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Initial Interest Confusion: Standing at the Crossroads of Trademark Law

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INITIAL INTEREST CONFUSION:
STANDING AT THE CROSSROADS OF
TRADEMARK LAW

*Jennifer E. Rothman**

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INTRODUCTION

Suppose you want to compare music downloading software and online music stores that allow you to download music without violating copyright law. You don’t know a good search term for such a thing, but you do know the name iTunes and that iTunes is an example of one such service. You don’t necessarily want Apple’s trademarked product, iTunes—in fact, you’ve heard that the software has some bugs and takes over your entire music library. But for lack of a better term, you put “itunes” in as your search term on Google, an online search engine, hoping to get some choices. You want to find something *like* iTunes, but *not* iTunes. Under the logic of a number of recent federal appellate court decisions, however, the only result you should see is Apple’s iTunes because only Apple is the trademark holder of the term iTunes.¹

¹ This hypothetical is based in part on the following cases: *Playboy Enters. v. Netscape Commc’ns Corp.*, 354 F.3d 1020 (9th Cir. 2004) (allowing search engine to be held liable for third-party advertising displayed in response to trademarked search terms); *Horphag Research, Ltd. v. Pellegrini*, 337 F.3d 1036 (9th Cir. 2003) (holding that designing website so it would appear as search result when web user searches using another’s trademarked name is trademark infringement); *Eli Lilly & Co. v. Natural Answers, Inc.*, 233 F.3d 456 (7th Cir. 2000) (same);

What does this mean for consumers, other businesses, and the future of trademark law?

The benchmark of trademark infringement in the United States traditionally has been a demonstration that consumers are likely to be confused by the use of a similar or identical trademark to identify the goods or services of another.² Trademark law in the United States is primarily a statutory matter governed by the Lanham Act.³ Under the Lanham Act there can be a finding of trademark infringement or unfair competition only if a likelihood of confusion, mistake, or deception is demonstrated.⁴

Despite this clear requirement, several courts have held that defendants can be held liable for trademark infringement absent such a showing. This has been especially true in decisions involving the Internet. For example, courts have allowed findings of trademark infringement and unfair competition simply because a defendant designed a website so that the website would appear as a search result when another business's trademarked term was entered into a search engine.⁵ Some courts have also held defendants accountable for selling or displaying sponsored advertising or pop-up advertisements that are linked to a search for a trademarked term without requiring a showing of confusion or in circumstances where any initial confusion is likely to be quickly remedied.⁶

Brookfield Commc'ns, Inc. v. West Coast Entm't Corp., 174 F.3d 1036 (9th Cir. 1999) (holding that non-confusing search results that were listed when trademarked term was used as search term could be basis of trademark infringement).

² For simplicity, reference to trademark(s) in this article encompasses both trade and service marks, as well as trade dress.

³ See 15 U.S.C. §§ 1051-1127 (2000). All but a few trademark disputes are now decided under federal law in federal courts. *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 782 n.16 (1992) (Stevens, J., concurring) (citing *Trademark Review Comm'n*, 77 *Trademark Rep.* 375, 377).

⁴ See Lanham Act §§ 32(1), 43(a), 15 U.S.C. §§ 1114(1), 1125(a) (2000). The requirement of showing that a use of a mark is likely to confuse, mislead, or deceive is generally short-handed simply as showing a "likelihood of confusion."

⁵ See, e.g., *Horphag Research, Inc.*, 337 F.3d at 1040; *Natural Answers, Inc.*, 233 F.3d at 465; *Brookfield Commc'ns, Inc.*, 174 F.3d at 1064-66.

⁶ See, e.g., *Playboy Enters. v. Netscape Commc'ns Corp.*, 354 F.3d 1020, 1034 (9th Cir. 2004) (holding that a search engine could be liable for initial confusion created by banner advertisement appearing on search results page); *Google Inc. v. Am. Blind & Wallpaper Factory, Inc.*, 74 U.S.P.Q.2d 1385, 1393 (N.D. Cal. 2005) (allowing infringement case to go forward against search engine for selling advertisements on website keyed to trademarked terms); *Gov't Employees Ins. Co. v. Google, Inc.*, 330 F. Supp. 2d 700, 705 (E.D. Va. 2004) (same) (the district court subsequently issued an oral ruling granting Google's motion for judgment as a matter of law, see *Am. Blind & Wallpaper Factory, Inc.*, 74 U.S.P.Q.2d at 1387 n.26); cf. *1-800 Contacts, Inc. v. WhenU.com*, 309 F. Supp. 2d 467 (S.D.N.Y. 2003), *rev'd on other grounds*, 414 F.3d 400 (2d Cir. 2005) (holding software company liable under an initial interest confusion theory for third-party pop-up advertisements); see also Stefanie Olson, *Google Loses Trademark Case in France* (Feb. 4, 2005), http://news.com.com/2100-1030_3-5564118.html (French courts hold Google liable for breach of trademark for displaying rival's ads keyed to search term).

The basis for these decisions is a court-created doctrine called “initial interest confusion,” which was first adopted over thirty years ago and has been vastly expanded in recent years with the advent of the Internet. Courts have used this doctrine to hold that defendants have committed trademark infringement even when no one is ever likely to be confused by the use of the trademark. Instead, courts have allowed findings of trademark infringement solely on the basis that a consumer might *initially be* “interested,” “attracted,” or “distracted” by a competitor’s, or even a non-competitor’s, product or service.⁷

The creation and application of the initial interest confusion doctrine directly contravenes the Lanham Act, the goals underlying trademark protection, other intellectual property laws, and the First Amendment. Application of initial interest confusion short-changes consumers and threatens fair competition. In the iTunes example, why shouldn’t you be given a choice of other online music stores when you enter “itunes” into a search? When presented with search results other than Apple’s iTunes, would you be confused? Certainly not. Might you be diverted from iTunes to a competitor’s software or music service? Yes. But providing consumers such choices and allowing businesses to produce and advertise similar products has traditionally been considered *fair* competition. Such competitive practices form the foundation of our free market economy.

Although trademark law was intended to assist businesses in identifying and distinguishing their goods from those of others, trademark law was never meant to give monopoly rights over the use of marks to trademark holders, especially at the expense of the greater public good. Application of the initial interest confusion doctrine prevents comparative advertisements, limits information available to consumers, and shuts down speech critical of trademark holders and their products and services. The initial interest confusion doctrine undermines the free market system under a misguided notion that competition in and of itself is unfair.

Almost every federal circuit has adopted the initial interest confusion doctrine,⁸ and more and more trademark cases are being

⁷ See discussion *infra* Parts II.A & II.B and note 57.

⁸ See, e.g., *Mobil Oil Corp. v. Pegasus Petroleum Corp.*, 818 F.2d 254, 259 (2d Cir. 1987); *Checkpoint Sys., Inc. v. Check Point Software Techs., Inc.*, 269 F.3d 270, 294 (3d Cir. 2001); *Sara Lee Corp. v. Kayser-Roth Corp.*, No. 6:92CV00460, 1992 WL 436279, at *24 (M.D.N.C. Dec. 1, 1992) (applying initial interest confusion in 4th Circuit); *Elvis Presley Enters. v. Capece*, 141 F.3d 188, 204 (5th Cir. 1998); *PACCAR Inc. v. TeleScan Techs., L.L.C.*, 319 F.3d 243, 253 (6th Cir. 2003); *Forum Corp. of N. Am. v. Forum Ltd.*, 903 F.2d 434, 442 n.2 (7th Cir. 1990); *Playboy Enters. v. Netscape Commc’ns Corp.*, 354 F.3d 1020, 1024-25 (9th Cir. 2004); *Brookfield*, 174 F.3d at 1062.

The First Circuit has never explicitly adopted initial interest confusion, and has suggested that trademark infringement should not be found on the basis of confusion that occurs prior to the time of sale. See *Beacon Mut. Ins. Co. v. OneBeacon Ins. Group*, 376 F.3d 8, 17 n.4 (1st Cir.

decided on initial interest confusion grounds. Only a handful of courts have questioned the doctrine, and no court has explicitly rejected it.⁹

The recent proliferation of initial interest confusion cases is driven primarily by the development and prominence of the Internet. Prior to the consideration of trademark infringement online, the initial interest confusion doctrine only rarely appeared as the basis for finding trademark infringement—there were fewer than a dozen published cases relying on the doctrine before 1990.¹⁰ In dramatic contrast, between

2004) (not addressing initial interest confusion issue raised below in reversing district court decision); *Hasbro, Inc. v. Clue Computing, Inc.*, 232 F.3d 1, 2 (1st Cir. 2000) (declining “to enter the ‘initial interest confusion’ thicket”); *Astra Pharm. Prods., Inc. v. Beckman Instruments, Inc.*, 718 F.2d 1201, 1207-08 (1st Cir. 1993) (limiting confusion analysis to time of purchase); *see also* *Benchmark v. Benchmark Builders, Inc.*, No. CIV. 00-151-PH, 2000 WL 1886570, at *6 (D. Me. Dec. 29, 2000) (“[T]he First Circuit, while not expressly rejecting the doctrine of initial-interest confusion, has indicated that confusion must be found likely at point of purchase to be actionable under Lanham Act.” (citing *Astra*, 718 F. 2d at 1207)); *Northern Light Tech., Inc. v. Northern Lights Club*, 97 F. Supp. 2d 96, 113 (D. Mass. 2000) (“[I]nitial confusion . . . is not cognizable under trademark law in the First Circuit.”); *CCBN.com, Inc. v. c-call.com, Inc.*, 73 F. Supp. 2d 106, 113 (D. Mass. 1999) (considering initial confusion irrelevant unless it translates into “actual confusion in purchasing parties’ products”). *But see* *EMC Corp. v. Hewlett-Packard Co.*, 59 F. Supp. 2d 147, 150 (D. Mass. 1999) (considering initial interest confusion theory).

The Eighth, Tenth, Eleventh, D.C., and Federal circuits have not decided the issue. *See, e.g.*, *Weiss Assocs. v. HRL Assocs.*, 902 F.2d 1546, 1549 (Fed. Cir. 1990); *Northland Ins. Cos. v. Blaylock*, 115 F. Supp. 2d 1108, 1119-20 (D. Minn. 2000) (noting that Eighth Circuit has not yet decided whether initial interest confusion doctrine applies under Lanham Act).

⁹ *See, e.g.*, *Hasbro, Inc.*, 232 F.3d at 2 (declining “to enter the ‘initial interest confusion’ thicket”); *Astra Pharm. Prods., Inc.*, 718 F.2d at 1207-08 (limiting confusion analysis to time of purchase); *Weiss Assocs.*, 902 F.2d at 1549 (declining to consider “initial confusion” theory referred to by Trademark Trial and Appeal Board in its opinion); *see also* *Netscape Commc’ns Corp.*, 354 F.3d at 1034-36 (Berzon, J., concurring) (calling for overruling of circuit precedent that held that there can be trademark infringement under an initial interest confusion theory absent likely confusion).

¹⁰ Based on a survey of published cases available on the Lexis and Westlaw databases from 1962 until 1990, fewer than a dozen published cases, including those credited with inventing the doctrine, refer to and rely on a doctrine of “initial confusion,” “initial interest confusion,” or “initial interest.” *See, e.g.*, *First Nationwide Bank v. Nationwide Sav. & Loan Ass’n.*, 682 F. Supp. 965, 977 (E.D. Ark. 1988) (citing *Pegasus Petroleum*, 818 F.2d at 260, for the proposition that creation of “initial interest” was actionable trademark infringement); *Schwinn Bicycle Co. v. Ross Bicycles, Inc.*, 678 F. Supp. 1336, 1347 (N.D. Ill. 1988) (same) (case depublished and republished at 1988 U.S. Dist. LEXIS 4160), *order vacated by* 870 F.2d 1179 (7th Cir. 1989); *Pegasus Petroleum*, 818 F.2d at 260; *Grotrian, Helfferich, Schulz, Th. Steinweg Nachf. v. Steinway & Sons*, 523 F.2d 1331, 1341-42 (2d Cir. 1975); *Pegasus Petroleum*, 229 U.S.P.Q. 890, 894-95 (S.D.N.Y. 1986); *Television Enter. Network, Inc. v. Entm’t Network, Inc.*, 630 F. Supp. 244, 247 (D.N.J. 1986); *Warehouse Rest., Inc. v. Customs House Rest., Inc.*, 217 U.S.P.Q. 411, 417 (N.D. Cal. 1982) (considering evidence of “initial confusion” as evidence of “actual confusion”); *Anti-Monopoly, Inc. v. General Mills Fun Group, Inc.*, 195 U.S.P.Q. 634, 640 (N.D. Cal. 1977), *rev’d*, 611 F.2d 296 (9th Cir. 1979); *Koopers Co. v. Krupp-Koppers GmbH*, 517 F. Supp. 836 (W.D. Pa. 1981); *Grotrian*, 365 F. Supp. 707, 717 (S.D.N.Y. 1973); *Blaw-Knox Co. v. Siegerist*, 300 F. Supp. 507, 513 (D. Mo. 1968) (describing initial “interest” caused by “initial confusion” as possible basis for trademark infringement); *cf.* *Chevron Chem. Co. v. Voluntary Purchasing Groups, Inc.*, 659 F.2d 695, 704 (5th Cir. 1980) (referring to fact that marks might be “initially” confusing as evidence that trade dress of two marks is *similar* in design); *Commc’ns Satellite Corp. v. Comcet, Inc.*, 429 F.2d 1245, 1251 (4th Cir. 1970) (considering “initial confusion” between sound of marks as one factor in trademark infringement analysis); *Safeway*

1990 and today there have been more than 100 published cases considering “initial interest confusion.” The expanded application of initial interest confusion has not, however, been limited to the Internet. As more and more trademark holders have prevailed using initial interest confusion arguments in the Internet context and the number of precedents has grown, the doctrine has been used, and will continue to be used, with increasing success offline.¹¹

No article to date has questioned the outright validity of the doctrine from its court-created origins in the 1970s. In fact, a number of prominent treatise writers and scholars have expressly supported the doctrine.¹² Some articles have questioned the application of the doctrine in the Internet context, primarily because of the ease of navigation online, but none have called for the doctrine’s wholesale rejection both on and offline.¹³ Prior works that have discussed initial

Stores v. Suburban Foods, 130 F. Supp. 249, 251 (D. Va. 1955) (referring to “initial confusion” in context of confusion that was initial and not subsequently remedied). There are even fewer cases if one eliminates duplicative cases involving district court and appellate decisions for the same case. A number of cases during this time period refer to “initial confusion” (not “initial interest”), but dismiss it as not being a basis on which trademark infringement can be grounded. *See, e.g.*, Tandy Corp. v. Malone & Hyde, Inc., 581 F. Supp. 1124, 1130 (M.D. Tenn. 1984), *rev’d on other grounds*, 769 F.2d 362 (6th Cir. 1985); Church of the Larger Fellowship, Unitarian Universalist v. Conservation Law Found., Inc., 221 U.S.P.Q. 869, 873 (D. Mass. 1983); Broad. Publ’ns, Inc. v. Burnup & Sims, Inc., 582 F. Supp. 309, 318 (S.D. Fla. 1983); Programmed Tax Sys., Inc. v. Raytheon Co., 439 F. Supp. 1128, 1132 (S.D.N.Y. 1977); Wedgwood Homes, Inc. v. Lund, 648 P.2d 393, 395 (Or. Ct. App. 1982) (quoting findings of trial court with approval); Pa. Dutch Co. v. Pa. Amish Co., 68 Pa. D. & C.2d 379, 385 (Pa. Ct. Com. Pl. 1974).

¹¹ *See, e.g.* Cartier, Inc. v. Four Star Jewelry Creations, Inc., No. 01 Civ. 11295, 2003 WL 21056809, at *11 (S.D.N.Y. May 8, 2003); Shell Trademark Mgmt. BV v. Canadian Am. Oil Co., No. 02-01365, 2002 WL 32104586, at *1 (N.D. Cal. May 21, 2002).

¹² J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS §§ 23:5, 23:6, 25:69, 25:76 (4th ed. 2005) (supporting initial interest confusion generally and *Brookfield’s* holding that allowed trademark infringement when there was no likelihood of confusion); James A. Rossi, *Protection For Trademark Owners: The Ultimate System of Regulating Search Engine Results*, 42 SANTA CLARA L. REV. 295, 327 (2002) (“applaud[ing]” adoption of initial interest confusion as a solution to online use of trademarks); J. Thomas McCarthy, *Trademarks, Cybersquatters and Domain Names*, 10 DEPAUL-LCA J. ART & ENT. L. & POL’Y 231, 235-36 (2000) (supporting the initial interest confusion doctrine and taking credit for its application to the Internet) [hereinafter McCarthy, *Trademarks, Cybersquatters*]; Stanley U. Paylago, *Trademark Infringement, Metatags, and the Initial Interest Confusion Remedy*, 9 FALL MEDIA L. & POL’Y 49, 64-65 (2000) (supporting application of initial interest confusion online); Note, *Confusion in Cyberspace: Defending and Recalibrating The Initial Interest Confusion Doctrine*, 117 HARV. L. REV. 2387, 2410 (2004) (supporting the initial interest confusion doctrine, but suggesting that it should be limited online to competitive situations involving intentional deception); Rachel Jane Posner, Note, *Manipulative Metatagging, Search Engine Baiting, and Initial Interest Confusion*, 33 COLUM. J.L. & SOC. PROBS. 439, 505 (2000) (urging all courts to adopt initial interest confusion); *see also* Promatek Indus., Ltd., v. Equitrac Corp., 300 F.3d 808, 812 (7th Cir. 2002) (Judge Posner, a noted scholar, joins a decision that endorses initial interest confusion).

¹³ *See, e.g.*, Eric Goldman, *Deregulating Relevancy in Internet Trademark Law*, 54 EMORY L.J. 507 (2005) (recent article criticizing logic of initial interest confusion in context of discussion about online searches, but leaving unaddressed broader application of initial interest confusion); Stacey L. Dogan & Mark A. Lemley, *Trademarks and Consumer Search Costs on the Internet*, 41 HOUS. L. REV. 777, 785, 815, 819-23 (2004) (criticizing recent cases applying initial interest

interest confusion, even those that have been critical of it, have also failed to fully consider the motives for adopting the doctrine and, therefore, have not provided a useful framework for reform.

Reformulating the initial interest confusion doctrine is more than simply an issue of statutory interpretation. In recent years, much of the expansion of trademark and other intellectual property laws stems from Congressional legislation at the behest of trade groups or corporations, representing the most powerful intellectual property holders, at the expense of smaller competitors and the public.¹⁴ Thus, even if courts back away from the erroneous initial interest confusion doctrine, Congress may nevertheless be encouraged to codify it. It therefore is vitally important to understand why the doctrine is wrong as a matter of policy and why it represents an assault on the fundamental principles of trademark law.

Determining the scope and validity of initial interest confusion requires consideration of a number of larger theoretical issues facing trademark law today. The first is whether it is ever acceptable to trade off of the goodwill established by another. Some have termed this the “free-rider” problem and have suggested that if a company builds up value in a particular product or service then no one else should be able to benefit from that accumulated value. While initially appealing when framed in those terms, such a conclusion is short-sighted and, as I will discuss in more detail, contradicts long-standing trademark law principles. Consider the role the company Federal Express (now FedEx) played in building a market for overnight shipping. The word “FedEx” has now become a common verb or shorthand for speedy delivery services even when consumers use other shippers. Should FedEx be able to prevent others from establishing their own overnight

confusion to Internet but supporting application of doctrine more broadly as “an occasionally useful lens for assessing traditional infringement and unfair competition claims” when considered within broader likelihood of confusion analysis); David M. Klein & Daniel C. Glazer, *Reconsidering Initial Interest Confusion on the Internet*, 93 TRADEMARK REP. 1035, 1064-65 (2003) (supporting application of initial interest confusion offline but not online); Lisa M. Sharrock, *Realigning the Initial Interest Confusion Doctrine With the Lanham Act*, 25 WHITTIER L. REV. 53, 73 (2003) (criticizing recent expansion of initial interest confusion, especially as applied to Internet, but concluding that “there exists a host of potential fact patterns for which the initial interest confusion doctrine is an appropriate vehicle of analysis” when limited to circumstances in which ultimate purchasing decision is affected); Erlend Bakken, *Unauthorized Use of Another’s Trademark On the Internet*, 2003 UCLA J.L. & TECH. 3 (2003) (limiting criticism of initial interest confusion to Internet context); Bryce J. Maynard, Note, *The Initial Interest Confusion Doctrine and Trademark Infringement on the Internet*, 57 WASH. & LEE L. REV. 1303 (2000) (same); Jason Allen Cody, Note, *Initial Interest Confusion: What Ever Happened to Traditional Likelihood of Confusion Analysis?*, 12 FED. CIR. B.J. 643 (2002-2003) (same).

¹⁴ Consider the passage of the Federal Trademark Dilution Act, 15 U.S.C. §§ 1125(c), 1127 (2000), the Copyright Term Extension Act, Pub. L. 105-298 §§ 102(b) and (d), 112 Stat. 2827-28 (1998), and the Digital Millennium Copyright Act, Pub. L. 105-304, 112 Stat. 2860 (1998).

delivery services simply because it had the idea first and built up a market for such services? Should competing services not be able to contrast themselves to FedEx but rather be required to operate in a vacuum, leaving consumers in the dark as to how the different services compare?

Initial interest confusion raises another pivotal question for trademark law—what is the ultimate role of trademark protection? Do trademark infringement and unfair competition actions under the Lanham Act serve primarily to protect consumers from being duped by unethical competitors, or do the actions primarily serve to shore up the business of individual trademark holders without regard to the best interests of consumers? The recent expansion of the scope of trademark protection suggests a focus on protecting businesses, but the genesis of trademark law in the United States strongly suggests that consumers were also at the heart of the decision to provide legal protection for trademarks.

The answer to these questions is tied up with an even more fundamental ontological question about intellectual property law: Are trademarks and trademark infringement actions about protecting *property* rights or are they about providing more limited rights akin to *tort and unfair competition* actions? The resolution of this issue provides a conceptual framework for determining the legitimacy of both expansions and limits to the scope of trademark protection and will determine the shape and direction of trademark law in the twenty-first century.

The future of initial interest confusion will also determine what the world of Internet commerce looks like. The Lanham Act allows e-commerce to look like a supermarket, providing consumers with a wealth of choices and product information. When you enter a supermarket you might, for example, ask a clerk where you can find Grey Poupon. You will then be directed to an aisle filled with many brands and types of mustard, as well as ketchup and other condiments. Once there, you might find yourself distracted, or attracted, to some other items, including some other brands of mustard. You might notice a generic “Dominick’s” or “Safeway” brand mustard that’s half the price of Grey Poupon. You might notice an imported mustard that’s twice the price of Grey Poupon but strikes your fancy.¹⁵ You might well leave the supermarket with something besides Grey Poupon, but you would not do so because of any confusion. When applying initial interest confusion analysis, courts are deciding that Internet consumers should not have such choices.

¹⁵ Grey Poupon, despite the French name, is produced in the United States by Kraft Foods, Inc.

But it is not just online businesses and consumers who are affected. If the doctrine of initial interest confusion is left unchecked, it will certainly alter the offline world as well. Competitors will not be able to compare their products with other businesses' trademarked goods or services; companies that repair trademarked products or resell trademarked goods will not be able to advertise or perhaps even inform customers of their services. At the extreme, supermarkets could be required to organize their aisles alphabetically by trademark name, rather than by category of product. Imagine a world in which you want to find raisin bran and need to decide in advance whether you want Kellogg's or Post's and then must look in the "K" aisle before Kleenex tissues and Kraft macaroni and cheese if you decide on Kellogg's.

This Article provides a wake-up call to courts, Congress, the online and offline business communities, and the public. Initial interest confusion must be revisited and replaced. In Part I of the Article, I briefly review the origins of initial interest confusion, and the few most important cases from which it developed. This background provides an important foundation for analyzing the vast expansion of the doctrine in recent years and the problems that accompany it.

Part II of the Article examines the current and foreseeable problems caused by the adoption and application of the initial interest confusion doctrine. This part focuses on the doctrine's conflict with basic trademark and unfair competition principles, other intellectual property laws, and the First Amendment.

Part III considers the motivation behind the courts' creation and expansion of the doctrine. The courts' initial motivation for adopting initial interest confusion was a legitimate effort to prevent baiting and switching practices. However, since then courts have unreasonably stretched the doctrine to cover many circumstances which should be considered fair competition or which are better addressed by other existing statutes.

Part IV explains why both the statutory and nominative fair use defenses do not provide an adequate remedy to the dangers created by the application of the initial interest confusion doctrine.

Part V presents a proposal to replace the initial interest confusion doctrine with a narrower consideration of "pre-sale confusion." The mere diversion of a consumer to another product or service should not be used as a basis to find trademark infringement or unfair competition. Pre-sale confusion must entail proof of likely confusion that is more than de minimis, must be limited to potential purchasers, and must consider the complete array of factors traditionally examined in the likelihood of confusion analysis. Finally, I discuss possible structural changes to the World Wide Web (the "Web"), and in particular to search engines, that will remedy some of the most vexing Internet-based

problems that courts have tried to address by relying on the misguided initial interest confusion doctrine.

I. BRIEF HISTORY OF INITIAL INTEREST CONFUSION

While it is not necessary or particularly useful to catalogue every initial interest confusion case, there are three primary cases that are worth analyzing in some detail because they highlight the logic behind the adoption of the doctrine and trace the doctrine's expansion.

A. *Grotrian, Helfferich, Schulz, Th. Steinweg Nachf. v. Steinway & Sons*

*Grotrian, Helfferich, Schulz, Th. Steinweg Nachf. v. Steinway & Sons*¹⁶ is a Second Circuit case often credited with coining the term "initial interest confusion."¹⁷ In *Grotrian*, a dispute arose from the use of the "Grotrian-Steinweg" name on pianos imported from Germany and sold in the United States. The plaintiff, Steinway & Sons, contended that the mark infringed its Steinway mark for pianos.¹⁸ The case's complexity stems from the fact that the Grotrian-Steinweg pianos had a historical relationship with the Steinway pianos. In 1835, Heinrich E. Steinweg, the founder of Steinway & Sons, began making pianos in Germany under the name Steinweg. In 1850 he emigrated to New York, changed his name to Steinway and began selling pianos under the name Steinway & Sons. His oldest son, C.F. Theodor Steinweg, remained in Germany and continued making pianos under the Steinweg name. In 1866, Theodor sold his business to his three employees, Wilhelm Grotrian, Adolph Helfferich and H. G. W. Schultz, and moved to the United States to join his father at Steinway & Sons. As part of the sale of the piano business to Grotrian *et al.*, Theodor gave his successors the right to use the name "Steinweg."¹⁹ The new owners

¹⁶ 523 F.2d 1331 (2d Cir. 1975).

¹⁷ Neither the circuit court nor the district court used the term "initial interest confusion." Instead, the district court referred to "initial interest" and the appellate court referred to both "initial interest" and "initial confusion." See *id.* at 1341-42; *Grotrian*, 365 F. Supp. 707, 717 (S.D.N.Y. 1973). In *Blaw-Knox Co. v. Siegerist*, 300 F. Supp. 507, 513 (E.D. Mo. 1968), *aff'd*, 414 F.2d 375 (8th Cir. 1969), the court used the term "initial confusion" prior to *Grotrian* and discussed the unfairness of using initial confusion, even if ultimately remedied, to divert business away from a plaintiff. Although the analysis of *Blaw-Knox* is similar to *Grotrian* and later initial interest cases, it is rarely cited and did not use the term "initial interest."

¹⁸ *Grotrian*, 523 F.2d at 1334.

¹⁹ *Id.* at 1333-34. The name of the Steinweg company was eventually changed to "Grotrian, Helfferich, Schulz, Th. Steinweg Nachf." which was the name of the company at the time of the litigation. There was a dispute over whether the right to use the name Steinweg was limited to

of Steinweg sold their pianos in Germany under the “Grotrian-Steinweg” mark.²⁰

When Grotrian began selling pianos under the Grotrian-Steinweg mark in the United States, Steinway & Sons threatened to sue for trademark infringement.²¹ The Second Circuit Court of Appeals held that even though there was no confusion as to who manufactured the piano at the time of sale, a customer might *initially* think there was some relationship between Grotrian-Steinweg and Steinway & Sons.²² The court was confident that consumers would not be confused at the time of purchase because piano purchasers were highly sophisticated, the product very expensive, and the appearance of the marks in context quite different.²³ Nevertheless, both the district court and the Second Circuit concluded that Grotrian had infringed Steinway’s trademark because people would be more likely to buy the Grotrian-Steinweg piano under the logic that Grotrian would be afforded credibility early in the transaction as a result of a consumer’s positive mental “association” with “Steinway.”²⁴ The district court found that Grotrian had committed trademark infringement because consumers were “[m]isled into an *initial interest*” in the Grotrian-Steinweg pianos because of “*subliminal confusion*” as to the companies’ relationship.²⁵ The Second Circuit adopted similar language in affirming the district court’s opinion:

The issue here is not the possibility that a purchaser would buy a Grotrian-Steinweg thinking it was actually a Steinway. . . . The harm to Steinway, rather, is the likelihood that a consumer, hearing the “Grotrian-Steinweg” name and thinking it had some connection with “Steinway,” would consider it on that basis. The “Grotrian-Steinweg” name therefore would *attract* potential customers based on the reputation built up by Steinway The harm to Steinway in short is the likelihood that potential piano purchasers will think that there is some connection between the Grotrian-Steinweg and Steinway pianos. Such *initial confusion* works an injury to Steinway.²⁶

ten years or was an unlimited grant. *Id.* at 1334 & n.2. For purposes of this discussion, I will assume that it was an unlimited grant of use of the name because the court did not resolve that issue in holding that the use was infringing.

²⁰ *Id.* at 1334.

²¹ The history of the litigation is quite complex and spans nearly fifty years. Grotrian ultimately brought a declaratory action that went to the Second Circuit Court of Appeals to establish its right to use the Grotrian-Steinweg name. *Id.* at 1334-35.

²² *Id.* at 1339-42.

²³ *Id.* at 1337-42.

²⁴ *Id.* at 1340.

²⁵ *Grotrian*, 365 F. Supp. 707, 717 (S.D.N.Y. 1973) (emphasis added).

²⁶ *Grotrian*, 523 F.2d at 1342 (emphasis added).

The holding in *Grotrian* opened the door to finding trademark infringement in circumstances where there was no likely confusion and consumers merely became interested in a product because of an association with or reference to another's trademark. The court could have relied solely on the likelihood of *confusion prior to the time of sale* as a basis for its holding, but instead used language that greatly expanded the possible grounds for a finding of trademark infringement. The court's ultimate decision makes sense if there was likely confusion as to whether there was some business affiliation or sponsorship of the Grotrian-Steinweg pianos by Steinway, but it is incorrect to the extent it prevented accurate statements about the historical link between the two companies from being made. This troubling aspect of the holding has led to the odd situation today in which the German Grotrian-Steinweg website accurately describes the history of the company and its connection with the Steinway family, while the English language version of the site does not refer to this truthful information, presumably to avoid liability for causing initial interest confusion.²⁷

B. Mobil Oil Corp. v. Pegasus Petroleum Corp.

The initial interest confusion doctrine did not gain much of a following in the years after *Grotrian*. To the extent that the initial interest confusion holding from *Grotrian* was cited, it was primarily confined to courts within the Second Circuit.²⁸ The next significant case to rely on initial interest confusion is *Mobil Oil Corp. v. Pegasus Petroleum Corp.*²⁹ This Second Circuit decision has been widely cited to support the doctrine. In *Pegasus Petroleum*, the defendant company, Pegasus Petroleum, owned by Gregory Callimanopoulos, was held liable

²⁷ Compare Grotrian Pianos, http://www.grotrian.de/grotrian_d/html/mehr/firma_mehr.htm (last visited Aug. 25, 2005), with Grotrian Pianos, www.grotrian.de/grotrian_e/html/mehr/firma_mehr.htm (last visited Aug. 25, 2005).

