

# Searching for Confusion: The Initial Interest Confusion Doctrine and Its Misapplication to Search Engine Sponsored Links

Zachary J. Zweihorn

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## NOTE

# SEARCHING FOR CONFUSION: THE INITIAL INTEREST CONFUSION DOCTRINE AND ITS MISAPPLICATION TO SEARCH ENGINE SPONSORED LINKS

Zachary J. Zweihorn\*

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## INTRODUCTION

*[C]omputer technology is a dynamic field which can quickly outpace judicial decisionmaking.*<sup>1</sup>

The rapid expansion and commercialization of the Internet left courts facing novel legal disputes without the common law precedents that typically guide them.<sup>2</sup> Hearing questions of first impression with neither statutory direction nor, in many cases, foresight into how the Internet would evolve, courts often applied offline precedent to Internet cases.<sup>3</sup> Many of these quick-fix doctrines were ill-advised at the time of their creation and soon became obsolete. Because the common law tradition dictates following precedent, subsequent courts have often aggravated the problem by relying on and even expanding these misapplied doctrines,<sup>4</sup> instead of re-evaluating them in light of technological developments and a better understanding of the Internet. This Note argues that the application of the trademark law

<sup>1</sup> *Computer Assocs. Int'l v. Altai, Inc.*, 982 F.2d 693, 706 (2d Cir. 1992) (discussing copyright law).

<sup>2</sup> See Dominic Bencivenga, *Cyberspace in Court: Arguments Are Part Tradition, Part Imagination*, N.Y. L.J., Nov. 21, 1996, at 5; Amy Harmon, *The Law Where There Is No Land: A Legal System Built on Precedents Has Few of Them in the Digital World*, N.Y. TIMES, Mar. 16, 1998, at D1.

<sup>3</sup> See, e.g., *Brookfield Commc'ns v. W. Coast Entm't Corp.*, 174 F.3d 1036 (9th Cir. 1999), discussed *infra* Part II.

<sup>4</sup> See, e.g., *Gov't Employees Ins. Co. v. Google, Inc. (GEICO II)*, No. 1:04cv507, 2005 U.S. Dist. LEXIS 18642, at \*13-14 (E.D. Va. Aug. 8, 2005), discussed *infra* Part III.

doctrine of initial interest confusion (IIC) to the Internet context was questionable at first and is certainly inappropriate today.

Trademark infringement traditionally occurs when one party uses a mark that is identical or similar to another party's mark, creating a likelihood that consumers will be confused as to the source or origin of the goods or services and inadvertently patronize the wrong merchant.<sup>5</sup> Yet the IIC doctrine allows a finding of infringement even if a consumer is sure to know the actual source or origin of the goods or services at the time the purchase is made, so long as the consumer may have been momentarily confused.<sup>6</sup> The rationale behind the doctrine is that even if consumers do not make erroneous purchases, merchants who cause initial confusion will divert potential consumers away from their competitors, wrongfully profiting from the goodwill that their competitors accrued.<sup>7</sup> In addition, IIC can lead consumers to expend significant amounts of time and effort before realizing their mistake.<sup>8</sup>

The first extensions of the IIC doctrine to Internet trademark disputes involved defendants using plaintiffs' trademarks in the defendants' domain names or metatags.<sup>9</sup> A domain name designates the address of a Web site and consists of a "second-level" domain, which is often the name of a business or other entity, followed by a "top-level" domain, which often indicates the nature of the Web site (for example, ".com" to indicate a commercial Web site, or ".edu" to indicate an educational one).<sup>10</sup> Because domain name registration operates on a first-come-first-served basis, disputes arose when "cybersquatters" registered domain names of famous trademarks and "squatted" on them

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<sup>5</sup> See J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION §§ 5:2, 23:1 (4th ed. 2006). Indeed, the best evidence of infringement is proof of actual confusion, such as misdirected complaints or consumer testimony of actual confusion. See BEVERLY W. PATTISHALL & DAVID C. HILLIARD, UNFAIR COMPETITION AND UNFAIR TRADE PRACTICES § 4.01(b), at 132 (1985).

<sup>6</sup> See *Grotrian, Helfferich, Schulz, Th. Steinweg Nachf. v. Steinway & Sons*, 523 F.2d 1331, 1342 (2d Cir. 1975) [hereinafter *Grotrian v. Steinway & Sons*].

<sup>7</sup> See MCCARTHY, *supra* note 5, § 23:6, at 23-26 to 23-28 (citing *Grotrian v. Steinway & Sons*, 365 F. Supp. 707, 717 (S.D.N.Y. 1973), *aff'd*, 523 F.2d 1331 (2d Cir. 1975)).

<sup>8</sup> See, e.g., *Mobil Oil Corp. v. Pegasus Petrol. Corp.*, 818 F.2d 254, 259-60 (2d Cir. 1987) (holding that Pegasus infringed Mobil's trademark because consumers may initially mistake Pegasus as being affiliated with Mobil), *discussed infra* Part I.B.2; *Grotrian v. Steinway & Sons*, 523 F.2d at 1339-42 (holding that the plaintiff's use of the name "Grotrian-Steinweg" infringed on Steinway & Sons' mark because consumers may initially mistake the plaintiff for the more famous piano company), *discussed infra* Part I.B.1.

<sup>9</sup> See, e.g., *Brookfield Commc'ns v. W. Coast Entm't Corp.*, 174 F.3d 1036, 1062 (9th Cir. 1999) ("West Coast's use of [the plaintiff's mark] in metatags will . . . result in what is known as initial interest confusion."); *Interstellar Starship Servs. v. Epix, Inc.*, 184 F.3d 1107, 1110 (9th Cir. 1999) (recognizing in a domain name dispute "a brand of confusion called 'initial interest' confusion").

<sup>10</sup> See *Brookfield*, 174 F.3d at 1044.

until trademark owners paid a ransom to buy the names back.<sup>11</sup> Metatags, unlike domain names, are hidden code in a Web site's programming that may contain keywords relating to the site's subject matter. If a Web user enters such a keyword in an Internet search engine, the site containing the metatag may appear on the list of relevant Web sites that the search engine generates.<sup>12</sup>

Both domain names and metatags led to disputes in which mark owners claimed that Internet users initially looking for their Web site would be "diverted and distracted to a competing website" that contained the same mark, causing the actual mark owners to lose customers.<sup>13</sup> When facing such disputes, courts seemed content to rely on offline IIC precedent and determined that this conduct could cause prohibited initial interest confusion. Despite the significant academic criticism targeted at this judicial expansion of the IIC doctrine,<sup>14</sup> courts have continued to use the doctrine to regulate Internet trademark use.<sup>15</sup>

In contrast with the earlier domain name and metatag cases, in which mark owners sued the company that actually used the mark in their domain name or metatags, in a new wave of cases, mark-owner plaintiffs seek to hold Internet search engines liable for a practice known as "keying." Keying occurs when search engines sell keyword search terms and program their servers to present advertising links

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<sup>11</sup> See *Sporty's Farm v. Sportsman's Mkt.*, 202 F.3d 489, 493 (2d Cir. 2000); *Intermatic, Inc. v. Toeppen*, 947 F. Supp. 1227, 1233 (N.D. Ill. 1996) ("[C]yber-squatters . . . attempt to profit from the Internet by reserving and later reselling or licensing domain names back to the companies that spent millions of dollars developing the goodwill of the trademark.").

<sup>12</sup> See *Brookfield*, 174 F.3d at 1045. But see *infra* Part II.C.2 (arguing that metatags have no effect on search results).

<sup>13</sup> *Bihari v. Gross*, 119 F. Supp. 2d 309, 319 (S.D.N.Y. 2000). Indeed, some site owners incorporate their competitors' trademarks into their own metatags, hoping that people who search for their competitors will find their site instead. See Anthony J. Sebok, *The Invisible Borderlines of Tort on the Internet*, in *SELECTED LEGAL ISSUES OF E-COMMERCE* 57, 63-64 (Toshiyuki Kono et al. eds., 2002).

