Company v. Natural Answers, Inc.*, 86 F. Supp. 2d 834 (S.D. Ind. 2000), where the District Court for the Southern District of Indiana said that "[i]n the case of metatags, however, where the person viewing the website may not even see the metatags, it is difficult to see how the use could be fair, except in some unusual situations." *See id.* at 834.

³¹ The used fairly and in good faith requirement "has not often been litigated." J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 1:8 n.1 (4th ed. 1998). It is therefore unclear where the line is drawn. An example of a use that probably would not qualify as fair is described in *Niton Corp. v. Radiation Monitoring Devices, Inc.*, 27 F. Supp. 2d. 102 (D.Mass. 1998). In *Niton Corp.*, this case the defendant had more or less copied the metatags of a competitor. The court determined that the plaintiff in that case was likely to succeed on

Further, the *Brookfield* case briefly mentions the nominative use theory. The court held that “moviebuff” was not descriptive of the content of West Coast’s website, because the term “moviebuff” was not a descriptive term.³² It appears from the court’s decision that West Coast could have used the term “movie buff” in their metatags. The court placed great weight on the fact that “moviebuff” is not a word in the English language, while “movie buff” is routinely used in the English language to describe a movie devotee. This distinction is not convincing. It is unlikely that someone would look up a word in an English dictionary before entering a search term at a search engine. Conversely, many people would likely attach the same descriptive meaning to “moviebuff” as “movie buff,” or accidentally misspell movie buff as moviebuff.³³

Contrary to *Brookfield*, the nominative use defense was successfully argued in *Welles*. In *Welles*, the Ninth Circuit held that Welles’ use of “Playboy” and “Playmate” in the metatags of her website was a nominative use outside the scope of trademark protection because it met all the prongs of the *New Kids* test.³⁴ As a former Playmate, she was not readily identifiable without the use of “Playboy” or “Playmate,”³⁵ she did not use the marks more than necessary, and nothing in conjunction with the use of the trademarks suggested an affiliation with or sponsorship by

an unfair competition claim, and entered a preliminary injunction against the defendant. Consequently, fair use was therefore never an issue in that case. *Id.* at 102.

³² The court should in my opinion have used the term nominative use, instead of descriptive, to distinguish between the line of cases following *New Kids on the Block v. Gannet Satellite Info. Network, Inc.* from the fair use in § 1115 b) of the Lanham Act that allows for descriptive use of a competitor’s trademark when it is used to describe the goods or services of such party. *New Kids on the Block v. Gannet Satellite Info. Network, Inc.*, 971 F.2d 302 (9th Cir. 1992). Further, West Coast’s argument, as I understand it, was not that they used moviebuff to refer to the products of Brookfield’s, but rather that they used it as a nominative word to describe movie devotees.

³³ A better argument that the nominative use defense should not be available to West Coast is that West Coast’s products were readily identifiable without the use of “moviebuff,” and that West Coast therefore failed to meet the first prong of the *New Kids* test.

³⁴ According to the *New Kids* test, first, “the product or service in question must be one not readily identifiable without use of the trademark; second, only so much of the mark or marks may be used as is reasonably necessary to identify the product or service; and third, the user must do nothing that would, in conjunction with the mark, suggest sponsorship or endorsement by the trademark holder.” *New Kids*, 971 F.2d 302 at 308.

³⁵ The metatags on her website represent an argument that she is at least identifiable (if not readily identifiable) without the use of “playboy” and “playmate.” March 20, 2002, the content of her website was described as “... featuring erotic nude photos, semi-nude photos, softcore ...,” and the keywords metatags listed are “terri, welles, playmate, playboy, model, models, nude, naked, breast, breasts, tit, tits, nipple, nipples, ass, butt.” See www.terriwelles.com (last visited June 1, 2003).

Playboy. With regard to the second prong, the court emphasized that their “decision might differ if the metatags listed the trademarked term so repeatedly that Welles’ site would regularly appear above PEI’s in searches for one of the trademarked terms.”³⁶ Similarly, even if the other requirements to qualify for a fair use defense were met, the repeated use of a trademark in metatags probably would not be a fair or in good faith use under the fair use doctrine discussed above.

Another logical question raised is, can the unauthorized use of a trademark in metatags without the simultaneous use of the trademark on the website itself qualify for a nominative use defense? Provided that the term being used is descriptive of the content of the website, the answer should be yes. For instance, the term “Playmate” or “Playboy” would be no less descriptive of Welles’ site if they were only used in the metatags of her site.³⁷

4.4 Dilution

In *Welles*, Playboy also argued that Welles’ use of “Playboy” and “Playmate” diluted their trademark. The court held that for the same reasons uses in comparative advertising are exempted from anti-dilution law, nominative uses are also excepted. The court reasoned that comparative advertising and nominative use of a trademark cause no harm.

