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# Out of Sight, Out of Mind? Why the Lanham Act Needs to Be Brought Into the Digital Millennium

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# Out of Sight, Out of Mind? Why the Lanham Act Needs to be Brought Into the Digital Millennium

## INTRODUCTION

In recent years, Congress has often been slow when adapting existing trademark law to emerging technologies.<sup>1</sup> When attempting to apply traditional trademark law definitions in the context of the Internet, websites, and search engines, uniformity has been rare, and is applied with wildly inconsistent results. One of the biggest areas of confusion, and the area most likely to be abused, is the use of a trademark as a meta tag<sup>2</sup> in a website owned by someone other than the mark's owner. In the context of meta tags, several Circuits have given the Lanham Act<sup>3</sup> distinctive application that contradicts application in other Circuits; therefore, winning or losing a meta tag trademark claim could be determined not by the language of the statute, but instead by the court exercising jurisdiction over the case.

This Comment provides a brief overview of trademark law as specifically applied in the context of the Internet, and also looks at the substantial differences in how that law is applied in various jurisdictions. Part I of the Comment briefly discusses the protections offered by the Lanham Act. Part II discusses the Lanham Act as applied to the Internet, specifically in the context of website meta tags. Part III discusses how recent decisions have ruled on the buying and selling of keywords. Part IV discusses recent rulings on using trademarked terms as meta tags. Finally, Part V discusses potential changes to the Lanham Act and its application to keywords to make it more effective in the context of digital protection.

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1. *Intermatic Inc. v. Toepfen*, 947 F. Supp. 1227, 1234 (N.D. Ill. 1996) (addressing Congress' and the states' slow response to cyber-squatters (individuals who attempt to register domain names of an already existing trademark)).

2. Meta tags are the portion of the underlying HTML code of a website and "are intended to describe the contents of the web site." *Brookfield Commc'ns v. W. Coast Entm't Corp.*, 174 F.3d 1036, 1045 (9th Cir. 1999).

3. 15 U.S.C. §§ 1051–1072 (2006).

## I. TRADEMARK PROTECTION IN GENERAL

The function of granting trademark protection is purely an economic one, with consistent commercial use of a mark giving equal economic benefit to both the trademark holder and consumers.<sup>4</sup> The Lanham Act seeks to protect consumers by preventing someone other than a trademark owner from use that “is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person.”<sup>5</sup>

However, little uniformity exists in defining “likelihood of confusion,” as the circuit courts have applied various definitions and determining factors when addressing the issue. After decades of varying definitions of “likelihood of confusion,” a commonly applied test emerged from the Ninth Circuit’s decision in *AMF, Inc. v. Sleekcraft Boats*.<sup>6</sup> The *Sleekcraft* court combined previous case law to formulate a thorough, if not exhaustive,<sup>7</sup> list of factors to consider in infringement cases between competing goods:

1. strength of the mark; 2. proximity of the goods; 3. similarity of the marks; 4. evidence of actual confusion; 5. marketing channels used; 6. type of goods and the degree of care likely to be exercised by the purchaser; 7. the defendant’s intent in selecting the mark; and 8. likelihood of expansion of the product lines.<sup>8</sup>

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4. By allowing a company to easily distinguish its products by a brand or trade name, the producers of that product save the costs of further distinguishing that product. In turn, consumers of that product have a reduced cost in searching for products that have consistent qualities over time. William M. Landes & Richard A. Posner, *Trademark Law: An Economic Perspective*, 30 J.L. & ECON. 265, 268–69 (1987) (“I need not investigate the attributes of the brand I am about to purchase because the trademark is a shorthand way of telling me that the attributes are the same as that of the brand I enjoyed earlier.”). In one sense, trademarks are self-enforcing as they gain value when “they denote consistent quality, and a firm has an incentive to develop a trademark only if it is able to maintain consistent quality.” *Id.* at 270.

5. 15 U.S.C. § 1125(a)(1)(A) (2006).

6. *AMF, Inc. v. Sleekcraft Boats*, 599 F.2d 341, 348–49 (9th Cir. 1979) *abrogated in part on other grounds by* *Mattel Inc. v. Walking Mt. Prods.*, 353 F.3d 792, 810 n.19 (9th Cir. 2003).

7. *See Sleekcraft*, 599 F.2d at 348 n.11. Other jurisdictions have taken this non-exhaustive language to heart and added their own non-statutory requirement—namely, the infringing use must have occurred without the plaintiff’s consent. *See* *1-800 Contacts, Inc. v. WhenU.com, Inc.*, 414 F.3d 400, 407 (2d Cir. 2005). The Second Circuit did not expound why a plaintiff would seek damages on trademark infringement that it had previously consented to.