<sup>14</sup> See, e.g., Jennifer E. Rothman, *Initial Interest Confusion: Standing at the Crossroads of Trademark Law*, 27 *CARDOZO L. REV.* 105 (2005); Jason Allen Cody, Note, *Initial Interest Confusion: What Ever Happened to Traditional Likelihood of Confusion Analysis?*, 12 *FED. CIR. B.J.* 643 (2003); Yelena Dunaevsky, Comment, *Don't Confuse Metatags with Initial Interest Confusion*, 29 *FORDHAM URB. L.J.* 1349 (2002); Bryce J. Maynard, Note, *The Initial Interest Confusion Doctrine and Trademark Infringement on the Internet*, 57 *WASH. & LEE L. REV.* 1303 (2000); Julie A. Rajzer, Comment, *Misunderstanding the Internet: How Courts Are Overprotecting Trademarks Used in Metatags*, 2001 *L. REV. M.S.U.-D.C.L.* 427.

<sup>15</sup> See, e.g., *Australian Gold, Inc. v. Hatfield*, 436 F.3d 1228, 1238-40 (10th Cir. 2006); *Savin Corp. v. Savin Group*, 391 F.3d 439, 462 n.13 (2d Cir. 2004), cert. denied, 126 S. Ct. 1116 (2005); *Playboy Enters. v. Netscape Commc'ns Corp.*, 354 F.3d 1020, 1024-26 (9th Cir. 2004); *PACCAR Inc. v. Telescan Techs.*, 319 F.3d 243, 253-54 (6th Cir. 2003); *Promatek Indus. v. Equitrac Corp.*, 300 F.3d 808, 812-13 (7th Cir. 2002); *Checkpoint Sys. v. Check Point Software Techs.*, 269 F.3d 270 (3d Cir. 2001).

when a user searches those terms.<sup>16</sup> Some mark owners claim that keyed advertising may lead to initial confusion among consumers, and courts have begun to entertain IIC claims to hold search engines that engage in this practice liable for trademark infringement.<sup>17</sup>

This Note will argue that the early application of the initial interest confusion doctrine to the Internet domain name and metatag cases had a questionable legal basis and extended trademark protection far beyond the traditional purposes of trademark law. IIC in the Internet context, unlike its offline counterpart, does not cause confused consumers to expend substantial resources before realizing their mistake. As legislative developments and practical realities have obviated any need for the doctrine to protect companies from domain name and metatag abuse, courts should abandon the IIC doctrine in favor of statutory application and traditional trademark analysis. Most importantly, the recent attempts to use the IIC analysis to prevent Internet search engines from keying advertising to trademarked search terms would not only further extend an obsolete doctrine, but also trample on other principles of trademark law by prohibiting the fair use of language and impeding valid competition.

Part I of this Note provides a background in trademark law, focusing on how courts applied the IIC doctrine before the emergence of Internet trademark issues. Part II discusses how courts began to apply the doctrine to Internet cases involving domain name and metatag disputes, assesses the questionable legal basis for the extension, and suggests why courts no longer need to apply the doctrine to resolve those disputes. Part III examines attempts to further expand the IIC doctrine to prevent search engines from keying advertisements to search terms, criticizes some of the case law on the topic, and argues that an expansion to keying is not necessary to protect either mark owners or consumers and would improperly restrict legitimate fair use.

## I

### TRADEMARK LAW BEFORE THE INTERNET

Trademark law is a branch of the law of unfair competition<sup>18</sup> that U.S. courts originally adopted almost intact from the British common law.<sup>19</sup> Eventually, Congress codified trademark law under the Trade-

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<sup>16</sup> See *Playboy Enters. v. Netscape Commc'ns Corp.*, 55 F. Supp. 2d 1070, 1072 (C.D. Cal. 1999).

<sup>17</sup> See *infra* Parts III.A–B.

<sup>18</sup> See MCCARTHY, *supra* note 5, § 2:7, at 2-12.

<sup>19</sup> See PATTISHALL & HILLIARD, *supra* note 5, § 1.01, at 3.

mark Act of 1946, popularly known as the Lanham Act.<sup>20</sup> Setting the standard for trademark protection, the Lanham Act prohibited the use of a mark that is “likely to cause confusion” as to the origin or sponsorship of goods or services.<sup>21</sup>

### A. Traditional Trademark Policies

Common law trademark protection was intended to prevent merchants from defrauding consumers by palming off their goods as those of another.<sup>22</sup> Mark owners gained trademark rights not because they had created the marks, but because they happened to be “strongly motivated to vindicate the broader public interest” in “preventing consumer deception.”<sup>23</sup> Despite these noble beginnings, courts came to recognize that trademark law also protects mark owners’ investment in the goodwill associated with their marks.<sup>24</sup> Thus, most courts now view trademark law as serving two distinct goals: protecting consumers’ expectations about the source of the goods or services they are purchasing, as well as protecting mark owners’ proprietary interests in their marks.<sup>25</sup>

While trademark law may serve both interests, the public interest in protecting consumer expectations appears primary—the private mark owner benefits as a mere incident of the enforcement of the public interest.<sup>26</sup> The way trademark disputes are litigated reflects this goal:<sup>27</sup> Plaintiffs present themselves as “vicarious avengers” of the

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<sup>20</sup> Ch. 540, 60 Stat. 427 (1946) (codified as amended at 15 U.S.C. §§ 1051–1129 (2000 & Supp. III 2003)).

<sup>21</sup> *Id.* § 1125(a)(1).

<sup>22</sup> *See, e.g.,* Lawrence Mfg. Co. v. Tenn. Mfg. Co., 138 U.S. 537, 546 (1891) (observing that the use of another’s trademark “deceiv[es] the public, by inducing the public to purchase the goods and manufactures of one person supposing them to be those of another”).

<sup>23</sup> Glynn S. Lunney, Jr., *Trademark Monopolies*, 48 EMORY L.J. 367, 417 (1999).

<sup>24</sup> MCCARTHY, *supra* note 5, § 2:15.

<sup>25</sup> *See* Avery Dennison Corp. v. Sumpton, 189 F.3d 868, 873 (9th Cir. 1999); Matador Motor Inns, Inc. v. Matador Motel, 376 F. Supp. 385, 390 (D.N.J. 1974) (“The trademark statutes were devised to: 1) protect the businessman in his property rights to the mark, and 2) protect the public.”).

<sup>26</sup> *See* Int’l Order of Job’s Daughters v. Lindeburg & Co., 633 F.2d 912, 918 (9th Cir. 1980) (holding that the intent of the Lanham Act was “to protect consumers against deceptive designations of the origin of goods” rather than to give a “trademark’s owner . . . a complete monopoly over its use, including its functional use, in commercial merchandising”). *But see* Colligan v. Activities Club of N.Y., 442 F.2d 686, 692 (2d Cir. 1971) (“The Act’s purpose . . . is exclusively to protect the interests of a purely commercial class . . .”).

<sup>27</sup> *See* James Burrough Ltd. v. Sign of the Beefeater, Inc., 540 F.2d 266, 274 (7th Cir. 1976) (“In the consideration of evidence relating to trademark infringement, . . . a court must expand [beyond] the . . . one-on-one, contest-between-two-sides, approach. A third-party, the consuming public, is present and its interests are paramount.”).

public's right not to be misled instead of as self-interested businesspersons claiming that their rights have been trampled.<sup>28</sup>

Although courts sometimes refer to marks as "property" rights,<sup>29</sup> that classification itself can create confusion.<sup>30</sup> Unlike intellectual property such as copyrights and patents, whereby ownership is granted to protect creative products, the proprietary interest in a mark is not "a right in gross"<sup>31</sup>—it cannot be separated from the product or service the mark is used to promote.<sup>32</sup>

Although some have decried the notion of trademark as property,<sup>33</sup> the ownership of a mark does confer an exclusive right that the owner can assert against anyone else.<sup>34</sup> Yet, while one may "own" a mark, the bundle of rights associated with that ownership is far different from other types of property:

The owner of the mark acquires the right to prevent the goods to which the mark is applied from being confused with those of others and to prevent his own trade from being diverted to competitors through their use of misleading marks. There are no rights in a trade-mark beyond these.<sup>35</sup>

Thus, mark owners do not have the absolute right to control their marks; traditional trademark law only grants owners protection from competitors using their mark in confusing or misleading ways.

