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PLAYBOY ENTERPRISES, INC., V. NETSCAPE COMMUNICATIONS CORP.:¹ THE LEGAL WORLD'S FIRST STEP IN DETERMINING TRADEMARK INFRINGEMENT AND DILUTION IN BANNER ADVERTISING ON THE INTERNET

I. INTRODUCTION

On June 24, 1999, the United States District Court, Central District of California, decided *Playboy Enterprises, Inc., v. Netscape Communications Corp.*, a case that may have a substantial impact on how trademark law is applied to advertising on the Internet.² By ruling in favor of the defendants Netscape Communications Corp. (“Netscape”) and Excite, Inc. (“Excite”), the court claimed that Netscape and Excite did not infringe upon two of Playboy Enterprises Inc.’s (“PEI”) most popular trademarks.³

PEI, a publisher of adult entertainment, sued Netscape and Excite claiming that Netscape’s and Excite’s use of the trademarks “Playboy” and “Playmate” in their website search engines was federal trademark infringement and federal trademark dilution.⁴ On April 15, 1999, PEI filed a Motion for Preliminary Injunction in an attempt to bar Netscape and Excite from using its marks in their search engines.⁵ The court denied PEI’s motion for injunctive relief for four reasons. First, PEI failed to establish that Netscape and Excite used the marks in interstate commerce.⁶ Second, PEI failed to show that Netscape’s and Excite’s use of the marks created a likelihood of confusion.⁷ Third the court

¹ *Playboy Enterprises, Inc. v. Netscape Communications Corp.*, 55 F. Supp.2d 1070 (C.D. Cal. 1999).

² *Playboy*, 55 F. Supp.2d at 1070.

³ *Id.* at 1070.

⁴ *Id.*

⁵ *Id.* at 1072.

⁶ *Id.* at 1070.

⁷ *Id.*

determined that PEI had failed to prove that actual trademark dilution had occurred.⁸ Finally, the court also determined that the First Amendment and the fair use doctrine protected Netscape's and Excite's use of the trademarks.⁹

Although the Internet involves highly technical matter, courts continue to use the well-established legal principles of federal and state trademark law.¹⁰ Nevertheless, Internet advertising has significantly increased the likelihood of confusion by distorting the lines between various communications media.¹¹ One reason Internet advertising has created new problems in trademark law is because the Internet is available to an unlimited number of individuals and businesses.¹² Where before most individuals and businesses acted as listeners or viewers, the Internet has allowed these parties to act as advertisers of their own products and services to millions of people.¹³ The Internet also makes it easier for unethical parties to use famous trademarks to their own advantage.¹⁴ These new issues, as well as others, have led to numerous problems for the courts.

In *Playboy v. Netscape*, the court acknowledged the difficulty of applying well-established trademark law to the Internet and recognized that Internet law is a quickly expanding body of law.¹⁵ Nevertheless, the court's decision in *Playboy v. Netscape* plays an integral part in establishing how courts will decide cases concerning trademark use in Internet advertising.

This case note will review the facts of *Playboy v. Netscape*, the arguments presented by PEI, the application of well-established trademark law to Internet advertising, and a comment on the court's decision.

⁸ *Playboy*, 55 F. Supp.2d at 1070.

⁹ *Id.*

¹⁰ 3 George E. Rosden, & Peter E. Rosden, THE LAW OF ADVERTISING, § 56.03 (2000).

¹¹ *Id.*

¹² 2 Jerome Gilson et al., TRADEMARK PROTECTION AND PRACTICE, § 5.11[1] (2000).

¹³ *Id.*

¹⁴ *Id.*

¹⁵ *Playboy*, 55 F. Supp.2d at 1073.

II. BACKGROUND

A. Background of PEI, Netscape and Excite

PEI is a leading publisher of adult entertainment and uses the “Playboy” and “Playmate” trademarks in association with numerous products and services.¹⁶ PEI registered the “Playboy” mark on December 28, 1954, in connection with its monthly adult entertainment magazine and registered the “Playmate” mark on September 26, 1961, in connection with its calendars.¹⁷ The marks are also registered in several states.¹⁸

Since registration, PEI has expanded the uses of the “Playboy” and “Playmate” marks to numerous other products and services.¹⁹ Several examples of its expanded use are “Playboy Presents: Video Playmates,” “Playboy’s Playmate Review,” and “Playboy’s Playmates of the Year.”²⁰ The marks have also been used in such services as cable television, videocassettes, CD-ROMS, the “Playboy Catalog,” and www.playboy.com.²¹

Netscape and Excite own websites on the World Wide Web.²² Both websites, called search engines, allow users the ability to search the Internet for information.²³ Search engines play an integral role for the Internet because they help users locate desired information rather easily.²⁴ Without search engines, users would

16 *Id.* at 1076.

17 *Id.*

18 *Id.*

19 *Playboy*, 55 F. Supp.2d at 1076.

20 *Id.*

21 *Id.*

22 *Id.* at 1077.

23 *Id.* In deciding this case, the court noted that Netscape’s search engine is co-branded with and programmed by Excite. Nevertheless, the court treated both Netscape and Excite as search engine operators.

24 *Playboy*, 55 F. Supp.2d at 1077.

be lost in the vast world of cyberspace and would be unable to easily locate a desired website.²⁵

A search engine allows a user to search the Internet for a particular topic by allowing the user to enter several related words.²⁶ Once the words are entered, the search engine matches the words entered by the user with words found in a website.²⁷ The search engine then compiles a list of websites that include the words that were typed in by the user.²⁸ The list of websites is then presented to the user on a search result page.²⁹ Some search engines not only look at words presented in a domain name and text of a website, but also at words implanted in a website's software code.³⁰ Although these words are invisible to an Internet user, a search engine can locate such words and match them with the user's query.³¹ These invisible words are called meta-tags.³²

When a search result page is presented to the user, the page will include the listing of search results, recommended websites, and one or more banner ads.³³ A banner ad is an advertisement, usually found at the top of a web page, used by advertisers to sell products and lure users to their websites.³⁴ Usually a banner ad acts as a link to the advertisers' website.³⁵ The link allows the user to click his mouse on the banner ad and be brought directly to the advertiser's website.³⁶

25 *Id.*

26 *Id.*

27 *Id.*

28 *Id.*

29 *Playboy*, 55 F. Supp.2d at 1077.

30 *Id.*

31 *Id.*

32 *Id.* For example, a search engine user may enter the term "baseball rules" in effort to find information on the rules of baseball. When the search engine conducts its search and presents a search result page, the page may include a listing for the Chicago Cubs baseball team's website because the Chicago Cubs' website has the word "baseball" embedded in its software as a meta-tag.

33 *Id.* at 1077.

34 *Playboy*, 55 F. Supp.2d at 1077-1078.

35 *Id.* at 1078.