Even outside the comparative advertising and the nominative use cases, anti-dilution law will not play an important role when it comes to the unauthorized use of trademarks in metatags.

³⁶ *Welles*, *supra* at 162. The court’s emphasis on the possibility of a different outcome if the trademarks were listed repeatedly in the metatags, must be seen in connection with how it would affect how the website would be listed on a search engine among all the search results for that query. For searches made on those search engines that do search metatags, a repeated use of Playboy in the metatags would in most cases result in a higher placement on the list of search results.

³⁷ After the legal dispute with Welles, Playboy inserted a clause in their agreements with all playmates that they cannot, without prior authorization from Playboy, make use of certain terms, such as Playmate, Playboy, Playmate of the year etc. An interesting question is whether the courts will interpret such a clause to forbid only the trademark use of such terms, leaving nominative use still allowed. Free speech concerns present a good argument for such an interpretation. Courts could, therefore, consider holding the agreement unenforceable as contrary to public policy. The Ninth Circuit, however, seemed to indicate that a clause prohibiting the use of Playboy outside the scope of the trademark meaning of the term would be enforceable: “Of course the conferrer of such honors and award is free to limit the honoree’s use of the title or references to the award by contract.”

A consumer would not actually see the trademark that is used in the metatags, but only be referred to a site from a search engine with the assumption that there is some mentioning of the trademark on that site. This would only in unusual circumstances result in an actual lessening of the selling power of the trademark as required under the FDA.

5. Trademarks in the Path of a URL or in a Third Level Domain Name

5.1 Introduction

The use of a trademark in the path of a URL or in a third level domain name cannot be easily compared to other real world uses.³⁸ Courts have held that second level domain names (SLD) are identifiers “somewhat analogous to a telephone number or street address.”³⁹ Building on this analogy, the path of a URL or a third level domain name could be described as something similar to an extension number to a telephone, or a department or office within a street address. However, an SLD, the path of a URL and a third level domain name, is capable of conveying more information than an address or a phone number. Typically this is the case where the URL includes a trademark, a business name or another descriptive term.⁴⁰

³⁸ In the URL www.law.ucdavis.edu/faculty, “law” would be the third level domain name, “ucdavis” the second level domain name (SLD), “edu” the top level domain name (TLD) and “faculty” the path of the URL. The SLD stands out from the third level domain name and the path of the URL in that only the SLD is registered in the centralized root server organized by ICANN. Typically, the third level domain name designates a subnetwork under the network running the SLD, while the path of the URL typically designates a particular web page on the website that is located on that particular SLD. While at first blush it appears that the ACPA applies to the use of trademarks in the third level domain names and the path of the URL it does not. A major reason for this is that only the SLD will block others from using the same SLD in their domain name. The fact that UC Davis uses law in their third level domain name does not for instance block Harvard from using law in its third level domain name.

³⁹ See *Brookfield*, 174 F.3d 1036 at 1044.

⁴⁰ Most people will not know the identity of the business simply from the address or telephone number, such as, 420 G Street, Davis, CA, or 530-297-4100. Compare to the web site of that business – <http://www.signaturetheatres.com/davis/stadium/>, and the difference between a telephone number or street address and a URL becomes apparent. The SLD matches the name of the Movie Theatre chain Signature Theatres, while /davis, identifies the location of the movie theatre, and /stadium identifies the name of that particular Signature Theatre.

5.2 Likelihood of Confusion – Trademark Infringement⁴¹

When considering whether a trademark use causes a likelihood of confusion, the location of the mark's use within the URL is of great importance. Consider the following example. If someone made an unauthorized use of "Volkswagen" in an SLD, such as, www.volkswagen.com, such use would likely lead to consumer confusion.⁴² However, should "Volkswagen" be used in the third level domain name, such as a host name for a sub-network or computer running under a computer hosting a different SLD (e.g. www.volkswagen.ucdavis.edu) the likelihood of consumer confusion is lessened. Further, when the trademark appears in connection with another source identifier such as "ucdavis," the second source identifier puts people on notice that they are not accessing an official Volkswagen website, but rather a sub-network of the main UC Davis network.⁴³

5.3 Defenses to Trademark Infringement

⁴¹ While courts seem to find the use in commerce requirement easily met when a trademark is registered in an SLD, a better argument is that a use of a trademark in a third level domain name or in the path of the URL does not meet this requirement. For example, consider a non-commercial home page, e.g. www.erlend.com (fictional), which contains personal information about me, my interests, and my hobbies. Assume one of my hobbies is to collect old coke bottles, and I post pictures of my collection on my home page under www.erlend.com/coke. Such use would not prevent Coca-Cola from using coke in their SLD, in a third level domain name or in the path of a URL in connection to any SLD they hold. Further, one could argue that my use of the term coke is non-commercial. However, should I also decide also to sell them at high prices through www.erlend.com/coke, such use is likely to be a use in commerce.