8. *Sleekcraft*, 599 F.2d at 348–49. The sliding hierarchy of trademark strength, ranging from generic, descriptive, suggestive, and arbitrary or fanciful, is best laid out in *Aber-*

Under the Lanham Act, use “in commerce” is the threshold determination,<sup>9</sup> as non-commercial use does not violate the language of the act. But even consistently deciding what the words of the Lanham Act itself mean has been difficult for the circuit courts. Some circuits read the statute’s requirement of “use in commerce” as one factor, while other jurisdictions have separated “use” and “in commerce” into independent factors.<sup>10</sup>

Even if commercial use of a trademark is established, a would-be infringer can still plead fair use as a defense, as the Lanham Act explicitly carves out an exception for use that is “descriptive of and used fairly and in good faith only to describe the goods or services”<sup>11</sup> represented by a valid mark.<sup>12</sup> Alleged infringers asserting a statutory, or “classic fair use” de-

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*crombie & Fitch Co. v. Hunting World, Inc.*, 537 F.2d 4, 9 (2d Cir. 1976). The strongest mark is one that is “inherently distinctive” in an “arbitrary or fanciful” manner. *Id.* at 11. A generic mark is “inherently weak” and is afforded the lowest protection. *Rodeo Collection, Ltd. v. W. Seventh*, 812 F.2d 1215, 1218 (9th Cir. 1987). Registration of a mark with the United States Patent and Trademark Office is *prima facie* evidence that a mark is not generic. 15 U.S.C. § 1057(b) (2006).

Proximity refers to the relatedness of the goods. *Sleekcraft*, 599 F.2d at 350. This factor aims to prevent the public from mistakenly assuming “an association between the producers of the related goods, though no such association exists.” *Id.*

Similarity is tested on three factors (sight, sound, and meaning), which “must be considered as they are encountered in the marketplace.” *Id.* at 351.

While evidence of actual confusion will strengthen the claim of infringement, absence of such proof “is *not* dispositive against a trademark plaintiff, because actual confusion is hard to prove; difficulties in gathering evidence of actual confusion make its absence generally unnoteworthy.” *Brookfield Commc’ns v. W. Coast Entm’t Corp.*, 174 F.3d 1036, 1050 (9th Cir. 1999).

Despite limitless variances on how the Internet could be used for marketing, the Internet as a whole has been considered one “marketing channel.” *See Internet Specialties W. v. Milon-Digiornio Enters.*, 559 F.3d 985, 989 (9th Cir. 2009).

Courts look at whether a “typical buyer exercising ordinary caution” would think the goods are so similar as to be related. *Sleekcraft*, 599 F.2d at 353.

The *Sleekcraft* court left the intent analysis listed as the seventh factor to a good faith determination. *Id.* at 354.

In discussing the likelihood of expansion factor, the *Sleekcraft* court explained, “Inasmuch as a trademark owner is afforded greater protection against competing goods, a ‘strong possibility’ that either party may expand his business to compete with the other will weigh in favor of finding that the present use is infringing.” *Id.*

9. 15 U.S.C. § 1125 (a)(1) (2006).

10. *Compare* 800-JR Cigar, Inc. v. GoTo.com, Inc., 437 F. Supp. 2d 273, 281–82 (D.N.J. 2006) (considering use in commerce as one individual factor), *with* PETA v. Doughney, 263 F.3d 359, 364 (4th Cir. 2001) (looking at “use” and “in commerce” as individual factors in trademark infringement).

11. 15 U.S.C. § 1115 (b)(4).

12. Statutory fair use has come to be known as “classic fair use.” *See, e.g., Toyota Motor Sales, U.S.A., Inc. v. Tabari*, 610 F.3d 1171, 1183 n.11 (9th Cir. 2010).

fense, are usually subjected to a likelihood-of-confusion test similar to the one laid out in *Sleekcraft*.<sup>13</sup>

But the Ninth Circuit further muddied the waters of fair use when it created a non-statutory affirmative defense to trademark violation known as “nominative fair use”<sup>14</sup>—“a use that does not imply sponsorship or endorsement of the product because the mark is used only to describe the thing, rather than to identify its source.”<sup>15</sup> If an alleged trademark infringer asserts a nominative fair use defense, the *Sleekcraft* factors are no longer used because the mark used will not just be similar, it will be identical to the plaintiff’s mark.<sup>16</sup> Instead, likelihood of confusion in nominative fair use is subjected to a three-prong test: (1) the product in question must not be readily identifiable without use of the mark; (2) the alleged infringer used only so much of the mark as reasonably necessary to identify the product or service; and (3) the user must do nothing that would suggest endorsement by the trademark owner.<sup>17</sup>

In creating the nominative fair use defense, the Ninth Circuit drastically changed trademark litigation by giving would-be infringers another method of attempting to avoid liability. As such, the idea of nominative fair use has been applied in vastly different ways by different circuit courts. In the Ninth Circuit, nominative fair use has given rise to a further differentiated likelihood-of-confusion analysis.<sup>18</sup> The Third Circuit, however, has held that nominative fair use is not substantially different than the traditional trademark fair use doctrine, and is treated as a *prima facie* defense to infringement.<sup>19</sup> Further confusing the issue, other circuits have adopted only portions of the Ninth Circuit’s nominative fair use test, while others have simply rejected the test altogether.<sup>20</sup>

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13. *Playboy Enters. v. Welles*, 279 F.3d 796, 801 (9th Cir. 2001).

14. *New Kids on the Block v. News Am. Pub., Inc.*, 971 F.2d 302, 308 (9th Cir. 1992).

15. *Id.* at 306.

16. *Playboy*, 279 F.3d at 801 (stating that application of the *Sleekcraft* factors to identically used meta tags “would lead to the incorrect conclusion that virtually all nominative uses are confusing”).

17. *New Kids*, 971 F.2d at 308.