## B. Initial Interest Confusion in the Offline World

Courts did not create the IIC doctrine in the Internet era, but originally applied the doctrine, albeit sparsely,<sup>36</sup> to cases in which consumers may have given a merchant some unearned initial credibility because the merchant's use of a mark confused the consumers into

<sup>28</sup> See, e.g., *Camel Hair & Cashmere Inst. of Am. v. Associated Dry Goods Corp.*, 799 F.2d 6, 15–16 (1st Cir. 1986) (noting that "[c]ongressional policy appears to encourage commercial companies to act as the fabled 'vicarious avenger' of consumer rights" (quotation omitted)); McCARTHY, *supra* note 5, § 2:33, at 2-58.

<sup>29</sup> See, e.g., *College Sav. Bank v. Fla. Prepaid Postsecondary Educ. Expense Bd.*, 527 U.S. 666, 673 (1999) ("The Lanham Act may well contain provisions that protect constitutionally cognizable property interests—notably, its provisions dealing with infringement of trademarks, which are the 'property' of the owner because he can exclude others from using them.").

<sup>30</sup> See McCARTHY, *supra* note 5, § 2:14, at 2-30 to 2-31.

<sup>31</sup> *United Drug Co. v. Theodore Rectanus Co.*, 248 U.S. 90, 97 (1918).

<sup>32</sup> See *id.*

<sup>33</sup> See, e.g., PATTISHALL & HILLIARD, *supra* note 5, § 1.01[A], at 6 (arguing that calling trademarks "property" is a "dubious notion"); Lunney, *supra* note 23, at 372–73 (warning that property-based trademark protection may create unjustified monopolies).

<sup>34</sup> See *College Sav. Bank*, 527 U.S. at 673 ("Trademark law . . . confers private rights, which are themselves rights of exclusion. It grants the trademark owner a bundle of such rights." (quotation omitted)); McCARTHY, *supra* note 5, § 2:14, at 2-29.

<sup>35</sup> *Indus. Rayon Corp. v. Dutchess Underwear Corp.*, 92 F.2d 33, 35 (2d Cir. 1937).

<sup>36</sup> See Rothman, *supra* note 14, at 109 & n.10 (citing cases).



inferring an association with another company. The notion that pre-sale confusion alone could give rise to trademark infringement, even if the consumers knew which company they were dealing with at the time of a sale, stretched traditional trademark policy.

### 1. *Grotrian v. Steinway & Sons*

In what is often referred to as one of the first cases to recognize the initial interest confusion doctrine,<sup>37</sup> the Second Circuit held in *Grotrian v. Steinway & Sons* that even if consumers are sophisticated enough to know at the time of purchase who the actual maker of a product is, infringement can still occur if the seller uses a mark that draws initial interest because of its confusing similarity to a competitor's mark.<sup>38</sup>

Steinway & Sons had sold pianos in the United States under the marks "Steinway" and "Steinway & Sons" since the mid-1800s.<sup>39</sup> In 1952, Grotrian, a German company in direct competition with Steinway & Sons,<sup>40</sup> began selling pianos through an American distributor under the mark "Grotrian-Steinweg".<sup>41</sup> The Second Circuit affirmed the district court's holding that Grotrian had infringed Steinway & Sons' trademark given the similarity of the marks.<sup>42</sup> While the purchasers may be sophisticated enough to realize that the two companies were not the same and consequently were not likely to be deceived into purchasing the wrong piano,<sup>43</sup> the buyer "may satisfy himself that the less expensive Grotrian-Steinweg piano is just as good."<sup>44</sup> The court "decline[d] to hold" that only "confusion *at the time of purchase*" was required to find infringement.<sup>45</sup>

### 2. *Mobil Oil v. Pegasus Petroleum*

In *Mobil Oil v. Pegasus Petroleum*, Mobil Oil claimed that bulk-oil trading company Pegasus Petroleum's name infringed on Mobil's flying Pegasus symbol.<sup>46</sup> As in *Grotrian*,<sup>47</sup> though the court recognized

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<sup>37</sup> See McCARTHY, *supra* note 5, § 23:6, at 23-26 to 23-28. The case has this reputation despite the fact that it did not actually use the phrase "initial interest confusion." See, e.g., *Australian Gold, Inc. v. Hatfield*, 436 F.3d 1228, 1238-40 (10th Cir. 2006).

<sup>38</sup> 523 F.2d 1331, 1342 (2d Cir. 1975).

<sup>39</sup> See *id.* at 1333-34.

<sup>40</sup> See *id.* at 1340.

<sup>41</sup> See *id.*

<sup>42</sup> See *id.* at 1339-40.

<sup>43</sup> Purchasers of expensive pianos are "sophisticated" and thus sure to notice the difference in name, typeface of the mark on the piano, and price. See *Grotrian v. Steinway & Sons*, 365 F. Supp. 707, 716-17 (S.D.N.Y. 1973).

<sup>44</sup> *Id.* at 1341.

<sup>45</sup> *Id.* at 1342.

<sup>46</sup> *Mobil Oil Corp. v. Pegasus Petrol. Corp.*, 818 F.2d 254, 255 (2d Cir. 1987).

<sup>47</sup> See 523 F.2d at 1341.

that sophisticated customers such as bulk-oil purchasers were unlikely to be confused about the identity of the company from whom they were purchasing, some initial confusion might have occurred, causing injury to Mobil.<sup>48</sup> That is, although customers would not *ultimately* mistake Pegasus for Mobil, customers might grant Pegasus some “crucial credibility during the initial phases of a deal.”<sup>49</sup> That possibility alone sufficed to prove trademark infringement.<sup>50</sup>

### 3. *Analyzing the Offline IIC Cases*

Both the *Grotrian* and *Mobil* courts purported to apply the Second Circuit’s traditional eight-factor infringement test, which originated in *Polaroid Corp. v. Polarad Electronics Corp.*<sup>51</sup> The *Polaroid* test, however, is structured to evaluate the likelihood that purchasers would be confused at the time of sale. While both courts noted that confusion at that point will be unlikely, they nonetheless found infringement merely because the similarity in marks may have caused the initial interest, even if not the purchase itself.<sup>52</sup>

While offline IIC represented a judicial expansion of traditional trademark doctrine’s goal of preventing consumer deception, expansions in trademark law are often necessary to protect both consumers’ and mark owners’ interests.<sup>53</sup> Though finding infringement based on IIC may not be entirely consistent with the “palming off” rationale for trademark protection,<sup>54</sup> IIC-causing use could harm both mark owners and consumers—the two groups trademark law is designed to protect. IIC clearly injures mark owners whenever it leads consumers to opt for competitors’ products. This type of IIC can also raise consumers’ search costs, frustrating one of the vital consumer-protection

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<sup>48</sup> See *Mobil*, 818 F.2d at 260.

<sup>49</sup> *Id.* at 259.

<sup>50</sup> See *id.*

<sup>51</sup> 287 F.2d 492, 495 (2d Cir. 1961). The test considers the following factors: (1) the strength of the plaintiff’s mark; (2) the degree of similarity between the two marks; (3) the competitive proximity of the products or services; (4) the existence of actual confusion; (5) the likelihood that the plaintiff will “bridge the gap” between the two markets; (6) the defendant’s good faith in adopting its mark; (7) the quality of the defendant’s product; and (8) the sophistication of the purchasers.

*Mobil*, 818 F.2d at 256 (citing *Polaroid*, 287 F.2d at 495).

<sup>52</sup> *Mobil*, 818 F.2d at 259; *Grotrian*, 523 F.2d at 1342.