⁴² Typically, such unauthorized use would be attacked under the ACPA. However, the trademark holder can also choose to bring a claim of trademark infringement.

⁴³ Additionally, since UC Davis is the main source identifier, the fact that there is no proximity of the goods in question (i.e., Volkswagen sells cars and UC Davis sells education) and Volkswagen is unlikely to bridge the gap, supports a finding of no trademark infringement. There may still be a question of whether there is a likelihood of confusion regarding the sponsorship or endorsement by Volkswagen to UC Davis. For example, what if www.volkswagen.ucdavis.edu hosted the UC Davis engineering department's web site, describing their latest research project on a car energized by solar power? Finally, under some circumstances the path of the URL or the third level domain name, more than the SLD, will function as the source identifier of the web site. This occurs when a web site is hosted on a service provider's computer, or on a sub-network of the service provider, e.g., www.serviceprovider.com/volkswagen or www.volkswagen.serviceprovider.com.

The most interesting questions concerning the unauthorized use of a trademark in either a third level domain name or in the path of a URL involve the nominative use or descriptive fair use defenses to trademark infringement.

In *New Kids*, the Ninth Circuit explained that to qualify for a nominative use defense, three requirements had to be met: (1) The product or service in question must be one not readily identifiable without the use of the trademark, (2) only so much of the mark or marks may be used as is reasonably necessary to identify the product or service, and (3) the user must do nothing that would, in conjunction with the mark, suggest sponsorship or endorsement by the trademark holder.⁴⁴

In the Internet context the question of nominative use has been addressed at the district court level in *Patmont Motor Werks, Inc. v. Gateway Marine Inc.*⁴⁵ The court held that the use of the trademark “Goped” in the path of the URL of a website operated by a distributor of Go-Peds was a “non-trademark use of a mark – a use to which infringement laws simply do not apply ...”⁴⁶ The court also held that all three requirements of the *New Kids* nominative use test were met because: (1) Go-Peds were not identifiable without using the word “Go-Ped” (the defendant was only referring to the brand of scooter that he had for sale); (2) Go-Ped was used only to the extent necessary (the defendant did not, for instance use the plaintiff’s logo on his website); and (3) Defendant’s website did not indicate any sponsorship or endorsement. Further, the court went on to “...find as a matter of law that such use [www.idiosync.com/goped] does not suggest Patmont’s sponsorship or endorsement, because the Go-Ped mark did not appear in the website’s

⁴⁴ The New Kids test. *New Kids*, 971 F.2d 302 at 308.

⁴⁵ *Patmont Motor Werks, Inc. v. Gateway Marine Inc.*, 1997 U.S. Dist. LEXIS 20877 (N.D. Cal. 1997).

⁴⁶ *Id.* at 10.

domain name.”⁴⁷ The court explained that while a domain name has significant importance in identifying the source of a website, the path of a URL serves a different function. It “merely shows how the website’s data is organized within the host computer’s files. [...] Nothing in the post-domain path of the URL indicates a website’s source of origin ...” On this basis the court entered summary judgment for the defendant.⁴⁸

In addition to *Patmont*, a “pre-cyber world” Ninth Circuit case sheds some light on when the unauthorized use of a trademark qualifies as a nominative use that is outside the scope of trademark infringement. In *Volkswagen Aktiengesellschaft v. Church* the court upheld the district court’s finding of no trademark infringement.⁴⁹ Douglas Church, the defendant in *Volkswagen*, ran an automobile repair shop under the name “Modern Volkswagen Porsche Service.” Later he changed the shop’s name to “Independent Volkswagen Porsche Service.” The court held that the defendant could only use the Volkswagen trademark to the extent such use would not deceive the public. Specifically, the court meant the use could not suggest to the defendant’s customers that he was part of Volkswagen’s organization of franchised dealers and repairmen. The court emphasized the defendant’s prominent use of the word ‘Independent,’ and the fact that he “did not use Volkswagen’s distinctive lettering style or color scheme, nor did he display the encircled ‘VW’ emblem.”⁵⁰

⁴⁷ *Id.* at 11-13. The court further reasoned that the website’s disparagement of Go-Peds as unsafe and of Patmont’s management as criminally anti-competitive was sufficient for a finding of no suggestion of sponsorship or endorsement. *Patmont*, 13 note 6.