18. *See Playboy*, 279 F.3d at 806 (holding that nominative use of a trademark should be given the same exception to the Lanham Act as comparative uses of a mark).

19. *See Century 21 Real Estate Corp. v. Lendingtree, Inc.*, 425 F.3d 211, 226 (3d Cir. 2005) (“[T]he burden of proving likelihood of confusion, even in a nominative use case, should remain with the plaintiff . . .”).

20. *See Lorillard Tobacco Co. v. S&M Brands, Inc.*, 616 F. Supp. 2d 581, 589 (E.D. Va. 2009) (noting the Fourth Circuit has not adopted the nominative fair use test “in any form”); *Pebble Beach Co. v. Tour 18 I Ltd.*, 155 F.3d 526, 546 n.13 (5th Cir. 1998) (adopting the Ninth Circuit’s test in part).

As trademark infringement became more and more common in the context of Internet commerce, the Ninth Circuit again further differentiated trademark litigation by further narrowing application of its *Sleekcraft* factors, settling on the “controlling troika”<sup>21</sup> of similarity of the marks, relatedness of the goods or services, and use of the same marketing channels as the three most important factors in analyzing likelihood of confusion in the context of the Internet. However, initial application of the “controlling troika” still dealt with more traditional trademark issues, just in the context of the Internet—similarity of logos used in a display,<sup>22</sup> or textual presentation of trademarks in website URLs.<sup>23</sup>

While other courts have adopted either the “controlling troika” or some similar variant based on the Ninth Circuit’s likelihood-of-confusion test, the Ninth Circuit recently changed its own analysis in its 2011 ruling in *Network Automation, Inc. v. Advanced Systems Concepts, Inc.*<sup>24</sup> The *Network Automation* decision is likely to further confuse the likelihood-of-confusion analysis, as the court drastically scaled back its reliance on the “controlling troika,” going so far as to say that the “troika” factors are a “particularly poor fit” on the issue of search engine trademark keyword use.<sup>25</sup>

Instead of focusing on those three *Sleekcraft* factors, the Ninth Circuit said that courts must be flexible when applying *Sleekcraft* since, “Depending on the facts of each specific case arising on the Internet, other factors may arise as more illuminating on the question of consumer confusion.”<sup>26</sup> The court effectively eliminated the necessity of looking at the marketing channels when it stated that since nearly every business uses the Internet as a marketing channel, “the shared use of a ubiquitous marketing channel does not shed much light on the likelihood of consumer confusion.”<sup>27</sup> Finally, the court added a ninth consideration of “other relevant factors,” such as how the resulting keyword search results were labeled or displayed.<sup>28</sup> Given the recency of this decision, its impact on subsequent litigation is likely to further the judicial inconsistencies in applying the Lanham Act as other circuits tweak their own analyses.

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21. See *GoTo.com, Inc. v. Walt Disney Co.*, 202 F.3d 1199, 1205–06 (9th Cir. 2000).

22. See *id.* at 1206.

23. See *Perfumebay.com Inc. v. eBay Inc.*, 506 F.3d 1165, 1174 (9th Cir. 2007).

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

25. *Id.* at 1148.

26. *Id.*

27. *Id.* at 1151.

28. *Id.* at 1153–54.

## II. OUT OF SIGHT, OUT OF MIND?

For the most part, obvious trademark violations on the Internet are easily regulated with “traditional” Lanham Act application—putting another company’s trademarked logo on your website to promote your products would be a violation on the Internet just as it would in a print advertisement.<sup>29</sup> But an emerging issue out of Internet commerce is the use of trademarks in generating search results on a web search engine in an attempt to direct end users to a particular website. Whether these practices constitute “use in commerce” has been widely debated, with different jurisdictions coming to different conclusions.<sup>30</sup>

Search engines such as Google generate results in two main ways: search term relevance and context-based advertising,<sup>31</sup> neither of which is immediately apparent to users performing the search. Search term relevance is how a “traditional” search engine query operates. For example, if a prospective consumer is looking for the goods or services of a particular provider, they can enter that provider’s trademark into the search engine.<sup>32</sup> The search engine then uses its own method (in Google’s case, a proprietary algorithm)<sup>33</sup> to deliver results in a decreasing order of relevance.<sup>34</sup> The more often a particular keyword is listed as a meta tag in the underlying source code for a website, the more likely that website is to show up in a search for that particular word.<sup>35</sup> After searching for a particular trademark on a website, a search engine will produce a list of results with the owner of that mark at or near the top, allowing the consumer to go directly to that producer’s web site.<sup>36</sup>

Context-based advertising allows websites to bypass their “natural” placement in a traditional search and purchase priority on specific keywords to make their site more visible.<sup>37</sup> Search engines “sell” these keyword advertisements to the highest bidder,<sup>38</sup> a practice known as “trade-

29. See *GoTo.com, Inc. v. Walt Disney Co.*, 202 F.3d 1199, 1205 (9th Cir. 2000).

30. See *infra* notes 45–47.

31. *Rescuecom Corp. v. Google, Inc.*, 562 F.3d 123, 125 (2d Cir. 2009).

32. *Id.*

33. *Id.*

34. Since each search engine uses its own method of retrieving “hits” on a keyword, results on a keyword will vary based on which search engine is being used. *Brookfield Commc’ns v. W. Coast Entm’t Corp.*, 174 F.3d 1036, 1045 (9th Cir. 1999).