<sup>53</sup> For example, traditional trademark theory might fail to protect against counterfeit designer goods. Because of the high price consumers expect to pay for such goods, any consumer purchasing the less expensive counterfeits is unlikely to be confused into believing they are real. See Lunney, *supra* note 23, at 404–05. Instead, courts finding trademark infringement rely on the confusion that *onlookers* might experience: They may mistakenly believe the goods are authentic. See *id.*

<sup>54</sup> See *supra* note 22 and accompanying text.

goals of trademark law.<sup>55</sup> If a consumer, initially interested due to a mistake about a merchant's identity, ultimately declines to purchase from the impostor, the consumer has wasted time with a company without ever intending to patronize it. Moreover, even a consumer who, after being initially confused, knowingly purchases from an impostor may still suffer harm, as the purchase may have resulted from a desire to avoid wasting past efforts.<sup>56</sup> Thus, offline IIC remains consistent with trademark law's goal of protecting both mark owners and consumers, despite having stretched the boundaries of trademark law.

Problems arise, however, when courts apply this precedent to an incompatible medium. In particular, the justifications for the IIC doctrine offline simply do not carry over online.<sup>57</sup> Nonetheless, lacking any case law directly on point, courts have applied the doctrine to the Internet, with little analysis of whether doing so furthers the traditional goals of trademark law in this new context.<sup>58</sup>

## II

### INITIAL INTEREST CONFUSION ON THE NET: DISTRACTING DOMAIN NAMES AND MISLEADING METATAGS

#### A. *Brookfield v. West Coast*: IIC Is Just a Click Away

*Brookfield Communications v. West Coast Entertainment*<sup>59</sup> was the first major case to apply the initial interest confusion doctrine to the Internet context.<sup>60</sup> Brookfield Communications owned the trademark "MovieBuff," which it used in connection with database software that it marketed to entertainment-industry professionals.<sup>61</sup> Meanwhile, a retail video store chain called West Coast Video had a registered service mark for the slogan "The Movie Buff's Movie Store" and used the term "Movie Buff" in a number of its promotions.<sup>62</sup> West Coast had previously registered the domain name "moviebuff.com" and planned on using the domain name to provide its customers with a free online

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<sup>55</sup> Cf. *Qualitex Co. v. Jacobson Prods. Co.*, 514 U.S. 159, 163–64 (1995) (“[T]rademark law . . . reduces the customer’s costs of shopping and making purchasing decisions, for it quickly and easily assures a potential consumer that *this* item—the item with this mark—is made by the same producer as other similarly marked items that he or she liked (or disliked) in the past.” (citation and quotation omitted)); William M. Landes & Richard A. Posner, *The Economics of Trademark Law*, 78 TRADEMARK REP. 267, 270–71 (1988).

<sup>56</sup> See, e.g., *infra* note 78 and accompanying text.

<sup>57</sup> See *infra* Parts II–III.

<sup>58</sup> See, e.g., Maynard, *supra* note 14, at 1332–43.

<sup>59</sup> 174 F.3d 1036 (9th Cir. 1999).

<sup>60</sup> See Rothman, *supra* note 14, at 117–18 (“The rarely-used [IIC] doctrine was resurrected and greatly expanded in *Brookfield*. . . . The holding in *Brookfield* ignited a firestorm that has spread the initial interest confusion doctrine to nearly every federal circuit.”).

<sup>61</sup> See *Brookfield*, 174 F.3d at 1041.

<sup>62</sup> See *id.* at 1042.

database that would allow them to search for movie information.<sup>63</sup> Brookfield sued to enjoin West Coast from using moviebuff.com as its domain name or using the term “moviebuff” within the site’s metatags,<sup>64</sup> claiming that West Coast’s use of the mark in reference to a database similar to Brookfield’s would confuse and divert customers.<sup>65</sup>

The court began its inquiry by analyzing the domain name question, applying the Ninth Circuit’s traditional eight-factor likelihood-of-confusion analysis.<sup>66</sup> The court determined that “moviebuff.com” was similar to “MovieBuff,” that the two were direct competitors in providing searchable movie databases, and that they used similar sales channels: Web sites.<sup>67</sup> Based on these findings, the court held that the domain name infringed Brookfield’s trademark, and affirmed the preliminary injunction barring West Coast’s use of the domain name.<sup>68</sup> As the court disposed of the domain name issue using traditional likelihood-of-confusion analysis, the court did not address whether the use of a trademark in domain name would cause initial interest confusion.<sup>69</sup>

Next, the court evaluated Brookfield’s claim that West Coast’s use of “moviebuff.com” or “moviebuff” in the metatags of West Coast’s Web site would constitute infringement. The court believed that West Coast’s use of “moviebuff” in its site’s metatags would cause West Coast’s site to appear on a list of search engine results for “moviebuff” along with Brookfield’s site.<sup>70</sup> Actual confusion would be unlikely, the court recognized, because a user who entered a search could then scan the results list and choose the desired site.<sup>71</sup> Further, the domain name westcoastvideo.com would appear when the user clicked on a result link, immediately alerting the user that the site was not Brook-

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<sup>63</sup> See *id.*

<sup>64</sup> For an explanation of metatags, see *supra* text accompanying note 12.

<sup>65</sup> See *Brookfield*, 174 F.3d at 1043.

<sup>66</sup> See *id.* at 1053–54 (citing *AMF, Inc. v. Sleekcraft Boats*, 599 F.2d 341, 348–49 (9th Cir. 1979)). The test is similar to that of other circuits. Compare *Sleekcraft*, 599 F.2d at 348–49, with, e.g., *Interpace Corp. v. Lapp, Inc.*, 721 F.2d 460, 462–63 (3d Cir. 1983), and *Polaroid Corp. v. Polarad Elecs. Corp.*, 287 F.2d 492, 495 (2d Cir. 1961). See *supra* note 51 for a list of the eight factors.

<sup>67</sup> See *Brookfield*, 174 F.3d at 1055–57.

<sup>68</sup> See *id.* at 1058. Moviebuff.com no longer hosts either Web site; in fact, the domain name appears to be up for sale. See Whois Record for Moviebuff.com, <http://whois.domaintools.com/moviebuff.com> (last visited Apr. 17, 2006).

<sup>69</sup> See *Brookfield*, 174 F.3d at 1054–61. When the same court faced another domain name dispute just a few months later, instead of relying solely on the traditional *Sleekcraft* factors to analyze the domain name question as it did in *Brookfield*, the Ninth Circuit extended the IIC doctrine to domain names by applying a version of the *Sleekcraft* test modified to consider IIC. See *Interstellar Starship Servs. v. Epix, Inc.*, 184 F.3d 1107, 1110–11 (9th Cir. 1999).

<sup>70</sup> See *Brookfield*, 174 F.3d at 1062.

<sup>71</sup> See *id.*

field's.<sup>72</sup> Nevertheless, the court found that even in the absence of any confusion, West Coast's use of "moviebuff" in its metatags would allow West Coast to benefit from the goodwill Brookfield had accrued in its "MovieBuff" mark.<sup>73</sup> The court reasoned that consumers originally looking for Brookfield's site might happen upon West Coast's and "simply decide to utilize West Coast's offerings instead."<sup>74</sup> This possibility constituted initial interest confusion sufficient for a finding of infringement.<sup>75</sup>

Explaining its decision, the court analogized the information superhighway to a hypothetical situation in which Blockbuster had placed a billboard advertisement on the side of a physical highway, advertising that its competitor West Coast Video was located at the next exit.<sup>76</sup> When patrons exited the highway and looked for West Coast Video, they would find Blockbuster there instead.<sup>77</sup> Customers would likely decide that it was "not worth the trouble to continue searching" and patronize Blockbuster, the store closest to them.<sup>78</sup> At the time they made their purchases, they would not be confused about where they were shopping, yet Blockbuster would have caused actionable initial interest confusion by misappropriating West Coast's goodwill and diverting their potential customers.<sup>79</sup>

## B. *Brookfield*: Misapplying Precedent, Ignoring Trademark Goals

### 1. *Stretching the Offline Cases*

The *Brookfield* court relied on *Mobil* and *Grotrian* for the proposition that confusion at the time of purchase was unnecessary for infringement.<sup>80</sup> While all three cases did indeed present situations in which a customer would be able to clarify any initial confusion before the time of sale, the parallels between the facts of *Brookfield* and those of *Grotrian* and *Mobil* end there. The offline decisions involved cases in which there was confusion at some point during the process of deciding to patronize the company. The *Grotrian* court made clear that piano purchasers may have initially inferred a connection between the Steinway and Steinweg companies, giving Steinweg a level of unearned credibility.<sup>81</sup> Similarly, in *Mobil*, bulk oil purchasers might

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<sup>72</sup> See *id.*

<sup>73</sup> See *id.*

<sup>74</sup> *Id.*

<sup>75</sup> See *id.*

<sup>76</sup> See *id.* at 1064.