⁴⁸ The court’s reasoning clearly illustrates the difference between a trademark that is being used in a SLD and in the path of a URL. On the other hand, it does not seem very persuasive to argue that an unauthorized use of a trademark in the path of a URL, as a matter of law does not cause a likelihood of confusion. One reason is that the path of a URL sometimes (even though rarely) is the main source identifier in the URL. Another reason is that the correct question is not whether there is confusion as to the website’s source of origin, but to the source of origin of the goods or services being offered on that website. Or, as the case may be, confusion as to sponsorship or endorsement of the web site by the trademark holder.

⁴⁹ *Volkswagen Aktiengesellschaft v. Church*, 411 F.2d 350 (9th Cir. 1969).

⁵⁰ *Id.* at 351.

Based on the above, it is logical to conclude that Church should be able to take his business online under the URL www.churchautorepair.com/volkswagen without becoming a trademark infringer. Especially if (1) he has a disclaimer on the site stating that he is not an authorized Volkswagen dealer or repairmen, or (2) if it is apparent from the website that he is independent from Volkswagen.

Although the nominative use defense may be the best defense to allegations of unauthorized trademark infringement in the path of a URL, the fair descriptive use defense can also be asserted. For instance, if on their website, Pepsi compared their own products to Coca-Cola's, with frequently updated survey results and the like, Pepsi could claim a fair descriptive use of the Coca-Cola mark as a defense. What if such comparisons were displayed under the URL www.pepsi.com/cocacola? It is logical to argue that this use is also a fair use, and therefore, Pepsi could make such use without becoming a trademark infringer.

5.4 Dilution

The unauthorized use of a trademark in a third level domain or the path of a URL is unlikely to cause dilution.⁵¹ However, there is a split among the courts involving the registration of domain names that contain derogatory words in connection with a trademark.⁵² Some decisions have favored the trademark holders, while others favor the holders of the domain names. Consider whether the following website makes an unauthorized use of McDonald's

⁵¹ Remember that the mark must be famous, there must be a use in commerce, and there must be actual dilution, i.e., meaning that the actual selling power of the trademark is reduced by such use. See Lanham Act § 1125(c). The Supreme Court might shed some light on what is required with respect to "actual dilution." They granted cert. to hear a dispute where Victoria's Secret is claiming dilution from the use of Victor's Little Secret as the name for a store selling a wide variety of items, including men's and women's lingerie, adult videos, sex toys and "adult novelties." *Moseley v. V Secret Catalogue, Inc.*, 2002 U.S. LEXIS 2357; 70 U.S.L.W. 3639.

⁵² Examples of cases involving the word "sucks" are: WIPO Domain Name Dispute: Case D2000-1015, available at <http://arbiter.wipo.int/domains/decisions/html/2000/d2000-1015.html> (last visited June 3, 2003) finding for the defendant, and WIPO Domain Name Dispute: Case D2000-0636, available at <http://arbiter.wipo.int/domains/decisions/html/2000/d2000-0636.html> (last visited June 3, 2003), finding for the plaintiff.

trademark in the path of their URL: www.capitalistpigs.com/mcdonalds? First, such use of the McDonald's mark is certainly outside the scope of ACPA. The true question is whether under the FDA such use causes actual dilution of the McDonalds mark.⁵³ While most disputes under the ACPA and ICANN's UDRP are resolved on the issue of whether there is a "bad faith" intent to profit, this fictional dispute will have to be decided according to traditional dilution law. Further, it is likely to turn on whether such a site would actually lessen the selling power of the McDonald's mark.

5.5 Initial Interest Confusion

In *Brookfield*, initial interest confusion was found sufficient to find trademark infringement when a trademark is used in metatags.⁵⁴ Accordingly, if courts hold that initial interest confusion is sufficient to find trademark infringement in cases involving the unauthorized use of trademarks in the path of a URL or in a third level domain name, they may determine that infringement can not be avoided merely by using a disclaimer of sponsorship or endorsement. Further, the initial interest confusion theory could potentially limit the application of the nominative use test. Also, where the trademark is used in the path of a URL or in a third level domain name, one could argue that such use is sufficient to indicate sponsorship or endorsement. This could lead to different results in online cases with similar facts to *Patmont* and *Volkswagen*.

6. Linking and Trademark Infringement

A link is a connector used by a website operator to lead visitors to a website somewhere else on the Web. It can be used to link to another website operated by the same website operator, or to one operated by someone else. Typically, these links appear as blue underlined text, but

⁵³ McDonalds is undoubtedly a famous mark within the meaning of the FDA. Whether such use would be held to be in commerce could be a more open question.