²⁸ See, e.g., *Lois Sportswear, U.S.A., Inc. v. Levi Strauss & Co.*, 799 F.2d 867, 872 (2d Cir. 1986) (citing *Grotrian* to support finding of post-sale confusion as basis for infringement); *Mobil Oil Corp. v. Pegasus Petroleum Corp.*, 229 U.S.P.Q. 890, 894-95 (S.D.N.Y. 1986) (relying on initial interest confusion doctrine from *Grotrian*); *Toys "R" Us, Inc. v. Canarsie Kiddie Shop, Inc.*, 559 F. Supp. 1189, 1200-01 (E.D.N.Y. 1983) (citing *Grotrian* for proposition that attraction to competitor is basis for trademark infringement action); *Dreyfus Fund, Inc. v. Royal Bank of Canada*, 525 F. Supp. 1108, 1122 (S.D.N.Y. 1981) (citing *Grotrian* for proposition that consumers do not need to be confused at time of purchase for there to be trademark infringement); *West & Company, Inc. v. Arica Institute, Inc.*, 194 U.S.P.Q. 32, 36 n.15 (S.D.N.Y. 1976) (citing *Grotrian* for proposition that confusion is actionable even if resolved by time of purchase). One case to apply *Grotrian*'s initial interest confusion doctrine outside the Second Circuit early on was *Koppers Co. v. Krupp-Koppers GmbH*, 517 F. Supp. 836 (W.D. Pa. 1981), in which a district court in the Third Circuit cited *Grotrian* for the proposition that "*subliminal confusion*" is actionable. *Id.* at 844 (emphasis added).

²⁹ 818 F.2d 254 (2d Cir. 1987).

by the Second Circuit on initial interest confusion grounds for infringing Mobil Oil's flying horse and other trademarks by adopting the name Pegasus Petroleum for his oil trading business. After launching his business, Callimanopulos sent a letter to 400-500 people in the oil trading business informing them about Pegasus Petroleum and stating that the company was part of the "Callimanopulos group of companies."³⁰ Pegasus Petroleum never used a flying horse symbol similar to Mobil's familiar logo. Instead, Pegasus Petroleum used an interlocking double P as its logo.³¹

The Second Circuit held that even though there was no chance that consumers would be confused at the time of purchasing the oil, Pegasus had committed trademark infringement because it was likely that "Pegasus Petroleum would gain crucial credibility during the *initial* phases of a deal. For example, an oil trader might listen to a cold phone call from Pegasus Petroleum . . . when otherwise he might not, because of the *possibility* that Pegasus Petroleum is related to Mobil."³²

The decision in *Pegasus* may ultimately have been correct under the Lanham Act, not because of initial interest, but because Mobil had a trademark both in the flying horse symbol and in the name Pegasus for Mobil's oil business. Because of the similarity of the marks, confusion may have been likely under the traditional likelihood of confusion analysis.³³

C. Brookfield Communications v. West Coast Entertainment

Despite the development of the initial interest confusion doctrine in *Grotrian* and *Pegasus Petroleum*, few cases relied on the doctrine until the mid-to-late 1990s, and most of those that did still required a defendant to demonstrate a likelihood of confusion. In total, fewer than a dozen cases applied initial interest confusion until the 1990s.³⁴ The rarely-used doctrine was resurrected and greatly expanded in *Brookfield Communications, Inc. v. West Coast Entertainment Corp.*³⁵ In *Brookfield*, the Ninth Circuit embraced the initial interest confusion analysis from *Grotrian* and *Pegasus Petroleum*, and explicitly held that the initial interest confusion doctrine could be used to find trademark infringement even if there is *no* likelihood of confusion. The holding in

³⁰ *Id.* at 258.

³¹ *Id.* at 256.

³² *Id.* at 259 (emphasis added).

³³ Pegasus actually predates Mobil as the trademark for an early predecessor company of Mobil. See Mobil & Pegasus, http://www2.exxonmobil.com/corporate/about/history/corp_a_h_pegasus.asp (last visited Aug. 25, 2005).

³⁴ See *supra* note 10.

³⁵ 174 F.3d 1036 (9th Cir. 1999).

Brookfield ignited a firestorm that has spread the initial interest confusion doctrine to nearly every federal circuit.³⁶ Many trademark scholars have expressly approved of *Brookfield*, including J. Thomas McCarthy, author of the preeminent treatise in the trademark field.³⁷

The most troubling and often-cited holding from *Brookfield* is that the use of another's trademarked term in the metatags for a website constitutes trademark infringement. Before diving into the specifics of *Brookfield*, a brief digression into the workings of metatags and web-based search engines is necessary. Programmers use source code³⁸ to construct webpages. The source code of any webpage includes

³⁶ See, e.g., *Checkpoint Sys., Inc. v. Check Point Software Techs., Inc.*, 269 F.3d 270, 293 (3d Cir. 2001) (citing *Brookfield* to support conclusion that initial interest confusion is actionable); *PACCAR Inc. v. TeleScan Techs. L.L.C.*, 319 F.3d 243, 250-58 (6th Cir. 2003) (same); *Promatek Indus., Ltd., v. Equitrac Corp.*, 300 F.3d 808, 812 (7th Cir. 2002) (citing *Brookfield* to support trademark infringement holding on basis of use of trademarked term in website's metatags); *Eli Lilly & Co. v. Natural Answers*, 233 F.3d 456, 465 (7th Cir. 2000) (same); *Northern Lights Tech., Inc. v. Northern Lights Club*, 97 F. Supp. 2d 96, 115 (D. Mass. 2000) (citing *Brookfield* to support conclusion that trademark infringement is more likely online than offline); *New York State Soc'y of Certified Pub. Accountants v. Eric Louis Assocs.*, 79 F. Supp. 2d 331, 342 (S.D.N.Y. 1999) (citing *Brookfield* to support application of initial interest confusion to use of another's trademark in metatags and domain name); *OBH, Inc. v. Spotlight Magazine, Inc.*, 86 F. Supp. 2d 176, 190 (W.D.N.Y. 2000) (citing *Brookfield* to support application of initial interest confusion to domain name); *BigStar Entm't, Inc. v. Next Big Star Inc.*, 105 F. Supp. 2d 185, 210-11 (S.D.N.Y. 2000) (citing *Brookfield* with approval but distinguishing facts at hand); *Bayer Corp. v. Custom School Frames, LLC*, 259 F. Supp. 2d 503, 509 (E.D. La. 2003) (citing *Brookfield* to support conclusion that use of trademarked term in metatags was infringing); *Comerica Inc. v. Fifth Third Bankcorp*, 282 F. Supp. 2d 557, 573 (E.D. Mich. 2003) (citing *Brookfield* for conclusion that there is increased chance of initial interest confusion on Internet); *Shepard's Co. v. Thomson Corp. ex rel. West Group Div.*, No. C-3-99-318, 1999 WL 777944, at *6 (S.D. Ohio July 15, 1999) (citing *Brookfield* as basis for liability under initial interest confusion theory); *Faegre & Benson, LLP v. Purdy*, 367 F. Supp. 2d 1238, 1246-47 (D. Minn. 2005) (supporting *Brookfield*, but allowing for fair use of plaintiff's trademark in context of criticism); *Northland Ins. Cos. v. Blaylock*, 115 F. Supp. 2d 1108, 1120 (D. Minn. 2000) (citing *Brookfield* with approval but limiting case's holding to circumstances in which defendant stands to benefit financially); *Bayer HealthCare LLC v. Nagrom, Inc.*, 72 U.S.P.Q.2D 1751, 1755 (D. Kan. 2004) (citing *Brookfield* as basis for liability under initial interest confusion theory). *But see* *Playboy Enters. v. Netscape Commc'ns Corp.*, 354 F.3d 1020, 1034-36 (9th Cir. 2004) (Berzon, J., concurring) (calling for overruling of *Brookfield* and its holding that there can be trademark infringement absent likely confusion).

³⁷ See, e.g., MCCARTHY, *supra* note 12, §§ 25:69, 25:76 (applauding Ninth Circuit for its decision in *Brookfield* and taking credit for having laid the framework that the Ninth Circuit adopted); 3A LOUIS ALTMAN, CALLMANN ON UNFAIR COMPETITION, TRADEMARKS AND MONOPOLIES § 21:12 (4th ed. 2004) (citing *Brookfield* without criticism, but suggesting several exceptions to holding); *see also* McCarthy, *Cybersquatters*, *supra* note 12, at 235-36 (supporting *Brookfield* decision and taking credit for the court's application of initial interest confusion); Rossi, *supra* note 12, at 327 ("applaud[ing]" *Brookfield*); Paylago, *supra* note 12, at 49 (supporting *Brookfield*); Posner, *supra* note 12, at 503 (calling for every court to adopt holding from *Brookfield*); *Promatek Indus.*, 300 F.3d at 812 (Judge Posner, a well-known scholar, signing on to a decision that endorses both initial interest confusion and *Brookfield*).

³⁸ Source code is the programming language that is initially used by human beings to write computer programs. Source code is then translated into object code, which contains a series of "0"s and "1"s that a computer uses to execute the source code. *See* Webopedia, What is Source Code?, http://www.webopedia.com/TERM/s/source_code.html (last visited Aug. 25, 2005).

metatags, which are HTML³⁹ commands that describe the content of a webpage.⁴⁰ The most common metatags are description and keyword metatags, which are used to describe the website and to list keywords that relate to the site in order to assist search engines in locating the website. Some search engines use metatags as a way of indexing material online.⁴¹ An average websurfer never sees metatags or the code of a webpage, although anyone using the web can use the “reveal codes” command to display the metatags and code for any webpage.⁴² With this rudimentary background on metatags, I turn to the specifics of *Brookfield*.

The plaintiff in *Brookfield*, Brookfield Communications, created and marketed software and services for professionals in the entertainment industry.⁴³ After some success within the film industry community, Brookfield decided to expand its product to reach a “broader consumer market” with a new product under the registered mark “MovieBuff.”⁴⁴ The MovieBuff software included searchable databases with movie credits, box office receipts, films in development, film release schedules, entertainment news, and contact lists with the names of industry professionals.⁴⁵ Brookfield began selling its product online through its websites, moviebuffonline.com and brookfieldcomm.com, and provided a searchable online database under the “MovieBuff” mark for its subscribers.⁴⁶

³⁹ Hyper Text Markup Language (HTML) is the computer language used to create documents on the Web. See Webopedia, What is HTML?, <http://www.webopedia.com/TERM/H/HTML.html> (last visited Aug. 25, 2005).

⁴⁰ A “tag” is “[a] command inserted in a document that specifies how the document, or a portion of the document, should be formatted. Tags are used by all format specifications that store documents as text files.” Webopedia, What is Tag?, <http://www.webopedia.com/TERM/t/tag.html> (last visited Aug. 25, 2005). Unlike other source code used for a webpage, metatags describe the content of the page rather than provide the code for the page itself.

⁴¹ Some search engines use webcrawler programs to retrieve webpages with metatags that match search terms entered by users. Others create a list of terms that are considered similar to an entered term and seek out metatags that are similar to those terms. Many search engines, however, including the popular Google, do not use metatags as a way to index their search results. Fewer search engines use metatags today than did at the time *Brookfield* was decided. Google, for example, determines the rank of search results based in part on how many other sites link to that site—a sort of online popularity contest. David Krane, as quoted in David Becker, Google Caught in Anti-Semitic Flap (Apr. 7, 2004), http://news.com.com/2100-1038_3-5186012.html; M. Totty, *Cat and Mouse: As Google Becomes Web’s Gatekeeper, Sites Fight To Get In*, WALL ST. J., Feb. 26, 2003, at A1; see also discussion *infra* Part III.B.3.b.

⁴² To “reveal codes” using Internet Explorer, go to the “View” menu and select “Source.”

⁴³ *Brookfield Comm’ns, Inc. v. West Coast Entm’t Corp.*, 174 F.3d 1036, 1041 (9th Cir. 1999). These software applications allowed film industry professionals to track screenplay submissions, industry credits, and contacts. *Id.*

⁴⁴ *Id.*

⁴⁵ *Id.*

⁴⁶ *Id.* at 1042.

The defendant, West Coast, owns one of the nation's largest video rental stores, West Coast Video.⁴⁷ West Coast had a searchable entertainment database on its website, westcoastvideo.com.⁴⁸ The purpose of the database was to help West Coast's customers locate movies to rent.⁴⁹ West Coast used the word "moviebuff" in the keyword and description metatags for its website.⁵⁰ West Coast alleged that it used the term "moviebuff" in its metatags because its trademarked slogan was "The Movie Buff's Movie Store;" West Coast may also have used the term simply to refer to the generic term for movie enthusiasts.⁵¹ Because of the use of "moviebuff" in West Coast's metatags, some search engines listed West Coast Video's website as a search result when a user searched for the term "moviebuff."⁵²

The Ninth Circuit held West Coast liable for trademark infringement because Brookfield's "moviebuff" trademark appeared in the metatags for its website.⁵³ The court admitted that a consumer reviewing the search results was *not* likely to be confused. In the examples of search engine results considered by the court, the link to West Coast's website was clearly marked as "westcoastvideo.com" and was listed further down on the results list than the Brookfield website so that a person reviewing the "hits" in order would see Brookfield's

⁴⁷ *Id.*

⁴⁸ *Id.* at 1042-43, 1059. At the time the complaint was filed, West Coast also had a website at moviebuff.com. *Id.* at 1042. Part of the Ninth Circuit's analysis in *Brookfield* involved a dispute over who had priority over the trademark "moviebuff" and whether West Coast could use "moviebuff" as part of a domain name for one of its websites. The court ultimately held that it could not. *Id.* at 1043. This aspect of the decision relies on some questionable logic, but I focus my analysis only on the court's holding regarding West Coast's use of the trademarked term "moviebuff" in the metatags for its "www.westcoastvideo.com" website.

⁴⁹ *Id.* at 1042-43. In fact, West Coast still includes such a search engine on its website, as do many other Internet websites. Compare West Coast Video, <http://www.westcoastvideo.com> (last visited Aug. 25, 2005), with Hollywood Video, <http://www.hollywoodvideo.com> (last visited Aug. 25, 2005), and The Internet Movie Database (IMDb), <http://www.imdb.com> (last visited Aug. 25, 2005) (also offering free movie databases).