<sup>77</sup> See *id.*

<sup>78</sup> See *id.*

<sup>79</sup> See *id.*

<sup>80</sup> See *id.* at 1063 (citing *Mobil Oil Corp. v. Pegasus Petrol. Corp.*, 818 F.2d 254, 260 (2d Cir. 1987); *Grotrian v. Steinway & Sons*, 523 F.2d 1331, 1342 (2d Cir. 1975)).

<sup>81</sup> See *Grotrian*, 523 F.2d at 1342.

not have considered dealing with an unknown company like Pegasus unless they had believed there was some connection with Mobil, an oil giant.<sup>82</sup> That initial misperception could have led the purchasers to afford Pegasus undue credibility and listen to its sales pitch.<sup>83</sup> These IIC cases involved both the presence of confusion and the misappropriation of goodwill in famous marks. *Brookfield*, on the other hand, dispensed with the requirement that confusion exist at *any* point, instead finding IIC based merely on the potential that West Coast might receive some benefit from a mark registered to Brookfield.<sup>84</sup>

## 2. *Economic Justifications*

The offline cases' application of IIC entailed a level of consumer protection missing from *Brookfield*. Implicit in the offline decisions was an understanding that potential purchasers, though they may eventually discover which company they are actually dealing with, will have expended much time and effort and, in effect, may be cutting their losses by settling for the impostor.<sup>85</sup> In *Brookfield*, however, even if some searchers were looking for Brookfield's product and managed to click on the wrong link, the court observed that the instantaneous appearance of the domain name "westcoastvideo.com" would correct this error.<sup>86</sup> Because any time wasted would be de minimis, users interested in Brookfield's product would be unlikely to feel that they had wasted so much time by clicking a link that seeking out the correct Web site would unacceptably raise their search costs.

Further, the use of confusingly similar marks by the defendants in *Grotrian* and *Mobil* increased consumer search costs for those who chose not to settle for the impostor, causing actual injury to consumers and justifying the injunctions granted.<sup>87</sup> The *Brookfield* decision, by contrast, prevented West Coast from appearing in searches for "moviebuff." As a result, a consumer actually looking for West Coast's site who was familiar with its "The Movie Buff's Movie Store"<sup>88</sup> slogan would be unable to find their site by searching this slogan and would need to continue searching. Thus, *Brookfield* unduly increased consumers' search costs, with no countervailing gain to those looking for

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<sup>82</sup> See *Mobil*, 818 F.2d at 260.

<sup>83</sup> See *id.*

<sup>84</sup> See *supra* notes 71–73 and accompanying text.

<sup>85</sup> See *supra* notes 55–56 and accompanying text.

<sup>86</sup> See *Brookfield Commc'ns v. W. Coast Entm't Corp.* 174 F.3d 1036, 1062 (9th Cir. 1999).

<sup>87</sup> See *supra* notes 55–56 and accompanying text.

<sup>88</sup> See *Brookfield*, 174 F.3d at 1042.

Brookfield's site, who could simply choose to click on the link they were looking for.<sup>89</sup>

One commentator has defended the application of the IIC doctrine to the Internet on economic grounds, arguing that if courts did not protect against IIC, then "a decrease in producers' incentives to conduct business online" would result.<sup>90</sup> If some customers, originally looking for one company's Web site, are diverted through IIC to a competitor's site and ultimately patronize the competitor, the returns on the company's investment in conducting business online are diminished.<sup>91</sup> Because some companies may lose customers due to unrestrained IIC-causing activity, those companies will shift their resources from online operations to brick-and-mortar outlets.<sup>92</sup> Therefore, the author concludes, it is important for the future of the Internet that courts enforce the initial interest confusion doctrine.<sup>93</sup>

This economic argument relies on a severe miscalculation of the cost differential between conducting business online and offline. It has become a business maxim that the more operations a company moves online, the more money it will save on overhead associated with brick-and-mortar stores.<sup>94</sup> It is ludicrous to suggest that the cost of losing a tiny number of customers to competitors due to IIC would outweigh the immense savings of conducting business online. Even if online IIC did cause some customer diversion, a rational company would not respond by forgoing its online operations.<sup>95</sup>

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<sup>89</sup> See generally Stacey L. Dogan & Mark A. Lemley, *Trademarks and Consumer Search Costs on the Internet*, 41 HOUS. L. REV. 777 (2004) (arguing that expansive trademark protection on the Internet is counter to trademark law's goal of reducing consumer search costs).

<sup>90</sup> See Note, *Confusion in Cyberspace: Defending and Recalibrating the Initial Interest Confusion Doctrine*, 117 HARV. L. REV. 2387, 2401 (2004).

<sup>91</sup> See *id.* at 2401-02.

<sup>92</sup> See *id.* at 2402-03.

<sup>93</sup> See *id.* at 2400-2403, 2410.

<sup>94</sup> See, e.g., *A Little Local Difficulty*, ECONOMIST, July 8, 2000, at 62 (reporting that Oracle, the second-largest software company in the world, claimed to have saved almost \$1 billion in overhead costs largely by moving sales from a live sales force to its Web site); Robert D. Hof, *Those Mighty Mini-Dots*, BUS. WK., Feb. 19, 2001, at EB 56 (reporting that one small business saved 90% on overhead by closing its physical locations and doing business exclusively online).

<sup>95</sup> When one considers the example the proponent actually cited, two competing car rental agencies, see Note, *supra* note 90, at 2401-03, the absurdity of the argument becomes even more apparent. The cost savings resulting from customers comparing prices and reserving rental cars twenty-four hours a day online, as opposed to speaking to agents in person or over the phone, would easily outweigh any loss of business from the supposed loss of some customers to competitors' Web sites. For additional flaws with the argument, see Dogan & Lemley, *supra* note 89, at 820 n.180.

### 3. *Next Exit: Bad Analogy*

*Brookfield's* analogy to the billboard that intentionally leads consumers to the wrong highway exit<sup>96</sup> fails to distinguish between online and offline business. The highway-exit scenario resembles *Grotrian* and *Mobil* in that consumers may patronize the company that misled them instead of wasting additional resources continuing their search.<sup>97</sup> In the Internet context, however, the loss of resources a consumer suffers when arriving at the wrong Web page is hardly comparable to that caused by the hypothetical billboard: A consumer can click the back button and return to the correct location at essentially no cost.<sup>98</sup>

Further, any harm that the defendant in *Brookfield* caused bears no resemblance to the fraudulent trademark use in the billboard hypothetical. The billboard would mislead drivers, who, upon seeing a billboard advertising a particular store, would expect to find that very store at the exit specified. In contrast, consumers searching online expect to see results listing various links to Web pages, from which the consumers can then actively choose to click.<sup>99</sup>

### 4. *The Effect of Brookfield: IIC All Across the Net*

Despite the significant academic criticism it has generated,<sup>100</sup> most courts seem to have accepted *Brookfield's* premise as a straightforward solution to a difficult problem. While two circuits have questioned the initial interest confusion doctrine, neither has explicitly

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<sup>96</sup> See *supra* notes 76–79 and accompanying text.

<sup>97</sup> See *supra* notes 81–83 and accompanying text.