35. *Id.*

36. *Id.*

37. *Rescuecom*, 562 F.3d at 125.

38. *Id.* at 126. The plaintiff suing Google in *Rescuecom* suggested that the search engine company generates 97% of its revenue through selling keywords (both trademarked and non-trademarked.) See *id.*

mark keying.”<sup>39</sup> When a consumer does a search on a trademarked term, the search engines may place advertisements alongside the “traditional” results.<sup>40</sup> But these advertisements are more than just advertisements, as they also represent a link to the advertiser’s website regardless of whether the advertiser is the owner of the trademark term that was searched for.<sup>41</sup> The end result could be a consumer looking for Company A’s trademark being directed to Company B’s web site simply because Company B paid for better placement on Company A’s trademark through the use of a “Sponsored Link.”<sup>42</sup>

The Lanham Act implications of each of these practices have been addressed by various courts, often involving the search engine Google, with a consensus of the “law of the land” difficult to establish.<sup>43</sup>

### III. THE RARE BRIGHT LINE: SUGGESTING TRADEMARKED TERMS VIOLATES THE LANHAM ACT, BUT WHAT ABOUT SIMPLE BUYING AND SELLING?

Trademark infringement suits over context-based advertising have become more common in recent years, with legal rulings being inconsistent and often reaching different conclusions on different analyses of different points of law.<sup>44</sup> In *Government Employees’ Insurance Co. v. Google, Inc.* the court ruled that defendant search engines Google and Overture’s practice of selling GEICO’s trademark for advertisement was use in commerce.<sup>45</sup> However, in *Merck & Co. v. Mediplan Health Consulting*,<sup>46</sup> the court ruled that since the trademarked word was not visibly displayed in the ad-

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39. Terrance J. Keenan, *American and French Perspectives on Trademark Keying: The Courts Leave Businesses Searching for Answers*, 2 SHIDLER J.L. COM. & TECH. 14, ¶ 1 (2005).

40. *Rescuecom*, 562 F.3d at 125–26.

41. *Id.*

42. *See Rosetta Stone Ltd. v. Google Inc.*, 730 F. Supp. 2d 531, 537–38 (E.D. Va. 2010).

43. *See infra* Part IV.

44. *See generally* Travis Burchart, *The Keyword Plot Thickens as the Internet Troika Suffers Its Demise at the Hands of the Sleekcraft Factors: Ninth Circuit Addresses Confusion and Keywords*, COPYRIGHT & TRADEMARK L. BLOG (Mar. 14, 2011, 12:03 AM), <http://www.lexisnexis.com/community/copyright-trademarklaw/blogs/copyrightandtrademarklawblog/default.aspx>.

45. *Gov’t Emps. Ins. Co. v. Google, Inc.*, 330 F. Supp. 2d 700, 704 (E.D. Va. 2004).

46. *Merck & Co. v. Mediplan Health Consulting, Inc.*, 425 F. Supp. 2d 402 (S.D.N.Y. 2006).



vertising that was seen by consumers, purchasing a trademarked term owned by another company did not qualify as use in commerce.<sup>47</sup>

The Second Circuit's 2009 ruling in *Rescuecom Corp. v. Google, Inc.*<sup>48</sup> may have signaled a shift in how some courts will handle trademark keying. In *Rescuecom*, a computer repair company sued the search engine company after several of Rescuecom's competitors began buying advertising space in Google's search results using Rescuecom's trademark—at Google's suggestion.<sup>49</sup> When bringing suit on the same issue that was presented in *Merck*, Rescuecom took a different tactical route from the *Merck* plaintiffs by bringing suit not against the individual infringers but instead bringing action directly against Google<sup>50</sup>—helping to ensure the court would be forced to address the “display” problem since Google directly displayed Rescuecom's trademark in its Keyword Suggestion Tool.<sup>51</sup> The strategy worked, as the court ruled that Google's selling, and a competitor's buying, of a trademarked keyword “fits literally within the terms specified by” the Lanham Act's definition of “use in commerce.”<sup>52</sup> However, the *Rescuecom* court failed to directly address whether simply using a trademark as a meta tag in a web site's source code would qualify as “use in commerce” without the buying and selling of the word.<sup>53</sup> In the aftermath of the ruling, Google has since changed its policies on suggesting trademarked terms.<sup>54</sup>

*Rescuecom*'s outcome has been very narrowly applied, and Google has recently had its AdWords feature of selling trademarked keywords upheld in another jurisdiction. In *Rosetta Stone Ltd. v. Google, Inc.*, the search engine was allowed to continue selling trademarked words, despite that sale being viewed as occurring “in commerce.”<sup>55</sup>

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47. *Id.* at 415. In this decision, the court only considered the use by the company using the trademarked keyword in an advertisement, and not the initial “sale” of the keyword to that company.

48. *Rescuecom Corp. v. Google, Inc.*, 562 F.3d 123, 123 (2d Cir. 2009).

49. Google's advertising service is known as AdWords. One feature of AdWords is the Keyword Suggestion Tool, which recommends keywords for an advertiser to use based on the advertiser's specified market. Several of Rescuecom's competitors purchased the keyword “Rescuecom” after it had been suggested to them by Google's Keyword Suggestion Tool. *Id.* at 125–27.