⁵⁰ *Id.* at 1043, 1061. Today the West Coast Video website uses as its metatags the following:

```
<meta name="Keywords" content="movies dvds dvds videos vhs tla video movie
discount reviews hollywood actor actors animation criterion cannes independent film
festival buy movie star sundance films director cinema"> <meta name="Description"
content="Videos, movies and DVDs at tlavideo.com. Your online movie source for
independent, international and Hollywood films, discount movies and animation.">
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See West Coast Video, <http://www.westcoastvideo.com> (last visited Aug. 25, 2005). Under the Ninth Circuit's logic in *Brookfield*, suits could be forthcoming from Hollywood Video, Sundance, and the Cannes Film Festival, among others.

⁵¹ No evidence was presented that West Coast included the database for the purpose of competing with Brookfield's MovieBuff product. In fact, West Coast claimed to be unaware of Brookfield's trademark and product. *Id.* at 1059.

⁵² *Id.* at 1061-62. Because West Coast's website at the time referred to its trademarked slogan, "The Movie Buff's Movie Store," *id.* at 1042, some search engines might have independently pulled up the website regardless of the use of the term "moviebuff" in West Coast's metatags.

⁵³ *Id.* at 1062-66.

website first.⁵⁴ Nevertheless, the Ninth Circuit held that West Coast committed trademark infringement by using the term “moviebuff” in its metatags. The court concluded that even though consumers were never likely to be confused, a finding of trademark infringement was appropriate because consumers might be “*divert[ed]*” to another website; this diversion might cause Brookfield to lose out on some business because customers might be satisfied with the free searchable database available on West Coast’s website.⁵⁵

The court in *Brookfield* justified its conclusion, that one could find trademark infringement absent a showing of likely confusion, on the basis of the initial interest confusion doctrine:

Although there is no source confusion in the sense that consumers know they are patronizing West Coast rather than Brookfield, there is *nevertheless initial interest confusion* in the sense that, by using ‘moviebuff.com’ or ‘MovieBuff’ to *divert* people looking for ‘MovieBuff’ to its web site, West Coast improperly benefits from the goodwill that Brookfield developed in its mark.⁵⁶

The court’s conclusion that such diversion is improper competition and constitutes trademark infringement is wrong both as a matter of statutory construction and as a matter of policy for reasons that I will discuss in more detail in the next section.

The three cases I have discussed trace the initial interest confusion doctrine’s evolution from “initial *confusion*” or confusion that occurs prior to the time of sale, to “initial *interest*” involving “possible” confusion, and then to “initial interest” *absent* any likely confusion. This progression has created the troubling state of the law in which defendants can be held liable for trademark infringement absent a showing of a likelihood of confusion.

II. CRITIQUE OF INITIAL INTEREST CONFUSION

Some courts use the term “initial interest confusion” to mean two different things: (1) confusion prior to the time of sale; and (2) initial interest regardless of any likely confusion. When used in the latter circumstances the term “initial interest *confusion*” is truly a misnomer. Allowing trademark infringement actions on the basis of confusion occurring prior to the time of sale is sometimes justifiable under the Lanham Act and the principles behind trademark law; however, allowing a finding of trademark infringement when there is no likely consumer confusion has no basis in the law or policies that support

⁵⁴ *Id.* at 1062-63.

⁵⁵ *Id.* at 1062 (emphasis added).

⁵⁶ *Id.* (emphasis added).

trademark protection. The bulk of my criticism of initial interest confusion is directed at the use of the term when there is no finding of likely confusion, but instead only a finding of initial *interest*. Allowing trademark infringement or unfair competition actions in such circumstances violates the plain language of the Lanham Act, contravenes the goals and logic behind protecting trademarks, harms free and fair competition, limits public information and consumer choices, and violates the First Amendment. Even when initial interest confusion is applied in circumstances in which there is possible confusion, the application of the doctrine (as opposed to the traditional likelihood of confusion analysis) unfairly puts defendants at greater risk of being found liable for trademark infringement, conflicts with other intellectual property laws, and in some instances may also violate the First Amendment. I will address each of these concerns in turn.

A. *Initial Interest Confusion Violates the Lanham Act*

Despite the clear requirements of the Lanham Act, courts applying initial interest confusion in trademark actions have ignored the need to find a likelihood of confusion, mistake, or deception. Numerous courts have allowed findings of trademark infringement simply on the basis that a consumer may be “attracted,” “distracted,” “interested,” or “diverted” by other choices.⁵⁷ The finding of trademark infringement in

⁵⁷ See, e.g., *Nissan Motor Co. v. Nissan Computer Corp.*, 378 F.3d 1002, 1018 (9th Cir. 2004) (defining initial interest confusion as capturing “initial consumer *attention*”) (emphasis added); *Horphag Research Ltd. v. Pellegrini*, 337 F.3d 1036, 1040 (9th Cir. 2003) (finding infringement where there was no likely confusion under initial interest confusion theory); *Promatek Indus., Ltd. v. Equitrac Corp.*, 300 F.3d 808, 812 (7th Cir. 2002) (allowing liability under initial interest confusion theory when consumers are “lured” or “*diverted*” to another site regardless of degree or duration of any potential confusion) (emphasis added); *Eli Lilly & Co. v. Natural Answers, Inc.*, 233 F.3d 456, 464-66 (7th Cir. 2000) (finding infringement where there was no likely confusion under initial interest confusion theory); *Interstellar Starship Servs. Ltd. v. Epix Inc.*, 184 F.3d 1107, 1111 (9th Cir. 1999) (explaining that initial interest confusion applies even if “customer is never confused”); *Brookfield*, 174 F.3d at 1062 (finding initial interest confusion when there is no “source confusion” because people might be “*divert[ed]*” to another website) (emphasis added); *Dr. Seuss Enters. L.P. v. Penguin Books USA, Inc.*, 109 F.3d 1394, 1405 (9th Cir. 1997) (stating that “initial consumer *attention* . . . may still be an infringement”) (emphasis added); *Google Inc. v. Am. Blind & Wallpaper Factory, Inc.*, 74 U.S.P.Q.2d 1385, 1396 (N.D. Cal. 2005) (citing *Brookfield* and *Netscape* for support of proposition that there can be trademark infringement on the basis of “diverting or capturing the consumer’s initial *attention*” even though “the consumer does not experience confusion”) (emphasis added); *Montblanc-Simplo GmbH v. Aurora Due S.r.L.*, 363 F. Supp. 2d 467, 478 (E.D.N.Y. 2005) (“Initial interest confusion occurs when a purchaser, while fully aware of the source of the product, is *attracted* to the junior user’s product because of the competitor’s use of a mark similar to that held by the senior user.”) (emphasis added); *Bayer Healthcare LLC v. Nagrom, Inc.*, 72 U.S.P.Q.2d 1751, 1755 (D. Kan. 2004) (allowing liability for initial interest confusion absent showing of confusion on the basis of diversion); *Gibson Guitar Corp. v. Paul Reed Smith Guitars, LP*, 311 F. Supp. 2d 690, 723 (M.D. Tenn. 2004) (“[T]his doctrine applies where the defendant’s ‘use of another’s

such circumstances—in which potential purchasers are *never* likely to be confused—violates the very statute that gives courts the authority to enforce federal trademark and unfair competition laws.

The Lanham Act expressly limits trademark infringement and unfair competition actions to circumstances in which a defendant's use of another's mark, or a colorable imitation of that mark, is "likely to cause confusion, or to cause mistake, or to deceive."⁵⁸ The purpose of the Lanham Act as set forth in Section 45 of the Act is to regulate "*deceptive and misleading use[s]*" and to prevent "unfair competition[,] fraud and deception."⁵⁹ Congress recently reaffirmed that the main

trademark . . . is calculated to capture initial consumer *attention* . . .") (quotations omitted) (emphasis added); 1-800 Contacts, Inc. v. WhenU.com, 309 F. Supp. 2d 467, 493 (S.D.N.Y. 2003), *rev'd on other grounds*, 414 F.3d 400 (2d Cir. 2005) ("[I]nitial interest confusion occurs when potential consumers of one website [are] *diverted* and *distracted* to a competing website." (quoting *Bihari v. Gross*, 119 F. Supp. 2d 309, 319 (S.D.N.Y. 2000))) (emphasis added); March Madness Athletic Assoc., LLC v. Netfire, Inc., 310 F. Supp. 2d 786, 812 (N.D. Tex. 2003) ("*D*iversion of traffic is known as initial interest confusion and can support finding of trademark infringement.") (emphasis added); *Cartier, Inc. v. Four Star Jewelry Creations, Inc.*, No. 01 Civ. 11295, 2003 WL 21056809, at *11 (S.D.N.Y. May 8, 2003) (finding that being "initially [] *attracted*" was sufficient for trademark infringement) (emphasis added); *Avlon Indus. v. Robinson*, 69 U.S.P.Q.2d 1254, 1256 (N.D. Ill. 2003) (concluding that initial interest confusion occurs when consumer is "*diverted*") (emphasis added); *Electropix v. Liberty Livewire Corp.*, 178 F. Supp. 2d 1125, 1133 (C.D. Cal. 2001) (evaluating initial interest confusion based on attraction not confusion); *BigStar Entm't, Inc. v. Next Big Star, Inc.*, 105 F. Supp. 2d 185, 207 (S.D.N.Y. 2000) (defining initial interest confusion as trademark infringement based on diversion and distraction); *OBH, Inc. v. Spotlight Magazine, Inc.*, 86 F. Supp. 2d 176, 190 (W.D.N.Y. 2000) (finding initial interest confusion on basis of diversion rather than confusion); *New York State Soc'y of Certified Pub. Accountants v. Eric Louis Assocs., Inc.*, 79 F. Supp. 2d 331, 342 (S.D.N.Y. 1999) (same); *Playboy Enters. v. Netscape Commc'ns, Corp.*, 55 F. Supp. 2d 1070, 1083 (C.D. Cal. 1999), *rev'd on other grounds*, 354 F.3d 1020 (9th Cir. 2004) (describing initial interest confusion as situation in which consumer is "*diverted* to another Web site") (emphasis added); *Axiom Corp. v. Axiom, Inc.*, 27 F. Supp. 2d 478, 497 (D. Del. 1998) (finding trademark infringement on basis of "*interest*" not confusion) (emphasis added); *Koppers Co. v. Krupp-Koppers GmbH*, 517 F. Supp. 836, 844 (W.D. Pa. 1981) (finding likelihood of infringement based on "*subliminal*" confusion) (emphasis added); *see also Netscape Commc'ns*, 354 F.3d 1020, 1028-29 (9th Cir. 2004) (focusing on likelihood of consumers being "*diverted*" rather than confused in analysis of sophistication of purchasers and consumer care) (emphasis added); *Mobil Oil Corp. v. Pegasus Petroleum Corp.*, 818 F.2d 254, 260 (2d Cir. 1987) (referring to "initial *interest*" as basis for trademark injury); *Grotrian, Helfferich, Schulz, Th. Steinweg Nachf. v. Steinway & Sons*, 523 F.2d 1331, 1341-42 (2d Cir. 1975) (considering "initial *interest*" and "*subliminal* confusion" as basis of trademark infringement) (emphasis added); *Pegasus Petroleum Corp.*, 229 U.S.P.Q. 890, 894 (S.D.N.Y. 1986) (referring to attraction and initial interest as possible basis for finding trademark infringement); *Grotrian*, 365 F. Supp. 707, 717 (S.D.N.Y. 1973) (same); MCCARTHY, *supra* note 12, § 5.6 (viewing 1962 amendment to Lanham Act as allowing infringement without a finding of confusion).

⁵⁸ 15 U.S.C. §§ 1114, 1125 (2000). Courts have held that the likelihood of confusion requirement is identical under sections 32 and 43 of the Lanham Act. *See Dastar Corp. v. Twentieth Century Fox Film Corp.*, 539 U.S. 23, 27-28 (2003); *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 780-81 (1992) (Stevens, J., concurring). Section 43, the federal unfair competition action, encompasses situations in which there is a "false designation of origin, false or misleading description of fact, or false or misleading representation of fact." 15 U.S.C. § 1125.

⁵⁹ 15 U.S.C. § 1127 (2000) (emphasis added).

purpose of the Lanham Act is to protect the public from “confusion and deception.”⁶⁰ Diverting consumers through deceit and misrepresentation is not allowed, but diverting consumers by providing additional choices is permitted. There is no basis for courts to disregard this statutory language by allowing trademark actions where there is no likely confusion.⁶¹

B. *Initial Interest Confusion Contravenes Justifications for Protecting Trademarks*

In addition to violating the explicit requirements of the Lanham Act, application of initial interest confusion analysis undermines the justifications behind providing legal protection for trademarks. Statutory and common law protections for trademarks emerged from limited tort and unfair competition laws—not from a broad property rights scheme. This difference is crucial because it indicates that there should be only narrow protection for trademarks. Understanding the primary reasons for protecting trademarks is useful not only because it highlights how initial interest confusion contravenes the purposes of trademark law, but also because it provides guidance as to how to best address situations in which confusion exists prior to the time of sale.

1. Justifications for Protecting Trademarks

Trademarks historically served to identify the manufacturer or sponsor of a good or provider of a service.⁶² Today, trademarks

⁶⁰ See S. REP. NO. 100-515, at 1 (1988), *reprinted in* 1988 U.S.C.C.A.N. 5577, 5577.

⁶¹ The unambiguous plain language of a statute governs its interpretation. See *Park 'N Fly, Inc. v. Dollar Park & Fly, Inc.*, 469 U.S. 189, 194 (1985) (“Statutory construction must begin with the language employed by Congress and the assumption that the ordinary meaning of that language accurately expresses the legislative purpose.”); *Botosan v. Paul McNally Realty*, 216 F.3d 827, 831 (9th Cir. 2000) (“Where the statutory language is clear and consistent with the statutory scheme at issue, the plain language of the statute is conclusive and the judicial inquiry is at an end.”).

⁶² See S. REP. NO. 79-1333, at 2 (1946); H.R. REP. NO. 77-2283, at 20 (1942) (“Trade-marks, indeed, are the essence of competition, because they make possible a choice between competing articles by enabling the buyer to distinguish one from the other.”); H.R. Rep. No. 76-944, at 3 (1939) (“Trade-marks are merely a convenient way of distinguishing the goods of one trader from those of another. By furnishing a means of identification, they perpetuate good will, and enable purchasers, by recognizing the marks, to buy again the goods which have pleased them before.” (citing *McLean v. Fleming*, 96 U.S. 245, 252 (1877))); 100 CONG. REC. S16,546-47 (daily ed. Nov. 19, 1987) (remarks of Senator DeConcini on Introduction of S. 1883); *Trade-mark Cases*, 100 U.S. 82, 92 (1879); *Mishawaka Rubber & Woolen Mfg. Co. v. S.S. Kresge Co.*, 316 U.S. 203, 204-05 (1942); RESTATEMENT OF TORTS § 715 cmt. b (1938); MCCARTHY, *supra* note 12, §§ 3.2-3.9.

primarily identify goods and services and distinguish them from those sold and provided by others, without regard to who actually manufactures them.⁶³ For example, a consumer will recognize that Kleenex and Puffs are manufactured by different companies, but the average consumer probably has no idea who the parent companies are that manufacture either of the brands of tissues. Current trademark law has also expanded to encompass the indication of sponsorship or affiliation, as well as of origin.⁶⁴

The congressional reports preceding the passage of the Lanham Act emphasize that the goals behind protecting trademarks are “to protect the public from deceit, to foster fair competition, and to secure to the business community the advantages of reputation and goodwill by preventing their diversion from those who have created them to those who have not. This is the end to which this bill is directed.”⁶⁵ Although Congress referred to the goal of protecting businesses by preventing the “diversion” of business, “diversion” in this context was limited to diversion caused by deception—primarily the deception caused by

⁶³ See WILLIAM M. LANDES & RICHARD A. POSNER, ECONOMIC STRUCTURE OF INTELLECTUAL PROPERTY 167 (2003) [hereinafter LANDES & POSNER, ECONOMIC STRUCTURE]; WILLIAM HENRY BROWNE, A TREATISE ON THE LAW OF TRADE-MARKS AND ANALOGOUS SUBJECTS 1 (1873); see also FRANK I. SCHECHTER, THE HISTORICAL FOUNDATIONS OF THE LAW RELATING TO TRADE-MARKS 19, 149-50 (Lawbook Exchange 1999) (1925) (describing shift from focus on identifying origin of goods to identifying product itself).

In recent years a number of commentators have questioned whether trademarks still primarily identify products or services. Trademarks have in some instances become the commodities themselves rather than signifiers of a producer of the good or service, or of the product itself. For example, the Nike swoosh is valuable separate and apart from the running shoes that were first marked with the trademarked swoosh. See generally Barton Beebe, *The Semiotic Analysis of Trademark Law*, 51 UCLA L. REV. 621 (2004) (describing evolution of trademarks from identifying source to identifying products to identifying trademarks themselves); Jessica Litman, *Breakfast with Batman: The Public Interest in the Advertising Age*, 108 YALE L.J. 1717 (1999) (same); Hon. Alex Kozinski, *Trademarks Unplugged*, 68 N.Y.U. L. REV. 960 (1993) (same) [hereinafter Kozinski, *Trademarks Unplugged*]; Rochelle Cooper Dreyfuss, *Expressive Genericity: Trademarks as Language in the Pepsi Generation*, 65 NOTRE DAME L. REV. 397, 400 (1990) (same).

⁶⁴ The 1988 Trademark Law Revision Act amended 15 U.S.C. § 1125(a) (2000) [Lanham Act § 43(a)] to provide for a cause of action when the use of a mark, or false or misleading description or representation of fact, “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, [or] services.” 15 U.S.C. § 1125 (emphasis added). The expansion to cover confusion as to sponsorship, affiliation, or endorsement, however, predates this statutory change. See, e.g., *Control Components, Inc. v. Valtek, Inc.*, 609 F.2d 763, 770 (5th Cir. 1980); *AMP Inc. v. Foy*, 540 F.2d 1181, 1184 (4th Cir. 1976); *Stop the Olympic Prison v. U. S. Olympic Comm.*, 489 F. Supp. 1112, 1121 (S.D.N.Y. 1980). Trademark infringement actions under section 32 of the Lanham Act, 15 U.S.C. § 1114, have also been held to include confusion as to sponsorship or affiliation. See, e.g., *Shell Oil Co. v. Commercial Petroleum, Inc.*, 928 F.2d 104, 106-07 (4th Cir. 1991); *GTE Corp. v. Williams* 904 F.2d 536, 539 (10th Cir. 1990).

⁶⁵ S. REP. NO. 79-1333, at 3; see also H.R. REP. NO. 79-219, at 3 (1945); H.R. REP. NO. 78-603, at 3 (1943); H.R. REP. NO. 77-2283, at 20; H.R. REP. NO. 76-944, at 3.

passing off one's goods as those of another.⁶⁶ In particular, Congress repeatedly highlighted that the Lanham Act had two main purposes:

One [goal] is to protect the public so it may be confident that, in purchasing a product bearing a particular trade-mark which it favorably knows, it will get the product which it asks for and wants to get. [The other goal is to protect a trademark owner's investment] of energy, time and money in presenting to the public the product . . . from [the mark's] misappropriation by pirates and cheats.⁶⁷

The first goal is to promote the welfare of consumers by assisting them to identify the source—and sometimes the affiliation or sponsorship—of goods and services.⁶⁸ Trademarks serve to assist consumers in making intelligent purchasing decisions by distinguishing products and preventing consumers from being deceived.⁶⁹ Regulating the use of marks allows an individual to know that when he purchases a certain product, he will get the same product, made with the same ingredients and of the same quality, every time. The use of trademarks also protects the consumer by allowing him to readily identify the company or individual responsible for defective or dangerous goods. Simply put, consumer search costs are lowered when goods can be easily distinguished.⁷⁰

⁶⁶ The House Report leading up to the passage of the Lanham Act stated that “[t]he protection which is accorded is security against misrepresentation as to the origin of goods, by suppressing imitations which are calculated to mislead buyers into the belief that the goods of one maker are those of another.” H.R. REP. NO. 76-944, at 3; *see also* H.R. REP. NO. 79-219, at 2; H.R. REP. NO. 78-603, at 2; H.R. REP. NO. 77-2283, at 19; H.R. REP. NO. 76-944, at 2 (“A trade-mark only gives the right to prohibit the use of it so far as to protect the owner's goodwill against the sale of another's product as his.” (citing *Prestonettes, Inc. v. Coty*, 264 U.S. 359, 368 (1924))).

⁶⁷ S. REP. NO. 79-1333, at 2; H.R. REP. NO. 79-219, at 2; H.R. REP. NO. 78-603, at 2; H.R. REP. NO. 79-2283, at 19; H.R. REP. NO. 76-944, at 2; *see also* S. REP. NO. 100-515 at 4 (1988), *reprinted in* 1988 U.S.C.C.A.N. 5577, 5580; 79 CONG. REC. 7872 (1946) (statement of Senator O'Mahoney); 100 CONG. REC. S16,546-47 (daily ed. Nov. 19, 1987) (remarks of Senator DeConcini on Introduction of S. 1883); *Qualitex Co. v. Jacobson Prods. Co.*, 514 U.S. 159, 163-64 (1995); *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 774 (1992); *Inwood Labs., Inc. v. Ives Labs., Inc.*, 456 U.S. 844, 854 n.14 (1982).

⁶⁸ *See* 79 CONG. REC. 7872 (statement of Senator O'Mahoney) (“The trade-mark or trade name is designed to give notice to the public that the commodity to which it is attached is produced by a particular producer. Thereby the consumer knows that this particular producer is the one who has produced the material he seeks to buy.”); *see also* S. REP. NO. 79-1333, at 2; H.R. REP. NO. 79-219, at 2; H.R. REP. NO. 78-603, at 2; H.R. REP. NO. 77-2283, at 19; H.R. REP. NO. 76-944, at 3.

⁶⁹ *See* H.R. REP. NO. 76-944, at 3; *Inwood Labs.*, 456 U.S. at 854 n.14; RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 2 cmt. a (1995); LANDES & POSNER, *ECONOMIC STRUCTURE*, *supra* note 63, at 167; Mark A. Lemley, *The Modern Lanham Act and the Death of Common Sense*, 108 YALE L.J. 1687, 1688 (1999); William M. Landes & Richard A. Posner, *Trademark Law: An Economic Perspective*, 30 J.L. & ECON. 265, 269 (1987) [hereinafter *Landes & Posner, Trademark Law*]; BROWNE, *supra* note 63, at 1185-87; *see also supra* notes 62, 63, 68.

⁷⁰ *See* RESTATEMENT (THIRD) OF UNFAIR COMPETITION §§ 2 cmt. a, 9 cmt. c (1995); MCCARTHY, *supra* note 12, § 2:5; LANDES & POSNER, *ECONOMIC STRUCTURE*, *supra* note 63, at 166-68, 174; Landes & Posner, *Trademark Law*, *supra* note 69, at 270, 274-75; A. ALCHIAN & W.R. ALLEN, *EXCHANGE AND PRODUCTION: COMPETITION, COORDINATION & CONTROL* 193

The second justification for protecting trademarks is to allow businesses to build their goodwill by encouraging consumers to recognize and ask for a company's product by name. A company's goodwill is generally thought of as the good feelings and associations that it has built up in the minds of consumers with regard to its business or product. Trademarks have often been considered symbols or signifiers of this goodwill.⁷¹ By protecting a business's goodwill, trademark law provides incentives for business development and the continued production of high quality goods and services.⁷² Nevertheless, the Lanham Act's protection of goodwill is limited in scope. As the House Report leading up to the passage of the Lanham Act explains: "A trade-mark only gives the right to prohibit the use of it so far as to protect the owner's goodwill against the sale of another's product as his."⁷³ Although trademark protection has expanded in recent years to include confusion as to sponsorship or affiliation, its limited scope remains. The owner of a trademark should be able to prohibit the sale of another's product only if the seller suggests that the product is made by the trademark holder or that it is sponsored by or affiliated with the trademark holder.

There is also a third, though less-often mentioned, goal of protecting trademarks—the promotion of "fair competition" by leaving ample room for businesses to compete.⁷⁴ Congress considered and valued the contribution to the marketplace that competing businesses make and did not intend to shut down such competition by adopting the Lanham Act. Thus, trademark protection must provide breathing room for fair competition even at the expense of a trademark holder's grip on a particular market.

(2d ed. 1977); Stephen L. Carter, Comment, *The Trouble With Trademark*, 99 YALE L.J. 759, 762 (1989-1999).

⁷¹ S. REP. NO. 79-1333, at 2; H.R. REP. NO. 79-219, at 2; *see also* *Mishiwaka Rubber & Woolen Mfg. Co. v. S.S. Kresge Co.*, 316 U.S. 203, 205 (1942); *Hanover Star Milling Co. v. Metcalf*, 240 U.S. 403, 412-13 (1916); *McLean v. Fleming*, 96 U.S. 245, 252 (1877); *Trade-mark Cases*, 100 U.S. 82, 87 (1879).

⁷² S. REP. NO. 79-1333, at 2; H.R. REP. NO. 77-2283, at 1275 ("Trade-marks encourage the maintenance of quality by securing to the producer the benefit of the good reputation which excellence creates."); H.R. REP. NO. 76-944, at 2; RESTATEMENT (THIRD) OF UNFAIR COMPETITION §§ 1 cmt. e, 9 cmt. c (1995); LANDES & POSNER, *ECONOMIC STRUCTURE*, *supra* note 63, at 168; Landes & Posner, *Trademark Law*, *supra* note 69, at 270; Lemley, *supra* note 69, at 1688; BROWNE, *supra* note 63, at 1185-87; Carter, *supra* note 70, at 762.

⁷³ H.R. REP. NO. 76-944, at 2 (quoting *Prestonettes v. Coty*, 264 U.S. 359, 368 (1924)).

⁷⁴ S. REP. NO. 79-1333, at 1274-75. The RESTATEMENT (THIRD) OF UNFAIR COMPETITION suggests that there are three main goals of modern trademark law: "the trademark owner's claim to the benefits of its good will, the interest of consumers in reliable indicia of source and sponsorship, and the right of other sellers to compete vigorously with the trademark owners in the marketplace." RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 9 cmt. d (1995) (emphasis added).

When the use of a mark on a product is confusing, the two primary trademark goals work in harmony to protect consumers from being deceived and to shore up a business's goodwill. But a conflict arises when promoting consumer welfare harms a business's competitive advantage. For example, providing a consumer with more choices is likely to reduce a company's market share and may weaken a business's goodwill. The history behind the adoption of the Lanham Act suggests that, when such a conflict arises, courts should favor the interests of the public over those of individual trademark holders. The most compelling evidence of this preference for consumers is the simple fact that Congress chose the standard of likely consumer confusion as the test for trademark infringement, rather than a test focused on business losses by a trademark holder.⁷⁵ The trademark acts and common law that preceded the passage of the Lanham Act also had consumer deception as the central test for trademark infringement.⁷⁶ American trademark law originated from unfair competition law and the common law action for deceit.⁷⁷ Liability under both turned not on business injury, but on proof that consumers had been or were likely to be deceived.⁷⁸

⁷⁵ The drafts of the Lanham Act and the congressional reports leading up to the statute's passage stress the requirement that infringement actions be based on a showing of likelihood of consumer confusion. See S. REP. NO. 79-1333; H.R. REP. NO. 79-219; H.R. REP. NO. 78-603; H.R. REP. NO. 77-2283; H.R. REP. NO. 76-944; see also Bartholomew Diggins, *The Lanham Trade-Mark Act*, 35 GEO. L.J. 147, 150 (1947). The Lanham Act's focus on consumers is true in spite of the fact that consumers do not have standing to sue for trademark infringement. See 15 U.S.C. § 1114 (2000). Some courts have also concluded that consumers cannot sue under the unfair competition provisions of the Lanham Act, section 43, although the explicit language of the section does not foreclose such suits. Compare *Made in USA Foundation v. Phillips Food, Inc.*, 365 F.3d 278 (4th Cir. 2004), and *Colligan v. Activities Club of New York*, 442 F.2d 686 (2d Cir. 1971), with 15 U.S.C. § 1125.

⁷⁶ The Trademark Act of 1870 prevented the registration of marks that were so similar to other marks as to be "likely to deceive the public." See Trademark Act, ch. 230, 16 Stat. 198 (1870). The Trademark Act of 1876 limited infringement to circumstances in which the use of an imitative trade-mark was "calculated to deceive the public." See Trademark Act, 19 Stat. 141 (1876). Many of the provisions of the 1876 act also required a demonstration of the "intent to defraud." By the time of the Trademark Act of 1881, very similar language to that which was ultimately enacted as part of the Lanham Act was used to prevent the registration of marks that "so nearly resemble[] some other person's lawful trade-mark as to be likely to cause confusion or mistake in the mind of the public, or to deceive purchasers." Trademark Act, ch. 138, 21 Stat. 502 (1881); see also Trademark Act, ch. 592, 33 Stat. 274 (1905) (formerly 15 U.S.C. § 85(b)) (precluding registration if "likely to cause confusion or mistake in the mind of the public or to deceive purchasers"); Trademark Act, ch. 332, 52 Stat. 638 (1938) (same); *McLean*, 96 U.S. at 251; BROWNE, *supra* note 63, at 278.

⁷⁷ S. REP. NO. 79-1333, at 1275; H.R. REP. NO. 79-219, at 3; H.R. REP. NO. 78-603, at 3; H.R. REP. NO. 77-2283, at 20; H.R. REP. NO. 76-944, at 3; CONG. REC. S16,546-47 (daily ed. Nov. 19, 1987) (remarks of Senator DeConcini on Introduction of S. 1883, Trademark Law Revision Act of 1987); *Moseley v. V. Secret Catalogue Inc.*, 537 U.S. 418, 428 (2003); *United Drug Co. v. Rectanus*, 248 U.S. 90, 97 (1918); *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 778 n.5 (1992); RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 9 cmt. d (1995).

⁷⁸ MCCARTHY, *supra* note 12, §§ 2:8, 5:2, 23:1; ALTMAN, *supra* note 37, § 21:2; Robert N. Klieger, *Trademark Dilution: The Whittling Away of the Rational Basis for Trademark Protection*, 58 U. PITT. L. REV. 789, 795 (1997); Diggins, *supra* note 75, at 148, 157, 190; Carter,

Moreover, even the second goal of the Lanham Act, the protection of a business's goodwill, is ultimately about promoting consumer welfare. A congressional report leading up to the passage of the Lanham Act highlights that it is in the "*interest of the public* that the businessman be protected in his reputation, and the consumer against fraud."⁷⁹ By providing incentives for businesses to keep up the quality of their goods and to improve their products and services, trademark law ultimately benefits the public.⁸⁰ This logic can be seen in other areas of intellectual property. For example, in copyright law, authors are given property rights in their creative works with the ultimate goal of providing incentives for creation so that more works will exist for the public to consume and build upon.⁸¹ The scope of an individual's rights in his or her work is meant to be narrowly construed and should theoretically be limited only to protection that is necessary to maximize public welfare.⁸² Similarly, trademark protection should be construed narrowly with an eye on promoting the ultimate public good.

Allowing a finding of trademark infringement on the basis of mere "initial interest" does not promote any of the goals of trademark law. One of the greatest dangers of initial interest confusion is that it is often used to deny consumers access to information about the goods and services offered by competing sellers. Such information is crucial for the efficient operation of competitive markets and protects the public's ability to choose between reasonably-priced products. Application of initial interest confusion harms consumers by eliminating such choices and information without any compensating benefit.

It is also questionable whether non-confusing references to another's trademark actually harm a trademark holder's goodwill. A business's goodwill is not likely to be damaged simply by the fact that a

supra note 70, at 765.

⁷⁹ H.R. REP. NO. 76-944, at 2 (1939) (emphasis added). The Senate Report accompanying the Trademark Law Revision Act expressly stated that it sought to "improve the law's protection of the public from counterfeiting, confusion, and deception." S. REP. NO. 100-515, at 1 (1988), *reprinted in* 1988 U.S.C.C.A.N. 5577, 5577.

⁸⁰ *San Francisco Arts & Athletics Inc. v. U.S. Olympic Comm.*, 483 U.S. 522, 537 (1987) (protecting trademarks gives producer incentives to create quality product which "in turn, benefits the public"); RESTATEMENT (THIRD) UNFAIR COMPETITION § 1 cmt. e (1995).

⁸¹ *See Fogerty v. Fantasy, Inc.*, 510 U.S. 517, 526-27 (1994) ("The immediate effect of our copyright law is to secure a fair return for an 'author's' creative labor. But the ultimate aim is, by this incentive, to stimulate artistic creativity for the general public good."); *Sony Corp. v. Universal City Studios*, 464 U.S. 417, 429 (1986); *Twentieth Century Fox v. Aiken*, 422 U.S. 151, 156 (1975); *see also Tasini v. New York Times*, 533 U.S. 483, 523 n.20 (2001) (Stevens, J., dissenting).

⁸² *Cf.* Letter from Thomas Jefferson to Isaac McPherson (Aug. 13, 1813), *in* THOMAS JEFFERSON: WRITINGS 1291-92 (Merrill D. Peterson ed., 1984) (describing need to limit intellectual property protection in patent context); *see also Walker Process Equip., Inc. v. Food Mach. & Chem. Corp.*, 382 U.S. 172, 176-77 (1965) (patent law must be narrowly construed to limit harms from affording monopoly).

non-competing, or even a competing, business provides consumers with other purchase options. Nor is a trademark holder's goodwill negatively affected simply because another company refers to its trademarked product. A trademark holder's sales may be impacted by such competition, but consumers' feelings about the company, and the actual goodwill of that company are unlikely to be affected. For example, if I search for an iTunes substitute, I do not think more or less of Apple as a company or its product simply because there are competing products that I can choose from. If anything, the fact that the market for such software and online music is defined by the word "iTunes" reinforces my positive view of Apple as an inventive, trailblazing company. If a company causes confusion as to whether it is iTunes by, for example, calling itself iToons or iMusic, and is a subpar service, the goodwill of iTunes and Apple might well be affected. But in such an instance the traditional likelihood of confusion test would protect Apple. When consumers are not confused, there is no need—even under the justification of protecting a business's goodwill—to find trademark infringement.

2. Examples of How Initial Interest Confusion Harms Consumers and Prevents Fair Competition

The following are examples of cases in which application of initial interest confusion contravenes the justifications for protecting trademarks. Each scenario highlights a situation in which potential purchasers, legitimate businesses, and the public at large are worse off because of the application of initial interest confusion. These cases highlight many courts' focus on businesses rather than consumers, a misguided concern over free-riding, and the treatment of trademarks as property rights in gross rather than as limited indicators of source.

a. Direct Competitors

Courts are most likely to find initial interest confusion when the defendant directly competes with a trademark holder's business. Numerous courts have come to view references to another's trademark by direct competitors as unfair. Traditionally, businesses that sell similar or related products have been able to compare their goods to those of a trademark holder so that consumers can make informed choices about which product to buy.⁸³ In fact, Congress emphasized the

⁸³ See Charles D. Ossola & Carol Lally, *Trademarks, Fair Use, & the First Amendment*, 617

importance of promoting such choices when justifying the basis for protecting trademarks.⁸⁴

Not only in *Brookfield*, but also in several more recent cases, courts have suggested that a competitor cannot refer to another's trademarked product on its website or even have its website and product appear as a search result when a consumer looks for a trademarked good online. One such case is *Horphag Research, Ltd. v. Pelligrini*,⁸⁵ in which the defendant and the plaintiff both sold unpatented food supplements made from an extract of pine bark.⁸⁶ The plaintiff, Horphag, registered its version of the compound in the United States under the name "Pycnogenol." The facts of the case are complicated by the fact that the defendant alleged that even though Horphag holds the trademark for Pycnogenol in the United States, that same trademark is held and has been used for many years in Europe and elsewhere by Dr. Masquelier and his licensees.⁸⁷ Dr. Masquelier is the French scientist who first created the compound. Horphag allegedly beat Dr. Masquelier to the U.S. market and laid claim to the Pycnogenol mark.⁸⁸ Because the mark Pycnogenol was not available in the United States by the time the International Nutrition Company, Dr. Masquelier's U.S. distributor, sought registration of the product, it chose "Masquelier" as the U.S. trade name.⁸⁹