36 *Id.*

Search engine operators such as Netscape and Excite can program their servers to present banner ads on a search result page in several ways. The banner ads can be randomly posted, posted in a particular order, or triggered by “key” search terms.³⁷ By using key search terms, search engine operators program their servers to post a particular banner ad whenever a search engine user enters a certain word or words.³⁸ For example, an operator can program their search result page to post a banner ad advertising “www.espn.com” whenever a user types the word “baseball” into the search engine. Using key search terms allows an advertiser to enhance the effectiveness of its ad by targeting a particular demographic profile within the purchasing public.³⁹

When a banner ad appears on a search result page, the user cannot determine whether the ad appeared through a random posting or because a key search term was entered.⁴⁰ The appearance of the banner ad is the same no matter how it was posted on the search result page.⁴¹ There is no message or mark on the banner ad informing the user that the ad was triggered by the terms they entered into the search engine.⁴²

B. History of the Case

In May 1998, Netscape and Excite began selling a package consisting of over 450 adult entertainment terms to adult entertainment advertisers.⁴³ Whenever an Internet user entered one of the 450 terms into either Netscape’s or Excite’s search engine, a banner ad from one of the advertisers who purchased the package would appear.⁴⁴ Since there were numerous advertisers who purchased the package, Netscape and Excite posted the ads

³⁷ *Id.*

³⁸ *Id.*

³⁹ *Playboy*, 55 F. Supp.2d at 1072.

⁴⁰ *Id.* at 1078.

⁴¹ *Id.*

⁴² *Id.*

⁴³ *Id.*

⁴⁴ *Playboy*, 55 F. Supp.2d at 1078.

from the advertisers in a pre-determined rotation.⁴⁵ The advertiser then paid Netscape and Excite for each time their banner ad was posted.⁴⁶ The user did not have to click on the banner ad's link for Netscape and Excite to receive their income, only the posting of the ad was required.⁴⁷

Included in the package of 450 terms were PEI's marks "Playboy" and "Playmate."⁴⁸ Whenever a Netscape or Excite search engine user entered the term "playboy" or "playmate," a banner ad would appear on the search result page from one of the advertisers who purchased the package.⁴⁹ The words "playboy" or "playmate" would not appear in the banner ad, nor did the advertisements claim that the ad was endorsed by or affiliated with PEI.⁵⁰ Nevertheless, PEI claimed that Netscape's and Excite's use of "playboy" and "playmate" in the package infringed PEI's trademark rights.⁵¹

C. Trademark Infringement

The federal government grants trademark protection through the Lanham Act.⁵² Trademark infringement occurs when a person, without the registrant's consent, uses a "reproduction, counterfeit, copy, or colorable imitation of a registered mark" in commerce.⁵³ In order to establish trademark infringement, the plaintiff must be able to establish that the defendant's use of its trademark is causing a likelihood of confusion as to the source of a product.⁵⁴

The Ninth Circuit uses a variety of tests to determine the likelihood of confusion because it never declared that one specific

⁴⁵ *Id.*

⁴⁶ *Id.*

⁴⁷ *Id.*

⁴⁸ *Playboy*, 55 F. Supp.2d at 1078.

⁴⁹ *Id.* at 1072.

⁵⁰ *Id.* at 1078.

⁵¹ *Id.* at 1072.

⁵² 15 U.S.C. §§ 1051-1127 (1999).

⁵³ 15 U.S.C. § 1114 (1)(a) (1999).

⁵⁴ *Playboy*, 55 F. Supp.2d at 1074.

test solely be used.⁵⁵ Nevertheless, the most common test used by the Ninth Circuit to determine a likelihood of confusion is an eight-factor test.⁵⁶ The eight factors, also known as the “Sleekcraft Factors,” used to determine a likelihood of confusion are the following: 1) strength of the plaintiff’s mark; 2) proximity of the goods; 3) similarity of the marks; 4) actual confusion; 5) similarity of the marketing channels; 6) degree of care used by the consumer; 7) defendant’s intent to cause confusion; and 8) likelihood that plaintiff will expand its product line.⁵⁷ In applying the eight factors, courts will consider some factors more important than others; the weight of each factor will depend on the facts of each specific case.⁵⁸

D. Trademark Dilution

Trademark dilution, defined by 15 U.S.C. § 1127, is the lessening of the capacity of a famous mark to identify and distinguish goods or services.⁵⁹ Like trademark infringement, trademark dilution must also occur in commerce.⁶⁰ The circuit courts vary on how they interpret trademark dilution. Some circuit courts only require a likelihood of dilution to establish trademark dilution while other circuit courts require actual dilution. In the Ninth Circuit, the plaintiff is required to prove actual dilution of his mark in order for a court to find trademark dilution.⁶¹ To

⁵⁵ 90 David J. Kera, & Theodore H. Davis, Jr., *THE TRADEMARK REPORTER* 108 (2000).

⁵⁶ *Id.*

⁵⁷ *Bally Total Fitness Holding Corp., v. Faber*, 29 F. Supp. 2d 1161, 1163 (C.D. Cal. 1998). The “Sleekcraft Factors” are quite similar to the “Polaroid Factors,” which are used by many courts. Both include eight different factors, but only seven of the factors are the same. Courts using the “Sleekcraft Factors” examine the similarity of the marketing channels used by both parties of the suit, whereas courts using the “Polaroid Factors” do not. Instead, courts using the “Polaroid Factors” examine the quality of the defendant’s product.

⁵⁸ *Playboy*, 55 F. Supp.2d at 1085.

⁵⁹ 15 U.S.C. § 1127 (1999).

⁶⁰ *Playboy*, 55 F. Supp.2d at 1088.

⁶¹ *Id.*

establish actual dilution, the plaintiff must prove two factors.⁶² First, that the defendant used a trademark significantly similar to the plaintiff's mark thereby leading consumers to believe the two marks are related.⁶³ Second, that the defendant's use of the mark caused actual economic harm to the plaintiff's famous mark by lessening the mark's selling power.⁶⁴

In the Ninth Circuit, a plaintiff can establish the elements of dilution by showing either a blurring or tarnishment of the mark.⁶⁵ Blurring occurs when a defendant uses the plaintiff's mark to identify the defendant's goods or services.⁶⁶ Blurring lessens the mark's ability to identify and distinguish the plaintiff's product.⁶⁷ Tarnishment occurs when a famous mark is incorrectly associated with an inferior or offensive product.⁶⁸

III. FACTS

PEI argued that there were three separate instances where Netscape's and Excite's use of "playboy" and "playmate" constituted trademark infringement and trademark dilution. First, PEI stated that the marketing and selling of the over 450-word package with the terms "playboy" and "playmate" to Internet advertisers was infringement.⁶⁹ Second, PEI claimed that programming particular banner ads to post whenever the terms "playboy" and "playmate" were entered into Netscape's and Excite's search engines was also infringement.⁷⁰ Finally, PEI

⁶² *Id.*

⁶³ *Id.*

⁶⁴ *Id.*

⁶⁵ *Playboy*, 55 F. Supp.2d at 1088. The court does state that the elements of dilution can be established even when there is no blurring or tarnishment. The court, however, does not analyze the case for dilution outside the commonly used areas blurring and tarnishment.

⁶⁶ *Id.* at 1088.

⁶⁷ *Id.*

⁶⁸ *Id.* at 1089.

⁶⁹ *Id.* at 1073.