⁵⁴ See section 4.

they can also appear in different colors or graphic images.⁵⁵ When a link offers a connection to an off-site web page that is not the home page of the site being pointed to, it is typically called a deep link. Most web site operators encourage others to link to their sites because it is thought to increase traffic to their site.⁵⁶ However, when a deep link bypasses the home page, advertisements placed on that home page get less exposure. This has led people to argue that while most linking should be lawful, deep linking should not. Theories of trademark infringement, trademark dilution, copyright infringement and also different theories of unfair competition, passing off and misappropriation are used to support the unlawfulness of deep linking.⁵⁷

Ticketmaster Corp. v. Tickets.com Inc. (a preliminary injunction case before the U.S. District Court for the Central District of California) involved deep linking.⁵⁸ In this case Ticketmaster (“TM”) filed to obtain an injunction against Tickets.com (“T.com”). Both TM and T.com are in the business of providing tickets or information on how to obtain tickets. TM is the largest ticket brokerage company in the U.S., and sells tickets through retail ticket windows over the Internet. TM operates a main web page with several directories that categorize events, venues, geographical areas and the like that a customer can choose. To obtain information on any specific event, a visitor must click through links to these directories. T.com sells tickets, but to a larger extent provides information regarding other locations where tickets may be purchased.

⁵⁵ No distinction between links and hyperlinks will be made in this article.

⁵⁶ Questions of linking may also turn up in a different context. In a case before the District Court of the Southern District of New York, the plaintiff (Jeri-Jo) succeeded in obtaining a court order directing the defendants to “de-link its www.energie.it site from its www.missixty.com and www.sixty.net sites,” because the plaintiff held rights to the trademark “energie” in the United States. The court held that the link to the Italian Energie site from the two other sites constituted advertisement and promotion of the Energie trademark within the United States. While this case raises interesting questions of the geographical limitations of trademark rights, the substantive trademark question is whether the use of “Energie” as a link is likely to cause confusion. *Jeri-Jo Knitwear, Inc. v. Club Italia, Inc.*, 94 F. Supp. 2d 457 (S.D.N.Y. 2000).

⁵⁷ For an overview of linking law in the USA, see Mark Sableman, *Link Law Revisited: Internet Linking Law at Five Years*, 16 BERKELEY TECH. L.J. 1273.

⁵⁸ *Ticketmaster Corp. v. Tickets.com Inc.*, 2000 U.S. Dist. LEXIS 12987 (C.D. Cal. 2000).

One way T.com accomplishes this is to provide the user with a deep link to the TM site for the specific event the user requested. However, the deep link bypasses the TM main page.⁵⁹ With regard to the various Lanham Act claims, the court held that T.com did not pass itself off as TM, in part because T.com on its website said that it could not sell the tickets but would refer the buyer to another broker who could. It seems clear that this court was of the opinion that TM would be unsuccessful with any trademark claims against T.com.⁶⁰

Even though linking, and especially deep linking in some cases, raises legal questions regarding violating the rights of the linked party, a plaintiff is more likely to be successful with traditional trespassing tort claims and copyright claims than with claims of trademark infringement.⁶¹

7. Framing and Trademark Infringement

To understand whether framing can constitute trademark infringement, it is first necessary to understand what frames are and how they work. The use of "frames" allows:

a Web page creator to divide the Web browser window into several separate areas. [...]

The programmer of the Web page can dictate what goes into each frame. Commonly, a Web site designer creates a page that at all times displays one frame containing the name of the Web site and other identifying information. The other frames are then controlled by the user. For example, a Web site employing frames might always show the original Web site's graphic logo on the top of the page while allowing the user to view [a second] Web site in a different frame. [...] The legal implications of this are complex. In the

⁵⁹ Note that there was some uncertainty as to whether TM had the technical means to stop deep linking, and that access to such means in general might influence trademark issues related to deep linking.

⁶⁰ The District Court spent most time on TM's copyright and trespassing claims. Note that Ticketmaster also previously had filed a similar complaint against Microsoft. That case settled with no opinion issued.

⁶¹ See *eBay Inc. v. Bidder's Edge, Inc.*, 100 F. Supp. 2d 1058 (N.D. Cal. 2000) (regarding trespassing theories applied to the Web).

example just given, a Web surfer might easily be confused concerning the relationship between [the second] and the framing site.⁶²

By changing the facts in *Ticketmaster* to include framing, we can illustrate how trademark claims can arise in relation to the use of frames. Imagine that T.com, in addition to just deep linking to TM's websites, displayed the event purchase site of TM within a frame on their own website. This arguably increases the likelihood that a consumer may think that TM has endorsed T.com's website, or that there is a relationship between the two companies. Under this scenario, it is unclear whether T.com could avoid trademark infringement by posting a disclaimer or notice informing the consumer of no such endorsement or relationship. Most likely this use has crossed the line of trademark infringement because (1) it suggests a commercial sort of relationship between the two companies, and (2) T.com passes off on TM's goodwill by presenting their own advertisement and promotion in connection with a service offered by TM.