The defendant in *Horphag*, Mr. Garcia, was apparently a licensed dealer of the Masquelier version of the compound. He sold Masquelier on his website, which accurately described the origins of Masquelier as

PLI/PAT. 139, 145; *August Storck K.G. v. Nabisco, Inc.*, 59 F.3d 616 (7th Cir. 1995); *Lindy Pen Co. v. Bic Pen Corp.*, 725 F.2d 1240, 1248 (9th Cir. 1984) ("We have recognized that liability for infringement may not be imposed for using a registered trademark in connection with truthful comparative advertising."). The Federal Trade Commission (FTC) encourages the use of comparative advertising. See 16 C.F.R. § 14.15(b) & (c) (2004) ("Commission policy in the area of comparative advertising encourages the name of, or reference to competitors, but requires clarity, and, if necessary, disclosure, to avoid deception of the consumer Comparative advertising encourages product improvement and innovation and can lead to lower prices in the marketplace.").

⁸⁴ See discussion *supra* Part II.B.1.

⁸⁵ 337 F.3d 1036 (9th Cir. 2003).

⁸⁶ The supplement is marketed as a natural antioxidant used to prevent or treat heart disease and strokes.

⁸⁷ See, e.g., Excerpts of Record at 72, 86-121, *Horphag Research*, 337 F.3d 1036 (Nos. 01-56733, 01-55142). The original patent holder and inventor of the product was Dr. Masquelier, who named his invention Pycnogenol. See U.S. Patent Nos., 3,436,407 (1969) and 4,698,360 (1987). (The patent had expired by the time of the litigation.) In France, Portugal, Austria, Germany, Australia, New Zealand, Thailand, Japan, South Korea and numerous other countries the product is also sold under the trademark Pycnogenol. Excerpts of Record at 86-121, *Horphag Research*, 337 F.3d 1036 (Nos. 01-56733, 01-55142).

⁸⁸ *Id.* at 86-121; see also Appellant's Brief, *Horphag Research*, 337 F.3d 1036 (Nos. 01-56733, 01-55142), 2002 WL 32103403.

⁸⁹ Excerpts of Record at 86-121, *Horphag Research*, 337 F.3d 1036 (Nos. 01-56733, 01-55142); see also Appellant's Brief, *Horphag Research*, 337 F.3d 1036 (Nos. 01-56733, 01-55142), 2002 WL 32103403.

being invented by Dr. Masquelier and sold under the Pycnogenol name outside the United States. Garcia also accurately described that Masquelier and Pycnogenol are made of the same compound. Garcia's website clearly identified that it was not associated with the trademark holder, Horphag, or with Horphag's trade brand product, Pycnogenol.⁹⁰ In addition to referring to Pycnogenol on his website, Garcia placed the term in the metatags for his website. Because the term "Pycnogenol" was included on Garcia's website and in the metatags for the site, search engines were likely to pull up his site as one of the search results when a websurfer used the term Pycnogenol.

The Ninth Circuit panel that heard the case initially held that Garcia had committed trademark infringement both by referring to Pycnogenol on his website and by including the trademarked term in the site's metatags.⁹¹ The first panel decision was withdrawn without explanation. The amended opinion held only that the metatags were infringing and did not address the issue of whether the references on Garcia's website were also infringing.⁹²

The holding that Garcia's use of Pycnogenol in his metatags is infringing is problematic. There are millions of websites available on the Web.⁹³ If Garcia cannot use the Pycnogenol trademark in his metatags, the chances of anyone locating his site will be reduced.⁹⁴ Consumers should not be required to know the chemical compound of the product or that it derives from pine bark. When a websurfer types in the term "Pycnogenol" to a search engine she should be able to pull up Garcia's website as well as Horphag's. Consumers should be able to locate alternative products that are similar or, in this case, virtually identical. Moreover, Garcia is selling the identical product sold as Pycnogenol in Europe; some websurfers may be aware of the foreign trade name and be searching for a product similar to or identical to the European product. The Pycnogenol metatag also accurately describes the website because the website refers to the history of the product and

⁹⁰ The website stated that

[t]he original FRENCH Pycnogenol® and Horphag's U.S. Pycnogenol® are NOT the same, Horphag's U.S. Pycnogenol® "borrows" from the 50 years of research for Masquelier's authentic and original FRENCH Pycnogenol® (now called MASQUELIER's® in the U.S.). Therefore, the original French Pycnogenol®, MASQUELIER's® and this web site are neither endorsed, nor sponsored by, nor affiliated with Horphag Research, Ltd.

Excerpts of Record at 86, *Horphag Research*, 337 F.3d 1036 (Nos. 01-56733, 01-55142).

⁹¹ *Horphag Research*, 337 F.3d at 1039-42.

⁹² *See id.*

⁹³ Google claims that its search engine indexes more than eight billion webpages. *See* Google, <http://www.google.com> (last visited Aug. 25, 2005).

⁹⁴ Because search engines increasingly do not use metatags to locate search results, consumers may still be able to locate Garcia's site using the search term "pycnogenol." *See supra* note 41 and discussion *infra* Part III.B.3.b.

the scientific studies that support its efficacy, both of which refer to “Pycnogenol.”

The suggestion from the initial panel decision that Garcia could not refer to “Pycnogenol” on his website is even more troubling than its holding with regard to the metatags. Garcia cannot accurately describe the Masquelier product and its origins without reference to Pycnogenol. Moreover, Garcia cannot refer to the research showing the efficacy of the pine bark extract without using the name “Pycnogenol” since all of the research was conducted using the brand name. A similar situation arises with generic drugs, both prescription and over-the-counter. Without the ability to refer to the trademarked product by its trademark, it would be difficult, for example, to inform consumers that acetaminophen is a comparable substitute for Tylenol. Competing businesses should be able to describe their products as being made of the same substance as a trademarked product if such statements are truthful and do not confuse consumers as to the source or sponsorship of the product.

Horphag and similar cases in other circuits prevent competing online businesses from designing their websites so that consumers can find them and from providing truthful information about their products. Perhaps even more troubling, these cases suggest that when a trademarked term is entered into a search engine, results may have to be limited to search results from the trademark holder. Several courts have already held that search engines may be liable for providing search results and online advertising based on search terms that include trademarks. In *Playboy Enterprises v. Netscape Communications Corp.*,⁹⁵ the Ninth Circuit examined the use of keyed advertisements⁹⁶ and banner advertising⁹⁷ on the Internet. The defendant, Netscape, a search engine and web browser, sold advertising linked to its searches. In particular, Netscape sold an adult-oriented list of words, including the trademarked terms “playboy” and “playmate.” When a user of the search engine typed in either of these words, advertisements would appear at the top or sides of the search results for adult-oriented websites. According to the court, these ads were either not labeled or confusingly labeled.⁹⁸ The court held that Netscape, in its capacity as a search engine, could be held liable for trademark infringement, on either a contributory or direct liability theory, for a banner advertisement

⁹⁵ 354 F.3d 1020 (9th Cir. 2004).

⁹⁶ Keyed advertisements are ads that appear depending on the search term used by a consumer and are generally related to the subject of the search term or a relevant category of consumers.

⁹⁷ Banner advertisements can be keyed or not keyed, but they appear at the top or sides of a search engine results page like a banner.

⁹⁸ See *id.* at 1030.

produced by a third party and keyed to Netscape's search results.⁹⁹ Fortunately, in contrast to many other initial interest confusion cases, the *Netscape* court suggested in dicta that if the advertisements had been clearly labeled so as to dispel likely confusion, there would not have been trademark infringement.¹⁰⁰ Despite such dicta, the *Netscape* opinion cites *Brookfield* with approval for the proposition that diversion can be a basis for trademark infringement.¹⁰¹

To the extent that consumers were likely to be confused as to the sponsorship of the banner advertisements and that such confusion was not likely to be quickly dispelled upon clicking on the advertisement, the ultimate holding in *Netscape* may be correct. However, the court did not consider the likelihood that many Internet users know that ads on search engines are generally not associated, in a business sense, with the search results or search terms. The court's suggestion that Netscape needs to remove the terms "playboy" and "playmate" from its list of words to which advertisements are linked is particularly troubling.¹⁰² The court essentially limits the ability of competitors in the adult website business, such as Hustler, to display their magazine on the same virtual newsstand shelf as Playboy.¹⁰³

Although ultimately concurring in the *Netscape* opinion, Judge Berzon's separate opinion provides a strong dissenting voice against the finding of trademark infringement absent evidence of likely confusion. Judge Berzon's concurrence emphasizes that comparison shopping and diversions are fair game in the brick and mortar world and should also be fair game on the Internet.¹⁰⁴ In the brick and mortar world, when you enter a drugstore, for example, and ask for assistance locating Tylenol, you will likely be directed to the pain reliever aisle where you are free

⁹⁹ See *id.* at 1024, 1029-31. The court declined to decide which theory of liability applied. *Id.* at 1024; see also *Google Inc. v. Am. Blind & Wallpaper Factory, Inc.*, 74 U.S.P.Q.2d 1385, 1387, 1391 (N.D. Cal. 2005) (allowing infringement case to go forward against search engine for selling advertisements on website keyed to trademarked terms); *Gov't Employees Ins. Co. v. Google, Inc.*, 330 F. Supp. 2d 700, 704 (E.D. Va. 2004) (same). But see *1-800 Contacts, Inc. v. WhenU.com*, 414 F.3d 400, 411 & n.15 (2d Cir. June 27, 2005) (distinguishing pop-up ads that court held are not trademark uses with keyed advertisements linked to search engine results); *Wells Fargo & Co. v. WhenU.com, Inc.*, 293 F. Supp. 2d 734, 749 (E.D. Mich. 2003) (concluding that pop-up ads are not infringing in part because consumers are likely to know ads are not affiliated with websites).

¹⁰⁰ *Netscape Commc'ns*, 354 F.3d at 1025 n.16.

¹⁰¹ *Id.* at 1028-30. But see *id.* at 1034-36 (Berzon, J., concurring) (calling for overruling of *Brookfield*).

¹⁰² *Id.* at 1029-31; see also *Playboy Enters. v. Asia Focus*, No. Civ.A. 97-734-A, 1998 WL 724000, at *7 (E.D. Va. Apr. 10, 1998) (prohibiting, among other things, the use of the phrase "the playboy in all of us").

¹⁰³ The conclusion is also troubling because playboy and playmate are arguably generic terms. See WEBSTER'S NINTH NEW COLLEGIATE DICTIONARY 902 (1987) (defining "playboy" as "a man who lives a life devoted chiefly to the pursuit of pleasure" and "playgirl" as "a woman who lives a life devoted chiefly to the pursuit of pleasure").

¹⁰⁴ *Netscape Commc'ns*, 354 F.3d at 1034-36 (Berzon, J., concurring).

to choose generic acetaminophen or Aleve instead of Tylenol. Yet on the Internet, several recent decisions, such as *Netscape* and *Horphag*, prevent similar forms of advertising and comparison shopping online.

The initial interest confusion doctrine's significant limitation on consumer's access to truthful information and a competitor's ability to advertise its products and services is not limited to the Internet. The overwhelming success in recent years by plaintiffs arguing initial interest confusion as a basis for liability has led to an increase in the successful application of the doctrine by plaintiffs offline. For example, courts have found trademark liability under an initial interest confusion theory when consumers have associated one product with another's trademarked good, even though consumers are not confused as to source, sponsorship or affiliation. In *Cartier, Inc. v. Four Star Jewelry Creations, Inc.*,¹⁰⁵ a district court held that watches designed to look similar to Cartier watches could be found to infringe Cartier's trade dress if consumers were initially "attracted" to the watches, even if consumers knew that the "knock-offs" were not Cartier watches.¹⁰⁶ This decision and others like it fly in the face of long-standing Supreme Court decisions holding that competitors can slavishly copy another company's product so long as consumers are not confused as to the origin or sponsorship of the goods, and the products are not protected by copyright or patent law.¹⁰⁷

The application of initial interest confusion offline is broader than simply knock-off cases. For example, in *Shell Trademark Management v. Canadian American Oil Co., Inc.*,¹⁰⁸ Shell sued one of its franchisees, Canadian American, for selling a cheaper gasoline made by Touchless, as well as Shell gasoline at its gas station. On the sign for the gas station both the Shell logo and Touchless logo were displayed. The Shell pumps and the canopy over them were painted red and yellow while the Touchless pumps were off to the side and painted red and white. The Touchless pumps had a sign on them making clear that "Touchless gasoline is not a Shell product."¹⁰⁹ Putting aside any potential contractual violations, Shell contended that "initial interest confusion," which is "primarily [applied] in the Internet context," prohibited the Canadian American gas station from selling both fuels.¹¹⁰ While skeptical of applying initial interest confusion in this context, the district court acknowledged that the *Brookfield* precedent governed and

¹⁰⁵ No. 01 Civ. 11295, 2003 WL 21056809, at *1 (S.D.N.Y. May 8, 2003).

¹⁰⁶ *Id.* at *11 (emphasis added).

¹⁰⁷ See discussion *infra* Part II.E.

¹⁰⁸ No. 02-01365, 2002 WL 32104586, at *1 (N.D. Cal. May 21, 2002).

¹⁰⁹ *Id.* at *1.

¹¹⁰ *Id.*

allowed the case to go forward because there was a possibility of initial interest confusion.¹¹¹

b. Related Competitors

Even when companies are not in direct competition, courts have applied initial interest confusion to shut down advertising, product lines, and websites for related companies. One such example is the Seventh Circuit decision in *Eli Lilly & Co. v. Natural Answers, Inc.*,¹¹² in which the court held that an herbal supplement manufacturer could not market a dietary supplement intended to combat depression under the name “Herbrozac” because the name infringed Eli Lilly’s trademark for the anti-depressant Prozac.¹¹³ The defendant, Natural Answers, developed, marketed and sold herbal dietary supplements called “Herbscriptions” which it posited as “drug alternatives.”¹¹⁴ Several of the Herbscriptions included names that readily conjure up more traditional medication brand names, such as Herbalium, Herbaspirin, and Herbadryl.¹¹⁵ Despite the similarity between the Herbrozac and Prozac names, consumers were not likely to confuse the two products. The product name for “Herbrozac” emphasizes the herbal nature of the supplement in contrast to the synthetic prescription medication, Prozac. Both the packaging and the tablets for Herbrozac and Prozac looked dramatically different—Herbrozac was a large dark brown tablet with black specs and had a distinct herbal odor, while Prozac was, and still is, a small green and white pill.¹¹⁶ Herbrozac was clearly labeled as a dietary supplement and could be obtained without a prescription. Each bottle of Herbrozac clearly stated that “[t]his product is not intended to diagnose, treat or cure any disease.”¹¹⁷

Despite the fact that confusion was unlikely, the Seventh Circuit concluded that Natural Answers had committed trademark infringement.¹¹⁸ The court noted that some pharmaceutical companies had expanded their lines to include dietary supplements, and that consumers might therefore think that Eli Lilly sponsored the herbal

¹¹¹ *Id.* at *4-8.

¹¹² 233 F.3d 456 (7th Cir. 2000).

¹¹³ *Id.* at 469.

¹¹⁴ *Id.* at 460.

¹¹⁵ *Id.* At the time of the court’s decision, Herbscriptions were sold over the Internet but Natural Answers intended to expand to sell its products at retail outlets such as health food and grocery stores. *Id.*

¹¹⁶ Prozac also comes in several all-green versions. See Drugs.com Pill Identification for “Prozac,” http://www.drugs.com/xq/cfm/pageID_1152/search_true/qx/index.htm (last visited September 10, 2005).

¹¹⁷ *Natural Answers*, 233 F.3d at 460.

¹¹⁸ *Id.* at 463-69.

supplement.¹¹⁹ If consumers were in fact likely to think that Eli Lilly made Herbrozac, the court's conclusion might be supportable, but there are several indications that the court's conclusion was instead based merely on initial interest. First, the court's analysis focuses on "*divert[ing]* consumers away from doctors by 'having them go natural first and not go with drugs.'"¹²⁰ This language suggests that the court focused less on the likelihood of confusion as to sponsorship than on the possibility that some consumers might choose to try the natural remedy instead of Prozac.¹²¹

The *Natural Answers* court also held that Natural Answers's use of "prozac" in the metatags for its website infringed Eli Lilly's trademark on initial interest confusion grounds.¹²² The court's conclusion with regard to the metatags is deeply flawed and perpetuates the erroneous logic of the Ninth Circuit's decision in *Brookfield* that "[u]sing another's trademark in one's metatags is much like posting a sign with another's trademark in front of one's store. As such, it is significant evidence of intent to confuse and mislead."¹²³ By using "prozac" in the keyword and description metatags to its website, Natural Answers is not misleading consumers—or more accurately the search engines and web crawlers that help consumers locate websites. The use of "prozac" in Natural Answers's metatags accurately describes the website: The site explains that Herbrozac is an herbal food supplement that can reduce the symptoms of depression and is something consumers can try before resorting to prescription drugs such as Prozac.

Like the search for products similar to iTunes, consumers should be able to look for something *like* Prozac, but not Prozac. And like walking down the supermarket aisle, I should be able to ask for Tylenol, not acetaminophen, even if I want an alternative pain reliever. Consumers may well want to compare prescription anti-depressants and may not know the names of other drugs such as Wellbutrin or Zoloft. Even though Eli Lilly can and should be able to prevent others from misleading consumers into thinking that they are buying Prozac when they are really getting an herbal supplement or another prescription anti-depressant, it should not be able to prevent consumers from considering alternatives to Prozac.

The application of initial interest confusion also prevents providers of repair and maintenance services for trademarked products from

¹¹⁹ *Id.* at 462.

¹²⁰ *Id.* at 464 (emphasis added).

¹²¹ To the extent that the court was concerned about the efficacy of Natural Answers's Herbrozac or thought that herbal supplements should be more heavily regulated, the proper venue for remedying that concern was before Congress, not through trademark law.

¹²² *Id.* at 465 (citing *Brookfield Commc'ns v. West Coast Video*, 174 F.3d 1036, 1064 (9th Cir. 1999)).

¹²³ *Id.* (quoting *Brookfield*, 174 F.3d at 1064).

advertising and properly identifying their services. For example, the Seventh Circuit in *Promatek Industries, Ltd. v. Equitrac Corp.*,¹²⁴ held that Equitrac, a company that makes cost-recovery equipment and repairs similar equipment made by the plaintiff, Promatek, could not use the Promatek metatag to describe its website. If Equitrac cannot use Promatek in its metatags, some search engines will be less likely to locate its website when consumers put in the search term “promatek.”¹²⁵ This means that consumers may be denied the opportunity to compare cost-tracking equipment and will be less likely to locate the full range of repair services available for their Promatek equipment. If consumers using the search term “promatek” are not allowed to pull up any websites other than Promatek’s official site, it will be very difficult to locate other services that repair Promatek equipment. This holding essentially gives Promatek a monopoly over repairs to its machines at the expense of consumers and other lawfully competing businesses. Moreover, like the other initial interest confusion cases, *Promatek* relies on a finding of trademark infringement where there is no likelihood of confusion.

c. Non-Competitors

Courts have applied initial interest confusion to find trademark infringement even in situations in which the defendant is not competing with a trademark holder. In these instances, the initial interest confusion logic has even less solid ground to stand on because confusion is much less likely and the trademark holder is unlikely to be harmed. For example, a district court in New York held that Eric Louis Associates, a company that provides temporary placement services for accountants, could not provide a link on its website to the New York State Society of Certified Public Accountants (NYSSCPA) or use “NYSSCPA” in its description or keyword metatags.¹²⁶ The placement service and the NYSSCPA did not compete for customers nor were consumers likely to think that NYSSCPA sponsored or was affiliated with Eric Louis Associates, the placement service. Nevertheless, the court held that because an Internet user who was looking for the NYSSCPA might be momentarily diverted, though not confused, when

¹²⁴ 300 F.3d 808 (7th Cir. 2002).

¹²⁵ Because fewer and fewer search engines rely on metatags today, many search engines will still locate the site if the word “promatek” is used in the site’s text. See *supra* note 41, discussion *infra* Part III.B.3.b., and *infra* note 293.

¹²⁶ *New York State Soc’y of Certified Pub. Accountants v. Eric Louis Assocs., Inc.*, 79 F. Supp. 2d 331 (S.D.N.Y. 1999).

Eric Louis Associates came up as a search result, there was trademark infringement under the initial interest confusion doctrine.¹²⁷

Initial interest confusion also has been applied in the parody context. In *Dr. Seuss Enterprises L.P. v. Penguin Books, USA, Inc.*,¹²⁸ for example, the Ninth Circuit held that a humor book titled *The Cat NOT in the Hat*, about the O.J. Simpson trial written in the style of Dr. Seuss, infringed the trademark in Dr. Seuss's *Cat in the Hat* under an initial interest confusion theory.¹²⁹ The book clearly labeled itself a "parody," listed the author as Dr. Juice and explained that the story was "As told to Alan Katz and Illustrated by Chris Wrinn." Putting aside any potential copyright and trademark dilution issues, there is little likelihood that a consumer would be confused into thinking that Dr. Seuss sponsored the work. Yes, a consumer might be intrigued, attracted, or initially interested because of the reference to Dr. Seuss's *Cat in the Hat*, but not confused. Nonetheless, the Ninth Circuit upheld an injunction against the publication of the book because consumers might become interested in the book as a result of associating it with Dr. Seuss and thereby having more positive feelings towards the book.¹³⁰

The application of initial interest confusion to situations in which there is no competition highlights some of the doctrine's greatest dangers: Businesses are unreasonably limited in their advertising, marketing, and products, and consumers are denied valuable information and choices. At the same time, the trademark holder's mark is in no jeopardy of losing its value or ability to distinguish its goods in the marketplace. Moreover, reference to a trademark holder's product can often be free publicity for the trademark holder and its product or service. In the *Eric Louis Associates* case, the Eric Louis website made it more likely that the public would visit and know about the NYSSCPA site.¹³¹ Similarly, reading "Dr. Juice's" book written in the style of Dr. Seuss's writings might encourage people to read or purchase their favorite Dr. Seuss books.

¹²⁷ *Id.* at 342 (citing *Brookfield*, 174 F.3d at 1036, 1062).

¹²⁸ 109 F.3d 1394 (9th Cir. 1997).

¹²⁹ There was also a copyright infringement action in the case. I do not address the validity of the copyright claim in the case, but limit my analysis to the issue of trademark infringement.

¹³⁰ *Id.* at 1405.

¹³¹ This is true not only because people might link to the NYSSCPA site from the Eric Louis site, but also because the more websites that link to a particular website the higher up in the search results a website often appears. Google, for example, weights results based on the number of other sites that link to a particular website. See *supra* note 41.

C. *Initial Interest Confusion Conflicts With Trademark Law's First Sale Doctrine*

The initial interest confusion doctrine also conflicts with specific well-established principles in trademark law. Trademark law, like copyright and patent law, provides that a consumer who purchases a good can freely resell that good without committing trademark infringement.¹³² Being able to resell goods necessitates the ability to advertise the sale of such goods. The initial interest confusion doctrine severely limits the freedom of consumers to resell products. By limiting the ability of businesses to use trademarks in metatags, domain names, and even on their websites, courts have made it very difficult to resell goods online.¹³³

If web users and websites cannot use trademarked terms to identify their websites or receive choices after having searched for a trademarked term, then the ability of consumers to resell their possessions will be greatly reduced. For example, how can you describe the fact that you are selling your Nissan Altima without being able to refer to either Nissan or Altima? Advertising a “mid-size Japanese car” will certainly not provide potential purchasers with sufficient information.

The Sixth Circuit, in *PACCAR Inc. v. TeleScan Technologies, L.L.C.*,¹³⁴ addressed the issue of the use of another’s trademark in the metatags, domain names, and text of websites that sold used trucks. In *PACCAR*, the defendant, TeleScan, ran several websites that sold or linked to dealers that lawfully sold new and used Kenworth and Peterbilt trucks, trademarks held by the plaintiff PACCAR, the leading manufacturer of heavy trucks and truck parts in the United States. Some of these domain names included the Peterbilt or Kenworth trademarks, for example, “peterbiltusedtrucks.com” and “kenworthusedtrucks.com.” TeleScan also used the terms Peterbilt and Kenworth in the metatags for its websites. Each of TeleScan’s websites contained a disclaimer explaining that the website “provides a listing

¹³² See *Davidoff & Cie, SA v. PLD Int’l Corp.*, 263 F.3d 1297, 1298, 1301 (11th Cir. 2001); *Denbicare U.S.A., Inc. v. Toys “R” Us*, 84 F.3d 1143, 1151 (9th Cir. 1996); *Sebastian Int’l, Inc. v. Longs Drug Stores Corp.*, 53 F.3d 1073, 1076 (9th Cir. 1995); *Matrix Essentials, Inc. v. Emporium Drug Mart, Inc.*, 988 F.2d 587, 593 (5th Cir. 1993); *H.L. Hayden Co. v. Siemens Med. Sys., Inc.*, 879 F.2d 1005, 1023 (2d Cir. 1989); RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 24 cmt b. (1995); 4 ALTMAN, *supra* note 37, § 22.17.

¹³³ See, e.g., *PACCAR Inc. v. TeleScan Techs., L.L.C.*, 319 F.3d 243, 250-51 (6th Cir. 2003) (finding likelihood of confusion based on initial interest confusion when defendant used competitor’s trademark in domain names); *Caterpillar, Inc. v. Telescan Techs., L.L.C.*, No. CIV.A. 00-1111, 2002 WL 1301304, at *3-4 (C.D. Ill. Feb. 13, 2002) (finding likelihood of confusion based on initial interest confusion when defendant’s website linked to dealers and sellers of new and used Caterpillar equipment and used “Caterpillar” in domain names).

¹³⁴ 319 F.3d 243 (6th Cir. 2003).

service for name brand products and has *no affiliation* with any manufacturer whose branded products are listed herein.”¹³⁵

The Sixth Circuit dismissed the effect of the disclaimers because it deemed the case one of initial interest confusion in which disclaimers are irrelevant.¹³⁶ The court rejected the “first sale” defense because there was initial interest confusion.¹³⁷ The court left open the question of whether the use of the trademarked terms in the metatags was infringing. Under the holding of *Brookfield*, however, the use of PACCAR’s trademark in the metatags would likely be considered infringing.¹³⁸

The *PACCAR* decision may ultimately have been correct because of some facts particular to the case: (1) the disclaimer was hidden and (2) background wallpaper on the websites used the trademarked terms Peterbilt and Kenworth, suggesting an affiliation or sponsorship with PACCAR. In combination with the cases holding that any use of another’s trademark in metatags is infringing, however, *PACCAR* suggests that those who resell goods online may have difficulty directing consumers to their websites. Resellers risk trademark liability for using the trademark of the product they wish to sell in their metatags, domain names and even possibly the text of their websites. Recent cases, like *Playboy Enterprises v. Netscape Communications*, also suggest that online auction houses like Ebay could be held liable for trademark infringement by third-party resellers.

D. *Application of Initial Interest Confusion Increases the Likelihood of Infringement Findings*

The initial interest confusion doctrine not only increases the number of situations in which an infringement claim can be brought, but it also makes it much more likely that a given defendant will be found liable for having infringed a trademark. One of the reasons the initial interest confusion doctrine increases the likelihood of a finding of infringement is that some courts treat initial interest confusion as a confusion test separate and apart from the traditional likelihood of confusion analysis.¹³⁹ This is particularly troubling given the otherwise

¹³⁵ *Id.* at 248 (emphasis added).

¹³⁶ *Id.* at 253. See also discussion *infra* Part II.D.

¹³⁷ *Id.* at 257.

¹³⁸ See discussion *supra* Part I.C.

¹³⁹ See, e.g., *PACCAR*, 319 F.3d at 253 (citing *Eli Lilly & Co. v. Natural Answers, Inc.*, 233 F.3d 456, 464 (7th Cir. 2003), and *Brookfield Commc’ns v. West Coast Video*, 174 F.3d 1036, 1062 (9th Cir. 1999)); *New York State Soc’y of Certified Pub. Accountants v. Eric Louis Assocs., Inc.*, 79 F. Supp. 2d 331, 342 (S.D.N.Y. 1999); *Corbond Corp. v. Core Foam, Inc.*, 356 F. Supp. 2d 910, 917 (W.D. Wisc. 2005); *Savin Corp. v. Savin Group*, No. 02 Civ. 9377, 2003

extensive weighing and balancing of numerous factors that make up a determination of whether there is a likelihood of confusion. Determining whether something is likely to be confusing can be very amorphous; therefore, courts have developed a number of factors that are considered as part of the likelihood of confusion analysis. These factors provide a clearer framework for assessing likelihood of confusion and they protect the public and defendants from overzealous trademark prosecution.¹⁴⁰

Under the traditional likelihood of confusion analysis, a court examines and weighs an array of factors to determine whether confusion is likely, including:

- (1) The strength of the plaintiff's mark;¹⁴¹
- (2) the similarity of the marks;¹⁴²
- (3) the similarity of the products;¹⁴³
- (4) the likelihood that the prior trademark owner will bridge the gap between the products;¹⁴⁴

WL 22451731, at *12 (S.D.N.Y. Oct. 24, 2003); *Golden West Fin. v. WMA Mtg. Servs.*, No. C 02-05727, 2003 WL 1343019, at *6 (N.D. Cal. Mar. 13, 2003) ("Initial interest confusion is a distinct harm, separately actionable under the Lanham Act."); *J.K. Harris & Co. v. Kassel*, 253 F. Supp. 2d 1120, 1124 n.2 (N.D. Cal. 2003); *Nissan Motor Co. v. Nissan Computer Corp.*, 89 F. Supp. 2d 1154, 1162-63 (C.D. Cal. 2000) ("One type of actionable consumer confusion is known as 'initial interest' confusion."); *Playboy Enters. v. Terri Welles, Inc.*, 78 F. Supp. 2d 1066, 1094 (S.D. Cal. 1999) ("[L]ikelihood of confusion can be shown on the basis of initial interest confusion."), *aff'd in part by Playboy Enters. v. Welles*, 279 F.3d 796 (9th Cir. 2002); *Axiom Corp. v. Axiom, Inc.*, 27 F. Supp. 2d 478, 497 (D. Del. 1998); *see also Brookfield*, 174 F.3d at 1054 n.16 (holding that the Ninth Circuit's eight-factor likelihood of confusion test does not fit well in the Internet context and that initial interest confusion analysis is sufficient to determine trademark infringement); *1-800 Contacts, Inc. v. WhenU.com*, 309 F. Supp. 2d 467, 493 (S.D.N.Y. 2003) (considering initial interest confusion both as separate analysis and as part of actual confusion and sophistication factors), *rev'd on other grounds*, 414 F.3d 400 (2d Cir. 2005).

¹⁴⁰ Although these factors were meant to facilitate the determination of the complex question of whether likelihood of confusion occurs, what was said by Judge Friendly in 1961 remains true today: "The problem of determining how far a valid trademark shall be protected with respect to goods other than those to which its owner has applied it, has long been vexing and does not become easier of solution with the years." *Polaroid Corp. v. Polarad Elecs. Corp.*, 287 F.2d 492, 495 (2d Cir. 1961); *see also* Stephen C. Root, *Trade Dress, the "Likelihood of Confusion," and Wittgenstein's Discussion of "Seeing As": The Tangled Landscape of Resemblance*, 30 SETON HALL L. REV. 757, 759-60 (2000) ("[A]lthough these tests represent pragmatic attempts to deal with the puzzling and problematic nature of determining the existence and degree of resemblance, the tests remain—as is routinely noted by the very courts applying them—contingent, unwieldy, often incomplete, and, in many ways, generally unsatisfactory.").

¹⁴¹ The stronger the mark the greater the protection. *See* *Survivor Media, Inc. v. Survivor Prods.*, 406 F.3d 625, 631 (9th Cir. 2005); *Nautilus Group, Inc. v. ICON Health and Fitness, Inc.*, 372 F.3d 1330, 1339 (Fed. Cir. 2004).

¹⁴² The more similar the marks, the more likely it is that a court will find infringement. *Nautilus Group*, 372 F.3d at 1344-45; *Sally Beauty Co. v. Beautyco, Inc.*, 304 F.3d 964, 972-73 (10th Cir. 2002).

¹⁴³ If the products are the same or similar, courts conclude that consumers are more likely to be confused. *See* *Kemp v. Bumble Bee Seafoods, Inc.*, 398 F.3d 1049, 1056 (8th Cir. 2005); *Savin Corp.*, 391 F.3d at 458-59.

- (5) the similarity of marketing methods and channels of distribution;¹⁴⁵
- (6) the defendant's good faith or intent in adopting the mark;¹⁴⁶
- (7) the quality and cost of the products;¹⁴⁷
- (8) the sophistication of the buyers and the degree of care they are likely to exercise in making the purchasing decision;¹⁴⁸ and
- (9) actual confusion.¹⁴⁹

Over time every circuit has adopted some variation of these factors.¹⁵⁰

Even when courts consider the likelihood of confusion factors in an initial interest confusion case, they often discount several key

¹⁴⁴ Bridging the gap describes the process of moving into the product or market area of the defendant. This factor seeks to protect a senior user's ability to enter a related market at some future time. *Savin Corp.*, 391 F.3d at 459-60.

¹⁴⁵ The more similar the marketing channels the more likely a finding of confusion. *Playmakers LLC v. ESPN, Inc.*, 376 F.3d 894, 897-98 (9th Cir. 2004); *AutoZone, Inc. v. Tandy Corp.*, 373 F.3d 786, 793 (6th Cir. 2004).

¹⁴⁶ A plaintiff does not need to show intent to demonstrate trademark infringement, but courts consider intent in the likelihood of confusion factors because there is an assumption that if a defendant intended to confuse consumers he is more likely to have succeeded in doing so than someone who was not trying to confuse consumers. *See Playboy Enters. v. Netscape Commc'ns Corp.*, 354 F.3d 1020, 1028 (9th Cir. 2004); RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 22 (1995).

¹⁴⁷ If a good is of low quality and cheap, consumers are likely to expend less care in purchasing the good and therefore there is a greater chance of confusion. In contrast, if a good is of high quality and expensive, then consumers are less likely to be confused by similar goods because they will take extra care in making their purchase. Some courts also point to a disparity in quality between goods as decreasing the chance of confusion. *See, e.g., Savin Corp.*, 391 F.3d at 460-61.

¹⁴⁸ By sophistication, courts refer to several components of a purchasing decision such as how educated the buyer is and how knowledgeable a buyer is about a particular product. The more sophisticated a consumer, the less likely he or she is to be confused. *Savin Corp.*, 391 F.3d at 461; *Maxim's Ltd. v. Badonsky*, 772 F.2d 388, 393 (7th Cir. 1985).

¹⁴⁹ Actual confusion is demonstrated by evidence that consumers have actually been confused by the use of the mark in commerce. *See* RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 23 (1995).