50. *Id.* at 123.

51. *Id.* at 127.

52. *Id.* at 129. The Ninth Circuit stated its own adoption of this “use in commerce” view in *Network Automation, Inc. v. Advanced Sys. Concepts, Inc.*, 638 F.3d 1137 (9th Cir. 2011).

53. *See generally Rescuecom*, 562 F.3d at 123.

54. *Google Inc. Advertising Program Terms*, GOOGLE, <http://www.google.com/intl/en/permissions/guidelines.html> (last visited Mar. 19, 2011).

55. *Rosetta Stone Ltd. v. Google Inc.*, 730 F. Supp. 2d 531, 540 (E.D. Va. 2010).

In applying the Fourth Circuit's own version of its "likelihood of confusion" test<sup>56</sup> (different from the *Sleekcraft* factors), the district court held that consumer confusion was unlikely when third parties selling counterfeit Rosetta Stone products used Rosetta Stone's trademark in their advertisements.<sup>57</sup> In its defense, Google's only contention was that it did not use the mark in a manner that would confuse consumers as to the source or origin of goods.<sup>58</sup> The court only analyzed three of the confusion factors: Google's intent, actual confusion, and the consuming public's sophistication.<sup>59</sup>

When addressing Google's intent, the court drew a fine-line distinction between Google's intent to profit from using the trademark and Google's intent to confuse the public about the origin of the trademark.<sup>60</sup> The court further stated that in this instance, confusing the public would be more detrimental to Google than it would be to Rosetta Stone, as Google's entire business depends on users finding Google's services reliable and trustworthy.<sup>61</sup> Finally, the court ruled that Google had no intent to purposefully point customers to counterfeit service providers.<sup>62</sup> Ultimately, the court stated this factor was definitively in Google's favor.<sup>63</sup>

Both Google and Rosetta Stone argued that actual evidence of consumer confusion as to a source of a good was the most important factor and best evidence of likelihood of confusion.<sup>64</sup> However, the district court quickly dismissed Rosetta Stone's testimonies from five customers as *de minimis*, as those testimonies resulted from more than 100,000 impressions over six years.<sup>65</sup>

The district court's most noticeable departure from traditional "likelihood of confusion" analysis based on *Sleekcraft* appears in its self-created

56. In the Fourth Circuit, likelihood of consumer confusion is determined by: (1) strength or distinctiveness of the mark; (2) similarity of the marks to consumers; (3) similarity of the goods and services identified with the marks; (4) similarity between the facilities used by the markholders; (5) similarity of advertising; (6) defendant's intent; (7) actual confusion; (8) quality of the defendant's product; (9) sophistication of the consuming public. *George & Co., LLC v. Imagination Entm't Ltd.*, 575 F.3d 383, 393 (4th Cir. 2009).

57. *Rosetta Stone*, 730 F. Supp. 2d at 544.

58. *See id.* at 541.

59. *Id.*

60. *Id.* at 541.

61. *Id.* at 542.

62. *Id.*

63. *Id.*

64. *Id.*

65. *Id.* at 543. The district court relied on *George & Co. LLC v. Imagination Entm't Ltd.*, 575 F.3d 383 (4th Cir. 2009), where the Fourth Circuit ruled that four instances of confusion among 500,000 instances failed to establish confusion.

prong of analyzing the “consuming public’s sophistication.”<sup>66</sup> The court specifically disavowed Rosetta Stone’s contention that the relevant market to consider is the public at large—instead, the court looked only at potential buyers of Rosetta Stone’s products.<sup>67</sup> Since Rosetta Stone’s products cost hundreds of dollars and is targeted specifically at “well-educated consumers willing to invest money and energy in the time-intensive task of learning a language,”<sup>68</sup> the district court ruled that those same consumers would have the “expertise and sophistication”<sup>69</sup> necessary to be able to distinguish paid advertisements<sup>70</sup> and natural results on the search engine. Therefore, the consuming public’s sophistication strongly favored Google.<sup>71</sup>

While the district court’s decision on likelihood of confusion was enough to support its decision to grant Google’s motion for summary judgment, the district court took an unexpected turn by applying another, and seemingly unrelated, trademark principle to Google’s selling of trademarked terms. The district court held that Google’s use of trademarked keywords should be upheld by the functionality doctrine,<sup>72</sup> which “prevents trademark law, which seeks to promote competition by protecting a firm’s reputation, from instead inhibiting legitimate competition by allowing a producer to control a useful product feature.”<sup>73</sup> The court reasoned that since courts have found search engines to be a valuable information provider,<sup>74</sup> allowing trademark holders such as Rosetta Stone to prohibit search engines such as Google from selling their trademark would limit legitimate competition.<sup>75</sup>

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66. *Rosetta Stone*, 730 F. Supp. 2d at 540.

67. *Id.* at 545.

68. *Id.*

69. *Id.* at 545.

70. Not all of Google’s Sponsored Links are labeled as such.

71. *Rosetta Stone*, 730 F. Supp. 2d at 545.

72. *Id.*

73. *Qualitex Co. v. Jacobsen Prods. Co.*, 514 U.S. 159, 164 (1995). Another leading functionality doctrine case, *Traffix Devices, Inc. v. Marketing Displays, Inc.*, further held that courts must consider whether a product feature is essential to the use or purpose of the device. *Traffix Devices, Inc. v. Mkt’g Displays, Inc.*, 532 U.S. 23, 32 (2001).