<sup>98</sup> See *Playboy Enters. v. Netscape Commc'ns Corp.*, 354 F.3d 1020, 1036 (9th Cir. 2004) (Berzon, J., concurring) (“[T]he billboard analogy has been widely criticized as inapplicable to the internet situation, given both the fact that customers were not misdirected and the minimal inconvenience in directing one’s web browser back to the original list of search results.”); Shannon N. King, Note, *Initial Interest Confusion: Brookfield Communications, Inc. v. West Coast Entertainment Corp.*, 15 BERKELEY TECH. L.J. 313, 325 (2000).

<sup>99</sup> See King, *supra* note 98, at 326 (“Search engine users may enter a search request using a trademark in the hopes of finding sites representing products similar to the product represented by the mark in addition to the site belonging to the owner of the mark.”). For more analogous scenarios demonstrating why IIC should not apply when there is only momentary confusion and the consumers chose their preference, see *infra* Part III.C.3.

<sup>100</sup> See *supra* note 14. Interestingly, many published articles analyzing IIC and *Brookfield* were written by students, perhaps signaling that the younger scholars feel more attuned to how the Internet works than judges or academia as a whole. See *id.*



rejected it,<sup>101</sup> and until recently, most other circuits that had addressed the issue had accepted and applied it.<sup>102</sup>

Faced with the new and growing problem of Internet trademark disputes, and without much other precedent to guide them, courts not only accepted *Brookfield's* application of the IIC doctrine to metatags but also expanded it to cover all other Internet trademark usage contexts. Some courts have followed *Brookfield's* lead in finding the traditional trademark factors "not well-suited" for the Internet context,<sup>103</sup> applying a distinct IIC analysis instead.<sup>104</sup> Others, while embracing the doctrine, have merely added it to the traditional list of factors.<sup>105</sup> Aside from the relatively uncontroversial brick-and-mortar IIC cases such as *Grotrian* and *Mobil*, courts have now applied the IIC doctrine to enjoin the use of trademarks in metatags,<sup>106</sup> domain names,<sup>107</sup> and keywords used to trigger banner ads,<sup>108</sup> sponsored links,<sup>109</sup> and adware.<sup>110</sup>

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<sup>101</sup> See, e.g., *Hasbro, Inc. v. Clue Computing*, 232 F.3d 1, 2 (1st Cir. 2000) (declining to enter the initial interest confusion "thicket") (per curiam); *Weiss Assocs. v. HRL Assocs.*, 902 F.2d 1546, 1549 (Fed. Cir. 1990) (affirming a decision by the Trademark Trial and Appeal Board on traditional likelihood-of-confusion grounds while declining to address the Board's IIC grounds).

<sup>102</sup> See *Rothman*, *supra* note 14, at 108–09 (noting that "[a]lmost every federal circuit has adopted the initial interest confusion doctrine" and that "no court has explicitly rejected it"). Although courts in the Fourth Circuit had believed that the Circuit had accepted the IIC doctrine, see *infra* note 216 and accompanying text, the Court of Appeals has since stated that it has never adopted the doctrine, *Lamparello v. Falwell*, 420 F.3d 309, 316 (4th Cir. 2005), *cert. denied*, 126 S. Ct. 1772 (2006); accord *infra* notes 217, 220 and accompanying text.

<sup>103</sup> *Brookfield Commc'ns v. W. Coast Entm't Corp.*, 174 F.3d 1036, 1062 n.24 (9th Cir. 1999).

<sup>104</sup> See, e.g., *Gov't Employees Ins. Co. v. Google, Inc. (GEICO II)*, No. 1:04cv507, 2005 U.S. Dist. LEXIS 18642, at \*13–14 (E.D. Va. Aug. 8, 2005) (identifying the traditional factors but disregarding them as inapplicable to the IIC setting).

<sup>105</sup> See *Savin Corp. v. Savin Group*, 391 F.3d 439, 462 n.13 (2d Cir. 2004), *cert. denied*, 126 S. Ct. 116 (2005).

<sup>106</sup> See, e.g., *Brookfield*, 174 F.3d at 1061–65.

<sup>107</sup> See, e.g., *Nissan Motor Co. v. Nissan Computer Corp.*, 378 F.3d 1002, 1007 (9th Cir. 2004) (holding that a computer repair store's placement of automobile-related advertisements on its nissan.com Web site caused IIC as a matter of law).

<sup>108</sup> See, e.g., *Playboy Enters. v. Netscape Commc'ns Corp.*, 354 F.3d 1020 (9th Cir. 2004) (holding that a search engine's use of trademarked search terms to trigger graphic banner ads on results pages may cause IIC).

<sup>109</sup> See, e.g., *GEICO II*, 2005 U.S. Dist. LEXIS 18642 at \*26–28 (holding that certain sponsored links keyed to searches for "GEICO" caused IIC).

<sup>110</sup> See, e.g., *1-800 Contacts v. WhenU.com*, 309 F. Supp. 2d 467, 510 (S.D.N.Y. 2003) (preliminarily enjoining a software company from using another company's trademark in its code to trigger pop-up advertising), *rev'd*, 414 F.3d 400 (2d Cir. 2005). Adware is software that often comes bundled with free programs and targets advertisements to users based on their Internet usage. See *SUSANNAH FOX, SPYWARE*, at ii (2005), available at [http://www.pewinternet.org/pdfs/PIP\\_Spyware\\_Report\\_July\\_05.pdf](http://www.pewinternet.org/pdfs/PIP_Spyware_Report_July_05.pdf).

### C. The IIC Doctrine No Longer Serves a Purpose

Faced with attempts by companies to use their competitors' trademarks to promote their own Web sites, courts have naturally found the practice unsavory. Despite the weak basis for applying the initial interest confusion doctrine to the Internet, courts might nonetheless have considered the extension necessary to protect mark owners' interests in an otherwise seemingly lawless Internet world. In the few years since courts first applied the doctrine to the Internet, however, circumstances have changed such that any original need for the doctrine to serve this protective purpose has vanished.

#### 1. *Congress Preempted the Doctrine for Domain Name Protection*

Though most consumers find official company Web sites through search engines, approximately half as many simply guess what the company Web site's domain name is.<sup>111</sup> Because of this behavior, mark owners recognized the importance of owning domain names that included their trademarks. In some cases, other parties had already registered those domains first and would "squat" on them, offering to sell them to the company at a premium.<sup>112</sup> In other cases, a company may have set up a Web site on a domain name that included its competitor's mark, hoping to capture the business of some customers looking for the competitor.

Courts had various options for dealing with such abusive domain name registrations, including the traditional likelihood-of-confusion test,<sup>113</sup> trademark dilution under the Federal Trademark Dilution Act

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<sup>111</sup> See *DOUBLECLICK, DOUBLECLICK'S TOUCHPOINTS III: THE INTERNET'S ROLE IN THE MODERN PURCHASE PROCESS 3* (2005), available at [http://doubleclick.com/us/knowledge\\_central/documents/research/dc\\_touchpointsIII\\_0507.pdf](http://doubleclick.com/us/knowledge_central/documents/research/dc_touchpointsIII_0507.pdf); see also *Brookfield*, 174 F.3d at 1044-45 (noting that an Internet user who is unfamiliar with a particular company's Web site will typically guess the domain name or find it using a search engine).

<sup>112</sup> See *supra* note 11 and accompanying text.

<sup>113</sup> See, e.g., *Brookfield*, 174 F.3d at 1054-61 (finding the defendant's use of a domain name consisting of plaintiff's mark followed by ".com" likely to cause confusion under the traditional likelihood of confusion test).