¹⁵⁰ Many circuits use different numbers of factors and express the factors differently from one another. *See, e.g., Astra Pharm. Prods., Inc. v. Beckman Instruments, Inc.*, 718 F.2d 1201, 1205 (1st Cir. 1983) (8 factors); *Polaroid Corp. v. Polarad Elecs. Corp.*, 287 F.2d 492, 495 (2d Cir. 1961) (8 factors); *Interpace Corp. v. Lapp, Inc.*, 721 F.2d 460, 463 (3d Cir. 1983) (10 factors); *Pizzeria Uno Corp. v. Temple*, 747 F.2d 1522, 1527 (7 factors); *Elvis Presley Enters. v. Capece*, 141 F.3d 188, 200-01 (5th Cir. 1998) (7 factors); *Esercizio v. Roberts*, 944 F.2d 1235, 1242 (6th Cir. 1991) (8 factors); *Rust Env't & Infrastructure, Inc. v. Teunissen*, 131 F.3d 1210, 1216 (7th Cir. 1997) (7 factors); *AMF, Inc. v. Sleekcraft Boats*, 599 F.2d 341, 348-49 (9th Cir. 1979) (8 factors); *Team Tires Plus, Ltd. v. Tires Plus, Inc.*, 394 F.3d 831, 833 (10th Cir. 2005) (6 factors); *Alliance Metals, Inc. v. Hinely Indus., Inc.*, 222 F.3d 895, 907 (11th Cir. 2000) (7 factors); *Partido Revolucionario Dominicano (PRD)*, 312 F. Supp. 2d 1, 14 (D.D.C. 2004) (7 factors); *In re Majestic Distilling Co.*, 315 F.3d 1311, 1315 (Fed. Cir. 2003) (considering 13 factors in reviewing denial of federal registration (citing *In re E.I. DuPont DeNemours & Co.*, 476 F.2d 1357, 177 U.S.P.Q. 563 (CCPA 1973))); *see also* Jerome Gilson & Anne Gilson LaLonde, *The Lanham Act: Time for a Face-Lift?*, 92 TRADEMARK REP. 1013, 1019 (2002) (describing the varying likelihood of confusion tests and the fact that even though many of the factors overlap the different phrasings often lead to different meanings).

factors, making it much more likely that a defendant will be found to have infringed a trademark or committed unfair competition. For example, the vast majority of courts do not consider disclaimers to weigh against a finding of trademark infringement in initial interest confusion situations.¹⁵¹ In a traditional likelihood of confusion analysis, the use of a disclaimer that makes clear that a given product or service is not related to that of a trademark holder is sometimes considered sufficient to dispel any confusion.¹⁵² When disclaimers are not considered a potential remedy to confusion, the odds that a defendant will be found liable for infringement dramatically increase. Dismissing the value of disclaimers in clearing up possible confusion eliminates the possible defense that any initial confusion was *de minimis*. Even though disclaimers might not be seen at the time of initial interest or even initial confusion, they still protect consumers and serve to remedy any significant confusion.

Many courts also do not consider the sophistication of purchasers or the care purchasers take in making a purchase when applying the initial interest confusion doctrine.¹⁵³ These courts conclude that if consumers are initially confused then their subsequent sophistication in

¹⁵¹ See, e.g., *PACCAR Inc. v. TeleScan Techs., L.L.C.*, 319 F.3d 243, 253 (6th Cir. 2003); *Eli Lilly & Co. v. Natural Answers*, 233 F.3d 456, 460 (7th Cir. 2000); *1-800 Contacts, Inc. v. WhenU.com*, 309 F. Supp. 2d 467, 504 (S.D.N.Y. 2003), *rev'd on other grounds*, 414 F.3d 400 (2d Cir. 2005); *Shell Trademark Mgmt. BV v. Canadian Am. Oil Co.*, No. 02-01365, 2002 WL 32104586, at *5, *7-9 (N.D. Cal. May 21, 2002); *Caterpillar Inc. v. Telescan Techs., L.L.C.*, No. CIV.A. 00-1111, 2002 WL 1301304, at *4 (C.D. Ill. Feb. 13, 2002); *Key3Media Events, Inc. v. Convention Connection, Inc.*, No. CV-S-001311, 2002 WL 385546, at *3 (D. Nev. Jan. 25, 2002); *Simon Property Group, L.P. v. MySimon, Inc.*, No. IP 99-1195-C, 2001 WL 66408, at *22 (S.D. Ind. Jan. 24, 2001); *OBH, Inc. v. Spotlight Magazine, Inc.*, 86 F. Supp. 2d 176, 190 (W.D.N.Y. 2000); *PACCAR*, 115 F. Supp. 2d at 778 (E.D. Mich. 2000); *New York State Soc'y of Certified Pub. Accountants v. Eric Louis Assocs.*, 79 F. Supp. 2d 331, 342 (S.D.N.Y. 1999); see also MCCARTHY, *supra* note 12, § 23:6; cf. *Horphag Research Ltd v. Pellegrini*, 337 F.3d 1036, 1042 (9th Cir. 2003) (finding infringement without mentioning defendant's disclaimer, which appears at Excerpts of Record at 86).

¹⁵² See, e.g., *Nitro Leisure Prods., L.L.C. v. Acushnet Co.*, 341 F.3d 1356, 1365 (Fed. Cir. 2003) (holding that disclaimer on refurbished golf balls was sufficient to dispel likelihood of confusion). Courts often propose disclaimers as a remedy in traditional infringement actions.

¹⁵³ See, e.g., *PACCAR*, 319 F.3d 243, 253-54; *Promatek Indus., Ltd. v. Equitrac Corp.*, 300 F.3d 808, 812 (7th Cir. 2002); *Mobil Oil Corp. v. Pegasus Petroleum Corp.*, 818 F.2d 254, 260 (2d Cir. 1987); *WhenU.com*, 309 F. Supp. 2d 467, 502-03 (S.D.N.Y. 2003), *rev'd on other grounds*, 414 F.3d 400 (2d Cir. 2005); *New York State Soc'y of Certified Pub. Accountants*, 79 F. Supp. 2d at 341-42, 345; *OBH*, 86 F. Supp. 2d at 189-90; *Bishops Bay Founders Group, Inc. v. Bishops Bay Apartments, L.L.C.*, 301 F. Supp. 2d 901, 912 (W.D. Wis. 2003); *Grotrian, Helfferich, Schulz, Th. Steinweg Nachf. v. Steinway & Sons*, 365 F. Supp. 707, 717 (S.D.N.Y. 1973); *Mobil Oil Corp. v. Pegasus Petroleum Corp.*, 229 U.S.P.Q. 890, 894 (S.D.N.Y. 1986); *Icon Solutions, Inc. v. Ikon Office Solutions, Inc.*, No. CIV. A. 97-4178, 1998 WL 314672 (E.D. Pa. June 15, 1998). *But see* *Checkpoint Sys., Inc. v. Check Point Software Techs., Inc.*, 269 F.3d 270, 296-97 (3d Cir. 2001) (both sophistication of purchasers and relatedness of products probative in initial interest confusion context); *Rust Env't & Infrastructure, Inc. v. Teunissen*, 131 F.3d 1210, 1217 (7th Cir. 1997) (considering sophistication of purchasers in initial interest confusion analysis).

determining that two goods are not related is irrelevant. The courts' dismissal of the sophistication of purchasers in the initial interest context is illogical because sophisticated purchasers are less likely to be initially confused. Consider the *Grotrian* case: Purchasers of pianos are generally considered highly sophisticated consumers of expensive products.¹⁵⁴ Most consumers who seek out a high-end piano will probably start with a particular piano in mind, such as a Steinway. Even though a consumer could initially be interested in a German-made "Steinweg" piano because it sounds similar to "Steinway," such sophisticated purchasers are much less likely to be confused about the two brands being the same or having a business affiliation. Thus, the sophistication of purchasers and the likely care exercised in purchasing an expensive good make confusion, even initial confusion, less likely. Moreover, even if there were some initial confusion, such confusion would be more likely to be quickly dispelled if sophisticated parties were involved.

Another factor that lowers the bar for finding infringement is that courts often count initial interest confusion as evidence of actual confusion. Traditionally, actual confusion requires a showing that consumers have actually been confused, but under the initial interest confusion doctrine, some courts have allowed evidence of actual *interest* rather than confusion to meet the standard.¹⁵⁵ Evidence of actual confusion weighs heavily in favor of a finding of infringement,¹⁵⁶ so consideration of initial interest confusion in this factor greatly increases the likelihood of a finding of infringement.

Thus, the initial interest confusion doctrine not only expands the circumstances under which defendants can be considered to have infringed a trademark, but by bypassing the traditional likelihood of confusion analysis, it also unreasonably increases the chances that a given defendant will be found to have infringed another's trademark.

¹⁵⁴ See *Grotrian*, 523 F.2d at 1341-42.

¹⁵⁵ See, e.g., *Playboy Enters. v. Netscape Commc'ns Corp.*, 354 F.3d 1020, 1026 (9th Cir. 2004); *Elvis Presley Enters. v. Capece*, 141 F.3d 188, 203-04 (5th Cir. 1998); *Checkpoint Sys.*, 269 F.3d at 297-98; see also *Natural Answers*, 233 F.3d 456, 465 (considering initial interest confusion as part of actual confusion analysis, but requiring there to be evidence of actual initial interest confusion not the mere risk of such initial confusion to support the factor).

¹⁵⁶ See *Savin*, 391 F.3d at 459 ("There can be no more positive or substantial proof of the likelihood of confusion than proof of actual confusion." (quoting *World Carpets, Inc. v. Dick Littrell's New World Carpets*, 438 F.2d 482, 489 (5th Cir. 1971))); *Resorts of Pinehurst, Inc. v. Pinehurst Nat'l Corp.*, 148 F.3d 417, 421-22 (4th Cir. 1998); see also *Promatek Indus.*, 300 F.3d at 812 (listing three most important factors in likelihood of confusion analysis as similarity of the marks, defendant's intent, and evidence of actual confusion); RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 23 cmt. b (1995) ("[C]onvincing evidence of actual confusion is ordinarily decisive."); MCCARTHY, *supra* note 12, § 23:13.

E. *Initial Interest Confusion Conflicts With Patent and Copyright Law*

The initial interest confusion doctrine is on a collision course with patent and copyright law because the doctrine can be used to restrict the copying of unpatented and uncopyrighted works. This is especially true in the context of trade dress and design cases. Patent and copyright law expressly allow a competitor to design a similar or even identical looking product, and such knock-offs often appeal to consumers precisely because they are initially interested in the trademark holder's product or may even for a brief time think the products are the same. The Seventh Circuit in *Dorr-Oliver, Inc. v. Fluid-Quip, Inc.*¹⁵⁷ explains the conflict between patent law and initial interest confusion:

[The] notion that “[i]t is inherently unfair for a competitor to enter the market on the back of the originator of a design” . . . runs headlong into the patent laws, which grant limited monopolies for novel and nonobvious products. As a necessary incident to the patent system, “[a]n unpatented article, like an article on which the patent has expired, is in the public domain and may be made and sold by whoever chooses to do so” Thus, while trademark law forbids competitors from copying a product feature that serves as a source identifier, “effective competition and the penumbra of the patent laws require that competitors be able to slavishly copy the design of a successful product.”¹⁵⁸

Under established patent and copyright law, the mere inability of the public to distinguish two similar or even identical articles is not enough to prevent the selling of both goods.¹⁵⁹ Nevertheless, the initial interest confusion doctrine allows for a finding of infringement when someone is initially interested in a copy because she likes the original and wants something similar.¹⁶⁰ Patent and copyright law, however, not only determine “what is protected, but also what is free for all to use.”¹⁶¹ In copyright law, for example, ideas are not protectable. Yet the initial interest confusion doctrine allows for the protection of ideas

¹⁵⁷ 94 F.3d 376 (7th Cir. 1996).

¹⁵⁸ *Id.* at 383 (rejecting argument that similar trade dress caused trademark infringement under initial interest confusion theory (quoting *Sears, Roebuck & Co. v. Stiffel Co.*, 376 U.S. 225, 231 (1964))).

¹⁵⁹ *Sears*, 376 U.S. at 231-32; *Dorr-Oliver*, 94 F.3d at 384.

¹⁶⁰ *Cf. Esercizio v. Roberts*, 944 F.2d 1235 (6th Cir. 1991) (allowing trademark infringement finding based on similarity of trade dress of cars).

¹⁶¹ *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141, 151 (1989); *see also Sears*, 376 U.S. at 231-32; *Compco Corp. v. Day-Brite Lighting, Inc.*, 376 U.S. 234, 238 (1964). Thomas Nachbar in his article *Intellectual Property and Constitutional Norms*, 104 COLUM. L. REV. 272 (2004), suggests that this limitation on trademark and other laws is not a constitutional but a statutory limitation. I do not address that issue here because, in either case, current law precludes trademark law from protecting that which copyright and patent law expressly commit to the public domain.

when a person may be initially interested in a product or service because it is a similar concept to a trademark holder's product. Moreover, the fact that courts reject the use of disclaimers in the initial interest confusion context prevents competitors from clarifying any confusion by clearly labeling their products.

When state and federal laws conflict, federal law generally preempts state law.¹⁶² A more complex issue arises when two federal laws appear in conflict. Courts must, if possible, interpret the two federal statutes so that they do not conflict.¹⁶³ Accordingly, courts should read trademark law in harmony with copyright and patent law. There is nothing in the Lanham Act itself or in the legislative history that suggests that Congress intended the statute to trump pre-existing copyright and patent laws. We should therefore assume that Congress legislated in accord with these other intellectual property frameworks. Reading the laws in harmony suggests that trademark law cannot limit mere initial interest or brief initial confusion caused by the similarity of uncopyrighted or unpatented works.

To the extent that trademark law conflicts with copyright and patent law, copyright and patent principles should prevail because both patent and copyright protection are constitutionally mandated,¹⁶⁴ whereas trademark protection is authorized as an off-shoot of the Commerce Clause.¹⁶⁵ Additionally, the protection of trademarks was intended to be a much more limited grant of rights than those afforded under patent and copyright law.¹⁶⁶

The issue of whether federal trademark laws are limited by patent and copyright law has arisen in two recent Supreme Court cases. In *Traffix Devices, Inc. v. Marketing Displays, Inc.*,¹⁶⁷ the plaintiff designed and patented temporary road signs with a mechanism built upon two springs to allow the signs to remain upright during severe

¹⁶² U.S. CONST. art. VI, cl. 2; *see also* 1 LAURENCE H. TRIBE, AMERICAN CONSTITUTIONAL LAW § 6-28 (3d ed. 2000); Jennifer E. Rothman, *Copyright Preemption and the Right of Publicity*, 36 U.C. DAVIS L. REV. 199, 207 (2002).

¹⁶³ 3 NORMAN SINGER, STATUTES AND STATUTORY CONSTRUCTION §57.6 (6th ed. 2001).

¹⁶⁴ U.S. CONST. art. I, § 8, cl. 8 (Congress has the power “[t]o promote the Progress of Science and the useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries”).

¹⁶⁵ *See* Trade-mark Cases, 100 U.S. 82 (1879).

¹⁶⁶ The House and Senate reports that preceded passage of the Lanham Act repeatedly contrast trademark protection with “monopolistic grants like patents and copyrights.” S. REP. NO. 79-1333, at 1275 (1946) (citing Trade-mark Cases, 100 U.S. 82 (1879), *Prestonettes, Inc. v. Coty*, 264 U.S. 359, 368 (1924), and *United Drug Co. v. Rectanus*, 248 U.S. 90, 97-98 (1918)); H.R. REP. NO. 79-219, at 2 (1945) (same); H.R. REP. NO. 78-603, at 3 (1943) (same); H.R. REP. NO. 77-2283, at 20 (1942) (same); H.R. REP. NO. 76-944, at 3 (1939) (same); *see also* *McLean v. Fleming*, 96 U.S. 245, 254 (1877) (contrasting trademark protection with copyright and patent protection because there is no invention, creativity or skill involved in the trademarking of goods). *See also* discussion *supra* Part III.B.1.

¹⁶⁷ 532 U.S. 23 (2001).

weather conditions. When the patents for the design expired, a competitor started making similar signs using a spring mechanism that looked identical and was in fact identical to that of the plaintiff's signs. The plaintiff sued under the Lanham Act.¹⁶⁸ The Supreme Court rejected the Lanham Act claim based on the use of identical trade dress. The Court's holding relied on the *functionality* of the trade dress, a trademark concept, and left open the question of whether the holder of an expired utility patent could ever claim trade dress protection.¹⁶⁹ Dicta in *TrafFix Devices* suggests, however, that trademark law, even as set forth by the Lanham Act, must yield to copyright and patent laws. In its analysis, the *TrafFix Devices* Court cited to *Bonito Boats v. Thunder Craft Boats, Inc.*¹⁷⁰ for the proposition that uncopyrighted or unpatented works can be copied regardless of trade dress protection:

Trade dress protection must subsist with the recognition that in many instances there is no prohibition against copying goods and products. In general, unless an intellectual property right such as a patent or copyright protects an item, it will be subject to copying. As the Court has explained, copying is not always discouraged or disfavored by the laws which preserve our competitive economy.¹⁷¹

The Supreme Court's recent decision in *Dastar v. Twentieth Century Fox Film Corp.*¹⁷² confirms this reading of *TrafFix Devices*, concluding that copyright laws limit the scope of the Lanham Act. In *Dastar*, the defendants copied a work in the public domain, a video, without identifying the original author of the program.¹⁷³ The plaintiff sued, saying that the lack of attribution violated the Lanham Act because consumers were likely to be deceived into thinking that the defendant had authored the work. The Court rejected this argument explaining:

[A]ccording special treatment to communicative products . . . causes the Lanham Act to conflict with the law of copyright, which addresses that subject specifically. The right to copy, and to copy without attribution, once a copyright has expired, like [the right to make an article whose patent has expired]—including the right to make it in precisely the shape it carried when patented—passes to the public.¹⁷⁴

¹⁶⁸ *Id.* at 25-28. There was also an issue of the products having similar names, WindMaster and Windbuster, on the basis of which the district court found trademark infringement. This issue was not brought before the Supreme Court.

¹⁶⁹ *Id.* at 28-35.

¹⁷⁰ 489 U.S. 141 (1989).

¹⁷¹ *TrafFix Devices*, 532 U.S. at 29 (citing *Bonito Boats*, 489 U.S. at 160).

¹⁷² 539 U.S. 23 (2003).

¹⁷³ *Id.* at 25-27. The copyright on the work had expired and the work had thus fallen into the public domain. *Id.*

¹⁷⁴ *Dastar*, 539 U.S. at 33 (quoting *Sears, Roebuck & Co. v. Stiffel Co.*, 376 U.S. 225, 230 (1964)).

Thus, the Supreme Court has made clear that in construing the Lanham Act, courts cannot “misuse or overexten[d]” trademark law “into areas traditionally occupied by patent or copyright.”¹⁷⁵ The Lanham Act cannot be used to create a “mutant copyright law,”¹⁷⁶ otherwise it could be used to create “a species of perpetual patent and copyright, which Congress may not do.”¹⁷⁷

If a work is free to be copied under patent or copyright law, trademark law cannot prevent such copying. Trademark law must yield to patent and copyright law, even when confusion is possible. Trademark law can, however, require that competitors try to reduce the likelihood of consumer confusion. The Supreme Court, for example, has suggested that disclaimers or labeling may be required to make clear who is the producer of a legitimately copied good. In *Sears, Roebuck & Co. v. Stiffel Co.*, the Supreme Court held that a state’s unfair competition laws could not prevent the duplication of the plaintiff’s Pole Lamp, even though the defendant’s design was virtually identical. The Court emphasized that a state could take steps to prevent consumer confusion by requiring labeling or distinctive packaging but it could not prevent the manufacturing and sale of identical goods *even if the fact of their being identical caused some confusion*. As the Court explained:

[The] mere inability of the public to tell two identical articles apart is not enough to support an injunction against copying or an award of damages for copying that which the federal patent laws permit to be copied. Doubtless a State may, in appropriate circumstances, require that goods, whether patented or unpatented, be labeled or that other precautionary steps be taken to prevent customers from being misled as to the source, just as it may protect businesses in the use of their trademarks, labels, or distinctive dress in the packaging of goods so as to prevent others, by imitating such markings, from misleading purchasers as to the source of the goods.¹⁷⁸

The same logic applies in the context of federal trademark law. Thus, states and the federal government can prevent passing off and misleading packaging and sales practices, but cannot enjoin the sale or advertising of a product merely because people will be interested in similar or even identical goods. Moreover, the Supreme Court has suggested on multiple occasions that some amount of initial confusion must be tolerated to carry out the directives of patent and copyright law.

¹⁷⁵ *Id.* at 33-34 (quoting *TrafFix Devices*, 532 U.S. at 29).

¹⁷⁶ *Id.* at 34.

¹⁷⁷ *Id.* at 37 (citing *Eldred v. Ashcroft*, 537 U.S. 186, 208 (2003)).

¹⁷⁸ *Sears*, 376 U.S. at 232.

F. *Initial Interest Confusion Violates the First Amendment*

The initial interest confusion doctrine also runs afoul of both the First Amendment and the speech-protective elements written into the Lanham Act by restricting non-misleading, truthful speech. Congress, in drafting and amending the Lanham Act, emphasized its concern that the statute not violate the First Amendment and accordingly built into its framework several specific limitations to protect free speech. The main speech-protective limit on the scope of trademark protection is the requirement of proving a likelihood of confusion in an infringement or unfair competition action.¹⁷⁹ The Lanham Act also limits its expanse by distinguishing different types of marks and providing a sliding scale of protection depending on the uniqueness of the mark. Arbitrary, fanciful and suggestive marks can be immediately protected, while descriptive marks must obtain secondary meaning before being granted trademark status. Generic marks cannot be protected.¹⁸⁰ Thus, Congress designed the Lanham Act to leave as many words, phrases and symbols in the public domain as possible and to require marks that had become synonymous with a type of product rather than the product itself to be given back to the public. The Lanham Act also contains a statutory fair use defense that allows companies and individuals to accurately describe their own products, even if it requires using a mark that someone else owns.¹⁸¹ Using the initial interest confusion doctrine to find trademark infringement absent a showing of likely confusion directly violates the speech-protective elements built into the Lanham Act.

The initial interest confusion doctrine also violates the First Amendment when used to restrict non-confusing references to trademarks. Even though Congress included some speech-protective elements in drafting the Lanham Act, trademark law is still independently limited by the First Amendment.¹⁸² The Supreme Court's recent holding in *Eldred v. Ashcroft*¹⁸³ does not suggest otherwise. In *Eldred*, the Court held that because First Amendment

¹⁷⁹ Kozinski, *Trademarks Unplugged*, *supra* note 63, at 973.

¹⁸⁰ *Abercrombie & Fitch Co. v. Hunting World, Inc.*, 537 F.2d 4, 9 (2d Cir. 1976).

¹⁸¹ 15 U.S.C. § 1115(b)(4) (2000); *see also* discussion *infra* Part IV.

¹⁸² *See Nissan Motor Co. v. Nissan Computer Corp.*, 378 F.3d 1002, 1016 (9th Cir. 2004) (First Amendment applies to trademark claims when use of trademark is other than as a source identifier); *Mattel, Inc. v. MCA Records, Inc.*, 296 F.3d 894, 900 (9th Cir. 2002) (First Amendment applies to uses of trademarks that are expressive in nature); *Westchester Media v. PRL USA Holdings, Inc.*, 214 F.3d 658, 671-72 (5th Cir. 2000) (must consider First Amendment when evaluating trademark claim and especially in designing remedy); *CPC Int'l, Inc. v. Skippy Inc.*, 214 F.3d 456, 462 (4th Cir. 2000) (considering limits of First Amendment when evaluating trademark infringement claim); *Silverman v. CBS Inc.*, 870 F.2d 40, 48 (2d Cir. 1989) (stating that First Amendment limits scope of trademark protection).

¹⁸³ 537 U.S. 186 (2003).

protections were written into the Copyright Act and the Copyright Clause of the Constitution, there could not be a separate First Amendment analysis of the constitutionality of the extension of the duration of copyright protection.¹⁸⁴ In particular, the Court referred to the exclusion of ideas from copyright protection and the availability of the fair use defense.¹⁸⁵ The Court also pointed to the specific “limited times” language used in the Copyright and Patent Clause and to the fact that the Clause was adopted around the same time as the First Amendment.¹⁸⁶ In contrast, there is no specific grant of constitutional authority for trademark protection. The speech-protective “limited times” language therefore does not apply to trademark law. Unlike the Copyright Act, the Lanham Act does not leave ideas in the public domain and has a very narrow statutory fair use exception. Trademarks also were never intended to provide the same broad-based property rights that copyrights and patents afford, but instead to grant a much more limited property right.¹⁸⁷ Thus, a separate First Amendment analysis is still required when considering the enforcement of trademark law under the Lanham Act.

Although not all speech involved in trademark infringement actions falls under the definition of commercial speech, much of it does.¹⁸⁸ The precise contours of what distinguishes commercial from noncommercial speech are a subject of some controversy both on and off the Supreme Court,¹⁸⁹ as is the question of whether commercial

¹⁸⁴ *Id.* at 218-21.

¹⁸⁵ *Id.*

¹⁸⁶ *Id.* at 218-19.

¹⁸⁷ See discussion *supra* Part II.E.

¹⁸⁸ The Supreme Court has suggested that if the only purpose of speech is to propose a purely commercial transaction, it is commercial speech. See *Pittsburgh Press Co. v. Pittsburgh Comm’n on Human Relations*, 413 U.S. 376, 385 (1973). Generally speaking, advertisements for consumer products, such as shampoo, are considered commercial speech, while advertisements for movies, books and newspapers are not. Once one moves away from the extreme examples, however, the distinction is difficult to pinpoint and has been widely criticized. See *infra* note 189.

¹⁸⁹ The difference between commercial speech and noncommercial speech in Supreme Court doctrine has been repeatedly questioned both by members of the Court and scholars. See *Lorillard Tobacco Co. v. Reilly*, 533 U.S. 525, 574-75 (2001) (Thomas, J., concurring) (“I have observed previously that there is no ‘philosophical or historical basis for asserting that ‘commercial’ speech is of ‘lower value’ than ‘noncommercial’ speech.’ Indeed, I doubt whether it is even possible to draw a coherent distinction between commercial and noncommercial speech.”); *44 Liquormart, Inc. v. Rhode Island*, 517 U.S. 484, 518-23 (1996) (Thomas, J., concurring in part) (questioning justification for distinguishing between commercial and noncommercial speech); *Rubin v. Coors Brewing Co.*, 514 U.S. 476, 493-97 (1995) (Stevens, J., concurring) (questioning “artificiality” of a rigid commercial/non-commercial distinction); see also Ronald D. Rotunda, *Lawyer Advertising and the Philosophical Origins of the Commercial Speech Doctrine*, 36 RICH. L. REV. 91, 101 (2002) (“The distinction between ‘commercial’ and ‘noncommercial’ speech has not been demarcated with any great precision, nor defined by the Court with any rigor.”); Robert Post, *The Constitutional Status of Commercial Speech*, 48 UCLA L. REV. 1, 3 (2000) (describing confused case law on commercial speech); Fred S. McChesney,

speech should receive less First Amendment protection than non-commercial speech.¹⁹⁰ Initial interest confusion, even under the lowest possible First Amendment scrutiny, is likely to be held unconstitutional when it is applied to prohibit the dissemination of truthful, non-misleading speech. When noncommercial speech is involved there is little question that application of the doctrine is unconstitutional.¹⁹¹

Commercial speech is protected by the First Amendment so long as it is not deceptive or misleading and concerns lawful activity.¹⁹² The Supreme Court has emphasized the value of commercial speech: "It is a matter of public interest that [economic] decisions, in the aggregate, be intelligent and well-informed. To this end, the free flow of commercial information is indispensable."¹⁹³ "[C]ommerical speech bans not only hinder consumer choice, but also impede debate over central issues of public policy."¹⁹⁴ In fact, a "particular consumer's interest in the free flow of commercial information . . . may be as keen, if not keener by far, than his interest in the day's most urgent political debate."¹⁹⁵

De-Bates and Re-Bates: The Supreme Court's Latest Commercial Speech Cases, 5 SUP. CT. ECON. REV. 81, 119 (1997) (same); Kathleen M. Sullivan, *Cheap Spirits, Cigarettes and Free Speech: The Implications of 44 Liquormart*, 1996 SUP. CT. REV. 123, 126 (1996) ("After *Liquormart*, it is unclear why 'commercial speech' should continue to be treated as a separate category of speech isolated from general First Amendment principles."); Alex Kozinski & Stuart Banner, *Who's Afraid of Commercial Speech*, 76 VA. L. REV. 627, 652-53 (1990) (questioning the legitimacy of any distinction between commercial and noncommercial speech) [hereinafter Kozinski & Banner, *Who's Afraid of Commercial Speech*].

¹⁹⁰ See *Lorillard Tobacco*, 533 U.S. at 574-77 (Thomas, J., concurring) (arguing that content-discriminatory commercial speech restrictions should be analyzed under strict scrutiny); *Greater New Orleans Broad. Ass'n v. United States*, 527 U.S. 173, 197 (1999) (Thomas, J., concurring) (restrictions on commercial speech justified by denying information to the public are per se unconstitutional); *44 Liquormart*, 517 U.S. at 501, 510-14, 517-18 (plurality opinion of Stevens, J., joined by Kennedy and Ginsburg, JJ.) (suggesting that no restriction on truthful commercial advertising is justifiable); *id.* at 518-20 (Thomas, J., concurring in part) (contending that strict scrutiny should apply when government seeks to restrict truthful commercial speech); *Rubin*, 514 U.S. at 493-97 (Stevens, J., concurring) (urging application of higher standard of review to restrictions on non-misleading commercial speech); Kozinski & Banner, *Who's Afraid of Commercial Speech*, *supra* note 189, at 648-53.

¹⁹¹ In the context of noncommercial speech, the application of the initial interest confusion doctrine should be treated as a content-based restriction analyzed under strict scrutiny. In such instances, the application of the doctrine absent a showing of more than de minimis likely confusion should be held unconstitutional. I also note that when noncommercial speech is involved courts might also reject the infringement claim on the alternative grounds that the allegedly infringing use of a trademark does not qualify as a "trademark use."

¹⁹² *Thompson v. Western States Med. Ctr.*, 535 U.S. 357, 366 (2002) (citing *Virginia Bd. Of Pharmacy v. Virginia Citizens Consumer Council, Inc.*, 425 U.S. 748 (1976)); *Edenfield v. Fane*, 507 U.S. 761, 767 (1993); *Central Hudson Gas & Elec. Corp. v. Pub. Serv. Comm'n of New York*, 447 U.S. 557 (1980).

¹⁹³ *Virginia Bd. Of Pharmacy*, 425 U.S. at 765; see also *44 Liquormart*, 517 U.S. at 495-96 (describing historical value of commercial speech); Alex Kozinski & Stuart Banner, *The Anti-History and Pre-History of Commercial Speech*, 71 TEX. L. REV. 747 (1993).

¹⁹⁴ *44 Liquormart*, 517 U.S. at 503.

¹⁹⁵ *Virginia Bd. Of Pharmacy*, 425 U.S. at 763.

Although Supreme Court precedents suggest that commercial speech deserves less protection than noncommercial speech, the Court in recent years has provided increasing protection for commercial speech, and several members of the Court have suggested that strict scrutiny should apply when restrictions limit truthful, non-misleading commercial speech.¹⁹⁶ The current test for determining whether a restriction on commercial speech is legitimate is the *Central Hudson* test. Under *Central Hudson*,

[i]f the speech concerns lawful activity and is not misleading, [courts must] ask “whether the asserted governmental interest is substantial.” If it is, then [courts] “determine whether the regulation directly advances the governmental interest asserted,” and, finally, “whether it is not more extensive than is necessary to serve that interest.” Each of these . . . inquiries must be answered in the affirmative for the regulation to be found constitutional.¹⁹⁷

When evaluating the final step of the *Central Hudson* test, whether the restriction is more extensive than necessary, courts must “carefully calculate the costs and benefits associated with the burden on speech imposed by the regulations.”¹⁹⁸ Courts must consider the “degree to which speech is suppressed—or what alternative avenues for speech remain available.”¹⁹⁹

The *Central Hudson* test has come under fire in recent years from members of the Court and scholars alike.²⁰⁰ Some have speculated that

¹⁹⁶ See, e.g., *Lorillard Tobacco Co. v. Reilly*, 533 U.S. 525, 574-77 (2001) (Thomas, J., concurring) (arguing that content-discriminatory commercial speech restrictions should be analyzed under strict scrutiny); *Greater New Orleans Broad. Ass’n v. United States*, 527 U.S. 173, 197 (1999) (Thomas, J., concurring) (restrictions on commercial speech justified by denying information to the public are per se unconstitutional); *44 Liquormart*, 517 U.S. at 501, 510-14, 517-18 (1996) (plurality opinion of Stevens, J., joined by Kennedy and Ginsburg, JJ.) (suggesting that no restriction on truthful commercial advertising is justifiable); *id.* at 518-20 (Thomas, J., concurring in part) (contending that strict scrutiny should apply when government seeks to restrict truthful commercial speech); *Rubin v. Coors Brewing Co.*, 514 U.S. 476, 493-97 (1995) (Stevens, J., concurring) (higher standard of review should apply to non-misleading commercial speech); see also Eugene Volokh, *Freedom of Speech and Intellectual Property: Some Thoughts After Eldred*, 44 *Liquormart*, and *Bartnicki*, 40 HOUS. L. REV. 697, 699-702 (2003) (describing increased scrutiny that restrictions on commercial speech have received since the early 1990s).

¹⁹⁷ *Western States*, 535 U.S. at 367 (quoting *Central Hudson*, 447 U.S. at 566). Application of trademark protections and the initial interest confusion doctrine are generally viewed as being content-based restrictions on speech because infringement decisions turn on the content of the speech. See, e.g., *Nissan Motor Co. v. Nissan Computer Corp.*, 378 F.3d 1002, 1016 (9th Cir. 2004); Volokh, *supra* note 196. Even if such restrictions are considered content-neutral, the Supreme Court has treated the analysis under the *O’Brien* time, place, and manner test as the same as that under the *Central Hudson* test. See *San Francisco Arts & Athletics, Inc. v. United States Olympic Comm.*, 483 U.S. 522, 537 n.16 (1987). I therefore apply the *Central Hudson* test for simplicity.

¹⁹⁸ *Lorillard*, 533 U.S. at 561 (citations and quotations omitted); *Greater New Orleans*, 527 U.S. at 188.

¹⁹⁹ *Lorillard*, 533 U.S. at 563.

²⁰⁰ See *Western States*, 535 U.S. at 367 (observing that “several members of the Court have expressed doubts about the *Central Hudson* analysis”); *id.* at 377 (Thomas, J., concurring)

the Court, when given an appropriate case, may replace the *Central Hudson* test. It is even possible that the Court will go further and provide full First Amendment protection to commercial speech. The usefulness of applying the *Central Hudson* test is therefore somewhat limited—this is especially true given the inconsistency of the cases decided under the test.²⁰¹ Nevertheless, several principles can be garnered from the nearly thirty years of cases decided by the Supreme Court since it held that commercial speech was protected by the First Amendment. When truthful, non-deceptive speech is at issue, the Court has generally struck down restrictions on commercial speech.²⁰² In striking down a ban on advertisements for alcohol that included pricing information, the Court explained: “Precisely because bans against truthful, nonmisleading commercial speech rarely seek to protect consumers from either deception or overreaching, they usually rest solely on the offensive assumption that the public will respond ‘irrationally’ to the truth.”²⁰³

The Court’s 2002 decision in *Thompson v. Western States Medical Center*²⁰⁴ highlights that when the government can achieve its interests

(rejecting *Central Hudson* test at least where truthful, non-misleading speech is at issue); *Lorillard*, 533 U.S. at 554 (recognizing that several members of court have questioned *Central Hudson* but observing that is not necessary to break new ground in case); *id.* at 571-72 (Kennedy, J., concurring, joined by Scalia, J.) (questioning validity of *Central Hudson* because it is underprotective of truthful commercial speech); *id.* at 572 (Thomas, J., concurring) (contending that strict scrutiny should apply to advertising restrictions on truthful speech); *Greater New Orleans*, 527 U.S. at 184 (recognizing that “certain judges, scholars and *amici curiae* have advocated repudiation of the *Central Hudson* standard and implementation of a more straightforward and stringent test for assessing the validity of governmental restrictions on commercial speech”); *id.* at 197 (Thomas, J., concurring) (*Central Hudson* should not apply when government’s goal is to keep public “ignorant”); *44 Liquormart*, 517 U.S. at 517 (Scalia, J., concurring) (questioning logic of *Central Hudson*); *id.* at 518-19 (Thomas, J., concurring in part) (criticizing application of *Central Hudson* when government’s justification is based on keeping public “ignorant in order to manipulate their choices in the marketplace”); *Rubin*, 514 U.S. at 493-97 (Stevens, J., concurring) (questioning application of *Central Hudson* standard to non-misleading commercial speech).