74. *See Playboy Enters., Inc. v. Welles*, 279 F.3d 796, 803–04 (9th Cir. 2002).

75. *Rosetta Stone*, 730 F. Supp. 2d at 545. It is worth noting that the court explicitly viewed using a trademarked keyword in natural search results and allowing Google to sell those trademarked terms to someone other than the trademark owner as exactly the same. *Id.* at 546.

## IV. WHAT ABOUT GENERAL USE OF META TAGS?

Not surprisingly, circuit courts are also split on whether using a trademarked term as a meta tag to generate “natural” search results should be considered a “use in commerce,” or if it should be protected by some other affirmative defense. The Ninth Circuit initially ruled that using meta tags that were confusingly similar to a trademarked term created initial interest confusion and therefore was an infringing use.<sup>76</sup> However, the Ninth Circuit backed down from such a definitive stance in *Playboy Enterprises, Inc. v. Welles*, by ruling that use of a trademark as a meta tag would be commercial use, but such use would definitively fall under nominative fair use<sup>77</sup> because would-be infringers would have no way to identify themselves without using the trademark for context.<sup>78</sup> The court further ruled that such contextualized use would only cease being nominative fair use if the would-be infringers used the meta tags in such a manner that their website would regularly appear above the trademark owner’s website in searches for the trademarked term.<sup>79</sup>

The Eleventh Circuit’s decision in *North American Medical Corp. v. Axiom Worldwide* provided a narrower contrast to the *Playboy* ruling by returning to the rationale laid out in *Brookfield*.<sup>80</sup> In *North American Medical*, defendant Axiom used North American Medical’s trademarked product line as a meta tag in promotion of its website, where Axiom sold its competing product.<sup>81</sup> In upholding the lower court’s ruling that use of a trademarked term as a meta tag was “use in commerce” under the plain meaning of the Lanham Act, the court ruled that use of a trademark as a meta tag on a competitor’s web site was enough to demonstrate likelihood of source confusion<sup>82</sup> when the search engine results presents the competi-

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76. *Brookfield Commc’ns v. W. Coast Entm’t Corp.*, 174 F.3d 1036, 1065 (9th Cir. 1999).

77. *Playboy*, 279 F.3d at 803.

78. In *Playboy*, defendant Welles was a former Playboy Playmate of the Year, and repeatedly identified herself as such on her website, both in visible text and in meta tags. *Id.* at 799. The court ruled that Welles’ inability to use the term “Playmate of the Year” would be particularly damaging to the validity of search results because there was no descriptive substitute available for Welles’ use. *Id.* at 802. Such search difficulty would result in “the unwanted effect of hindering the free flow of information on the [I]nternet.” *Id.* at 803–04.

79. *Id.* at 804.

80. *N. Am. Med. Corp. v. Axiom Worldwide, Inc.*, 522 F.3d 1211, 1220, 1222 (11th Cir. 2008).

81. *Id.* at 1216–17.

82. *Id.* at 1220, 1222. The court explained that a competitor’s use of trademarked meta tags to generate search results would be likely to confuse consumers since a search engine query for the trademark would generate the competitor’s website as well as the trademark

tor's website in a manner that suggests that the two products come from the same source.<sup>83</sup>

#### V. MOVING FORWARD: CHANGING THE LANHAM ACT FOR THE DIGITAL MILLENNIUM

To eliminate further confusion from the vastly different ways the Lanham Act is applied in the context of the Internet, Congress should revise the trademark law to bring it in line with the reality of digital trademark infringement. By clarifying key provisions—most importantly establishing a bright-line rule on meta tag use—Congress can keep countless lawsuits from the federal court systems while strengthening the underlying spirit of the Lanham Act.

When updating the Lanham Act to specifically address the Internet and meta tags, Congress must be cognizant of the massive scope of these proposed changes and the tremendous difficulty in trying to enforce new laws if written too narrowly. Keeping that in mind, an outright ban on using a trademarked keyword as a meta tag in HTML code would prove to be entirely too cumbersome for courts to regulate—primarily due to the ease of changing HTML code to remove meta tags at a moment's notice, along with the widespread non-infringing, non-commercial use present on the Internet. To make an outright ban effective, any change to the legislation would also have to make a statutory definition of what type of website automatically qualifies as a "commercial" website, or at least a statutory definition of "commercial"<sup>84</sup>—mere presence in search results could not be a legitimate basis for commercial determination, as search engines routinely return web sites in search results that do not have the exact key word that was searched for as a meta tag.

However, the buying and selling of trademarked meta tags would be much easier for Congress to define as commercial use—and could therefore eliminate both the "classic fair use" and "nominative fair use" defenses

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holder's website, falsely suggesting some affiliation or relationship between the two—what has been called "source confusion." *Id.* at 1222 n.9.

83. The court narrowly tailored its decision, explicitly stating that it was not ruling on basic search engine results triggered by trademarked meta tags. *Id.* at 1224 n.10. While the court did not take an official ruling on the issue in the opinion, it did hint that such use might be allowable. *See id.* at 1224 n.10.