However, the unauthorized use of frames does not always result in trademark infringement. Consider the following example of a use of frames that probably does not create a likelihood of confusion: the "Ask Jeeves" search engine. When one clicks on a link provided by Ask Jeeves, the link is presented within a frame on the Ask Jeeves' website. This technique allows Ask Jeeves to display their own logo and banner ads, even after the user has clicked through to the website of his choice. However, Ask Jeeves would rarely be a competitor of the operator of the website being displayed within their frame. Additionally, Ask Jeeves' users are likely aware of how it operates and, therefore, understand that it is not endorsed by or related with the websites listed in their search results. Therefore, it is unlikely that Ask Jeeves is a trademark infringer.

⁶² *Intellectual Property in Cyberspace 2000*, The Burkman Center for Internet and Society, at Harvard Law School, at <http://eon.law.harvard.edu/property/syllabus/> (Feb. 7, 2000). (Last visited June 4, 2003). This site also contains illustrative examples of how frames work.

8. Search Engines and Trademark Infringement

8.1 Introduction

What may a search engine be paid to do without becoming a trademark infringer? For instance, may Yahoo! sell banner ads to Volkswagen that show up every time someone searches for another brand of car such as Mazda or Toyota. What if Volkswagen is unsatisfied with a banner ad, and wants to be listed as a search result when someone makes the same query for Mazda or Toyota? For the remainder of the paper, the situation described in the first hypothetical will be referred to as “keyed banner ads,” while the situation described in the second hypothetical will be referred to as “paid placement.”

When a search engine allows for keyed banner ads or paid placements, a further question is raised regarding who the possible trademark infringers are: the search engine, the advertiser, or both?⁶³ For our purposes, there is no need to distinguish between the two possible infringing parties.

Finally, while ISP’s are given limited protection from copyright liability under the Digital Millennium Copyright Act, and protection from defamation and other non-intellectual property state law claims arising from third party content under the Communications Decency Act, no such immunity is given from trademark liability.⁶⁴ Therefore, there is no statutory bar from holding search engines liable for either direct or contributory trademark infringement.

8.2 Keyed Banner Ads and Trademark Infringement.

⁶³ Both search engines and the advertisers have been sued in two lawsuits brought respectively in the District Court of San Antonio (suit brought against search engines for paid placement - Suit filed January 31 2002 in the US District Court for the Western District of Texas by Mark Nutritionals Inc. against FindWhat Services Inc. and three other search engines, including AltaVista) and the District Court of the Northern District of California (suit brought against competitor for both the use of metatags and paid placement).

⁶⁴ *Gucci America, Inc. v. Hall & Assoc.*, 135 F.Supp.2d 409 (S.D.N.Y. 2001). A search engine is provided with a safe harbor from copyright liability under the DMCA, 17 U.S.C. § 512d (1998), and from defamation and more under the Good Samaritan Immunity (Communications Decency Act), 47 U.S.C. § 230 (1996).

The practice of using keyed banner ads, by itself, is unlikely to cause a likelihood of confusion as to source. However, a distinction should be made from situations where the content of the keyed banner ad causes a likelihood of confusion. This latter situation is not addressed by this article. Even without source confusion, trademark infringement can still be found when a search engine user is likely to think that there is some form of sponsorship or affiliation between the product or service displayed in the banner ad and the owner of the trademark. After *Brookfield*, even a finding of confusion at the earlier stages of a purchasing process - leading the typical user to click on the banner ad thinking that there is a connection - would be sufficient to find trademark infringement. However, the most convincing argument remains that keyed banner ads normally will not lead to initial interest confusion, not even sponsorship or endorsement confusion. Further, for there to be a likelihood of confusion regarding sponsorship or endorsement, the customer must know or assume that the search engine makes use of keyed banner ads, and the customer must believe that the search engine only allows the trademark holder or affiliated companies to “key up ads to queries” to the trademark. This is unrealistic, because most people are likely not to believe the latter.

A better, but still unpersuasive argument for trademark infringement, regarding the practice of keyed banner ads, is when the targeted advertisement is presented not as a banner ad, but as a pop up advertisement. Consider, for example, the situation where (1) a pop up ad appears when a search is made for Volkswagen that states “Do you need parts for your Volkswagen? Come to carparts.com,” and (2) in order to view the results, the user must click on the “Close This Window” button to make the pop up disappear.⁶⁵

⁶⁵ Our use and understanding of “pop-up” ads and similar web advertising techniques are still evolving, and the answers to questions on the legal effect of using such techniques are therefore unclear. In the given example, the likelihood that the user would think that there is some sponsorship or affiliation between Carparts.com and Volkswagen increases compared to a situation where Carparts.com only has a normal banner ad. It would probably still not constitute trademark infringement though.