²⁰¹ See generally Volokh, *supra* note 196; Rotunda, *supra* note 189; Post, *supra* note 189; McChesney, *supra* note 189; Sullivan, *supra* note 189; Kozinski & Banner, *Who’s Afraid of Commercial Speech*, *supra* note 189.

²⁰² See, e.g., *Western States*, 535 U.S. at 376-77 (striking down ban on advertisements for compounded drugs); *Lorillard*, 533 U.S. at 570 (striking down restrictions on tobacco advertisements); *Greater New Orleans*, 527 U.S. 195-96 (striking down restrictions on advertisements for gambling in states where gambling is legal); *44 Liquormart*, 517 U.S. 484, 489 (striking down ban on advertisements that “provide the public with accurate information about retail prices of alcoholic beverages”); *Rubin*, 514 U.S. 476, 491 (striking down prohibition on placing alcohol content on beer labels); *Edenfield v. Fane*, 507 U.S. 761, 771-72 (1993) (striking down ban on truthful, non-deceptive information provided by CPAs to potential clients); *Peel v. Attorney Registration & Disciplinary Comm’n of Illinois*, 496 U.S. 91, 110 (1990) (striking down advertising ban that prevented attorneys from accurately promoting their certifications in specialized fields).

²⁰³ *44 Liquormart*, 517 U.S. at 503.

²⁰⁴ 535 U.S. 357 (2002).

without restricting speech or by restricting less speech, it must do so. “If the First Amendment means anything, it means that regulating speech must be a last—not first—resort.”²⁰⁵ The Court in *Western States* held that the federal government could not prohibit the advertising and promotion of compounded drugs despite accepting as substantial the government’s interest in protecting consumers. The Court held that there were other ways to protect consumers from untested compounded drugs besides denying them truthful information, such as requiring labeling on compounded drugs to warn consumers that the drugs had not undergone FDA testing.²⁰⁶ The Court emphasized that the government cannot suppress truthful information simply out of “fear that people would make bad decisions.”²⁰⁷

The *Western States* majority cited and quoted extensively from the analysis in *Virginia Board of Pharmacy*.²⁰⁸ In *Virginia Board of Pharmacy*, the Supreme Court rejected a ban on advertising information and prices for prescription drugs, explaining:

There is, of course, an alternative to this highly paternalistic approach [of banning truthful advertising]. That alternative is to assume that this information is not in itself harmful, that people will perceive their own best interests if only they are well enough informed, and that the best means to that end is to open the channels of communication rather than to close them. . . . [T]he choice among these alternative approaches is not ours to make [or the legislature’s]. It is precisely this kind of choice, between the dangers of suppressing information, and the dangers of its misuse if it is freely available, that the First Amendment makes for us.²⁰⁹

The Court made clear that the State of Virginia could regulate pharmacists but could not do it by “keeping the public in ignorance of the entirely lawful terms that competing pharmacies are offering.”²¹⁰ It is *more* speech, rather than “enforced silence,” that the First Amendment demands as a solution for most government concerns.²¹¹ “Even when advertising communicates only an incomplete version of the relevant facts, the First Amendment presumes that some accurate

²⁰⁵ *Id.* at 373.

²⁰⁶ *Id.* at 373-75.

²⁰⁷ *Id.* at 374.

²⁰⁸ *Id.* at 374-75.

²⁰⁹ *Virginia Bd. Of Pharmacy v. Virginia Citizens Consumer Council, Inc.*, 425 U.S. 748, 770 (1976); *see also* *44 Liquormart, Inc. v. Rhode Island*, 517 U.S. 484, 503 (1996) (“The First Amendment directs us to be especially skeptical of regulations that seek to keep people in the dark for what the government perceives to be their own good.”); *Peel v. Attorney Registration and Disciplinary Comm’n of Illinois*, 496 U.S. 91, 105 (1990) (rejecting paternalistic assumptions that recipients of mailing were “no more discriminating than the audience for children’s television”).

²¹⁰ *Virginia Bd. Of Pharmacy*, 425 U.S. at 770.

²¹¹ *44 Liquormart*, 517 U.S. at 498.

information is better than no information."²¹² The Court has repeatedly emphasized the importance of providing consumers information to assist in making purchasing decisions.²¹³

In the initial interest confusion context it is even clearer that truthful commercial speech should not be restricted. Unlike the circumstances in *Virginia Board of Pharmacy* and *Western States*, the motivation behind shutting down truthful speech about trademarked products and services is not paternalistic. The fear is not that consumers will act irrationally, but instead a fear that consumers will react rationally and choose a competitor's product over that of a trademark holder. Thus, even more so than in the paternalistic consumer protection cases, the Supreme Court is likely to be skeptical of the government's justifications for denying consumers truthful, non-misleading information simply to shore up the strength of individual trademarks.

Only a handful of Supreme Court cases that are still good law uphold restrictions on truthful and non-deceptive speech involving a legal activity.²¹⁴ The primary circumstances in which the Supreme Court has upheld restrictions on truthful commercial speech are those in which the speech is viewed as unduly coercive, invading consumers' privacy rights, or involving the regulation of a profession, especially attorneys. In *Orhalik v. Ohio State Bar Association*,²¹⁵ for example, the Court upheld limits on the in-person solicitation of an accident victim by an attorney within two weeks of the accident while the injured party was in the hospital.²¹⁶ Similarly, in *Florida Bar v. Went For It*,²¹⁷ the Supreme Court held that the Florida Bar could stop lawyers from soliciting clients by direct mail within thirty days of a personal injury or wrongful death.²¹⁸ The Court emphasized the serious privacy concerns involved in contacting likely distraught and vulnerable victims so close to the time of an accident.²¹⁹ The Court also highlighted the importance of maintaining a positive professional image of attorneys.²²⁰ None of these unique factors apply in the initial interest confusion setting.²²¹

²¹² *Central Hudson Gas & Elec. Corp. v. Pub. Serv. Comm'n of New York*, 447 U.S. 557, 562 (1980) (citing *Bates v. State Bar of Arizona*, 433 U.S. 350, 374 (1977)).

²¹³ *See id.* at 567.

²¹⁴ I do not address *Posadas de P.R. Assocs. v. Tourism Co. of P.R.*, 478 U.S. 328 (1986) (limiting advertising of gambling in jurisdiction in which gambling was lawful), because it has been overruled. *See 44 Liquormart*, 517 U.S. at 508-09; *id.* at 531-32 (O'Connor, J., concurring).

²¹⁵ 436 U.S. 447 (1978).

²¹⁶ *Id.* at 449-53, 460-68.

²¹⁷ 515 U.S. 618 (1995).

²¹⁸ *Id.* at 620.

²¹⁹ *Id.* at 630-32.

²²⁰ *Id.* The Court also emphasized that lawyers had ample other avenues of advertising available, including television and radio advertisements, yellow pages and even direct mailing after the thirty-day period had elapsed.

²²¹ *See Edenfield v. Fane*, 507 U.S. 761, 774-75 (1993) (*Orhalik's* holding was "narrow" and

Perhaps the case most relevant for considering how the Supreme Court might analyze the application of the initial interest confusion doctrine absent a showing of likely confusion is its 1987 decision in *San Francisco Arts & Athletics, Inc. v. United States Olympic Committee* [hereinafter “SFAA”].²²² SFAA involved a lawsuit brought by the United States Olympic Committee (USOC) to prevent the SFAA from holding an athletic competition called the “Gay Olympic Games.” Although the decision did not involve an action for trademark infringement, its treatment of a similar provision in the Amateur Sports Act provides some insight into how the Court might evaluate a challenge to the initial interest confusion doctrine. The Amateur Sports Act of 1978 authorizes the USOC to prohibit certain commercial and promotional uses of certain words, including “Olympic.”²²³ The statute, unlike the Lanham Act, does not require a demonstration of likely confusion.²²⁴ The SFAA challenged the constitutionality of the statute because it did not require such a showing of likely confusion. The Court applied the *Central Hudson/O’Brien* test to determine whether the prohibition on the use of the word “Olympic” violated the First Amendment.²²⁵ The Court concluded that the restriction was constitutional because Congress had a strong public interest in promoting amateur athletics and in reaping all of the financial rewards the USOC had accumulated in the word “Olympic.”²²⁶

While at first glance this case may suggest that it is constitutional to allow a finding of trademark infringement absent a showing of likely confusion, several crucial factors suggest otherwise. First, the Court emphasized that there was possible confusion by the SFAA’s use of the word “Olympic” and pointed out that by passing the statute Congress may have “reasonably . . . conclude[d] that most commercial uses of the Olympic words and symbols are likely to be confusing.”²²⁷ The Court described the “possibility for confusion as to sponsorship . . . obvious”

“unique”); *Shapero v. Kentucky Bar Ass’n*, 486 U.S. 466, 475, 485-86 (1988) (stating that undue influence is unlikely outside *Ohralik* situation); *Zauderer v. Office of Disciplinary Counsel of the Supreme Court of Ohio*, 471 U.S. 626, 641-42 (1985) (suggesting that *Ohralik* does not apply outside in-person solicitation circumstances); *In re R.M.J.*, 455 U.S. 191, 202-03 (1982) (explaining that limits on commercial speech only valid if speech is deceptive or subject to abuse); *Peel v. Attorney Registration & Disciplinary Comm’n of Illinois*, 496 U.S. 91, 112 (1990) (Marshall, J., concurring) (explaining that the Court has only upheld bans on non-deceptive advertising when the information is provided in circumstances which are “inherently conducive to deception and coercion”).

²²² 483 U.S. 522 (1987).

²²³ *Id.* at 525-26; *see also* 36 U.S.C. § 220506 (2000) (formerly 36 U.S.C. § 380) (as expanded by the Olympic and Amateur Sports Act of 1998).

²²⁴ *San Francisco Arts & Athletics*, 483 U.S. at 530.

²²⁵ The Court noted that the two tests are substantially similar. *See id.* at 536-37 & 537 n.16.

²²⁶ *Id.* at 531-41.

²²⁷ *Id.* at 539.

given the title "Gay Olympic Games."²²⁸ Thus, the case arguably did involve a misleading or confusing use of a mark.

Second, the trademark holder in *SFAA* was an agency affiliated with the United States government. In contrast, in the initial interest confusion context most trademark holders are private businesses, who will likely be afforded lesser protection and whose interests will no doubt be considered less substantial.

Third, the Supreme Court emphasized that the SFAA could easily substitute the term "games" for "Olympics" without changing the meaning. While this conclusion is suspect and has drawn wide and deserving criticism,²²⁹ its logic does not apply when a competitor simply makes reference to the trademarked product itself. The Court may well have reached a different conclusion had the USOC sought to prevent the "Gay Games" from advertising that it was an alternative to the "Olympics" for gay athletes. Finally, the opinion in *SFAA* predates the more stringent analysis that recent commercial speech restrictions have received.

Although it is difficult to predict how the Supreme Court will apply its constantly shifting commercial speech doctrine, the Court is unlikely to be persuaded that restricting non-misleading references to another's trademark constitutes a substantial government interest. In such instances, speech restrictions do not protect consumers, but instead deny them useful information and make it more difficult for consumers to compare products and even for them to choose between products. Instead, the main justification for the doctrine is to maximize the profits of trademark holders at the expense of individual consumers and other competitors in the marketplace. Even the Supreme Court, with its generally deferential attitude to government interests, is unlikely to be satisfied by such a justification. Moreover, the restriction on references to others' trademarks will likely be viewed as "more extensive than is necessary" because ample means are not left open to communicate one's message.

Application of the initial interest confusion doctrine has already and will continue to chill speech because of the threat of litigation and the risk of successful lawsuits. Trademark holders will be able to bully competitors and critics into silence, thereby leaving the public with fewer choices, less information about products, and more expensive goods. The doctrine also risks severely limiting the public's ability to express ideas and to communicate. The initial interest confusion doctrine has been used to give Playboy Enterprises a monopoly over the

²²⁸ *Id.*

²²⁹ See, e.g., Volokh, *supra* note 196, at 736-39; ROSEMARY J. COOMBE, THE CULTURAL LIFE OF INTELLECTUAL PROPERTIES 136-38 (1998); Kozinski & Banner, *Who's Afraid of Commercial Speech*, *supra* note 189, at 649-50; Dreyfuss, *supra* note 63, at 412-21.

words “playboy,” “playgirl” and “playmate.”²³⁰ Ralph Lauren now has claim to the word “polo” and has limited the publication of a magazine called “Polo.”²³¹ The doctrine has given Upjohn the right to prevent others from using the prefix “pro” for products containing the chemical compound progesterone.²³² Consumers and competitors should be able to use trademarked words to refer not only to such generic terms, but also to the trademarked products or services themselves so long as the uses are not confusing. There is no legitimate justification to prevent a person, including a competitor, from referring to Tylenol, Prozac or Kleenex, even though he or she could say acetaminophen, anti-depressant or tissue instead. Trademarks often serve as important shorthand to describe a genre of a product. This is true even when a trademark has not become “generic” in the trademark sense.²³³ For example, it is very difficult to describe an item similar to “iTunes” in an efficient way without using the trademarked term. It is inefficient to use more words than necessary to describe goods, and it depletes the richness of our culture and language to be denied the use of certain words simply because they are trademarked.²³⁴

III. MOTIVATION TO ADOPT AND EXPAND INITIAL INTEREST CONFUSION

Although the initial interest confusion doctrine has created many troubling results and potential problems, there are some legitimate motivations behind its origin and development. Before considering alternative approaches, it is important to understand the problems that courts have sought to resolve by creating and applying initial interest confusion. Some of the concerns raised by members of the judiciary are justifiable and deserving of solutions; other concerns reflect the mistaken views that any competition is wrong and that trademark protections provide broad-based property rights.

²³⁰ See *Playboy Enters. v. Netscape Commc'ns Corp.*, 354 F.3d 1020, 1029-31 (9th Cir. 2004). *But see* *Playboy Enters. v. Welles*, 279 F.3d 796, 803 (9th Cir. 2002) (allowing former Playboy Playmate of the Month to put term “playmate” in metatags for her website).

²³¹ See *Westchester Media v. PRL USA Holdings, Inc.*, 214 F.3d 658, 660-61 (5th Cir. 2000).

²³² See *Upjohn Co. v. Am. Home Prods. Corp.*, No. 1:95CV237, 1996 WL 33322175, at *8 (W.D. Mich. Apr. 5, 1996).

²³³ Words become generic when the word stands for the type of good rather than the particular good manufactured by a particular vendor. Determining whether a mark has become generic, however, is not clear-cut. Decisions of when something has become generic are very unpredictable. Words often are considered common words by Webster’s dictionary but still treated as distinctive by the courts. See MCCARTHY ON TRADEMARKS § 12.19; LANDES & POSNER, *ECONOMIC STRUCTURE*, *supra* note 63, at 196.

²³⁴ See Landes & Posner, *Trademark Law*, *supra* note 69, at 268-69 (describing one of main purposes of trademarks as linguistic efficiency); COOMBE, *supra* note 229, at 60 (describing cultural and linguistic value of trademarked words, as well as use of trademarks to protect efficient communication of information).

A. *Legitimate Concerns*

1. Pre-Sale Confusion and 1962 Lanham Act Amendments

The seeds of initial interest confusion were first sown in 1962 when Congress amended the Lanham Act to eliminate the requirement that “purchasers” be deceived. Prior to 1962, the Lanham Act allowed for a finding of infringement only when the use of a mark was “likely to cause confusion or mistake or to deceive *purchasers as to the source of origin of such goods or services.*”²³⁵

In 1962, the reference to “purchasers” was eliminated. Trademark infringement therefore could be found under Section 32 if the use of a mark was simply “likely to cause confusion or mistake or to deceive.”²³⁶ In specific reference to the deletion of the words “purchasers as to the source of origin of such goods or services,” the Senate Report explains that:

The purpose of the proposed change is to coordinate the language here with that used elsewhere and to omit the word “purchasers,” since the provision actually relates to *potential* purchasers as well as to actual purchasers. The word “purchasers” is eliminated so as to avoid the possibility of misconstruction of the present language of the statute.²³⁷

Courts properly interpreted the change in the Lanham Act as broadening the concept of trademark infringement to include consideration not only of confusion at the time of sale, but also of confusion that exists prior to the time of sale, and that which emerges after a sale is completed.²³⁸ Many courts properly limit consideration of the likelihood of confusion to *actual* or *potential purchasers* of the goods or services in question.²³⁹ In other words, they do not concern

²³⁵ Lanham Act, ch. 540, 60 Stat. 427, at 437-38 (1946) (current version at 15 U.S.C. §§ 1051-1127 (2000)) (emphasis added).

²³⁶ Pub. L. No. 87-772, 76 Stat. 769 (1962); *see also* S. 2429, 86th Cong. (1959). The language referring to “origin” also was eliminated and provides the basis for the subsequent expansion of confusion to include confusion as to affiliation or sponsorship.

²³⁷ S. REP. NO. 87-2107, at 2847, 2850-51 (1962) (emphasis added); H.R. REP. NO. 87-1108, at 4 (1961) (emphasis added); *see also* S. REP. NO. 86-1685, at 5 (1960).

²³⁸ “Post-sale confusion refers not to the resale of the original product . . . but to the risk that non-purchasers, who themselves may be future customers, will be deceived.” I.P. Lund Trading ApS v. Kohler Co., 163 F.3d 27, 44 (1st Cir. 1998); *see also* Dorr-Oliver, Inc. v. Fluid-Quip, Inc., 94 F.3d 376, 382 (7th Cir. 1996); Lois Sportswear, U.S.A., Inc. v. Levi Strauss & Co., 799 F.2d 867, 872 (2d Cir. 1986) (holding that 1962 amendments allow for likelihood of confusion finding based on post-sale confusion); Syntex Labs., Inc. v. Norwich Pharmacal Co., 437 F.2d 566, 568 (2d Cir. 1971).

²³⁹ *See, e.g.*, Palm Bay Imports, Inc. v. Veuve Clicquot Ponsardin Maison Fondée En 1772, 396 F.3d 1369, 1375 (Fed. Cir. 2005); Checkpoint Sys., Inc. v. Check Point Software Techs., Inc., 269 F.3d 270, 295 (3d Cir. 2001); Morningside Group Ltd. v. Morningside Capital Group, L.L.C., 182 F.3d 133 (2d Cir. 1999).

themselves with whether a person who would never consider buying a piano might be confused between a “Steinway” and a “Grotrian-Steinweg” piano. Other courts, however, have read the amended provision much more broadly to include any person likely to be confused.²⁴⁰

There can be little question that the 1962 amendments gave statutory authority for courts to consider consumer confusion that occurs outside the time of sale, including confusion prior to the time of sale. But the statute did not retreat from the requirement that a plaintiff must demonstrate a likelihood of confusion, mistake or deception.

2. Baiting and Switching

Another justification courts provide for the adoption of initial interest confusion is preventing the practice of baiting and switching. Baiting and switching involves initially passing off one’s goods as those of another, even if a consumer ultimately discovers prior to the time of purchase that the products or services are unrelated. One aspect of baiting and switching involves “luring” an unwary consumer by creating initial confusion. It is from this concept that the initial interest confusion doctrine grew.²⁴¹

Baiting and switching is a legitimate concern. If consumers are misled into believing that a product is made by one company when in truth it is not and as a result expend significant time and effort to purchase the deceptive product, then it matters little that the confusion

²⁴⁰ See, e.g., *Beacon Mut. Ins. Co. v. OneBeacon Ins. Group*, 376 F.3d 8, 15 (1st Cir. 2004) (considering likelihood of confusion among consumers regardless of whether they are potential purchasers); *Landscape Forms, Inc. v. Columbia Cascade Co.*, 113 F.3d 373 (2d Cir. 1997) (considering confusion among general public). Without explaining his reasoning, J. T. McCarthy concludes that the 1962 amendments allow a finding of infringement without a showing of likelihood of confusion and regardless of whether potential purchasers are considered. MCCARTHY, *supra* note 12, § 5:6.

²⁴¹ Many courts have compared initial interest confusion to baiting and switching practices. See, e.g., *AM General Corp. v. DaimlerChrysler Corp.*, 311 F.3d 796, 828 (7th Cir. 2002) (“Such ‘bait and switch,’ also known as ‘initial interest’ confusion, will affect the buying decisions of the consumers when it permits the competitor to ‘get its foot in the door’ by confusing the consumers.”); *Checkpoint Systems*, 269 F.3d at 293-95 (comparing initial interest confusion to “bait[ing] and switch[ing]” and the “luring” of consumers); *Dorr-Oliver*, 94 F.3d at 382 (same); *Syndicate Sales, Inc. v. Hampshire Paper Corp.*, 192 F.3d 633, 638 (7th Cir. 1999) (same); *Northland Ins. Co. v. Blaylock*, 115 F. Supp. 2d 1108, 1119 (D. Minn. 2000) (“This ‘initial interest confusion’ has been described as a ‘bait’ and ‘switch.’”); MCCARTHY, *supra* note 12, § 23:6; see also *Eli Lilly & Co. v. Natural Answers, Inc.*, 233 F.3d 456, 464 (7th Cir. 2000) (“[Initial interest] confusion, which is actionable under the Lanham Act, occurs when a consumer is lured to a product by its similarity to a known mark, even though the consumer realizes the true identity and origin of the product before consummating a purchase.”); *Rust Env’t & Infrastructure, Inc., v. Teunissen*, 131 F.3d 1210, 1217 (7th Cir. 1997) (comparing “initial interest confusion” to the “luring” of potential customers).

is ultimately cleared up prior to the time of purchase. For example, suppose that a Grotrian-Steinweg dealer places an advertisement that announces a “Huge Sale on the Original Steinways!” hoping to get customers in the door who think the store is selling real Steinways. A person who is misled by the advertisement into thinking she’s going to get a real “Steinway” for half the price may well drive to a store far away from her home. By the time she gets to the store and realizes that the Steinweg is not really a Steinway, she might decide that the Steinweg is good enough and buy it anyway. Even if she doesn’t, the deception may have cost her the better part of an afternoon, gas, wear and tear on her car, and a not insignificant bit of road rage. Courts correctly treat such pre-sale confusion as unfair competition and trademark infringement under the Lanham Act. The dealer’s deceptive act limits a consumer’s choices—instead of being provided more information, a potential purchaser is fed misinformation. The competing company in this situation uses trickery and deception to succeed, rather than making a better or cheaper product than its competitor. Grotrian-Steinweg should be free to suggest that it has a historical link to Steinway, if that is true, and to suggest that its pianos are as good as and cheaper than Steinway’s, but it cannot mislead consumers into thinking that its pianos are Steinways.

The 1962 amendment to the Lanham Act appropriately and adequately addresses such baiting and switching practices. Therefore, there is no need and no authority for courts to create the expansive initial interest confusion doctrine that applies to situations in which confusion is unlikely.

B. *Misguided Justifications for Initial Interest Confusion*

1. Trading Off Another’s Goodwill

One of the driving forces behind the adoption and proliferation of the initial interest confusion doctrine is a gut reaction by some judges and scholars that defendants are “free-riding” off value built up in a product or service by a trademark holder. Some courts have expanded the initial interest confusion doctrine under the misguided notion that a competitor should never profit from another’s success and that any decline in the profits of a trademark holder should be remedied. Yet this initial, visceral reaction flies in the face of basic free market principles which allow, and in fact demand, that competitors be able to benefit from value created by others.

While it is true that the Supreme Court has referred to an unjust enrichment principle that one should not “reap where [one] has not

sown,”²⁴² this theory (which allows recovery under tort law) has been applied only in a very limited and exceptional set of circumstances that do not apply to initial interest confusion.²⁴³ The Supreme Court has applied this “labor-reward” analysis only when the entire value of a work is destroyed by the actions of a defendant; for example, in the *International News Service* case, a competing news agency stole news stories and published them before the original service could publish them, thus destroying the entire value of the original work.²⁴⁴ Similarly, in the *Zacchini* case, a performance artist’s entire performance (being shot out of a cannonball) was shown on the evening news, thus destroying much of the economic value of his performance because nothing was left for a paying audience to see.²⁴⁵ Similar circumstances do not arise in the initial interest confusion context. The entire value of a trademark holder’s product or service is not destroyed simply because a competitor refers to the trademark holder’s product or service.

Fair competition is not the same as *no* competition. Competitors are always harmed when competing goods succeed. The fact that a trademark holder’s profits may be reduced if a competitor is permitted to refer to or model its product after a trademark holder’s product is irrelevant. As William Landes and Richard Posner explain, “[a] fundamental principle of American law is that competition is not a tort, that is, an invasion of a legally protected right. Freedom to imitate, to copy is a cornerstone of competition and operates to minimize monopoly profits.”²⁴⁶

In the trademark context, the unjust enrichment rationale is limited by such traditional notions of fair competition. Even though it is true that the Lanham Act was passed at least in part to protect the goodwill of businesses, it was meant to do so only in circumstances in which others profited from a company’s goodwill by *deceiving* consumers. If consumers are never confused, trademark infringement should not be an available remedy—trademark infringement turns on consumer confusion, not the business losses of a trademark holder. Moreover, there is a big difference between harming a company’s goodwill and

²⁴² *Int’l News Serv. v. Associated Press*, 248 U.S. 215, 239 (1918).

²⁴³ See, e.g., *Zacchini v. Scripps-Howard Broad. Co.*, 433 U.S. 562 (1977); *Int’l News Serv.*, 248 U.S. 215; see also RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 38 cmts. b & c (1995) (describing *Int’l News Serv.* and its unjust enrichment rationale as being very limited doctrine only applied in rare circumstances when primary market for product is destroyed by competitive use).

²⁴⁴ *Int’l News Serv.*, 248 U.S. at 243-44.

²⁴⁵ *Zacchini*, 433 U.S. at 576-77 (allowing a right of publicity case under Ohio law to go forward). *But see id.* at 579 n. 1 (Powell, J., dissenting).

²⁴⁶ LANDES & POSNER, *ECONOMIC STRUCTURE*, *supra* note 63, at 23; see also *FTC v. Brown Shoe Co.*, 384 U.S. 316 (1966); ADAM SMITH, *WEALTH OF NATIONS* ch. VIII. (1776); RESTATEMENT OF TORTS § 708 (1938) (causing business losses is not an unfair trade practice).

benefiting from that goodwill. Trademark law meant to prevent the former but not the latter.

Trademark protection is also limited by laws which expressly allow the public to use copyrighted and patented works once those patents and copyrights expire. Both patent and copyright law allow for the copying of an author's or an inventor's work once it enters the public domain or if the work was not deserving of patent or copyright protection in the first place.²⁴⁷ Thus, the simple fact that someone was the first to create or build a following for a product is not a basis to afford intellectual property rights. In holding that Kellogg's could make and sell "Shredded Wheat," even though it had not invented the cereal, the Supreme Court explained:

Kellogg Company is undoubtedly sharing in the goodwill of the article known as "Shredded Wheat"; and thus is sharing in a market which was created by the skill and judgment of plaintiff's predecessor and has been widely extended by vast expenditures in advertising persistently made. But that is not unfair. Sharing in the goodwill of an article unprotected by patent or trade-mark is the exercise of a right possessed by all—and in the free exercise of which the consuming public is deeply interested.²⁴⁸

The Court allows Kellogg's "free-riding" so long as there is no deception of consumers or passing off of the Kellogg's product as that of Nabisco's. While the court refers to works not protected by "trade-mark," it is clear both from this case and subsequent case law that the reference to trade-mark protection was circumscribed to circumstances in which the use of another's trademark was confusing and particularly to the situation in which a defendant was passing off its goods as those of another.

The protection of trademarks was never intended to shut down all competition. Trademark law requires a balancing not just of consumer confusion and protection of a trademark holder's goodwill, but also consideration of the legitimate interests of competing businesses.²⁴⁹ It has long been understood "to be in the interest of the public that any competitor should be free to *divert* [customers] to himself by all fair and reasonable means In short, it is no tort to beat a business rival to prospective customers."²⁵⁰ The drafters of the Restatement (Third) of Unfair Competition similarly have recognized that fair competition allows for the distraction of consumers by direct competitors:

²⁴⁷ See discussion *supra* Part II.E.

²⁴⁸ *Kellogg Co. v. Nat'l Biscuit Co.*, 305 U.S. 111, 122 (1938).

²⁴⁹ See *supra* note 74 and accompanying text.

²⁵⁰ *A-Mark Coin Co. v. General Mills, Inc.*, 195 Cal. Rptr. 859, 866-67 (1983) (emphasis added) (describing state tort law); see also *Versa Prods. Co. v. Bifold Co.*, 50 F.3d 189, 207, 215 (3d Cir. 1995) (citing *Kellogg Co.*, 305 U.S. at 121, and *Duraco Prods., Inc. v. Joy Plastic Enters.*, 40 F.3d 1431, 1445 (3d Cir. 1994)).

The freedom to compete necessarily contemplates the probability of harm to the commercial relations of other participants in the market[.] The freedom to compete implies a right to induce prospective customers to do business with the actor rather than with the actor's competitors. [A seller is permitted] to seek to *divert* business not only from competitors generally, but also from a particular competitor.²⁵¹

Such diversions and distractions are fair game so long as consumers are not deceived as to the source, sponsorship, or affiliation of a product or service.

The Supreme Court has repeatedly held that a person can refer to another's trademark so long as consumers are not confused.²⁵² In *Champion Spark Plugs v. Sanders*,²⁵³ for example, the Court held that a defendant could sell reconditioned and repaired Champion spark plugs and mark them as Champion plugs so long as consumers were informed that the plugs were reconditioned and not distributed by Champion.²⁵⁴ The Court explained that a trademark is an identifier rather than a property right. Therefore, the use of a competitor's mark that does not cause confusion as to source is permissible.²⁵⁵ "When the mark is used

²⁵¹ RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 1 cmt. a (1995) (emphasis added). The Restatement of Unfair Competition rejects an earlier position taken in the Restatement of Torts that suggested an exception from the doctrine of freedom to compete when competition was motivated by ill will. The new Restatement confirms that ill will is not a basis for a finding of unfair competition on its own. *See also* Zechariah Chafee, Jr., *Unfair Competition*, 53 HARV. L. REV. 1289, 1304 (1940).

²⁵² *See, e.g.*, *Moseley v. V Secret Catalogue Inc.*, 537 U.S. 418, 428-29 (2003); *Steele v. Bulova Watch Co.*, 344 U.S. 280, 283 (1952); *Champion Spark Plug Co. v. Sanders*, 331 U.S. 125, 127, 131 (1947) (holding that company could recondition and sell Champion spark plugs so long as it indicated that plugs were reconditioned Champion spark plugs, not sponsored by Champion); *Prestonettes, Inc. v. Coty*, 264 U.S. 359, 367-69 (1924) (holding that unaffiliated company could resell smaller sized bottles of trademark holder's perfume so long as no one was misled); *Saxlehner v. Wagner*, 216 U.S. 375, 380-81 (1910) (holding that competitor would not commit infringement by selling same product as another company if clearly labeled); *Lawrence Mfg. Co. v. Tennessee Mfg. Co.*, 138 U.S. 537, 546-47 (1891); *Mfg. Co. v. Trainer*, 101 U.S. 51, 54-56 (1879) (holding that one cannot prevent others from using a mark unless the use misleads consumers regarding the origin of the product); *see also* *Smith v. Chanel, Inc.*, 402 F.2d 562 (9th Cir. 1968) (holding that a company that made perfume that smelled like Chanel No. 5 could compare its product to the trademarked perfume). Notably, most of these cases preceded the statutory expansion of trademark protection to include indications of affiliation and sponsorship as well as of origin. Nevertheless, the conclusions are equally applicable to cases involving issues of sponsorship or affiliation, so long as consumers are not misled as to such sponsorship or affiliation. *See* RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 24 (1995).

²⁵³ 331 U.S. 125 (1947).

²⁵⁴ *Id.* at 126-27, 130-32.

²⁵⁵ *Id.* at 129; *see also* *Dorr-Oliver, Inc. v. Fluid-Quip, Inc.*, 94 F.3d 376, 380-81 (7th Cir. 1996) (citing *Libman Co. v. Vining Indus., Inc.*, 69 F.3d 1360, 1362 (7th Cir. 1995), and *August Storck K.G. v. Nabisco, Inc.*, 59 F.3d 616, 618 (7th Cir. 1995)); *New Kids on the Block v. News Am. Publ'g, Inc.*, 971 F.2d 302, 309 (9th Cir. 1992) ("[T]he fact that [a plaintiff's trademark is used to promote] profit and in competition with the trademark holder's business is beside the point.").

in a way that does not deceive the public we see no such sanctity in the word as to prevent its being used to tell the truth. It is not taboo.”²⁵⁶

The current trend in district courts and courts of appeal towards protecting a business’s goodwill through the expansion of the initial interest confusion doctrine represents a shift in the theoretical framework of trademark law—from protecting marks only in a limited set of circumstances, in which consumers are likely to be confused, to a broader protection more similar to that afforded patent and copyright holders. Preventing any reference to another’s trademark essentially conveys a monopoly right to the trademark holder.²⁵⁷ There are a number of reasons why trademark law should not be read to provide such a broad property right to trademark holders.

First, Congress, in adopting federal trademark protection, expressly distinguished trademarks from copyrights and patents and made clear that trademark protection would be much more limited in scope, and would not afford monopoly rights or property rights in gross.²⁵⁸ The distinction is important because in contrast to copyrights and patents, the registration and protection of trademarks does not require any demonstration of creativity, originality, or novelty. Therefore, there are fewer restrictions on what can be trademarked, and it is more likely that more common words, phrases, symbols, and even colors will be trademarked and taken out of the public domain. Moreover, patent and copyright protection exist only for limited times, whereas trademark protection can be extended indefinitely.²⁵⁹ Thus, the harm to the public from expanding the scope of trademark protection is substantial.