84. Under the Lanham Act, "commercial" is not defined at all, and "commerce" is merely defined as "all commerce which may lawfully be regulated by Congress." 15 U.S.C. § 1127 (2006).

from trademark keying.<sup>85</sup> Analyzing the Ninth Circuit's likelihood of confusion factors as laid out in *Sleekcraft*,<sup>86</sup> and putting them in the context of meta tag use shows that banning the buying and selling of trademarked meta tags would be a reinforcement of, not be a shift in, existing likelihood of confusion policy. A statutory ban on buying and selling trademarked keywords would be in line with the already existing intent of the Lanham Act's likelihood of confusion requirement—an intent that is enforced with very little uniformity from jurisdiction to jurisdiction.<sup>87</sup>

Until such legislative steps can be taken by Congress, federal courts should re-evaluate traditional *Sleekcraft* application, and disregard those factors that aren't applicable in the Internet marketplace. By looking at each factor anew, courts can reduce the number of factors to be considered and give more clear-cut guidance to lower courts.

#### A. *Strength of the Mark*

The context of the Internet and search engines does nothing to limit the sufficiency of the traditional strength of mark analysis in determining likelihood of confusion. The sliding scale in *Abercrombie & Fitch Co. v. Hunting World, Inc.*<sup>88</sup> is no more or less applicable in the context of the Internet than in “traditional” application, despite the fact that to be used as a meta tag, only the textual representation of the trademark would be used.<sup>89</sup> Studies suggest that users defer to Google's search results as authoritative when seeing a website listed in search results even when the presentation of the website in the results indicate decreased relevance.<sup>90</sup> That deference to Google or another search engine is more damaging to consumers who rely on the search engine to provide accurate information regarding the source of the trademarked keyword on which they are basing their search.

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85. Since each keyword would be bought and sold in a commercial transaction, the arguments of such use being “descriptive” would no longer apply. See *supra* notes 11, 13, and accompanying text.

86. See *supra* note 8.

87. See *supra* Part I.

88. *Abercrombie & Fitch Co. v. Hunting World, Inc.*, 537 F.2d 4, 9 (2d Cir. 1976).

89. Meta tags must be text-based, as the underlying code for all web sites is text data. Even a visual representation of a trademark (such as the world-famous Disney “Mouse Ears”) is implemented through lines of text that refer to the graphic file.

90. See Bing Pan et al., *In Google We Trust: Users' Decisions on Rank, Position, and Relevance*, 12 J. COMPUTER-MEDIATED COMM'N 3, article 3 (2007), available at <http://jcmc.indiana.edu/vol12/issue3/pan.html>.

### B. Proximity of the Goods

Similar to the strength of mark analysis, no additional considerations need to be factored into the proximity of goods analysis. As discussed in *Rescuecom* and *Rosetta Stone*,<sup>91</sup> most trademark keying cases result from direct competitors attempting to divert competing traffic towards their own website. Codifying a definition of “proximity” or “competing” would be difficult, so traditional proximity analysis would continue to suffice.

### C. Similarity of the Marks and Intent to Cause Confusion

To establish a trademark infringement claim, a plaintiff needs to establish that a defendant is using a mark that is “confusingly similar” to the protected mark.<sup>92</sup> However, in the majority of Internet search engine cases, such as *Rescuecom* and *Rosetta Stone*, the similarity of the marks being used is not disputed as the defendants typically are using the *exact* same mark,<sup>93</sup> which easily satisfies the “confusingly similar” requirement.<sup>94</sup> Therefore, in the context of Internet search engines and meta tags, similarity of the marks, especially when the *exact* same trademark is used, is highly relevant in analyzing trademarked keyword use.

Further, use of the exact trademark as a keyword should also serve as *prima facie* evidence of the seventh *Sleekcraft* factor, intent to cause confusion. One can hardly fathom a company copying another company’s exact trademark logo and claiming such behavior was unintentional.<sup>95</sup> The same rationale should apply in the Internet setting with text-based trademarks.

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91. See *supra* notes 47–52, 54–66 and accompanying text.

92. *Brookfield Commc’ns v. W. Coast Entm’t Corp.*, 174 F.3d 1036, 1046 (9th Cir. 1999).

93. See *Rescuecom Corp. v. Google, Inc.*, 562 F.3d 123, 126 (2d Cir. 2009) (establishing that Google had sold plaintiff *Rescuecom*’s exact trademark to *Rescuecom*’s competitors); *Rosetta Stone Ltd. v. Google Inc.*, 730 F. Supp. 2d 531, 538–39 (E.D. Va. 2010) (establishing that Google had sold plaintiff *Rosetta Stone*’s exact trademark as part of its AdWords program).

94. *Horphag Research Ltd. v. Pellegrini*, 337 F.3d 1036, 1040 (9th Cir. 2003) (holding that using the exact trademark in question as a meta tag satisfies the Lanham Act’s “confusingly similar” requirement).

95. Imagine a company trying to use the Disney “Mouse Ears” on an advertisement, and later trying to claim it was an unintentional use of Disney’s logo. Obviously, the majority of registered trademarks are not nearly as famous or easily distinguishable as Disney’s, but using another company’s exact trademark, especially one in direct competition with your own business, should carry enough weight to establish rebuttable *prima facie* intent.