8.3 Paid Placement and Trademark Infringement

A commonly used search engine illustrates how paid placement works. If you go to www.google.com and search for “Volkswagen” you are likely to encounter at least one “*Sponsored link*,” or in other words an example of paid placement. For example, my search for Volkswagen March 20, 2002, resulted in both www.carsdirect.com and www.valuepricing.com listed as sponsored links above the official Volkswagen website - www.vw.com. Even though these links are clearly presented as “sponsored” by Google, they enjoy a more prominent placement than other links. The reason for this is that the operators of these websites have paid Google to have their websites placed at the top of the search results.

Similar to keyed banner ads, paid placement is unlikely to cause a likelihood of confusion as to source. Therefore, the relevant question is whether the practice of paid placement is likely to confuse consumers into thinking that there is a relationship or affiliation between the trademark searched for and the sponsored link. For example, in the previous hypothetical, the relevant question should be whether a user would be confused into thinking that there is a relationship between Volkswagen and carsdirect.com or valuepricing.com. For two reasons the answer is no. First, it is clearly indicated that these links are sponsored, or essentially paid for. Second, a reasonable visitor to Google should understand that search results necessarily include links to web sites that have no affiliation or relationship with Volkswagen. While some search engines are better than others in placing official websites at the top of the search results, a reasonable user should still expect to review the results in order to find the desired website.

However, what if a search engine, in a search for Volkswagen, placed www.valuepricing.com at the top of their search results without indicating that it is a sponsored link? Would this cause a likelihood of confusion? Depending on such factors as the strength of

the mark, the proximity of the goods in question, the possibility that the trademark holder will bridge the gap, and of course whether the trademark holder can prove actual confusion a finding of trademark infringement could result.

One illustration of a borderline case is a lawsuit filed early in 2002 by “Body Solutions” against four different search engines.⁶⁶ Body Solutions alleged that the search engines, by allowing the purchase of “Body Solutions” as a keyword for paid placement without regard to its trademark rights, were directly, contributorially, and vicariously liable for the resulting acts of unfair competition, trademark infringement, trademark dilution, misappropriation, deceptive trade practices, unjust enrichment and tortuous interference with prospective economic advantage.

Alta Vista was one of the accused search engines. When I conducted a search for “Body Solutions” on AltaVista, it provided me with four hits in a category called “Products and Services.”⁶⁷ Below this category they listed their 770, 767 results to the search. All four web sites listed in the “Products and services” category made comparisons between Body Solutions and their own product. Three of the websites even used the term “Body Solution” in the title of their website.⁶⁸ Also, three of the sites had a disclaimer stating that they were not affiliated with Mark Nutritionals, the holder of the Body Solutions trademark. Finally, the official Body Solutions website (www.bodysolutions.com) did not appear on the first page of results returned by Alta Vista.⁶⁹

⁶⁶ Suit filed January 31, 2002, in the US District Court for the Western District of Texas by Mark Nutritionals Inc against FindWhat Services Inc and three other search engines, including AltaVista. Within the scope of this article only questions of how the practice of paid placement holds up against claims of trademark infringement and trademark dilution will be discussed.

⁶⁷ These four sites were <http://www.nutritionadvisor.com/bodysolutions.htm?source=overture>, http://www.perfecthealth4life.com/night_time.htm, <http://www.twinlabproducts.com/compare.htm> and <http://www.healthyway2lose.com/compare.html>. Search was done March 20, 2002.

⁶⁸ To see the title of the website, first click view on the toolbar of your browser, and then click source.

⁶⁹ A similar search for body solutions at google.com listed the official site at the top of the search results.

Does the AltaVista practice of paid placement cause a likelihood of consumer confusion? Unlike Google, AltaVista does not indicate that the four links in the “Products and Services” category are paid advertisements. While they are presented in a separate category (“products and services”), there is no indication that this is not a normal search category on AltaVista. Alta Vista’s use of a separate category, by itself, is likely insufficient to prevent users from being confused. Rather, the opposite is likely true. When a search is made for a product and when the search engine used has a category for “Products and Services,” users would reasonably expect that the product searched for would be among those listed in that category.