⁷⁰ *Playboy*, 55 F. Supp.2d at 1073.

argued that the displaying of the banner ads on search result pages constituted trademark infringement.⁷¹

PEI argued that Netscape's and Excite's use of the marks diverted Internet users from PEI's website and from other websites sponsored or approved by PEI.⁷² PEI's logic is that a user who uses "playboy" or "playmate" as a search term will not go to the websites posted on the search result page, but instead will go directly to the website advertised on the banner ad.⁷³ PEI also claimed that Netscape and Excite intended to divert users away from PEI endorsed websites.⁷⁴

PEI centered its trademark infringement claim on a concept called "initial interest confusion."⁷⁵ Initial interest confusion is a form of confusion generally used by the Ninth Circuit for trademark cases concerning the Internet.⁷⁶ Initial interest confusion occurs when an Internet user uses a trademark to conduct a search and the results include websites not affiliated with the owner of the trademark.⁷⁷ The user experiences initial interest confusion because they wrongly assume that the websites that appear on the search result pages are affiliated with the owner of the trademark.⁷⁸ The user may then be diverted to a website not affiliated with the trademark owner.⁷⁹ Usually the user will eventually realize that the website they went to is not affiliated with the trademark owner.⁸⁰ Nevertheless, the user may decide to stay on the website rather than go to the one they initially wanted.⁸¹ The Ninth Circuit acknowledges this practice as trademark infringement because a potential customer has been taken away from the trademark owner's website.⁸²

71 *Id.*

72 *Id.*

73 *Id.*

74 *Id.*

75 *Playboy*, 55 F. Supp.2d at 1074.

76 *Id.*

77 *Id.*

78 *Id.*

79 *Id.*

80 *Playboy*, 55 F. Supp.2d at 1074.

81 *Id.*

82 *Id.*

In a recent decision, the Ninth Circuit recognized initial interest confusion when a non-owner of a trademark used the trademark in a meta-tag.⁸³ At first glance, it would appear that the use of a mark in one's meta-tag does not create a likelihood of confusion because the mark in the meta-tag is hidden from the user's view.⁸⁴ Additionally, the user may realize, through the information given by the listing on the search result page, that the website is not affiliated with the mark's owner.⁸⁵ Nevertheless, courts in the Ninth Circuit have found the use of a trademark in one's meta-tag as trademark infringement as long as the mark is not a common English word.⁸⁶

An example of a court's use of initial interest confusion is found in *Brookfield Communications, Inc. v. West Coast Entertainment Corp.*⁸⁷ In *Brookefield*, Brookefield Communications ("Brookefield"), an entertainment-industry information provider with the registered trademark "Movie Buff," sued West Coast Entertainment ("West Coast") because West Coast had begun use of the Internet domain name www.moviebuff.com and because West Coast used the term "moviebuff" in its meta-tags.⁸⁸

In ruling in favor of Brookefield, the United States Court of Appeals for the Ninth Circuit determined that West Coast's use of the term "moviebuff" in its domain name and in its meta-tags constituted trademark infringement.⁸⁹ The most significant part of this decision was the court's finding that West Coast's use of "moviebuff" in its meta-tags created initial interest confusion.⁹⁰

83 *Brookefield Communications, Inc., v. West Coast Entertainment Corporation*, 174 F.3d 1036, 1062 (9th Cir. 1999).

84 Rosden, *supra* note 8, § 56.03[3].

85 *Id.*

86 *Id.*

87 *Brookefield*, 174 F.3d at 1062.

88 *Id.* at 1064. The court stated that the use of a plaintiff's trademark in the defendant's meta-tags is similar to placing a sign with the plaintiff's trademark in front of the defendant's store. The initial interest confusion will initially get the confused customer into the store. Once the customer realizes that they are not in the store they thought they were entering into, the customer may decide to stay in the store because the same products or services are being sold.

89 *Id.* at 1061.

90 *Id.* at 1062.

The court found initial interest confusion because it felt that an Internet user looking for Brookefield's "MovieBuff" products might stay at West Coast's website if taken there by a search engine.⁹¹ The court reasoned that because it is very easy for an Internet user to enter a website, users are more likely to be confused as to the ownership or affiliation of a website than a conventional customer would be confused of a physical store's ownership.⁹²

IV. COURT'S ANALYSIS AND DECISION

In its analysis, the court in *Playboy v. Netscape* gave several reasons for denying PEI's injunction motion.⁹³ First, the court determined that PEI failed to establish that Netscape and Excite used "playboy" and "playmate" in commerce.⁹⁴ Second, the court determined that PEI failed to show that Netscape's and Excite's use of the terms created a likelihood of confusion.⁹⁵ Third, the court found that PEI was unable to prove actual trademark dilution.⁹⁶ Finally, the court found that the First Amendment and the fair use doctrine protected Netscape's and Excite's use of the terms.⁹⁷

In reaching its decision, the court placed most of its concentration on the nature of the words "playboy" and "playmate." The court did not get involved in a detailed traditional analysis of trademark law, specifically the eight-factor test⁹⁸ for likelihood of confusion. Additionally, the court did not

91 *Id.*

92 *Id.* at 1057.

93 *Playboy*, 55 F. Supp.2d at 1070.

94 *Id.*

95 *Id.*

96 *Id.*

97 *Id.*

98 *Bally*, 29 F. Supp.2d at 1163. The eight factors used to determine a likelihood of confusion are: 1) strength of the plaintiff's mark; 2) proximity of the goods; 3) similarity of the marks; 4) actual confusion; 5) similarity of the marketing channels; 6) degree of care used by the consumer; 7) defendant's

get into a detailed discussion of initial interest confusion even though initial interest confusion was the crux of PEI's argument.⁹⁹ Instead, the court chose to analyze the manner in which Netscape and Excite used the marks and the manner in which Internet users were using the marks.¹⁰⁰ The court felt that the use of "playboy" and "playmate," as common English words rather than trademark terms, was the key issue in the case.¹⁰¹

A. PEI's Failure to Establish Use in Commerce

The focal point of the court's analysis was the manner in which Netscape and Excite used the terms "playboy" and "playmate." The threshold issue in determining whether a mark has been infringed or diluted is whether the mark was used in commerce.¹⁰² A plaintiff will lose a trademark infringement and dilution claim if he is unable to show that defendant used the registered mark in a commercial setting.

PEI claimed that Netscape and Excite used the marks "Playboy" and "Playmate" in commerce when the marks were sold as search terms in the 450-word adult entertainment package.¹⁰³ The court felt that this claim was not accurate because Netscape and Excite used the terms "playboy" and "playmate" as words, not trademarks.¹⁰⁴ The court stated that for PEI to properly claim that its "Playboy" and "Playmate" marks were used, it would have to show that the marks "Playboy®" and "Playmate®" were sold as search terms in the 450-word package.¹⁰⁵ The court determined that the use of "Playboy" and "Playmate" without the "®" was not enough because the words themselves are not being used to

intent to cause confusion; and 8) likelihood that plaintiff will expand their product its product line.

⁹⁹ *Playboy*, 55 F. Supp.2d at 1074-1075.

¹⁰⁰ *Id.* at 1078.

¹⁰¹ *Id.* at 1081.

¹⁰² *Id.* at 1073.

¹⁰³ *Id.*

¹⁰⁴ *Playboy*, 55 F. Supp.2d at 1082.