*D. Evidence of Actual Confusion*

In the Internet setting, evidence of actual confusion should be given even more weight due to the ease of overcoming initial interest confusion by merely clicking “back” on one’s web browser. Most consumers probably would not go to the trouble of reporting their confusion, and would simply return to the search engine results and move to the next link on the list. Therefore, if a company did present actual evidence of customer complaints, even if in relatively small numbers compared to the number of searches queried on a particular keyword, such evidence would be indicative of customers being so confused that they felt the need to complain to the company. A user making that level of effort, when merely moving on to another website is so easy for the consumer, would speak volumes as to that customer’s confusion, and accordingly should be given great weight by a court.

*E. Marketing Channels Used*

The Ninth Circuit’s recent analysis<sup>96</sup> in its *Network Automation* decision gives sound reasoning for eliminating any analysis of the marketing channels used in consideration of likelihood of confusion in trademark keying. Since companies who do not advertise on the Internet are the exception and not the rule,<sup>97</sup> the Lanham Act could easily state in its text that “the Internet” was its own marketing channel and eliminate any additional analysis. Further, since search engine advertising is an ever-evolving marketplace with new search engines constantly joining the fray, limiting a market channel definition to a particular search engine would require multiple infringement claims which would in turn increase the burden on the courts rather than lighten it.

*F. Type of Goods and the Degree of Care Likely to be Exercised by the Purchaser*

The Ninth Circuit also ruled in *Network Automation* “that the default degree of consumer care is becoming more heightened as the novelty of the Internet evaporates and online commerce becomes commonplace.”<sup>98</sup> However, the court’s implication that consumer sophistication necessarily elevates in direct correlation to the price of the good or service in question is

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96. See *supra* note 27 and accompanying text.

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

98. *Id.* at 1152.



flawed.<sup>99</sup> Moore's Law has consistently continued to play out in technological advances in the first decade of the 21<sup>st</sup> Century, making increasingly complex technological devices cheaper and cheaper, and therefore more readily available to a broader spectrum of the population.<sup>100</sup> In many ways, Internet search engines are the 21<sup>st</sup> century's equivalent to the 20<sup>th</sup> century's Yellow Pages, and the vast majority of Americans use the Internet regularly.<sup>101</sup> Assuming a level of sophistication in what has become such a routine practice for the majority of Americans seems unnecessary. Instead, *Sleekcraft's* assessment of a "typical buyer exercising ordinary caution"<sup>102</sup> still seems the appropriate standard.

### G. Likelihood of Expansion of the Product Lines

Similar to consideration of marketing channels used,<sup>103</sup> looking at a trademark holder's intent of expanding into the infringing user's similar product line bears no relevance to trademark keying. As previously discussed,<sup>104</sup> most infringement through trademark keying occurs through purposeful behavior of direct competitors. As both companies are already directly competing, neither the trademark holder nor the alleged infringer has room in the marketplace to expand without directly conflicting the other. At least for likelihood of confusion in trademark keying, likelihood of expansion should no longer be considered.

## VI. CONCLUSION

To remedy the varied application of the Lanham Act, Congress should amend the law to bring it inline with the trademark infringement currently occurring online. No longer limited to print advertisements and non-competing companies using similar-sounding names, trademark infringement is now taking place in the unseen lines of text used to generate search engine query results.

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99. *See id.* at 1153.

100. Moore's Law states that the number of transistors able to fit in a square inch of integrated circuit doubles every two years, effectively cutting the cost of the same processing power by half at the same time. *Moore's Law and Intel Innovation*, INTEL, <http://www.intel.com/about/companyinfo/museum/exhibits/moore.htm> (last visited Mar. 14, 2012).

101. Kim Severson, *Digital Age is Slow to Arrive in Rural America*, N.Y. TIMES, (Feb. 17, 2011), <http://www.nytimes.com/2011/02/18/us/18broadband.html> (stating that 72% of all Americans use the Internet).

102. *See supra* note 8 and accompanying text.

103. *See supra* Part V.E.

104. *See id.*

In the context of trademark terms and search engines, the Lanham Act has been applied inconsistently and unpredictably. Acts that are considered infringing “use in commerce” in one jurisdiction are ruled not even to be commercial use that is subject to the Lanham Act in the other.<sup>105</sup> And even when infringing use is found, the defense of fair use is applied by different standards based on varying tests to determine user confusion.<sup>106</sup>

As a remedy, the Lanham Act should be updated to add language specifically defining the purchase or sale of a trademarked keyword as use in commerce, removing any possibility of fair use defense. To achieve this, Congress would finally add the protection to trademarks on the Internet that courts have been unable to provide.

Until Congress makes these changes, federal courts should re-evaluate the *Sleekcraft* likelihood of confusion factors,<sup>107</sup> giving fresh eyes to the context of trademarked keywords on the Internet. A more fair, and consistent, application would be achieved by reducing the likelihood of confusion analysis to the following factors: strength of the mark, similarity of the marks, the defendant’s intent in selecting the mark, evidence of actual confusion, types of goods, and the purchaser’s degree of care. This reduction in factors would provide a more consistent application of likelihood of confusion analysis and would give trademark holders better protection under the already existing language of the Lanham Act.

*M. Lee Taft*

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105. *See supra* notes 47–70.

106. *See supra* notes 12–28.

107. *See supra* note 8.