Second, the creation of trademarks does not involve the same degree of labor and effort as producing patented and copyrighted works. Most trademark holders expend more time and energy in advertising and marketing their products and promoting their trademarks than in creating the trademark itself. Thus, there is no need to expand the rewards for the creation of such marks. Additionally, unlike copyrighted and patented works, there is no need to further incentivize the creation of trademarks by expanding the protection afforded to

²⁵⁶ *Champion Spark Plugs*, 331 U.S. at 129 (quoting *Prestonettes, Inc. v. Coty*, 264 U.S. 359, 368 (1924) (Holmes, J.)).

²⁵⁷ *FTC v. Motion Picture Ad. Serv. Co.*, 344 U.S. 392 (1953); *Trainer*, 101 U.S. at 54.

²⁵⁸ *See supra* note 166. While it is true that some protection of trademark rights under the British Empire and during Roman times conveyed monopoly rights for specific products on certain favored producers, those monopoly trademark rights were not imported into United States trademark law. *See* RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 9 cmt. b (1995).

²⁵⁹ A trademark remains protected if it continues to be in use and to identify a particular product. Under current trademark law, a trademark owner must file an affidavit of use during the sixth year after registration and then in every tenth year stating that the trademark is still in use. The trademark owner must also file a renewal application. *See* 15 U.S.C. § 1058 (2000).

them; companies receive sufficient incentives from the market itself to generate and promote strong marks.²⁶⁰

Finally, in contrast to patent and copyright law, the public plays a unique participatory role in creating the value and even the protectability of trademarks.²⁶¹ Much of the power and strength of trademarks are created by consumers. Corporations rely on consumers to create the value in their trademarks. The establishment of trademark law itself is premised on public participation in the creation of meaning.²⁶² When evaluating eligibility for trademark protection, courts, juries and the Patent and Trademark Office look to consumers to evaluate whether a descriptive trademark has gained secondary meaning. A descriptive mark generally achieves secondary meaning only if an appreciable number of consumers recognize the mark and associate it with a particular product.²⁶³ The public also determines whether a mark has become famous or generic, and whether confusion is likely.²⁶⁴ Under a labor-reward analysis, the public deserves some rights to the value that it has created in businesses' trademarks. Thus, when evaluating the scope of trademark protection, courts should consider the public a partial owner of the trademarks at issue. At the very least, the public, including competing businesses, has earned the right to use a trademark in non-confusing, non-misleading ways.

2. Reducing Efficacy of Mark/Trademark Dilution

Another concern courts have tried to remedy through the use of initial interest confusion is the possible watering down of the strength of a mark if competitors use it in advertising or to describe their own unrelated products. This concern forms the basis for state dilution actions and the Federal Trademark Dilution Act (FTDA). Dilution is generally defined as the lessening of the capacity of a mark to identify and distinguish goods and services regardless of competition between the parties or the likelihood of confusion.²⁶⁵ The appropriateness of

²⁶⁰ See Dreyfuss, *supra* note 63, at 399.

²⁶¹ See Steven Wilf, *Who Authors Trademarks?*, 17 CARDOZO ARTS & ENT. L.J. 1, 33 (1999) (no other form of intellectual property depends so much on public for its creation).

²⁶² See COOMBE, *supra* note 229, at 61; see generally Wilf, *supra* note 261.

²⁶³ 15 U.S.C. § 1052 (2000); *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763 (1992). A descriptive mark can presumptively be considered to have achieved secondary meaning if it becomes incontestable pursuant to 15 U.S.C. § 1065 (2000).

²⁶⁴ See S. REP. NO. 100-515, at 2 (1988).

²⁶⁵ See Trademark Dilution Act of 1995, Sec. 4 Definition, 15 U.S.C. § 1127 (2000); see also ALA. CODE 1975 § 8-12-17 (1975); ARIZ. REV. STAT. § 44-1448.01 (2003); CAL. BUS. & PROF. CODE § 14330 (West 1987); FLORIDA STAT. ANN. § 495.151 (West 2002); GA. CODE ANN. § 10-1-451 (1994); IDAHO CODE § 48-513 (Michie 2003); 765 ILL. COMP. STAT. ANN. § 60 (West 1993); 10 ME. REV. STAT. ANN. § 1530 (West 2003); MASS. GEN. LAWS ANN. ch. 110B § 12

dilution law itself is controversial,²⁶⁶ although a recent Supreme Court case decided under the FTDA may suggest that dilution is here to stay.²⁶⁷ The development of initial interest confusion pre-dated the adoption of the FTDA and in some instances may have been applied to remedy problems of dilution.

Concerns over the whittling away of the strength of a mark or the tarnishment of a mark's image are best resolved through a dilution analysis. Dilution applies in situations in which there is no consumer confusion.²⁶⁸ Because of the potentially broad scope of dilution law, Congress and the courts have sought to strictly limit dilution actions so as not to limit more speech than is necessary. For example, the FTDA is limited to famous marks.²⁶⁹ The Act also explicitly excludes comparative advertising from its reach so that any tarnishment that occurs in a comparison advertisement will not be found diluting.²⁷⁰ The Supreme Court recently held that federal dilution actions can only succeed if a plaintiff provides evidence of *actual* dilution; the likelihood of dilution is not enough.²⁷¹ This standard is much higher than that required for showing a likelihood of confusion, and as such is more speech protective. Applying the initial interest confusion doctrine to remedy acts that should more appropriately be considered under the rubric of dilution denies defendants the protections that the dilution statute and the First Amendment afford them.

3. Architecture of the Internet

Finally, the proliferation of the initial interest confusion doctrine has been sparked in recent years by a number of problems unique to the design of the Internet. The courts' application of initial interest confusion on the Internet reflects a degree of activism and impatience

(West 1999); MINN. STAT. ANN. § 333.285 (West 2004); MISS. CODE ANN. § 75-25-25 (1973); MO. ANN. STAT. § 417.061 (West 2001); N.Y. GEN. BUS. LAW § 360-1 (McKinney 2005); ORE. REV. STAT. § 647.107 (1994); 54 PA. STAT. ANN. § 1124 (West 1999); TENN. CODE ANN. § 47-25-513 (2001); TEX. BUS. & COM. CODE ANN. § 16.29 (Vernon 2002); W. VA. CODE § 47-2-13 (2002); WYO. STAT. ANN. §§ 40-1-101(j), 40-1-115 (Michie 2003).

²⁶⁶ MCCARTHY, *supra* note 12, § 24:114; Volokh, *supra* note 196, at 732-39 (questioning constitutionality of dilution law); *see generally* Klieger, *supra* note 76 (criticizing dilution). *But see* Schechter, *supra* note 63 (calling for adoption of anti-dilution laws).

²⁶⁷ *See* *Moseley v. V Secret Catalogue, Inc.*, 537 U.S. 418 (2003). I note that *Moseley* involved a question of statutory interpretation. The Supreme Court has not directly considered whether the FTDA would withstand a First Amendment challenge.

²⁶⁸ *See* 15 U.S.C. § 1125(c) (2000).

²⁶⁹ 15 U.S.C. § 1125(c)(1).

²⁷⁰ 15 U.S.C. § 1125(c)(4).

²⁷¹ *Moseley*, 537 U.S. at 433-34. Congress, however, has recently introduced a bill that would lower the standard for dilution back to a likelihood of dilution standard. *See* Trademark Dilution Revision Act, H.R. 683, 109th Cong. (2005).

with Congress and the free market to solve some of the problems emerging from the new technology. Unfortunately, by hastily applying and expanding trademark law to the Internet context without experience or knowledge of the medium, many courts have dramatically missed the mark. For example, numerous courts have repeated the erroneous proposition from *Brookfield* that confusion is more likely on the Internet than offline.²⁷² The rationale for this conclusion is in part that an Internet user can quickly link or navigate from one website to another. This speed, however, does not increase confusion; instead, it allows any confusion to be easily and quickly remedied.

Part of the reason some courts may have missed the mark in the Internet context is that few members of the bench grew up as part of a cyber-savvy generation.²⁷³ While many jurists have quickly gotten up to speed, others are not familiar enough with the technology to accurately assess what a reasonable Internet consumer would experience when surfing the Web.²⁷⁴ The lack of familiarity with Internet technology and e-commerce has led to some absurd conclusions about the Internet in the context of trademark infringement actions: Not only the faulty assumption that confusion is more likely, but also that finding information online is more difficult than in the real world, and that Internet users will easily give up their searches.²⁷⁵ While this may have been somewhat true with a slow 14k dial-up service, it is less true today with the frequent use of DSL, cable modem services, Wi-Fi, ISDN, and T1 lines.²⁷⁶

This last point highlights another fundamental problem with judicial decision-making in the Internet arena—because the technology is ever-changing, courts must be careful not to make decisions that fit only unique and narrow circumstances.²⁷⁷ Instead, courts must look at the big picture. Generally, a legal principle—especially one as

²⁷² See, e.g., *Brookfield Commc'ns, Inc. v. West Coast Entm't Corp.*, 174 F.3d 1036, 1057 (9th Cir. 1999); *Northern Light Tech., Inc. v. Northern Lights Club*, 97 F. Supp. 2d 96, 115 (D. Mass. 2000); *New York State Soc'y of Certified Pub. Accountants v. Eric Louis Assocs.*, 79 F. Supp. 2d 331 (S.D.N.Y. 1999); *Planned Parenthood Fed'n of Am., Inc. v. Bucci*, 42 U.S.P.Q.2d 1430, 1434-35 (S.D.N.Y. 1997).

²⁷³ The author includes herself in this group—and anyone else who graduated college before using the Internet, email, and instant messages.

²⁷⁴ This problem is exacerbated by the fact that in trademark cases judges often consider the likelihood of confusion as a question of law rather than of fact.

²⁷⁵ See, e.g., *OBH, Inc. v. Spotlight Magazine, Inc.*, 86 F. Supp. 2d 176, 186 (W.D.N.Y. 2000); *Planned Parenthood*, 42 U.S.P.Q.2d at 1435.

²⁷⁶ A majority of Internet users today have high-speed access, and this number will only increase, especially with the advent of Wi-Fi access in public spaces, such as coffee shops, airports and hotels. See John B. Horrigan, Report for Pew Research Organization (April 2004), http://www.pewinternet.org/pdfs/PIP_Broadband04.DataMemo.pdf (55% of Internet users now have broadband at home or at work).

²⁷⁷ *Wells Fargo & Co. v. WhenU.com, Inc.*, 293 F. Supp. 2d 734, 750 (E.D. Mich. 2003) (“Research involving the Internet may become obsolete in a matter of months.”).

longstanding and broad-based as trademark law—should be capable of application to different media without the need to change its fundamental basis. When an existing and well-established statute or legal principle cannot address a problem created by a new technology, and no market solutions are available, it is often a sign that legislative—rather than judicial—action is required. I will examine two main areas in which courts have applied initial interest confusion to address trademark problems on the Internet: domain names and search engines.

a. Domain Names and Cybersquatting

One problem that has troubled courts is the use of trademarks in domain names. As with offline businesses, customers need a way to locate a store. Every site on the web has a unique identification or Uniform Resource Locator (URL) address. Although this specific Internet Protocol (IP) address is produced using numbers, it is translated into plain English to facilitate use by consumers. Most web addresses use the following format: “http://www.cnn.com.” The domain name is only the latter half of the address: “cnn.com.” Most domain names end in “.com,” which is called the top-level domain and is used for most online businesses.²⁷⁸ The second-level domain is often the name of the company, here the cable news network, CNN. Domain names are easier to remember than IP addresses and are considered prized possessions. Only one business can own a domain name, just as there can only be one house with a particular address. Thus, the domain name serves a similar function to a street address or phone number.

There are several potential trademark-related problems that arise in the domain name context.²⁷⁹ One is the use of a domain name that includes another company’s trademark when both parties have legitimate claims to the word used in the domain name. For example, Clue Computing, a company that provides computer support services, has a legitimate trademark in its name. Should Hasbro, Inc. be able to prevent it from using the domain name “clue.com” for its website simply because Hasbro has a trademarked game called “Clue”? The First Circuit, one of the few circuits not to adopt the initial interest

²⁷⁸ Other top-level domains include “.edu” for educational institutions, “.gov” for government organizations, and “.org” for non-profit organizations.

²⁷⁹ My analysis only addresses the issue of potentially infringing uses of trademarks in domain names, not the issue of whether domain names are separately trademarkable. That issue is distinct and tends to turn on whether the domain name serves to distinguish a particular product or service.

confusion doctrine, said no,²⁸⁰ but other courts have concluded otherwise in similar circumstances.²⁸¹

Several courts have applied initial interest confusion in circumstances in which they are concerned by the potential confusion caused when a web user incorrectly guesses a domain name for a website.²⁸² As anyone who regularly uses the Internet knows, guessing domain names is a risky proposition, and one's guess may not always lead to the correct website. The simple fact that consumers may guess wrong about a website, however, should not be the basis for a trademark infringement action. When an unsuspecting websurfer types in "whitehouse.com" instead of "whitehouse.gov" and gets a pornography site rather than the Oval Office, she is not likely to think that the porn site is actually the White House or affiliated with the federal government. Consumers may well be sent to an unintended website, but that is quite different from being confused as to source, affiliation, or sponsorship for trademark infringement purposes.²⁸³

Guessing the wrong website is similar to misdialing a telephone number. Courts thus far have held that the adoption of similar vanity numbers in the hopes of profiting from misdialed numbers is a legitimate business practice.²⁸⁴ It is possible that if a consumer accidentally lands on the wrong site, he might settle for a competitor's product, but this is a risk any time anyone walks into a store and is confronted with other purchasing options. Trademark law was not

²⁸⁰ Hasbro, Inc. v. Clue Computing, Inc., 232 F.3d 1 (1st Cir. 2000).

²⁸¹ See, e.g., *Simon Prop. Group, L.P. v. mySIMON, Inc.*, 282 F.3d 986 (7th Cir. 2002) (online comparison shopping service could not use web domain www.mysimon.com because plaintiff had trademark in Simon Property Group, a company that owned shopping malls); *Brookfield Comm'ns, Inc. v. West Coast Entm't Corp.*, 174 F.3d 1036 (9th Cir. 1999) (defendant could not use moviebuff.com as website for video rental service, even though it had right to use "moviebuff" in trademarked slogan, because plaintiff had trademark in "moviebuff" for entertainment-related database); see also *PACCAR Inc. v. TeleScan Techs., L.L.C.*, 319 F.3d 243, 250-51 (6th Cir. 2003) (holding that seller of used trucks could not use plaintiff's trademark in domain names); *OBH, Inc. v. Spotlight Magazine, Inc.*, 86 F. Supp. 2d 176 (W.D.N.Y. 2000) (preventing gripe site with commercial links from using plaintiff's trademark in website address because of "initial interest"). But see *Nissan Motor Co. v. Nissan Computer Corp.*, 378 F.3d 1002, 1019-20 (9th Cir. 2004) (allowing website operated by Mr. Nissan to continue to operate at domain "nissan.com"); *Interstellar Starship Servs., Ltd. v. Epix, Inc.*, 304 F.3d 936 (9th Cir. 2002) (allowing use of trademarked term in domain name where parties were not competitors).

²⁸² See, e.g., *PACCAR*, 319 F.3d at 250; *Brookfield*, 174 F.3d 1036, 1044-45; *Asia Apparel, LLC v. Ripsweat, Inc.*, No. 3:02-CV-469, 2004 WL 3259009, at * 4 (W.D.N.C. Sept. 17, 2004); *OBH*, 86 F. Supp. 2d at 180-81.

²⁸³ *Network Network v. CBS*, 54 U.S.P.Q.2d 1150, 1155 (C.D. Cal. 2000) (pointing out difference between guessing wrong domain site and being confused); *Simon Prop.*, 104 F. Supp. 2d at 1044 (Internet users' confusion about where to go next is not trademark confusion).

²⁸⁴ See, e.g., *Daimlerchrysler A.G. v. Bloom*, 315 F.3d 932, 939 (8th Cir. 2003) (no trademark infringement when defendant licensed vanity number 1-800-Mercedes); *Holiday Inns, Inc. v. 800 Reservation, Inc.*, 86 F.3d 619, 624-26 (6th Cir. 1996) (no trademark infringement despite frequent misdialing of 1800-Holiday v. 1-800-Holiday and intentional choice of similar number to profit from misdialed calls).

meant to protect the most unsophisticated or least intelligent consumers, but instead to evaluate whether a reasonably prudent potential purchaser would be confused. There is no doubt that reasonably prudent Internet shoppers will be aware and prepared for the possibility that their guess of a domain name will send them to the wrong location. Courts have also greatly exaggerated the burdens of being led to a different website. Unlike in the brick and mortar world where one may have gone a substantial distance to get to a particular store, websurfers can quickly, in a matter of seconds, redirect their web browser away from the incorrect site.

In a case that at first glance appears to move away from some of the Ninth Circuit's more extreme initial interest confusion decisions, the Circuit recently allowed a defendant to retain a domain name that used a famous trademark in it.²⁸⁵ However, on the basis of the initial interest confusion doctrine, the court severely limited the ability of the defendant to post advertising on his website. The Ninth Circuit allowed the defendant, Nissan Computer Corporation, owned by Uzi Nissan, to continue to use the domain name "nissan.com," despite Nissan Motor's famous trademark in "Nissan." The court held, however, that Mr. Nissan could not advertise or provide links to advertisements for cars or trucks on his website because they would allow him to benefit from misdirected web traffic.²⁸⁶ This holding unreasonably restricts Mr. Nissan's ability to have third-party advertising on his website to help support his site and business, including advertisements for automobiles. If ads on Mr. Nissan's website had suggested that the site was affiliated or sponsored by Nissan, then they could be enjoined. Absent such a demonstration of likelihood of confusion, the court overstepped its bounds by preventing consumers and a business from using online advertising in circumstances in which there was no confusion.

Some domain name disputes involve circumstances in which a party without a trademark claim in a domain name reserves a web address or domain name containing another's trademark with the intent to extort payment from the actual trademark holder. This has been termed "cybersquatting." One motivation for the expansion of the initial interest confusion doctrine may have been preventing such cybersquatting.

In 1999, Congress passed the Anticybersquatting Consumer Protection Act (ACPA) to remedy the problem of domain name confusion and cybersquatters.²⁸⁷ The ACPA created a cause of action against defendants who use another's trademark (or a confusingly

²⁸⁵ See *Nissan Motor Co. v. Nissan Computer Corp.*, 378 F.3d 1002, 1019-20 (9th Cir. 2004).

²⁸⁶ *Id.*

²⁸⁷ 15 U.S.C. §1125 (d)(1)(A) (2000); see also H.R. REP. NO. 106-412, at 5 (1999); *Northern Light Tech., Inc. v. Northern Lights Club*, 97 F. Supp. 2d 96, 115 (D. Mass. 2000).

similar mark) in a domain name with the bad faith intent to profit from that use.²⁸⁸ The ACPA has largely solved the cybersquatting problem, while at the same time adequately protecting the First Amendment rights of consumers and competitors. Significantly, the ACPA allows for liability only in circumstances in which a defendant acted with a bad faith intent to profit from the plaintiff's goodwill.²⁸⁹ The ACPA remedies one of the Internet-related problems that may have driven the misguided expansion of initial interest confusion, without creating the problems associated with that doctrine.

b. Online Searches and Metatags

Courts have also used the initial interest confusion doctrine to solve problems that emerge from the use of search engines. Search engines act as intelligent agents for web users, searching text and code online and then sorting results to assist web users in locating information. Search engines do not have the same cognitive abilities that human beings have and cannot as easily distinguish between different trademarks and different uses of trademarks. As folk-rocker Ani DiFranco sings, "we know the difference between the font of '20% More' and the font of 'Teriyaki,'"²⁹⁰ but search engines generally cannot make such distinctions. Intelligent agents are not and may never be very good at distinguishing between a slogan saying "this is Coke" and one saying "this is better than Coke." Similarly, intelligent agents cannot evaluate whether a trademark reference constitutes a parody or other possible fair use. Thus, any framework for resolving online trademark infringement should not rely on search engines to be the arbitrators of trademark law.

Most search engines are private businesses that rely on profits to survive. Therefore, search results are often driven by financial considerations. A number of companies advise businesses on how to increase the likelihood of appearing in search results and how to show up towards the beginning of results lists.²⁹¹ Sometimes search results are determined by financial payments to search engines.²⁹² Some search

²⁸⁸ 15 U.S.C. § 1125(d).

²⁸⁹ See 15 U.S.C. § 1125(d)(1)(A); see also S. REP. NO. 106-140, at 8 (1999); *Interstellar Starship Servs., Ltd. v. Epix, Inc.*, 304 F.3d 936, 946-47 (9th Cir. 2002). It is important to distinguish between people willing to be paid to give up a domain name and those who purchased the domain name seeking to profit by selling it to the trademark holder at the outset.

²⁹⁰ Ani DiFranco, *Fuel*, on LITTLE PLASTIC CASTLE (Righteous Babe Records 1998).

²⁹¹ See, e.g., Yahoo! Search Marketing, <http://www.overture.com> (last visited Aug. 25, 2005); Register Everywhere, Inc., <http://www.registereverywhere.com> (last visited Aug. 25, 2005).

²⁹² See, e.g., Yahoo! Search Marketing, <http://www.content.overture.com/d/USm/ays/> (last visited Aug. 25, 2005); see also *Interstellar Starship Servs.*, 304 F.3d at 945 n.10; Stefanie Olson, Google Plans Trademark Gambit (Apr. 13, 2004), <http://news.com.com/>

engines use metatags as a way of locating and sorting search results. Because some search engines use these metatags as a way of determining search results, website designers sometimes include metatags that do not directly describe their website in order to have their site come up as a search result when consumers look for certain terms online. An astute competitor might include a trademarked term multiple times in his metatags and on his website, hoping that his website will appear higher up in a search results list. The more times a term is mentioned in a site's metatags, the more likely that some search engines will place the website higher in the search results when that term is used for a search.

Increasingly, however, search engines rely less and less on metatags as a way of determining search results, and many search engines discount repeated uses of the same terms.²⁹³ Despite the fact that most search engines no longer use metatags, the bulk of cases involving initial interest confusion and the Internet consider the use of metatags. It is therefore important not only to question the validity of these decisions on their own terms, but also to understand the logic behind these decisions. These court decisions have been and will continue to be applied to other situations online in which website designers, advertisers and search engines seek to control which websites appear in search result lists when a websurfer enters a trademarked term as a search term.

As discussed, the Ninth Circuit in *Brookfield* set the widely embraced precedent that the use of another's trademark in the metatags of a website is infringing.²⁹⁴ Recall that in *Brookfield*, the defendant, West Coast, used the term "moviebuff" in the description and keyword metatags for its video rental store's website. In describing its holding, the *Brookfield* court used an analogy patently inapplicable to the case and to the Internet. The court likened West Coast's actions to the following brick and mortar situation:

Using another's trademark in one's metatags is much like posting a sign with another's trademark in front of one's store. Suppose West Coast's competitor (let's call it "Blockbuster") puts up a billboard on a highway reading—"West Coast Video: 2 miles ahead at Exit 7"—where West Coast is really located at Exit 8 but Blockbuster is located at Exit 7. Customers looking for West Coast's store will pull off at Exit 7 and drive around looking for it. Unable to locate West Coast, but seeing the Blockbuster store right by the highway entrance, they may simply rent there. Even consumers who prefer

2100-1038_3-5190324.html.

²⁹³ See *supra* note 41; see also Goldman, *supra* note 13, at 567 (determining that since 2002 only one major search engine still uses metatags).

²⁹⁴ See discussion *supra* Part I.C.

West Coast may find it not worth the trouble to continue searching for West Coast since there is a Blockbuster right there.²⁹⁵

The court's analogy is wrong on many levels.²⁹⁶ First, the use of another's trademark in metatags is nothing like posting a competitor's trademarked name on a sign in front of one's store. Metatags are never seen by consumers and, therefore, cannot directly serve to pass off one person's good for those of another. Second, West Coast never suggested that it was Brookfield or that it sold Brookfield's MovieBuff database product.²⁹⁷ A more applicable analogy to the actual case would be a Blockbuster advertisement saying "Blockbuster is the best videostore on the West Coast. Exit 7."²⁹⁸

The brick and mortar analogy is also off-base because it overestimates the difficulty in returning to the Internet Highway. It takes seconds to click back to a prior webpage or search result list, or to redirect to another website online, whereas driving off and on the freeway could take many minutes if not longer. Despite the absurdity of the freeway analogy, it has spread like wildfire and is cited without reflection as the basis for finding trademark infringement on the Internet.²⁹⁹

The *Brookfield* decision is also highly suspect because the court's notion that users were "taken" to West Coast's website is grossly inaccurate.³⁰⁰ The use of this language suggests that the panel was unfamiliar with the Internet and with search engines—users are not *hijacked* to particular sites after using a search engine, but instead are given a list of links which they can then choose to navigate to or not. Furthermore, as discussed, West Coast's website was clearly labeled in the search results, so it was unlikely that anyone went to that website thinking it was something other than the West Coast Video site.

Since the time of *Brookfield*, market forces have remedied some of the courts' concerns related to online searches. Internet search engines

²⁹⁵ *Brookfield Commc'ns, Inc. v. West Coast Entm't Corp.*, 174 F.3d 1036, 1064 (9th Cir. 1999).

²⁹⁶ A number of other scholars have criticized *Brookfield's* highway analogy. See, e.g., Dogan & Lemley, *supra* note 13, at 815-16; Klein & Glazer, *supra* note 13, at 1060 (criticizing *Brookfield* highway analogy). But see McCarthy, *Trademarks, Cybersquatters*, *supra* note 12, at 235-36 (complimenting the "nice" billboard hypothetical based on a "metaphor" he had proposed).

²⁹⁷ The *Brookfield* court also made much of the fact that West Coast omitted the space between "movie" and "buff." This logic again suggests a lack of familiarity with the technology and with the industry practice. Online search engines do not generally differentiate between capital letters and lower case ones or between words with and without spaces. Thus, online there is little difference between "movie buff," "moviebuff" and "MovieBuff."

²⁹⁸ Because the motto of West Coast included "movie buff" and "movie buff" is a legitimate term to associate with a video rental store, use of the term in the metatags and text of the website should not have been deemed infringing. See discussion *infra* at Part I.C.

²⁹⁹ See *supra* note 36.

³⁰⁰ *Brookfield*, 174 F.3d at 1062.

now more clearly label search results and differentiate links from advertisements or sponsored (or paid) links.³⁰¹ Some of these changes are no doubt driven by potential liability, but many of them also make good business sense because consumers can more easily find what they are looking for and search engines can profit from companies paying for the prominent sponsored links and advertisements.

Even though Congress and the market itself have subsequently solved some of the more troubling problems with the Internet that led to the expansion of the initial interest confusion doctrine, the courts have let the genie out of the bottle. Now, speech over the Internet is severely chilled by the misguided doctrine, and the plethora of Internet-based initial interest confusion precedents are being used in offline contexts to hold liable individuals and companies in situations that would not previously have been actionable.

IV. FAIR USE IS NOT AN ADEQUATE SOLUTION

Some scholars have suggested that the best way to put a stop to the expansion of trademark protection is to more vigilantly apply fair use in the trademark context.³⁰² This approach is flawed. First, and most importantly, it has not worked to date. Despite pleas to broaden the application of fair use, courts often reject the defense in circumstances in which it should apply. Even when courts uphold the fair use defense, their decisions are inconsistent and unpredictable; therefore, defendants cannot safely rely on the defense.³⁰³

Additionally, the fair use defense provided by the Lanham Act applies only when a trademark is being used in a non-trademark sense to describe the defendant's own goods or services.³⁰⁴ The Act provides a defense when a word is used not as a mark, but as "descriptive of and used fairly and in good faith only to describe the goods or services of such party, or their geographic origins."³⁰⁵ For example, a vintner with a trademarked name of Napa Valley Winery could not prevent others from indicating that their grapes were grown in the Napa Valley region

³⁰¹ Notably, this was already the case in the *Playboy Enterprises v. Netscape Communications Corp.* case, yet the Ninth Circuit found this differentiation to be insufficient. *See Playboy Enters. v. Netscape Comm'ns Corp.*, 354 F.3d 1020 (9th Cir. 2004).

³⁰² *See, e.g.*, Dreyfuss, *supra* note 63, at 423-24 (arguing that broader application of the fair use defense could remedy expansion of trademark law); *cf.* LANDES & POSNER, *ECONOMIC STRUCTURE*, *supra* note 63, at 217 (relying on fair use to compensate for their proposed expansion of copyright protection).

³⁰³ *See* Pierre N. Leval, *Trademark: Champion of Free Speech*, 27 COLUM.-VLA J.L. & ARTS. 187, 205 (2004) (describing unpredictable application of fair use defense).

³⁰⁴ 15 U.S.C. § 1115(b)(4) (2000).

³⁰⁵ *Id.*

of California. The statute does not provide a defense, however, when reference is made to the trademarked good or service itself. For example, the defense would not apply to an advertisement that said “Stag’s Leap’s Cabernet far surpasses that of Napa Valley Winery.” Therefore, the statutory fair use defense does not resolve the problem in most initial interest confusion cases because in most cases a defendant is referring to the trademarked product or service of another rather than describing its own good.

In some circuits, though not all, the possible fair use defense to trademark infringement has been expanded beyond the statutory grounds. As discussed, the statutory fair use defense does not allow the use of a mark in its trademark sense; therefore, comparison advertisements, commentary on trademarked goods and services, as well as objective references to trademarked products, are not protected by the traditional fair use defense. To remedy this problem, the Ninth Circuit developed the nominative fair use defense in *New Kids on the Block v. News America Publishing Inc.*³⁰⁶ The nominative fair use defense allows a defendant to “use[] a trademark to describe the plaintiff’s product, rather than its own.”³⁰⁷ The defense specifically applies when:

First, the product or service in question [is] one not readily identifiable without use of the trademark; second, only so much of the mark or marks may be used as is reasonably necessary to identify the product or service; and third, the user must do nothing that would, in conjunction with the mark, suggest sponsorship or endorsement by the trademark holder.³⁰⁸

Though a step in the right direction, the nominative fair use defense is not an adequate remedy to solve the problems created by initial interest confusion. As an initial matter, not all circuits have adopted the defense.³⁰⁹ Moreover, there is a dispute over whether confusing uses can ever be fair uses.³¹⁰ *New Kids* explicitly limits

³⁰⁶ 971 F.2d 302 (9th Cir. 1992). As Judge Kozinski describes, without being able to use a trademark, “[m]uch useful social and commercial discourse would be all but impossible if speakers were under threat of an infringement lawsuit every time they made reference to a person, company or product by using its trademark.” *Id.* at 306-07.

³⁰⁷ *Id.* at 308.

³⁰⁸ *Id.*

³⁰⁹ See, e.g., *PACCAR Inc. v. TeleScan Techs., L.L.C.*, 319 F.3d 243, 256 (6th Cir. 2003) (“This circuit has never followed the nominative fair use analysis We are not inclined to adopt the [nominative fair use analysis] here.”); *Ty, Inc. v. Publ’ns. Int’l, Ltd.*, No. 99 C 5565, 2005 WL 464688, at *6 (N.D. Ill. Feb. 25, 2005) (“The Court of Appeals for the Seventh Circuit has not ruled on the applicability of the nominative fair use defense, nor the standards by which a claim of nominative fair use should be evaluated.”); *Bijur Lubricating Corp. v. Devco Corp.*, 332 F. Supp. 2d 722, 733-34 n.6 (D.N.J. 2004) (3d Circuit has not addressed issue of nominative fair use).

³¹⁰ See MCCARTHY, *supra* note 12, § 23:11 (if there is a likelihood of confusion, defendant cannot avail itself of the nominative fair use defense). The Supreme Court’s recent decision in

nominative fair use to situations in which the public is not deceived.³¹¹ The nominative fair use defense, therefore, essentially devolves simply to a likelihood of confusion analysis. Many of the initial interest confusion scenarios that I have described involve situations in which there is no likelihood of confusion; however, because courts have deemed initial interest confusion to meet the standard of likelihood of confusion, such cases might be considered deceptive for purposes of applying *New Kids*.

The nominative fair use defense has also been repeatedly rejected in initial interest confusion cases, even in circuits that recognize the defense. The *Brookfield* court, for example, rejected a nominative fair use defense for West Coast's use of "moviebuff" in its metatags.³¹² In *Netscape Communications*, the Ninth Circuit rejected a nominative fair use defense because the banner advertisements on a website were not clearly labeled.³¹³ Most troubling for the usefulness of a nominative fair use defense in the initial interest confusion context, the *Netscape* court suggested that because the advertisers could communicate their message without keying to Playboy's trademarked terms, even labeling the advertisements might not allow for a fair use defense.³¹⁴ Many courts have also rejected parody as a fair use defense to trademark infringement—cabining consideration of parody to the likelihood of confusion analysis.³¹⁵ Thus, fair use on its own cannot adequately limit the excesses of the initial interest confusion doctrine.

KP Permanent Make-Up, Inc. v. Lasting Impression I, Inc., 125 S. Ct. 542 (2004), did not decide the issue. In *KP Permanent*, the Supreme Court suggested that at least some confusion must be tolerated in the context of the *statutory* fair use defense when descriptive marks are at issue. The Court did not address the validity of the nominative fair use defense or its parameters. Nor did the Court delineate whether confusion could ever be a basis to defeat a fair use defense.

³¹¹ *New Kids*, 971 F.2d at 308.