¹⁰⁵ *Id.*

“identify the source of any goods or services.”¹⁰⁶ This finding by the court created a large obstacle for PEI because an Internet user cannot conduct a search using the trademark form of a word.¹⁰⁷ An Internet user is required to enter a search term in its generic form in order to get a valid search result page.¹⁰⁸

The inability of PEI to claim the use of its trademarks “Playboy®” and “Playmate®” led the court to analyze the case through a different perspective. The court looked at Netscape’s and Excite’s use of the terms “playboy” and “playmate” as uses of common English words.¹⁰⁹ The court reasoned that Netscape and Excite were not using “playboy” or “playmate” to identify the source of any goods or services; they were just using them as generic words.¹¹⁰ This perspective damaged PEI’s case because PEI argued that Netscape and Excite used the marks to trigger banner ads for adult entertainment websites competing against PEI.¹¹¹ The court felt otherwise and ruled that Netscape and Excite did not use “playboy” and “playmate” in their trademark capacity and therefore not in commerce.¹¹²

The court used several analogous Ninth Circuit decisions to support its ruling. In *Brookefield*, the Court of Appeals for the Ninth Circuit ruled that even though Brookefield could bar West Coast from using the domain name www.moviebuff.com and the term “moviebuff” in its meta-tags, Brookefield could not bar West Coast from using the term “movie buff”(with space between the words).¹¹³ The Court of Appeals noted that West Coast could use the term “movie buff” (with space) in its website because it is a descriptive word commonly used to describe an avid motion picture fan.¹¹⁴

106 *Id.*

107 *Id.*

108 *Id.*

109 *Playboy*, 55 F. Supp.2d at 1082.

110 *Id.*

111 *Id.* at 1073.

112 *Id.*

113 *Brookefield*, 164 F.3d at 1066.

114 *Id.*

The court also used *Playboy Enterprises, Inc., v. Terri Welles, Inc.* to support its decision. In *Playboy v. Welles*, PEI sued Welles for trademark infringement and dilution because she used the registered trademarks “Playmate of the Month” and “Playmate of the Year” in her personal website, www.terriwelles.com.¹¹⁵ Welles, a former “Playmate of the Month” and “Playmate of the Year,” used the marks in headings for her website, in the title of the website’s link page, and in the website’s meta-tags.¹¹⁶ She also used the abbreviation “PMOY” as a watermark in the background of the website’s pages.¹¹⁷ The district court found no trademark infringement because Welles’ used the marks in her website for non-trademark purposes.¹¹⁸ The district court recognized that Welles used the marks in a descriptive manner when she used them to describe the goods and services of the website, as well as herself.¹¹⁹

B. Limited Property Rights of Trademarks

In reaching its decision, the court also expressed the limited rights a trademark owner has over the marks they own. Essentially, the court made it clear that owning a registered trademark does not grant the mark owner a complete monopoly over the words used in the mark.¹²⁰ The owner only has a limited property right over the words or phrases used in a mark.¹²¹ Unlike patents and copyrights, trademarks are not “monopolistic grants.”¹²²

115 *Playboy Enterprises, Inc. v. Terri Welles, Inc.*, 78 F. Supp.2d 1066, 1073 (S.D. Cal. 1999).

116 *Playboy v. Welles*, 78 F. Supp.2d at 1071-1072.

117 *Id.*

118 *Id.* at 1078.

119 *Id.*

120 *Playboy*, 55 F. Supp.2d at 1080.

121 *Id.* at 1081.

122 *Id.*

The court determined that PEI was not entitled to the entire commercial use of the words “playboy” and “playmate.”¹²³ PEI argued that its lawsuit hinged on the fact that Netscape and Excite used “playboy” and “playmate” in order to benefit from PEI’s highly regarded reputation.¹²⁴ PEI felt that Netscape and Excite included the marks in the 450-word adult entertainment package to purposely take advantage of the mark’s popularity.¹²⁵ PEI also argued that Netscape and Excite knew Internet users would use the terms “playboy” and “playmate” when using their search engines to look for adult entertainment websites.¹²⁶ PEI felt that with this knowledge, Netscape and Excite intentionally used the marks because it would increase the package’s sales and increase the amount of times adult entertainment banner ads would post.¹²⁷

Following Ninth Circuit precedent, the court rejected PEI’s argument that Netscape and Excite used PEI’s well-recognized reputation to enhance its revenue.¹²⁸ In past decisions, the Ninth Circuit has limited trademark protection to a mark’s source identification function.¹²⁹ For public policy reasons, the Ninth Circuit has allowed registered marks to be used by non-owners in order to encourage a competitive economy.¹³⁰

The court based its decision on two facts. First, although PEI owned the marks “Playboy” and “Playmate,” it could not limit the use of the words when used as common English terms.¹³¹ Outside its trademark use, the terms “playboy” and “playmate” are commonly used to refer to entities not related to PEI. Second, in past decisions the Ninth Circuit has allowed defendants to use a plaintiff’s trademark without the plaintiff’s consent.¹³² The court noted several decisions where the defendant was allowed to use

123 *Id.*

124 *Id.*

125 *Playboy*, 55 F. Supp.2d at 1081.

126 *Id.*

127 *Id.*

128 *Id.*

129 *Id.*

130 *Playboy*, 55 F. Supp.2d at 1081.

131 *Id.*

132 *Id.*

the plaintiff's trademark for non-identifying purposes.¹³³ For example, in *Playboy v. Welles*, the court allowed former Playboy Playmate Terri Welles the use of "Playboy" and "Playmate" in advertising her website on the Internet.¹³⁴ Additionally, in *Mattel, Inc. v. MCA Records, Inc.*, the court allowed the defendant to distribute the song "Barbie Girl" without Mattel's consent to use the registered mark "Barbie."¹³⁵ In *Mattel*, the court determined that the defendant's use of "Barbie" did not create a likelihood of confusion and that the song was a simple parody of the "Barbie" fashion doll.¹³⁶

C. First Amendment Protection

The court also determined that the First Amendment of the Constitution outweighed PEI's right to protect the "Playboy" and "Playmate" marks.¹³⁷ While a trademark owner does have a right to protect its marks and challenge an infringing use of its mark, the protection cannot violate the First Amendment rights of others.¹³⁸ The court used language from *Bally Total Fitness Holding Corp., v. Faber*, to support this finding.¹³⁹ In *Bally*, the defendant maintained a website called "Bally Sucks."¹⁴⁰ The court in *Bally* found no infringement because the defendant was using the mark to criticize Bally Total Fitness Holding Corp.¹⁴¹ In agreeing with the decision in *Bally*, the court in *Playboy v. Netscape* stated that, "prohibiting [defendant] from using [plaintiff's] name in the

133 *Id.*

134 *Playboy v. Welles*, 78 F. Supp.2d at 1078.

135 *Mattel Inc. v. MCA Records, Inc.*, 28 F. Supp.2d 1120, 1139 (C.D. Cal. 1998).

136 *Mattel*, 28 F. Supp.2d at 1139.

137 *Playboy*, 55 F. Supp.2d at 1084.

138 *Id.*

139 *Id.* at 1085.

140 *Bally*, 29 F. Supp. 2d at 1162.