Despite the disclaimers on at least three of the websites listed by AltaVista, there could still be at least initial interest confusion, e.g., *Brookfield*. However, AltaVista will likely argue that since all the results in the “Products and Services” category clearly indicate that a comparison with the Body Solutions product is made, it is apparent to the searcher that there is no affiliation between Body Solutions and the products promoted on the listed websites. This case also illustrates how a search engine may argue a fair use defense in a paid placement case.⁷⁰ In fact, the AltaVista scenario seems tailored for a fair use defense. As previously mentioned, the paid placement advertisers make use of the Body Solutions trademark in a comparative way.⁷¹ A question still remains whether the comparative advertising that AltaVista facilitates goes beyond what can be regarded as “fair” and in “good faith” within the meaning of the Lanham Act. This is an unsettled question with very little case law on this point. Therefore, what it takes to qualify as a fair and in good faith is uncertain.⁷² For example, a related example

⁷⁰ To qualify for a fair use defense the use must be “descriptive of and used fairly and in good faith only to describe the goods or services of such party” Lanham Act § 1115 (b)(4).

⁷¹ Truthful comparative advertisements are typically held not to be trademark infringements.

⁷² The used fairly and in good faith requirement “has not often been litigated.” J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 1:8 n.1 (4th ed. 1998).

that is clearly a non-infringing use is when search engines and other websites facilitate comparison-shopping for their users.⁷³

In addition to fair use, search engines using paid placement may also argue nominative use as a defense. For example, in *Playboy Enterprises, Inc. v. Netscape Communications* the court held that Netscape's and Excite's co branded search engine's practice of selling keyed banner ads to the search terms "Playboy" and "Playmate" was a non-trademark use of a mark to which the infringement laws simply do not apply.⁷⁴ The court further found that neither the defendants nor the advertisers with whom defendants contracted used Playboy's trademarks to identify their goods. While questions remain as to whether the court was correct to hold that "playboy" and "playmate" were used in a non-trademark way, or whether the court was correct to emphasize that the search engines did not compete with Playboy (disregarding the fact that the advertisers, in my opinion, were direct competitors of Playboy), this case is a good example that the *New Kids* defense is available also to keyed banner ads and paid placement cases.⁷⁵

8.4 Dilution

Before addressing the question of dilution, it bears repeating that a finding of fair use or nominative use brings such use of a trademark outside the reach of antidilution law.⁷⁶

In *Netscape*, Playboy argued trademark dilution because its marks were located near materials which it considered more sexually explicit than its own material. The court held that the factual premise behind this claim was incorrect because (1) the Playboy material could not be sufficiently distinguished from the material offered for sale in the keyed banner ad, and (2)

⁷³ Both AltaVista and Ask Jeeves do for instance give users the opportunity to "comparative shop" after they list the search results to their users' queries. Such use seems clearly to be within the scope of the fair use defense.

⁷⁴ *Playboy Enterprises, Inc. v. Netscape Communications*, 55 F.Supp. 2d 1070 (C.D. Cal. 1999).

⁷⁵ For a thorough review of this case, see Sableman, *supra* note 59, at 1309-1310.

⁷⁶ Re section 4.4. That is not to say of course that a comparative advertising cannot dilute a trademark. Where the comparative use that is made of the trademark is not fair, e.g. it is altered or displayed in a very unfavorable way, fair use will not hold up as a defense. In such cases actionable dilution may also occur. An example is *Deere & Company v. MTD Products, Inc.*, 41 F.3d 39 (2d Cir. 1994).

Playboy's material was sold near other, allegedly more sexually, explicit material in adult bookstores. The court concluded that Playboy had failed to produce any evidence that the capacity of its marks to identify and distinguish goods and services had been lessened.

Assuming the Body Solutions trademark meets the threshold requirement of being famous,⁷⁷ the facts of the *Body Solutions* lawsuit also raise a question of dilution. When AltaVista listed four competitors at the top of search results for Body Solutions, and failed to display the Body Solutions website close to these listings, their behavior could have diluted the selling power of the Body Solution trademark. Users of AltaVista who searched for Body Solution could have associated plaintiff's trademark with the brands of the four listed competitors or with weight loss products in general. This could have disabled the holder of the Body Solution trademark from distinguishing its product by the use of the trademark. If so, the trademark holder will likely succeed in a claim for trademark dilution.

8.5 Comments

It is generally known that search engines, to a large extent, rely on advertising to generate revenue. Further advertisers will pay more for an effective advertisement. Targeted or customized advertising appears to increase the effectiveness of advertising. Therefore, issues related to paid placement, keyed banner ads and other forms of targeted advertisement are likely to continue to arise.

To generate advertising revenue search engines, such as Alta Vista, rely on traffic to their websites. Therefore, there is a strong incentive to find a balance between their advertising practice and what their users prefer. Whether this incentive is sufficient for search engines to structure their websites in compliance with trademark law is unclear. This uncertainty will

⁷⁷ For a discussion on the famousness requirement, *see* Lemley, *supra* note 6.

continue as long as it remains unclear whether search engines' paid placement and keyed banner ad practices are in compliance with trademark law.