(FTDA),<sup>114</sup> and the initial interest confusion doctrine.<sup>115</sup> The *Brookfield* court's use of the traditional factors as grounds for enjoining trademark use in a domain name<sup>116</sup> made clear that the IIC doctrine was not the only option for protecting domain names. Still, when faced with the question, many courts simply resorted to the IIC doctrine instead of conducting the full multi-factor analysis.<sup>117</sup>

Responding to this uncertainty in the law, Congress passed the Anticybersquatting Consumer Protection Act (ACPA) in 1999.<sup>118</sup> Under the Act, anyone who, with "a bad faith intent to profit," registers a domain that is "confusingly similar" to the trademark of another may be forced to transfer the domain to the mark owner.<sup>119</sup> The Act lists nine factors for courts to consider in evaluating whether the requirement of bad faith is met.<sup>120</sup> The factors include, among others, whether the registrant's intent was to resell the domain for profit rather than actually using it,<sup>121</sup> or to divert customers from the actual

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<sup>114</sup> 15 U.S.C. § 1125(c) (2000). The act entitles the owner of a "famous mark" to an injunction against another's use of the mark in a way that would dilute its distinctive quality; no showing of confusion is necessary. *See id.* While some courts used the FTDA to curb cybersquatters, *see, e.g.,* *Panavision Int'l v. Toeppen*, 141 F.3d 1316 (9th Cir. 1998), the statute is a weak basis for preventing cybersquatting, as it only protects "famous" marks and only applies if the defendant used the mark in commerce. 15 U.S.C. § 1125(c)(1) (2000). In addition, cybersquatters could argue that they do not dilute marks because they do not use marks to identify goods or services, they merely squat on them. *See* INT'L TRADEMARK ASSOC., TRADEMARK LAW & THE INTERNET 233 (Lisa E. Cristal & Neal S. Greenfield eds., 2d ed. 2001). The Supreme Court's decision in *Moseley v. V Secret Catalogue* further weakened the FTDA route by finding that plaintiffs must prove actual dilution for an FTDA claim. 537 U.S. 418, 432–33 (2003). Since *Moseley*, few dilution claims, online or offline, are likely to succeed. *See* Linda B. Samuels, *Is Dilution a Delusion?*, 86 J. PAT. & TRADEMARK OFF. SOC'Y 325, 334 (2004). A bill in Congress called the Trademark Dilution Revision Act would fix this problem by amending the FTDA to require only a likelihood of dilution. H.R. 683, 109th Cong. (2d Sess. 2006). The bill, however, has "hit a snag" in the House. *Internet-Friendly Changes Made to Trademark Dilution Bill*, WASH. INTERNET DAILY, Apr. 27, 2006.

<sup>115</sup> *See, e.g.,* *Nissan Motor Co. v. Nissan Computer Corp.*, 378 F.3d 1002, 1007 (9th Cir. 2004); *Interstellar Starship Servs. v. Epix, Inc.*, 184 F.3d 1107, 1110–11 (9th Cir. 1999).

<sup>116</sup> *See Brookfield*, 174 F.3d at 1054–61; *accord supra* note 69 and accompanying text.

<sup>117</sup> *See, e.g.,* *People for the Ethical Treatment of Animals v. Doughney*, 263 F.3d 359, 366–67 (4th Cir. 2001), *discussed infra* notes 204–19 and accompanying text. While other domain name cases have recited the factors, the courts' ultimate decisions seemed primarily based on the IIC analysis. *See, e.g., Nissan*, 378 F.3d at 1007, 1118–19; *OBH, Inc. v. Spotlight Magazine*, 86 F. Supp. 2d 176, 187–91 (W.D.N.Y. 2000) (analyzing the factors but deciding that "even if users will easily recognize, upon reaching defendants' web site," that it is not the plaintiff's site, "the use of plaintiffs' mark as the site's domain name . . . creates initial interest confusion").

<sup>118</sup> Pub. L. 106-113, 113 Stat. 1536 (codified as amended at 15 U.S.C. § 1125(d) (2000)); *see also* *Sporty's Farm v. Sportsman's Mkt.*, 202 F.3d 489, 496 (2d Cir. 2000) ("[T]he ACPA was passed to remedy the perceived shortcomings of applying the FTDA in cybersquatting cases . . .").

<sup>119</sup> 15 U.S.C. § 1125(d) (2000).

<sup>120</sup> *Id.* § 1125(d)(1)(B)(i).

<sup>121</sup> *See id.* § 1125(d)(1)(B)(i)(VI).

mark owner's site<sup>122</sup>—the very situations courts had been using IIC to remedy.

In passing the ACPA, Congress created a solid legislative foundation for protecting trademark rights in domain names. In so doing, Congress seemed to preempt the judicial extension of the IIC doctrine to trademark law. Accordingly, one recent opinion bypassed any IIC analysis in favor of analyzing a domain name dispute solely under the ACPA.<sup>123</sup> In *Mashantucket Pequot Tribe v. Redican*, a suit brought by the Native American tribe that operated Foxwoods Casino against the registrant of the domain name foxwood.com,<sup>124</sup> the court recognized weaknesses in applying traditional trademark infringement analysis to the Internet context,<sup>125</sup> instead finding that the defendant violated the ACPA.<sup>126</sup> That the court did not even discuss the possibility that the defendant caused initial interest confusion suggested that the court recognized that IIC analysis had become superfluous in the domain name context.<sup>127</sup>

But even years after Congress enacted the ACPA, some courts still analyze domain name disputes under the IIC doctrine.<sup>128</sup> In *SMC Promotions, Inc. v. SMC Promotions*, a California district court went even further: After holding that the defendant's registration of a domain name including the plaintiff's mark caused IIC, the court found it unnecessary to consider whether the defendant's actions also violated the statute.<sup>129</sup> Thus, the court relied on a common law extension of a 1946 statute,<sup>130</sup> despite the existence of legislation enacted in 1999 with the intent to clarify the law in the domain name context.

Although the initial interest confusion theory may have been a useful doctrine for preventing the unauthorized use of trademarks in

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<sup>122</sup> See *id.* § 1125(d)(1)(B)(i)(V).

<sup>123</sup> See *Mashantucket Pequot Tribe v. Redican*, 403 F. Supp. 2d 184 (D. Conn. 2005).

<sup>124</sup> See *id.* at 188–90; see also *Freedom Calls Found. v. Bukstel*, No. 05 CV 5460, 2006 U.S. Dist. LEXIS 19685 (E.D.N.Y. Mar. 7, 2006) (analyzing a domain name dispute under the ACPA and common law trademark infringement factors without discussing the IIC doctrine).

<sup>125</sup> See *Redican*, 403 F. Supp. 2d at 191–92 (discussing the problem of finding the requisite “use in commerce” for a domain name).

<sup>126</sup> See *id.* at 195–97.

<sup>127</sup> Notably, the court took an expansive view of the ACPA's reach, applying it retroactively to a domain name that was registered two years before the ACPA went into effect. See *id.* at 188.

<sup>128</sup> See, e.g., *Victoria's Secret Stores v. Artco Equip. Co.*, 194 F. Supp. 2d 704, 724, 728–29 (S.D. Ohio 2002) (accepting the magistrate judge's decision that the defendant's use of the lingerie retailer's name Victoria's Secret in the domain name victoriasssecrets.net “represent[ed] a classic case of initial interest confusion” in addition to actionable cyber-squatting under the ACPA).

<sup>129</sup> See *SMC Promotions, Inc. v. SMC Promotions*, 355 F. Supp. 2d 1127, 1136 n.14 (C.D. Cal 2005).

<sup>130</sup> See *supra* notes 20–21 and accompanying text (citing Lanham Act, ch. 540, 60 Stat. 427 (1946) (codified as amended at 15 U.S.C. §§ 1051–1129 (2000 & Supp. III 2003))).

domain names before the ACPA, it is simply no longer necessary for that task. Congressional action in passing the ACPA gave mark owners a clear statutory basis for relief from abusive domain name registrations and should have preempted courts from any further IIC analysis. Not only is the IIC doctrine now unnecessary, but the ACPA actually affords plaintiffs greater rights than did either the IIC doctrine or the FTDA, encompassing more instances of domain name registrations than were previously protected.<sup>131</sup> With a statutory basis for protecting mark owners from others registering domains with their marks, the IIC analysis no longer serves any apparent purpose in the domain name context.