141 *Id.*

machine readable code would effectively isolate him from all but the most savvy of Internet users.”¹⁴²

In *Playboy v. Netscape*, PEI is attempting to prevent Netscape and Excite from using the words “playboy” and “playmate” in their adult entertainment package.¹⁴³ The court felt that allowing such prevention would grant PEI a monopoly in the Internet over the words “playboy” and “playmate.”¹⁴⁴ The court decided that such a monopoly would violate the First Amendment rights of three separate parties.¹⁴⁵

First, Netscape’s and Excite’s First Amendment rights to free speech would be violated because they would be prevented from using the words “playboy” and “playmate” in their adult entertainment package.¹⁴⁶ Second, other trademark owners of the words “playboy” and “playmate” would have their First Amendment rights violated because they would not be able to use the words “playboy” and “playmate” as well.¹⁴⁷ For example, W.E. Bailey & Son, Inc., the owner of the mark “The Louisiana Playboy,”¹⁴⁸ would have its rights violated because PEI would have exclusive rights to the word “playboy” and would be able to prevent Internet users from easily obtaining information about W.E. Bailey & Son, Inc. The same argument can also be made for Igloo Products Corporation which owns the mark “Playmate Elite”¹⁴⁹ and many other owners of marks which include the words “playboy” and “playmate.”

Finally, the court also felt that members of the public would have their First Amendment rights violated because they would be unable to use the words “playboy” or “playmate” to conduct

142 *Playboy*, 55 F. Supp.2d at 1085.

143 *Id.*

144 *Id.*

145 *Id.*

146 *Id.*

147 *Playboy*, 55 F. Supp.2d at 1085.

148 United States Patent & Trademark Office (last visited March 12, 2001)

< <http://tess.uspto.gov/bin/showfield?f=doc&state=qkonp3.3.2> >.

149 United States Patent & Trademark Office (last visited March 12, 2001)

< <http://tess.uspto.gov/bin/showfield?f=doc&state=qkonp3.5.2> >.

searches on the Internet.¹⁵⁰ Essentially, the public's First Amendment rights would be violated because a search using the term "playboy" or "playmate" would only produce websites owned by or affiliated with PEI.¹⁵¹ The public would be denied the ability to use the terms "playboy" and "playmate" to search for other websites not owned or affiliated with PEI.¹⁵²

D. Likelihood of Confusion

In deciding the case, the court felt that Netscape's and Excite's use of the words "playboy" and "playmate" did not merit the use of the eight-factor test.¹⁵³ The eight-factor test is only applicable when a defendant uses the plaintiff's mark in advertising.¹⁵⁴ The court felt that Netscape and Excite did not use a trademark when using "playboy" and "playmate."¹⁵⁵ While PEI does use "playboy" and "playmate" as trademarks, Netscape, Excite, and Internet users use "playboy" and "playmate" as common English words.¹⁵⁶ The court also stated that Netscape and Excite did not use "playboy" or "playmate" to identify goods or services or to confuse customers.¹⁵⁷ Furthermore, the banner ads did not use any of PEI's marks or confuse customers into believing that the advertisements were sponsored or endorsed by PEI.¹⁵⁸

While the court clearly expressed its belief that the case did not deserve use of the eight-factor likelihood of confusion test, the court still used part of the test to illustrate that Netscape's and Excite's use of the words "playboy" and "playmate" was not an infringing use.¹⁵⁹ In applying the eight-factor test, the court stated

150 *Playboy*, 55 F. Supp.2d at 1085.

151 *Id.*

152 *Id.*

153 *Id.*

154 *Id.*

155 *Playboy*, 55 F. Supp.2d at 1085.

156 *Id.*

157 *Id.*

158 *Id.*

159 *Id.* at 1086.

that six of the eight factors were not applicable to the facts of the case.¹⁶⁰ The first factor (strength of mark) and the third factor (similarity of marks) were inapplicable because Netscape and Excite did not use the words “playboy” or “playmate” as trademarks.¹⁶¹ The court also stated that the second factor (proximity of goods), fifth factor (similarity of marketing channels), sixth factor (degree of care used by the consumer), and eighth factor (likelihood that plaintiff will expand their product line) were inapplicable because Netscape and Excite did not compete with PEI and because Netscape and Excite did not use the words “playboy” or “playmate” to identify any goods or services.¹⁶²

Of the two factors that were applicable, actual confusion and defendant’s intent, both fell in favor of Netscape and Excite.¹⁶³ The fourth factor, actual confusion, fell in favor of Netscape and Excite because PEI failed to present any evidence of actual consumer confusion.¹⁶⁴ While actual confusion is not required to find likelihood of confusion, the court stated that the lack of actual confusion weighed in Netscape’s and Excite’s favor.¹⁶⁵

The court also found that the seventh factor, defendant’s intent to cause consumer confusion, favored Netscape and Excite.¹⁶⁶ The court decided in this manner because PEI failed to present any evidence that Netscape and Excite had any intent to cause confusion.¹⁶⁷ Furthermore, Netscape and Excite did not have an incentive to cause confusion because they received payment for every banner ad that appeared on a search result page, regardless if the user clicked on the banner ad or not.¹⁶⁸

160 *Playboy*, 55 F. Supp.2d at 1085-1086.

161 *Id.* at 1086.

162 *Id.*

163 *Id.*

164 *Id.*

165 *Playboy*, 55 F. Supp.2d at 1086.

166 *Id.*

167 *Id.*

168 *Id.*

E. Dilution

The court also found that PEI's claim of trademark dilution against Netscape and Excite was meritless.¹⁶⁹ PEI failed to present evidence of a lessening of its mark's ability to identify and distinguish its goods and services.¹⁷⁰ In determining that no dilution existed, the court recognized that dilution on the Internet presented unique issues not usually found with traditional dilution cases.¹⁷¹

In deciding whether dilution has occurred, courts look to see if the defendant's use of a trademark has either blurred or tarnished the marks selling power.¹⁷² Two elements are needed for a court to find blurring. First, the defendant must use the plaintiff's mark as its own mark to identify its goods or services.¹⁷³ Second, the defendant's use of the mark must lessen the mark's ability to identify and distinguish the plaintiff's product.¹⁷⁴ The court found no dilution by blurring because neither Netscape nor Excite used the words "playboy" and "playmate" to identify any of Netscape's or Excite's goods or services.¹⁷⁵

The court also found no tarnishment.¹⁷⁶ Courts will find tarnishment when a famous mark is incorrectly associated with an inferior or offensive product.¹⁷⁷ PEI argued that its marks were tarnished because they were placed near other adult entertainment material even more explicit than its own.¹⁷⁸ The court found this argument to be weak.¹⁷⁹ The court recognized that all products and services that PEI sells with its marks are sexually explicit.¹⁸⁰

169 *Id.* at 1088.

170 *Playboy*, 55 F. Supp.2d at 1088.

171 *Id.*

172 *Id.*

173 *Id.*

174 *Id.*

175 *Playboy*, 55 F. Supp.2d at 1088.

176 *Id.* at 1089.

177 *Id.*

178 *Id.*

179 *Id.*

180 *Playboy*, 55 F. Supp.2d at 1089.

Furthermore, PEI constantly sells its goods near other sexually explicit materials such as in adult bookstores.¹⁸¹

F. Fair Use Doctrine

In its decision, the court stated that even if there was a possibility of a likelihood of confusion, Netscape's and Excite's use of the words "playboy" and "playmate" was protected by the fair use doctrine.¹⁸² Courts recognize the fair use defense when it is established that the defendant was using the plaintiff's trademark only to describe the plaintiff's goods or services.¹⁸³ The fair use defense prohibits the trademark holder from preventing others from using words necessary to communicate ideas.¹⁸⁴

The Ninth Circuit Court of Appeals used the fair use doctrine in *New Kids on the Block v. News America Publishing, Inc.*¹⁸⁵ In *New Kids*, the defendant used the plaintiff's trademark "New Kids on the Block" to identify the band in its newspaper and to conduct a poll to determine the most popular band member.¹⁸⁶ The court in *New Kids* determined that the defendant's use of the plaintiff's trademark was not infringement because it was used to describe the plaintiff.¹⁸⁷

The fair use defense has three elements.¹⁸⁸ The first is that the plaintiff's product must be one that cannot be identified without using the actual trademark.¹⁸⁹ For example, it is easier to refer to the New York Yankees as the "New York Yankees" rather than, "the really good baseball team from New York City which has won 26 world championships." Second, the defendant may only

181 *Id.*

182 *Id.* at 1086.