³¹² *Brookfield Commc'ns, Inc. v. West Coast Entm't Corp.*, 174 F.3d 1036, 1066 (9th Cir. 1999); *see also* *Horphag Research, Ltd. v. Pellegrini*, 337 F.3d 1036, 1041 (9th Cir. 2003); *Wells Fargo & Co. v. WhenU.com, Inc.*, 293 F. Supp. 2d 734, 762-63 (E.D. Mich. 2003). *But see* *Playboy Enters. v. Welles*, 279 F.3d 796 (9th Cir. 2002).

³¹³ *Playboy Enters. v. Netscape Commc'ns Corp.*, 354 F.3d 1020, 1029-31 (9th Cir. 2004).

³¹⁴ *Id.*

³¹⁵ *See, e.g.,* *Elvis Presley Enters. v. Capece*, 141 F.3d 188 (5th Cir. 1998) (considering parody as factor in likelihood of confusion analysis, but rejecting parody as affirmative defense to trademark infringement claim); *Eli Lilly & Co. v. Natural Answers, Inc.*, 233 F.3d 456, 463 (7th Cir. 2000) ("[A] parody . . . still runs afoul of the trademark laws if it is likely to confuse consumers."); *OBH, Inc. v. Spotlight Magazine, Inc.*, 86 F. Supp. 2d 176, 191 (W.D.N.Y. 2000) (rejecting initial interest confusion doctrine because parody was considered initially confusing); *see also* COOMBE, *supra* note 229, at 75 (not clear that parody is a defense under trademark law); MCCARTHY, *supra* note 12, § 31:154; Trademark Manual of Examining Procedure § 1207(b)(x).

V. PROPOSED REFORMS

A. *Eliminate Initial Interest Confusion and Reclaim Pre-Sale Confusion*

Courts should reject the initial interest confusion doctrine either by taking the issue en banc and reversing it, or by not adopting the doctrine in their circuit. If necessary, the issue should be heard by the Supreme Court and resolved clearly and decisively. The likelihood of consumers being distracted, interested, diverted or attracted to another product or service does not and should not constitute trademark infringement or unfair competition. Simply put, providing consumers choices should not form the basis of trademark infringement. The Lanham Act requires a demonstration that confusion, mistake or deception is likely. Moreover, as discussed, sound public policy and the framework of trademark law require a showing of likely confusion before trademark infringement can be found.

Nevertheless, trademark infringement can and should be found when consumers are likely to be confused, even if this confusion precedes the time of sale. As discussed, such confusion harms consumers and unfairly trades off another's goodwill through deception. Such confusion was explicitly made actionable by the 1962 amendments to the Lanham Act.³¹⁶ To remedy this wrong—without creating the host of problems inherent in initial interest confusion—“initial interest confusion” should be eliminated and replaced with the more precise framework of “pre-sale confusion.” The shift to pre-sale confusion will clearly establish that simply causing “initial interest” cannot form the basis of a trademark infringement action.

While some courts that use the term “initial interest confusion” do limit the action to circumstances in which there is a demonstration of likely confusion prior to the time of sale, many courts use the term to mean both pre-sale confusion and initial interest absent likely confusion.³¹⁷ Several scholars who have criticized the recent expansion of the initial interest confusion doctrine have suggested that courts should simply be more stringent about requiring a showing of the

³¹⁶ In this respect, the First Circuit is off-base in rejecting trademark infringement in instances in which likely confusion occurs prior to or after the point of purchase. *See, e.g., Astra Pharm. Prods., Inc. v. Beckman Instruments, Inc.*, 718 F.2d 1201, 1207-08 (1st Cir. 1993) (limiting confusion analysis to time of purchase).

³¹⁷ *See* discussion *supra* Part II; *see also* RICHARD L. KIRKPATRICK, LIKELIHOOD OF CONFUSION IN TRADEMARK LAW § 1:7 (2004) (describing initial interest confusion as trademark infringement based on “initial interest” that is caused by initial confusion which is later dispelled); *see also* Klein & Glazer, *supra* note 13, at 1035-38 (using initial interest confusion and pre-sale confusion interchangeably).

likelihood of confusion.³¹⁸ For example, Stacey Dogan and Mark Lemley, in their recent article criticizing a number of cases involving the use of trademarks on the Internet, maintain that initial interest confusion remains a “useful lens.” Despite criticizing the application of the doctrine in specific cases, they ultimately conclude that the law does not need changing.³¹⁹ In their minds, courts simply need to do a better job of applying the likelihood of confusion standard. Although I agree with many of their criticisms of the application of the doctrine, their solution of encouraging courts to more stringently apply the existing likelihood of confusion standard is overly optimistic given the vast number of precedents decided over several decades that use the term “initial interest confusion” in circumstances where there is no confusion. As I have discussed, the term itself is misleading, and courts will not be able to undo the damage caused by precedents applying the doctrine without starting anew. Even though initial interest confusion could be limited to circumstances in which likely confusion is demonstrated, the best way to stop the doctrinal creep that has resulted from the use of the term “initial interest” is to completely eliminate it. The use of the term pre-sale confusion will firmly focus courts’ attention on the likelihood of confusion requirement. As long as the phrase “initial interest” is thrown into the mix, at least some courts will be diverted from the confusion requirement. Moreover, establishing a clearly delineated pre-sale confusion analysis allows the scope of liability for such confusion to be strictly limited. My recommendations for limiting pre-sale confusion are discussed below:

1. Should Consider Only Reasonably Prudent Potential Purchasers

Only confusion as to source, sponsorship or affiliation is actionable as trademark infringement. Confusion unrelated to the identification and distinguishing of goods and the companies involved in making or sponsoring those goods is irrelevant. Even though actionable confusion can occur both before and after the time of sale, as well as among individuals who never actually consummate a purchase, consideration of confusion should be limited to that of *potential* purchasers.³²⁰

This limitation is supported by the legislative history to the 1962 amendment to the Lanham Act, which removed the word “purchasers,”

³¹⁸ See, e.g., Dogan & Lemley, *supra* note 13, at 837-38; Cody, *supra* note 13, at 684-85 (suggesting remedy that courts apply likelihood of confusion factors to initial interest confusion analysis).

³¹⁹ Dogan & Lemley, *supra* note 13, at 838.

³²⁰ H.R. REP. NO.87-1108, at 4 (1961); see also *Beacon Mut. Ins. Co. v. OneBeacon Ins. Group*, 376 F.3d 8, 10 (1st Cir. 2004); *Elec. Design & Sales v. Elec. Data Sys.*, 954 F.2d 713, 716 (Fed. Cir. 1992).

but made clear that it was broadening consideration only to “*potential purchasers*,” not to the general population.³²¹ Simply as a policy matter, courts and juries should only consider potential purchasers. People who are not likely to buy a particular product or category of good are much more likely to be confused than potential purchasers. Furthermore, their confusion is irrelevant because it will not harm them or the goodwill of the businesses involved.³²²

When evaluating trademark infringement, courts should focus on the *reasonably prudent* potential purchaser.³²³ In the Internet context, courts should consider what a reasonable online shopper would think when faced with an allegedly infringing use. This does not mean that courts should evaluate only what a professional hacker or computer science major would think but simply that the first-time Internet user should not be the litmus test of whether a pop-up ad or search result is confusing.³²⁴ In addition, courts should keep in mind that as users become more familiar with new technology, it will become less likely that they will be confused. Crucially, courts should not short-circuit the likelihood of confusion analysis when analyzing pre-sale confusion. Instead, they should review all of the factors that normally would be reviewed if confusion occurred at the time of sale.

2. De Minimis Pre-Sale Confusion Should not be Actionable

At the outset, it is important to set forth what type of pre-sale confusion matters. Findings of infringement on the basis of pre-sale confusion should be limited to circumstances in which there is more than de minimis confusion.³²⁵ Allowing de minimis confusion is necessary to give competitors sufficient freedom to compete and to express themselves without fear of liability. Many courts considering an initial interest confusion theory have rejected the possibility that de minimis confusion is harmless, and find any, even momentary,

³²¹ H.R. REP. NO. 87-1108, at 4.

³²² *But see* MCCARTHY, *supra* note 12, § 23:76 (suggesting that the 1962 amendments broadened the Lanham Act to consider confusion of anyone, including consumers who are not potential purchasers); 3A ALTMAN, *supra* note 37, § 21:1 (suggesting that potential confusion of anyone is actionable).

³²³ Using a reasonably-prudent-potential-purchaser standard is not a novel suggestion, but many courts have not applied this standard, especially in the initial interest confusion context.

³²⁴ Trademark law protects neither the dimwitted nor the inexperienced. In a situation where goods are traded among experienced wholesalers, rather than the public at large, one should only consider whether wholesalers would be confused.

³²⁵ The legal term de minimis is short hand for the doctrine of *de minimis non curat lex* which “loosely translated [means] that the law does not take notice of, or concern itself, with very small or trifling matters.” STUART BIEGEL, BEYOND OUR CONTROL? CONFRONTING THE LIMITS OF OUR LEGAL SYSTEM IN THE AGE OF CYBERSPACE 306 (2003).

confusion a basis for trademark infringement.³²⁶ Because making pre-sale confusion actionable greatly expands the circumstances in which trademark infringement can be found and it is more difficult to assess than point-of-sale confusion, it is important to limit pre-sale confusion to circumstances which are more than *de minimis*. Moreover, in contrast to point-of-sale confusion, in pre-sale confusion situations there is time for the confusion to be remedied before there is likely to be a significant impact on the consumer. *De minimis* confusion is therefore not likely to significantly harm consumers or trademark holders.

In evaluating whether pre-sale confusion is merely *de minimis*, courts should consider a consumer's likely expenditure of time and money as a result of the pre-sale confusion. Of the few courts that have applied a *de minimis* confusion analysis in the initial interest confusion context, most have linked the analysis to situations in which the "*ultimate purchase decision*" is not affected.³²⁷ But that is a troubling standard because it punishes fair competition. Once again, it puts the emphasis solely on business interests rather than on consumers. The point is not whether a defendant profits from reference to another's trademark but whether potential purchasers are likely to be confused. Moreover, this approach ignores the Lanham Act's broadening out in 1962 to consider confusion that does not relate to purchasing.

It is true that even *de minimis* confusion may make it more likely that a consumer will purchase a defendant's product because the consumer may have more positive feelings towards a product due to an association with the trademark holder's product.³²⁸ It is not easy, however, to evaluate what affects a consumer's purchasing choices. Subliminal reactions should therefore not be actionable.³²⁹ Moreover, *de minimis* confusion may in fact build interest in a trademark holder's product and ultimately be a form of free advertising.³³⁰

³²⁶ See, e.g., *Brookfield Commc'ns, Inc. v. West Coast Entm't Corp.*, 174 F.3d 1036, 1062 (9th Cir. 1999); *1-800 Contacts, Inc. v. WhenU.com*, 309 F. Supp. 2d 467, 493 (S.D.N.Y. 2003), *rev'd on other grounds*, 414 F.3d 400 (2d Cir. 2005); *BigStar Entm't, Inc. v. Next Big Star Inc.*, 105 F. Supp. 2d 185, 207 (S.D.N.Y. 2000); see also discussion *supra* Part II.D.

³²⁷ See, e.g., *Astra Pharm. Prods., Inc. v. Beckman Instruments, Inc.*, 718 F.2d 1201, 1207-08 (1st Cir. 1983) (holding that temporary confusion in the context of sophisticated purchasers that was undoubtedly cleared up by the time or purchase was "*de minimis*"); *CCBN.Com. Inc v. C-Call.com, Inc.*, 73 F. Supp. 2d 106, 113 (D. Mass. 1999) (rejecting infringement claim based on *streetevents.com* versus *streetfusion.com* because confusion was *de minimis*); see also Sharrock, *supra* note 13, at 75-76 (suggesting limiting initial interest confusion to situations in which ultimate purchasing decision is affected).

³²⁸ See generally Gerald M. Kosicki, *The Media Priming Effect: News Media and Considerations Affecting Political Judgments*, in *THE PERSUASION HANDBOOK: DEVELOPMENTS IN THEORY AND PRACTICE* 63 (James Price Dillard & Michael Pfau eds., 2002).

³²⁹ See Jennifer Kahn, *The Bogus Science of Cool*, *WIRED*, Oct. 2004, at 138, 142 (describing difficulty in evaluating consumer responses to commercial stimuli when tracked by MRIs).

³³⁰ Cf. LANDES & POSNER, *ECONOMIC STRUCTURE*, *supra* note 63, at 153-54 (describing in copyright context how *de minimis* quotations of original works increase demand and interest in

Additionally, to the extent that there is some positive association made based on de minimis pre-sale confusion, trademark holders have other avenues to remedy this supposed wrong. To the extent that the association is very strong, a defendant's actions may rise to the level of dilution and be separately actionable under such a theory. For example, Herbrozac should not be found to infringe Prozac's trademark, but Eli Lilly might be able to establish evidence of actual dilution of its mark because of the similarity of the trade names.³³¹

Limiting actionable confusion to that which is more than de minimis allows for the use of disclaimers to remedy short-lived pre-sale confusion. For example, if a websurfer looking for the United Airlines website accidentally types in "untied.com" instead of "united.com" and finds herself at a site that criticizes United Airlines and immediately realizes that she is not at the United site, there should be no pre-sale confusion action. Her confusion is momentary; she has expended no money and very little time as a result of the confusion. She can easily click back and retype her domain name or visit a search engine to find the proper United site. This should be true even though the Untied site provides links to airlines that compete with United. Requiring a showing of more than de minimis confusion maximizes the public good by narrowly defining trademark protection.

3. Other Suggested Limits on Doctrine are Flawed

Some courts and scholars have tried to limit the initial interest confusion doctrine. The suggested restrictions, however, inadequately protect both consumers and legitimate competitors in the marketplace. I have already critiqued one such suggestion—the requirement that the ultimate purchasing decision be affected.³³² Another suggested limit on initial interest confusion is to apply the doctrine only to situations in which the defendant intended to confuse consumers.³³³ A recent decision by the Second Circuit adopted this approach for initial interest confusion cases involving the Internet.³³⁴ The basis for this additional requirement online is the ease with which "consumers diverted on the Internet [can] get back on track."³³⁵ There is no statutory or historical

original work).

³³¹ See discussion *supra* Parts II.B.2.b and III.B.2.

³³² See discussion *supra* Part V.A.2.

³³³ See, e.g., *Interstellar Starship Servs. v. Epix Inc.*, 125 F. Supp. 2d 1269, 1278-80 (D. Ore. 2001) (limiting initial interest confusion to circumstances involving bad faith (citing *Hasbro, Inc. v. Clue Computing, Inc.*, 232 F.3d 1, 2 (1st Cir. 2000))).

³³⁴ *Savin Corp. v. Savin Group*, 391 F.3d 439, 462 n.13 (2d Cir. 2004).

³³⁵ *Id.*

basis for adding the requirement of demonstrating intent.³³⁶ In fact, much to the contrary, the statute and legislative history expressly allow injunctive relief absent a showing of intent. As discussed, consumers and businesses must be protected even from unintentional deception. Thus, the added requirement of proving intent is not an acceptable solution to the excesses of initial interest confusion.³³⁷

Some courts and scholars have suggested that when a defendant does not compete with the plaintiff, initial interest confusion should not be actionable.³³⁸ For example, the Ninth Circuit in *Interstellar Starship Services Ltd. v. Epix Inc.*³³⁹ held that a defendant could use a plaintiff's trademarked term "epix" in its domain name because the two businesses did not sell competing products.³⁴⁰ The defendant advertised a cabaret show accompanying a local screening of *The Rocky Horror Picture Show*, whereas the plaintiff sold digital imaging products.³⁴¹ The *Interstellar Starship* court suggested that initial interest confusion could occur only if the two parties were selling competing products.³⁴²

The court correctly rejected the application of initial interest confusion to the facts of the case, but its limitation of trademark

³³⁶ Congress wrote in an intent requirement for recovery of economic damages, but not for injunctive relief. See 15 U.S.C. § 1114(1)(b) (2000). Congress specifically left out of the Lanham Act the requirement of demonstrating intent, which was an element of the common law action for deceit.

³³⁷ A recent student note suggests that in the Internet context, initial interest confusion should apply only when there is an intent to "free-rid[e]" on the trademark holder's business. See *Confusion in Cyberspace*, *supra* note 12, at 2409-10; see also Maynard, *supra* note 13, at 1349-50 (suggesting that initial interest confusion be limited to circumstances in which a defendant acts in bad faith). As I discuss, an intent requirement underprotects consumers and trademark holders. The note's suggestion is additionally flawed because it is based solely on a showing of intent to compete and would prevent lawful competition absent any showing of likely confusion. See discussion *supra* Part III.B.1.

³³⁸ See, e.g., *Interstellar Starship Servs. Ltd. v. Epix, Inc.*, 304 F.3d 936 (9th Cir. 2002); *Checkpoint Sys., Inc. v. Check Point Software Techs., Inc.*, 269 F.3d 270, 295-97 (3d Cir. 2001); see also *Nissan Motor Co. v. Nissan Computer Corp.*, 378 F.3d 1002, 1019-20 (9th Cir. 2004) (holding that computer company using word "nissan" in domain name cannot advertise automobiles without violating trademark rights of Nissan Motor Co.); *Brookfield Commc'ns, Inc. v. West Coast Entm't Corp.*, 174 F.3d 1036, 1056 (9th Cir. 1999) (noting that confusion is more likely if a competitor's website sells similar products); *Golden West Fin. v. WMA Mortgage Servs.*, No. C 02-05727, 2003 WL 1343019, at *6-7 (N.D. Cal. Mar. 13, 2003) (limiting *Brookfield* to situation of competitors); *Network Network v. CBS*, No. CV 98-1349, 2000 WL 362016, at *8-9 (C.D. Cal. Jan. 18, 2000); *Chatam Int'l, Inc. v. Bodum, Inc.*, 157 F. Supp. 2d 549, 558-59 (E.D. Pa. 2001); *Northland Ins. Cos. v. Blaylock*, 115 F. Supp. 2d 1108, 1119-20 (D. Minn. 2000) (stating that initial interest confusion is only actionable when there is commercial gain); *Dogan & Lemley*, *supra* note 13, at 826; Maynard, *supra* note 13, at 1349; *Confusion in Cyberspace*, *supra* note 12, at 2408-09.

³³⁹ 304 F.3d 936 (9th Cir. 2002).

³⁴⁰ *Id.* at 943-46.

³⁴¹ *Id.* at 938-40.

³⁴² *Id.* at 943-46. The *Interstellar Starship* court suggests that the Lanham Act has a component that requires that a defendant be able to capitalize off misdirecting traffic; however, nowhere in the Lanham Act is such a requirement set forth. *Id.* As discussed, the impact on business is not a direct consideration under the explicit language of the Act.

infringement to circumstances in which businesses are competing does not conform with the requirements and purposes of trademark law. The limiting of initial interest confusion to competitive situations defies logic because any initial interest confusion would likely precede the discovery that products were different (i.e., non-competing); therefore the relatedness of the products is not highly relevant to consumer confusion. Moreover, because consumers can be misled even when non-competing goods are involved, limiting actionable confusion to competitive situations does not adequately protect consumers.

Courts must strike a careful balance between reducing likely confusion and allowing fair competition; however, it does not make sense for this balance to turn on the basis of competition itself. Direct competitors need to be able to mention a competitor's trademark. Such comparative advertisements and commentary are necessary for fair competition, promotion of consumer interests and free speech. At the same time, confusion caused by non-competitors should be actionable because it may harm consumers. For example, suppose a company named itself Sony and started selling cars under that name. A consumer might be more inclined to purchase a car from Sony, mistakenly thinking that the car was manufactured by the Sony that makes first-rate electronics. This confusion should be actionable if consumers are likely to be confused even if the famous Sony Corporation does not sell cars and will, therefore, not lose any money from the confusion. Why? Because the consumer's confusion may have led him to buy a car he otherwise might not have bought. The limitation of initial interest confusion to competing situations again demonstrates the misguided focus on producers rather than consumers when analyzing trademark claims. Moreover, to the extent that the competitive proximity of two products or services increases the likelihood of confusion, such competitive proximity is already considered as part of the traditional likelihood of confusion analysis.

Applying the proposed pre-sale confusion doctrine would remedy the troubling outcomes in a host of cases that have applied the initial interest confusion doctrine. West Coast would not have been held liable for trademark infringement for using "moviebuff" in its metatags. Natural Answers would not have committed trademark infringement for using Herbrozac to name its natural anti-depressant. Penguin Books would not have infringed Dr. Seuss's mark with its book *The Cat Not in the Hat*. In each of these instances there was no likelihood of confusion. Under the pre-sale confusion doctrine, absent such a showing, trademark infringement could not be found.

B. *Pre-Sale Confusion Analysis Applies Equally to the Internet*

The pre-sale confusion doctrine does not require special rules for the Internet. The bulk of commentators that have criticized initial interest confusion have suggested that it should not apply online or that different rules should apply to the Internet.³⁴³ As a general principle, I reject the notion that laws, especially long-standing tort and intellectual property laws, need to be changed when applied to a new medium.³⁴⁴ It is true that when a new medium presents itself courts are often presented with novel facts and circumstances that result in different outcomes, but the likelihood of confusion test works equally well online and offline. The pre-sale confusion doctrine would apply with equal force, and without need for alteration, to the Internet.

For example, in evaluating the question of whether using another's trademarks in metatags can ever be confusing, current trademark law and the pre-sale confusion doctrine provide sufficient answers. While many scholars to date have treated the metatag question as an all-or-none question,³⁴⁵ the answer depends on the specifics of the use of the mark in the metatags. Where courts have gone astray is not in holding that the use of trademarks in metatags *can* be confusing, but in holding that such uses are *always* confusing. Because search engines, using both humans and intelligent agents, search the web and provide search results upon which consumers rely, there is a convincing argument that the use of metatags that *deceive* search engines should constitute trademark infringement even though most consumers do not see the tags. If words used in the keyword or description metatags do not accurately describe those websites, then they are deceptive and may provide grounds for trademark infringement. If the metatags fairly describe the website or the category of product, however, then they

³⁴³ See *supra* note 13.

³⁴⁴ See Jennifer E. Rothman, *Freedom of Speech and True Threats*, 25 HARV. J.L. & PUB. POL'Y 283, 331 (2001); see also *Batzel v. Smith*, 333 F.3d 1018, 1020 (9th Cir. 2003) (questioning why Congress chose to change traditional defamation in online context). But see MCCARTHY, *supra* note 12, § 31:152 (suggesting that medium is key to determining infringement); BIEGEL, *supra* note 325, at 25-49 (discussing different approaches to applying the law on the Internet).

³⁴⁵ See, e.g., Bakken, *supra* note 13, at 27-28 (suggesting that metatags are not confusing because consumers do not see them); Yelena Dunaevsky, Comment, *Don't Confuse Metatags with Initial Interest Confusion*, 29 FORDHAM URB. L.J. 1349, 1378 (2002) (same); Kurt M. Saunders, *Confusion is the Key: A Trademark Law Analysis of Keyword Banner Advertising*, 71 FORDHAM L. REV. 543, 552-57 (2002) (suggesting that absent fair use defense, use of another's trademark in metatags is confusing); Rachel Jane Posner, Note, *Manipulative Metatagging, Search Engine Baiting & Initial Interest Confusion*, 33 COLUM. J.L. & SOC. PROBS. 439, 505 (2000) (agreeing with *Brookfield* that use of another's trademark in metatag is infringing).

should not constitute trademark infringement even if a defendant uses another's trademark in the tags.

In the *Brookfield* case, West Coast should not have been held liable for using "moviebuff" to describe its website. Its trademarked slogan included the word "movie buff," a generic term for a movie enthusiast; thus, there is nothing deceptive or confusing about describing its site with a metatag using the word "moviebuff." Similarly, Garcia should be able to use the term "Pycnogenol" in the metatags for his website selling the identical herbal supplement under the brand name Masquelier. The use of the term "Pycnogenol" accurately describes the website because Masquelier is a similar product to Pycnogenol and consumers should be able to compare them. The description is also accurate because Pycnogenol is the name used in the scientific studies of the product and the product is sold under that trademark in Europe and other countries.

When a metatag misrepresents a website, this deception should be used as evidence of likely confusion. For example, in *Niton Corp. v. Radiation Monitoring Devices, Inc.*,³⁴⁶ the defendant, Radiation Monitoring, copied all of the plaintiff's metatags and used them for its own website. Those metatags were deceptive because they included terms that had no relevance to Radiation's own website or products. One of the listed keywords was "radon," something neither used in Radiation's products nor referred to in the website. Most significantly, Radiation described itself in its source code as the "Home Page of Niton Corporation."³⁴⁷ These tags do not accurately describe the site or product of Radiation and are likely to cause confusion as to source, sponsorship, or affiliation. Thus, under the pre-sale confusion doctrine likely confusion would be found. If this confusion were not de minimis, i.e., quickly resolved upon landing on the website, it would be actionable infringement. Because of Radiation's claim that it was the home page for Niton, there is a likelihood that such pre-sale confusion would not quickly be remedied because websurfers would likely be convinced that they had chosen the correct site for Niton.

Other Internet-based trademark questions have and will arise (such as pop-up ads, keyed advertisements, deep-linking, and framing)³⁴⁸ and

³⁴⁶ 27 F. Supp. 2d 102 (D. Mass. 1998).

³⁴⁷ *Id.* at 104.

³⁴⁸ I have already discussed pop-up ads and banner ads. Deep-linking arises when one website takes you to another website but skips the home page of the website and perhaps several other pages that a websurfer would normally have to go through if he accessed a website directly. An example of deep-linking follows: suppose I go to Usher's website to buy tickets for one of his concerts and click on a link saying "buy tickets for the Los Angeles concert date," and am then taken to the Ticketmaster website and the exact page where one can buy tickets for this concert. By deeplinking me to this page, Usher's website has allowed me to bypass many webpages of the Ticketmaster site, and probably numerous paid advertisements that Ticketmaster had hoped I would read. Under the pre-sale confusion test, so long as I know that I'm at the Ticketmaster

they can all be resolved using the pre-sale confusion and likelihood of confusion tests. Thus, the pre-sale confusion test works equally well in both online and offline situations and allows fair competition consistent with the requirements of the First Amendment, the Lanham Act, the policies underlying trademark protection, and other intellectual property laws.

C. *Structural Changes to the Internet*

Even with the application of the pre-sale confusion doctrine, there may still be some instances online in which a trademark holder's website gets buried in search results. This problem should not be remedied by expanding legal doctrine or legislation, but instead by making some structural changes to webpage design and search engine algorithms. Such changes will likely come about naturally through market forces. These changes will be superior to judicial and congressional second-guessing because Internet businesses can adapt much more rapidly to evolving technology. It is not the role of trademark law to solve every possible business problem for trademark holders.

Many Internet-related issues confronting courts such as banner advertisements, keyed advertisements, the use of metatags, and the order and content of search results are products of the way search engines work. Several possible structural changes to webpages and search engine algorithms could remedy some of these problems. For example, search engines could require web designers to use source code that identifies a "Trademark Metatag."³⁴⁹ The Trademark Metatag would identify the trademark name of the owner or sponsor of a website. Only the lawful trademark holder would be able to use the trademark in the Trademark Metatag. Search results could then be

website when I buy my tickets there is no likely confusion. If I thought I was buying them from Usher then there could be actionable confusion.

Framing occurs when one website links to another but frames the new website with its own advertising or text. The standard likelihood of confusion and pre-sale confusion analyses can resolve such cases.

³⁴⁹ I am not the first to make such a proposal. Dan McCuaig also suggested such a solution in his article, *Halve the Baby: An Obvious Solution to the Troubling Use of Trademarks as Metatags*, 18 J. MARSHALL J. COMPUTER & INFO. L. 643 (2000). Despite McCuaig's suggestion that the solution was "obvious," it has not been undertaken five years later. Given the changing legal climate, there may be more interest in the suggestion today. Another possible solution proposed by James A. Rossi is to add another top level domain for trademark holders. See Rossi, *supra* note 12, at 348. This is a good idea, but will have problems when there are two legitimate trademark holders and will not address the use of trademarks in the metatags or websites of competitors or non-competitors.

organized with the trademark results separated out from the other results.

Search engines and trademark holders have a strong incentive to put such a system in place. Consumers who are looking for the website of the trademark owner will prefer to have that result at the top of the list, and the trademark holder would obviously benefit as well. Some search engines could provide consumers a choice—Google could have a box that you check if you want only results with trademark holders of the term you entered. For example, if I only wanted the official iTunes website, I could check the box, but if I wanted to see other services I could do a broader-based search. Using the Trademark Metatag would protect trademark holders, but it would also benefit consumers by allowing websurfers to compare similar products and review commentaries about trademarked products. This result best promotes fair competition, free speech, and the public interest. The use of the Trademark Metatag would be enforced by the traditional likelihood of confusion analysis. If a non-trademark holder used a trademark in its Trademark Metatag, that would be grounds for a finding of either trademark infringement or unfair competition. Because such a use would likely be in bad faith, a defendant would be liable for damages.

Because search engines are more useful the more relevant their results are, there is an incentive for search engines to continually work to improve the algorithms they use to sort search results. Search engine technology will continually evolve—search engines are the yellow pages and card catalogues of the 21st Century—and courts and Congress should give them a wide berth to develop and improve rather than burdening the system with extensive liability and legislation.

CONCLUSION

The expansion of trademarks in recent years in a variety of areas makes the need to reign in the initial interest confusion doctrine even more pressing. As several scholars have noted, trademarks have increasingly become entities separate and apart from particular goods and services.³⁵⁰ Trademark infringement actions used to be limited to

³⁵⁰ See Litman, *Breakfast for Batman*, *supra* note 63, at 1721-25 (describing variety of ways in which there has been a vast expansion of trademark protection); Mark A. Lemley, *The Modern Lanham Act and the Death of Common Sense*, 108 YALE L.J. 1687, 1688 (1999); see generally Kozinski, *Trademarks Unplugged*, *supra* note 63; Dreyfuss, *supra* note 63.

situations in which a defendant used a plaintiff's trademark to identify the origin of its counterfeit good. The shift towards treating the value of trademarks as something separate and apart from any indication of origin, or even of a particular product, greatly broadens the conduct that can be blocked by infringement actions. As such, trademarks are rapidly approaching property rights in gross. Each trademark holder has an incentive to push its trademark protections as far as they will go. It is the duty of Congress and the courts to vigilantly guard against such excesses and to protect both the public and the free market system from such aggressive efforts.

Initial interest confusion is such an excess, and one which, despite violating the express terms of the Lanham Act, thus far has been extremely successful. It is time for courts to revisit the doctrine. Each court of appeals has the ability to reject initial interest confusion and to embrace in its place the more limited analysis of "pre-sale confusion"—according to the guidelines set forth above—carefully limiting actionable pre-sale confusion to situations in which there is likely confusion by reasonably prudent potential purchasers that exists prior to the time of sale and such confusion is more than *de minimis*.

Congress should also take heed of the policy reasons why we should not punish "initial interest" absent likely confusion. Even if courts do eliminate the errant initial interest confusion doctrine, it is likely that powerful trademark holders will try to codify the doctrine back into the law. In recent years, Congress has been heavily lobbied by some of the most powerful intellectual property groups and has codified more and more expansions of intellectual property laws at the expense of the public and smaller businesses. Such efforts should be rebuffed with regard to initial interest confusion since the doctrine flies in the face of the justifications for trademark protection and the Lanham Act, and raises serious conflicts with the First Amendment and other intellectual property laws.

In the years ahead, important choices will be made about how we want the Internet to look and how we shape business conducted online. At the same time, we are at a crucial juncture in trademark law in which courts and Congress will need to decide what role the consideration of consumers plays in determining the scope of trademark rights. Trademark law was never meant to be a property grant to individual trademark holders; rather, the protection of trademarks requires a careful balance of the interests of trademark holders, competitors and the public. The history of trademark protection in this country persuasively demonstrates that courts should consider the public welfare rather than an individual corporation's profits when evaluating trademark infringement actions. Replacing the initial interest confusion

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doctrine is one critical step in the direction of reclaiming the public's rightful place in trademark law.