183 *New Kids on the Block v. News America Publishing, Inc.*, 971 F.2d 302, 306 (9th Cir. 1992).

184 *Playboy*, 55 F. Supp.2d at 1086.

185 *New Kids on the Block*, 971 F.2d at 306.

186 *Id.* at 304.

187 *Id.* at 308.

188 *Playboy*, 55 F. Supp.2d at 1086.

189 *Id.*

use so much of the plaintiff's mark as is reasonably necessary.¹⁹⁰ Third, the defendant cannot use the plaintiff's mark in a manner that may suggest affiliation or endorsement.¹⁹¹

In analyzing the fair use defense, the court decided that only two of the three elements could be applied.¹⁹² The court felt that the first element could not be applied because it required actual use of a trademark and here Netscape and Excite used the terms "playboy" and "playmate" as common English words, not as trademarks.¹⁹³ Nevertheless, the court did apply the second and third elements in their analysis even though the terms "playboy" and "playmate" were used in their common English capacity.¹⁹⁴ When applying the second element, the court recognized that Netscape and Excite used the words "playboy" and "playmate" in a limited manner.¹⁹⁵ The court noted that Netscape and Excite only used the words "playboy" and "playmate" and did not use any stylized letters or PEI's bunny logo.¹⁹⁶ In applying the third element, the court found that Netscape's and Excite's use of the words did not suggest affiliation or endorsement.¹⁹⁷

To support its finding, the court referred to the Ninth Circuit Court of Appeals' language in *Brookfield*.¹⁹⁸ In *Brookefield*, the court stated that a defendant may use an English word in a meta-tag even if it is substantially similar to the plaintiff's trademark.¹⁹⁹

¹⁹⁰ *Id.*

¹⁹¹ *Id.*

¹⁹² *Id.*

¹⁹³ *Playboy*, 55 F. Supp.2d at 1086.

¹⁹⁴ *Id.* All three elements of the fair use doctrine require that the defendant be using a valid trademark. The court explained that it did not apply the first element because Netscape and Excite were not using "playboy" or "playmate" in their trademark capacities. Nevertheless, the court did apply the second and third elements of the fair use doctrine without fully explaining why it chose to analyze the second and third elements but not the first element.

¹⁹⁵ *Id.* at 1087.

¹⁹⁶ *Id.*

¹⁹⁷ *Id.*

¹⁹⁸ *Playboy*, 55 F. Supp.2d at 1087.

¹⁹⁹ *Id.* See *Brookefield* 174 F.3d at 1066. The court in *Brookefield* decided that West Coast (defendant) committed trademark infringement when it used Brookefield's (plaintiff) mark "MovieBuff" in its domain name and in its meta-tags. Nevertheless, the court stated that West Coast could use the term "Movie

Therefore, the court determined that because Netscape and Excite used the words “playboy” and “playmate” as English words in its adult entertainment package and because they did not use the words in a stylized manner or suggest PEI’s endorsement, Netscape’s and Excite’s use was protected by the fair use doctrine.²⁰⁰

G. Preliminary Injunction

To obtain a preliminary injunction in the Ninth Circuit, the plaintiff must either show a combination of probable success on the merits and possible irreparable harm or a serious question concerning the merits of the case and hardships weighing heavily against the plaintiff.²⁰¹ Recently, the courts have become reluctant to approve preliminary injunctions and have even denied injunctions in cases where confusion seemed more than likely.²⁰²

In analyzing the facts of the case, the court determined that PEI failed to establish either of the requirements and denied PEI’s motion for a preliminary injunction.²⁰³ The court based its refusal of the preliminary injunction on two factors. First, the court determined that PEI failed to establish a likelihood of confusion or dilution and therefore failed to show that PEI would suffer irreparable harm.²⁰⁴ The court also took into consideration the fact that PEI delayed its motion for preliminary injunction and reasoned that such delay further demonstrated that PEI was not experiencing irreparable harm.²⁰⁵

Buff’ on its website because it was a common term, but could not use the term “moviebuff” because the term without a space was not commonly used. The court also stated that West Coast was not completely barred from using “MovieBuff” because West Coast could use it to describe Brookefield’s goods and services.

²⁰⁰ *Playboy*, 55 F. Supp.2d at 1087.

²⁰¹ *Id.* at 1073.

²⁰² Kera, *supra* note 53, at 115.

²⁰³ *Playboy*, 55 F. Supp.2d at 1089.

²⁰⁴ *Id.* at 1090.

²⁰⁵ *Id.*

The court also considered the injunction to be “inherently flawed.”²⁰⁶ The inherent flaw of the proposed injunction was that it would either enjoin nothing or enjoin too much.²⁰⁷ The injunction would bar nothing because an Internet user cannot enter the trademarks “Playboy®” or “Playmate®” as search terms since only words in their common form can be entered as search terms.²⁰⁸ The court also feared that an injunction would bar too much because it would bar all advertising uses of the words “playboy” and “playmate” as search terms even though PEI does not own a monopoly over the words.²⁰⁹

V. ANALYSIS OF THE COURT’S DECISION

The court’s decision in *Playboy v. Netscape* was a major step in determining the applicability of trademark law to advertising on the Internet. Whereas past cases have begun to set precedent on how trademark infringement and dilution will be determined concerning trademark use in domain names, website text, and meta-tags, this case was the first to determine how trademark infringement and dilution will be determined when trademarks are used to trigger banner ads.

The *Playboy v. Netscape* decision is important because the use of banner ads has greatly increased. More search engines have begun using the Internet user’s search terms to trigger banner ads. Therefore, it is very likely that more cases will develop concerning the use of trademarks as triggering mechanisms for banner ads. The importance of the decision in *Playboy v. Netscape* lies in the fact that it is the first step in determining what constitutes trademark infringement and dilution when words and trademarks are used to trigger banner ads.

The court’s decision in *Playboy v. Netscape* to refuse the injunction motion was correct and properly reasoned in light of the

206 *Id.*

207 *Id.*

208 *Playboy*, 55 F. Supp.2d at 1090.

209 *Id.*

facts of the case. In many respects however, the ruling by the court is too narrow. It is narrow because the court could have claimed that even when uncommon English word marks are used to trigger banner ads, the use is not trademark infringement or dilution. The court could have determined that even when an uncommon word mark is used to trigger banner ads, there is no likelihood of confusion or dilution because the actual mark is not appearing on the ad that appears. It is unlikely that an Internet user would confuse the owner of the banner ad with the owner of the trademark used for the search because there is no visual connection between the trademark and the banner ad.

The crux of the court's analysis was that "playboy" and "playmate" were common English words which cannot be barred from use. While this analysis is correct and supported by past cases,²¹⁰ it is not the only argument that the court could have made in its opinion. The court could have extended its analysis and considered whether the use of trademarks, without common English words, is trademark infringement. It is possible that the court could have come to the same conclusion when examining the use of actual trademarks rather than common English words.

The use of a trademark as a key search term to trigger banner ads may not constitute trademark infringement or dilution because when a banner ad appears on a search result page, the trademark being used does not appear in the banner ad. The search engine user does not relate the search term (trademark) used with the banner ad that appears on the page. Unlike the use of trademarks in domain names and meta-tags which lead to initial interest confusion, the possibility of confusion with banner ads is minimal. Finding initial interest confusion is correct when trademarks are used in domain names and meta-tags because the search engine user is brought directly to a list of websites that include the trademark the user entered. With banner ads however, the search engine user will never see the trademark in the banner ad and therefore not relate the trademark with the owner of the banner ad. More than likely, a court applying the Sleekcraft Factors in such a

²¹⁰ See *Brookfield Communications v. West Coast Entertainment Corp.*, 174 F.3d 1036 (9th Cir 1999).

case would find that there is no likelihood of confusion and therefore no trademark infringement.

The court in *Playboy v. Netscape* could have explored this possibility but decided not to for its own reasons. A case may soon develop where a search engine operator has used a trademark that is not a common English word as a key search term to trigger banner ads. When that day comes, it will be interesting to see how the court will analyze the case and to see how much of the court's analysis stems from the decision made in *Playboy v. Netscape*. More than likely, the next court which analyzes this issue will extend the decision made in *Playboy v. Netscape* so that owners of search engines will also be allowed to use uncommon English word trademarks to trigger banner ads. Nevertheless, the court's decision in *Playboy v. Netscape* was well reasoned and accurate in applying trademark law to the facts. The court's analysis was well supported, and its decision to deny a preliminary injunction was correct.

*A. Use of the Marks "Playboy" and "Playmate"
in Commerce*

The court correctly determined that Netscape's and Excite's use of the words "playboy" and "playmate" as key search terms in their 450-word adult entertainment package was not trademark infringement. The court properly recognized that Netscape and Excite were triggering banner ads whenever a search engine user entered the words "playboy" and "playmate" not the marks "Playboy®" and "Playmate®." The court also recognized that neither Netscape nor Excite used PEI's marks in their trademark form of "Playboy®" or "Playmate®" and that search engine users would be unable to enter "Playboy®" or "Playmate®" as search words. The opinion by the court correctly expressed that PEI was unable to prove that Netscape and Excite were using the words "playboy" and "playmate" as trademark terms rather than just common English words.

In reaching its decision, the court cited two Internet trademark cases and followed the precedent established by these cases. In

Brookefield, the court ruled that West Coast's use of the term "moviebuff" in its meta-tags and in www.moviebuff.com was trademark infringement because it would cause initial interest confusion.²¹¹ The court, however, did state that West Coast could use the term "movie buff" (with a space between the words) in its website because it is a descriptive term used to describe avid motion picture fans.²¹² The facts in *Playboy v. Netscape* were similar. In *Playboy v. Netscape*, Netscape and Excite were using the common English words "playboy" and "playmate" as key search terms in their search engines. The court followed the reasoning established in *Brookefield* that common terms could not be barred and correctly refused to restrain Netscape and Excite from using the words "playboy" and "playmate."²¹³ ◦

The court's decision is also comparable to the decision made in *Playboy v. Welles*. In *Playboy v. Welles*, the court determined that Welles' use of several PEI trademarks in her website was not trademark infringement because she used the words "playboy" and "playmate" as descriptive terms, not as trademarks.²¹⁴ Similarly, in *Playboy v. Netscape*, Netscape and Excite used the words "playboy" and "playmate" as common descriptive English words rather than as trademarks. Once again, the court recognized that Netscape and Excite were using "playboy" and "playmate" as common words and followed the court in *Playboy v. Welles* and refused to grant the injunction.

B. Limited Property Rights to the Words "Playboy" and "Playmate"

The court clearly recognized that PEI was trying to obtain a monopoly over the words "playboy" and "playmate." Following precedent, the court denied PEI's claim that Netscape and Excite violated PEI's trademark rights when they used the words

²¹¹ *Brookefield*, 174 F.3d at 1062.

²¹² *Id.* at 1066.

²¹³ *Playboy*, 55 F. Supp.2d at 1082.

²¹⁴ *Playboy v. Welles*, 78 F. Supp.2d at 1078.

“playboy” and “playmate.” The court followed previous Ninth Circuit decisions that stated that a trademark owner cannot monopolize the use of words in its trademark²¹⁵ and cannot bar all uses of a word on the Internet.²¹⁶

The court’s decision is correct because it was clear that Netscape and Excite were only using the words “playboy” and “playmate” as general common terms, not as trademarks. The use of the words must be protected because no party has the right to bar the use of a common English word. Therefore, Playboy does not have the right to stop any party from using the words “playboy” and “playmate.”

In reaching its decision, the court again compared the case to *Playboy v. Welles*. As mentioned before, in *Playboy v. Welles* the court allowed several of Playboy’s marks to be used in Welles’ website because the marks were being used as descriptive words rather than trademarks. In *Playboy v. Netscape*, the court made the same reasoning and correctly claimed that Netscape and Excite were using “playboy” and “playmate” as descriptive English words rather than trademarks.²¹⁷

C. The First Amendment’s Protection of the Use of the Words “Playboy” and “Playmate”

In finding no trademark infringement, the court correctly ruled that Netscape and Excite were protected by the First Amendment. Once again, PEI was unable to prove that Netscape and Excite were using “playboy” and “playmate” in a trademark manner. The

215 See *New Kids on the Block*, 971 F.2d at 306. (Stating that the defendant’s use of the mark “New Kids on the Block” to identify the band in its newspaper and to conduct a popularity poll was not trademark infringement. The court stated that the mark was used in a descriptive manner and that a trademark owner could not prevent others from using a mark in a descriptive manner.)

216 See *Brookefield*, 174 F.3d at 1066. (Stating that the defendant could use the plaintiff’s mark “movie buff” (with a space between the words) when it is used as a descriptive term to describe an avid motion picture fan.)

217 *Playboy*, 55 F. Supp.2d at 1082.

court recognized this and therefore was able to state that Netscape's and Excite's use of the words was protected by the First Amendment. The court ruled in this manner because it wanted to prevent PEI from obtaining a monopoly over the words "playboy" and "playmate." The court was correct in making this analysis because granting PEI trademark protection in this case would affect other parties who may want to use the words "playboy" and "playmate." The two terms are clearly English words, words which receive First Amendment protection when properly used.

The court's decision is similar to the decision in *Bally*. Just as in *Bally* where the defendant's use of the term "Bally Sucks" in a website was protected because it was used in free speech criticism, the court in *Playboy v. Netscape* protected Netscape's and Excite's use of "playboy" and "playmate" because they were used as English words, not trademarks.²¹⁸ The court determined that since Netscape and Excite are not using "playboy" and "playmate" as trademarks, they have a First Amendment right to use the words as triggering mechanisms.²¹⁹

D. No Likelihood of Confusion

In applying two of the eight "Sleekcraft Factors," the court correctly found that no likelihood of confusion existed. The court only used the actual confusion and intent to cause confusion factors because all other six factors were inapplicable. The court properly excluded six factors because they required a defendant to be using the plaintiff's trademark. Since Netscape and Excite were not using PEI's marks, the six factors could not be applied.

PEI failed to present any evidence of existing confusion between its marks and Netscape's and Excite's use of the words "playboy" and "playmate" and was therefore properly denied in its claim of actual confusion. PEI also failed to present any evidence showing Netscape and Excite had used the words "playboy" and

²¹⁸ *Bally*, 29 F. Supp.2d at 1167.

²¹⁹ *Playboy*, 55 F. Supp.2d at 1084-1085.

“playmate” to purposely confuse customers. This failure properly led the court to determine that Netscape and Excite had no intent to cause consumer confusion.

E. No Trademark Dilution

The court accurately determined that Netscape’s and Excite’s use of the words “playboy” and “playmate” did not blur or tarnish PEI’s marks and therefore neither Netscape or Excite committed trademark dilution. Trademark dilution in the Ninth Circuit requires proof of actual dilution and the court correctly ruled that PEI failed to present such proof. PEI was unable to show blurring because there were no instances where Netscape and Excite used the marks “Playboy” or “Playmate” to describe or identify either Netscape’s or Excite’s products or services.

Properly, the court also did not find tarnishment. As a company who specializes in adult entertainment, PEI is in a business which many people deem distasteful. PEI’s argument that the adult entertainment banner ads triggered by the words “playboy” and “playmate” tarnishes its marks is therefore weak. The court found that PEI sells sexually explicit material and that PEI informs its readers how to find sexually explicit material.²²⁰ PEI also sells its sexually explicit material near other sexually explicit material, many times in adult bookstores.²²¹ Consequently, the court correctly found PEI’s argument of trademark dilution as unpersuasive because the plaintiff and the defendant sold similar material in similar places.²²² The court’s analysis is correct because while some adult entertainment may be more distasteful than others, it is quite difficult to claim that a more distasteful product is tarnishing a product that many already view as distasteful.

²²⁰ *Id.* at 1089.

²²¹ *Id.*

²²² *Id.*

F. The Fair Use Doctrine's Protection of Netscape's and Excite's Use of the Words "Playboy" and "Playmate"

The court correctly stated that even if Netscape's and Excite's use of "playboy" and "playmate" created a likelihood of confusion, their use would have been protected by the fair use doctrine. The court applied only two of the three elements used to determine if the fair use defense is applicable. The court was correct in determining that Netscape and Excite only used "playboy" and "playmate" in a limited manner as required by the fair use doctrine. This reasoning was accurate because Netscape and Excite only used the words in their most basic form. Netscape and Excite did not include any stylized letters or PEI's bunny logo.

The court also stated that Netscape's and Excite's use of "playboy" and "playmate" did not suggest affiliation with or endorsement by PEI. This analysis was also correct because Netscape and Excite used the words as hidden key search terms in their search engines. Search engine users could not wrongfully believe that Netscape and Excite were affiliated with or endorsed by PEI because banner ads triggered by the words "playboy" and "playmate" did not include the actual words in the ads.

Similar to the court's decision in *Brookefield* where the court stated that the use of a common English word in a meta-tag is allowed even if the word is similar to a trademark, the court in *Playboy v. Netscape* claimed that Netscape and Excite could include the common words "playboy" and "playmate" in its 450-word adult entertainment package.²²³ In making this comparison, the court accurately determined that Netscape and Excite were only including common words in their adult entertainment package; words that many search engine users would use when looking for adult entertainment websites.

²²³ *Brookefield*, 174 F.3d at 1066.

G. *The Denial of PEI's Request for a Preliminary Injunction*

The court's decision to refuse PEI's motion request was appropriate because PEI failed to present strong evidence to support its case. The court accurately picked apart PEI's arguments and determined that PEI did not establish probable success. PEI's failure to show either a likelihood of confusion or actual dilution left its case extremely weak and also damaged PEI's argument that there was possible irreparable harm. The court also took into consideration PEI's delay in filing for the preliminary injunction motion. Correctly, the court used this information to determine that PEI was not experiencing, or in danger of experiencing, irreparable harm.

VI. IMPACT

In many respects, the court's decision in *Playboy v. Netscape* fails to answer the main issue of the case; whether trademarks can be used by non-owners to trigger banner ads on the Internet. By claiming that "Playboy" and "Playmate" were not used as trademark terms, the court skirts the issue and does not establish precedent for future courts to follow. The court's decision does, however, permit non-owners of a trademark to use the mark as a key search term to trigger banner ads as long as the mark is also a common English word. The decision, however, does not establish whether a trademark can be used as a key search term to trigger banner ads when the mark fails to include common English words.

By not deciding the issue of trademark use in banner advertising, the court leaves the door wide open concerning the use of trademarks as triggering mechanisms. It is left for another court to determine whether the use of a trademark to trigger banner ads is truly trademark infringement and dilution. While no such case has yet to develop since the decision in *Playboy v. Netscape*, it is very likely that one will develop soon. In fact, it may even be up to the legislators to decide how such a problem will be handled. If the courts are unable to apply existing trademark law to banner advertising on the Internet, legislators may have to step in and

create law to settle the issue. Legislators have already stepped into the arena of trademark law and the Internet with the creation of the Anticybersquatting Consumer Protection Act.²²⁴ It is very possible that legislators may feel obligated to step in again and settle the issue of trademark use in banner advertising.

While the court's decision in *Playboy v. Netscape* did not settle the issue of trademark use in triggering banner ads, it did succeed in re-affirming the limited rights trademark holders have in protecting their marks. The decision established that trademarks owners do not hold a complete monopoly over the marks they own. It also established that non-owner users of trademarks can use the fair use doctrine and the First Amendment as viable defenses as long as the party uses the mark in a descriptive manner. Finally, the decision established that trademark law, with minor modifications and adjustments, is still applicable to the highly technological area of the Internet. The question that still remains, however, is whether existing trademark law can be successfully applied to the use of non-English word trademarks triggering banner ads.

VII. CONCLUSION

The court in *Playboy v. Netscape* was correct in refusing PEI's motion for Preliminary Injunction. I disagree however, in the manner in which the court came to its conclusion. The court hinged its decision on the facts that Netscape and Excite were using "playboy" and "playmate" as common English words rather than trademarks. While this analysis is accurately supported by the court and analytically correct, I feel that it was the easier and less controversial of two possible decisions that the court could have made. Instead, the court could have found that all uses of trademarks to trigger banner ads, not just the use of common English word trademarks, is not infringement or dilution. Such a decision would have been controversial because it would have granted Internet search engines the right to use all non-design

224 15 U.S.C. § 1125(d) (1999).

trademarks as trigger mechanisms for their banner ads. More than likely, such a decision would have caused a chaotic reaction in all companies who own and cherish the private use of their trademarks.

Although controversial, such a decision would have been correct. Using trademarks to trigger banner ads does not create a likelihood of confusion because the search engine user does not associate the banner ad with the listing of websites that was generated by the use of the trademark as a search term. As long as the trademark does not appear in the banner ad, the user will not be confused to the point where they believe that the company advertising on the banner is associated with the trademark they just used as a search term. The court could have decided in such a manner but decided not to. Therefore, the court failed to seize its opportunity to make a possible landmark decision in trademark law and left the door wide open for another court to determine whether the use of trademarks to trigger banner ads is trademark infringement and dilution.

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