## 2. *Metatags No Longer Matter*

Conventional wisdom among online-marketing experts had long been that metatags were the most effective way to get Web sites listed in search engines.<sup>132</sup> Including metatag keywords in a Web site's programming code would tell search engines what the site was about and which words were relevant.<sup>133</sup> Accordingly, the presumption was that when someone searched those keywords, the site would be likely to appear in results as relevant to the search.<sup>134</sup> Many even believed that "[t]he more often a term appears in the metatags and in the text of the web page, the more likely it is that the web page will be 'hit' in a search for that keyword and the higher on the list of 'hits' the web page will appear."<sup>135</sup>

In a system in which site owners could increase traffic to their Web sites merely by adding self-selected keywords in the form of hidden text on their sites, the results were predictable. Site owners stuffed their sites with every keyword imaginable, including keywords

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<sup>131</sup> ACPA domain name protection extends to any protectable mark, regardless of fame or likelihood of initial confusion. For example, suppose a plaintiff owns a federally registered but obscure mark, and a defendant uses that mark in a domain name. The plaintiff would likely have an easier time suing under the ACPA, which requires only a showing that the plaintiff owns the mark and that the domain name was registered in bad faith, *see* 15 U.S.C. § 1125(d)(1)(A) (2000), than proving that users are likely to search for the plaintiff's obscure mark and be initially confused upon finding the defendant's Web site. Nor would such a mark qualify for protection from dilution under the FTDA, given the Act's requirement that the mark be "famous." *See supra* note 114.

<sup>132</sup> *See* FRANK CATALANO & BUD SMITH, *INTERNET MARKETING FOR DUMMIES* 166 (2001).

<sup>133</sup> *See supra* notes 10–12 and accompanying text.

<sup>134</sup> *See* CATALANO & SMITH, *supra* note 132, at 166.

<sup>135</sup> *Brookfield Commc'ns v. W. Coast Entm't Corp.*, 174 F.3d 1036, 1045 (9th Cir. 1999); *accord* Charlotte Waelde, *Forthcoming Internet Trade Mark Disputes?*, in *LAW AND THE INTERNET: A FRAMEWORK FOR ELECTRONIC COMMERCE* 174–75 (Lilian Edwards & Charlotte Waelde eds., 2000).

that were trademarks of competitors.<sup>136</sup> Thus, metatag litigation was born, and courts began to apply the IIC doctrine to the Internet.<sup>137</sup>

If metatags had continued to operate as the search engine optimizers the courts believed they were, search engines would have become useless, delivering results based not on what searchers were seeking but on which site would stuff the most metatags and keywords into its code. Few Internet users would have any interest in using such a search engine, as the searches would return largely irrelevant results. Yet search engine use is at an all-time high, second only to e-mail as the most common online activity.<sup>138</sup> People clearly do find search engines useful.

How can one explain this discrepancy? The answer is that courts have been relying on an outdated understanding of search engines. The great majority of search engines now ignore metatags. Search engines began ignoring metatags as far back as 1997 because they realized that allowing site owners to choose their own sites' keywords would lead to irrelevant results.<sup>139</sup> Indeed, Google, the Internet's most popular search engine,<sup>140</sup> *never* considered metatags in its results.<sup>141</sup> As Google has grown to dominate the search engine market, many other search engines have adopted similar policies, sometimes even directly licensing Google's technology for their results.<sup>142</sup>

Instead of using metatags, search engines derive their results from proprietary algorithms that evaluate how relevant a Web site is to a search query.<sup>143</sup> The phenomenon known as "googlebombing" proves that metatags are not part of the equation. A googlebomb is a prank in which Web site operators can manipulate Google's search results by linking unrelated words or phrases to the target site.<sup>144</sup> A well-known example is the "miserable failure" googlebomb: When one

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<sup>136</sup> See INT'L TRADEMARK ASSOC., *supra* note 114, at 347-49.

<sup>137</sup> See, e.g., *Brookfield*, 174 F.3d 1036.

<sup>138</sup> See Press Release, Lee Rainie, Pew Internet & American Life Project, & Jeremy Shermak, comScore Media Matrix, Search Engine Use November 2005 (2005), available at [http://www.pewinternet.org/pdfs/PIP\\_SearchData\\_1105.pdf](http://www.pewinternet.org/pdfs/PIP_SearchData_1105.pdf).

<sup>139</sup> See Danny Sullivan, *Death of a Meta Tag*, SEARCH ENGINE WATCH, Oct. 1, 2002, <http://searchenginewatch.com/sereport/article.php/2165061>; see also Eric Goldman, *Deregulating Relevancy in Internet Trademark Law*, 54 EMORY L.J. 507, 567 (2005) ("[A]lmost all search engines have removed keyword metatags from their relevancy algorithms. Since 2002, only one major search engine, Inktomi, still incorporates keyword metatags in its algorithm . . .").

<sup>140</sup> See Rainie & Shermak, *supra* note 138.

<sup>141</sup> See Sullivan, *supra* note 139.

<sup>142</sup> The search features on the Ask Jeeves, Earthlink, AOL, Netscape, and Compuserve Web sites all use Google's search technology. See *Google Inc. v. Am. Blind & Wallpaper Factory*, No. C 03-05340 JF, 2005 U.S. Dist. LEXIS 6228, at \*9 (N.D. Cal. Mar. 30, 2005).

<sup>143</sup> See *Spiders in the Web: Searching for Profit Has Become Highly Competitive*, ECONOMIST, May 15, 2004, at 16.

<sup>144</sup> See Damon Darlin, *Miserable Success*, N.Y. TIMES, Oct. 30, 2005, § 3, at 2; Marissa Mayer, *Googlebombing "Failure"*, GOOGLE BLOG, Apr. 16, 2004, <http://googleblog.blogspot>.

searches for the words “miserable failure” in Google, the first result is President George W. Bush’s official biography,<sup>145</sup> even though neither the biography nor the biography site’s metatags contains those terms.<sup>146</sup>

While it is unclear whether metatags actually did what courts thought they did when *Brookfield* was decided in 1999, it may have been this mistaken belief that fueled the IIC doctrine’s place in Internet jurisprudence. Now that it is clear that metatags do not influence search results and that non-IIC means can better protect domain names,<sup>147</sup> one would think that plaintiffs would stop raising IIC as a basis for claiming online trademark infringement. Yet because of courts’ reverence for precedent, this doctrine seems to have outlived its useful existence.

### III

#### INITIAL INTEREST CONFUSION AND SEARCH ENGINE SPONSORED LINKS

The latest extension of the initial interest confusion doctrine has been into search engines’ use of search terms to deliver targeted advertisements, a practice known as “keying.” The search engines provide Internet users with a free search tool, raising revenue by selling targeted advertising based on the search terms a user enters.<sup>148</sup> For example, if a user enters a search term related to gardening, a company selling soil may want to advertise to this user and pay to have its ad placed on the search results page.<sup>149</sup> This is usually a win-win situation: Internet users gain a useful and free tool, advertisers can target

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com/2005/09/googlebombing-failure.html; *Google Bomb*, in WIKIPEDIA, <http://en.wikipedia.org/wiki/Googlebomb> (last visited Apr. 17, 2006).

<sup>145</sup> See Google Search Results, <http://www.google.com/search?q=miserable+failure> (last visited Apr. 17, 2006).

<sup>146</sup> See Biography of President George W. Bush, <http://www.whitehouse.gov/president/gwbbio.html> (last visited Apr. 17, 2006). Yahoo! and MSN are the second and third most popular search engines, respectively. See Rainie & Shermak, *supra* note 138. While their search algorithms are also secret, they too appear not to use metatags: Searching for “miserable failure” on Yahoo! or MSN produces roughly similar results as on Google. See Miserable Failure—Yahoo! Search Results, <http://search.yahoo.com/search?p=miserable+failure> (last visited Apr. 17, 2006). As of this writing, pranksters with the opposite political views seem to have won on MSN: The first result on MSN’s search for “miserable failure” is the liberal filmmaker Michael Moore’s Web site, see MSN Search: Miserable Failure, <http://search.msn.com/results.aspx?q=miserable+failure> (last visited Apr. 17, 2006), which also contains neither “miserable” nor “failure” in its text or metatags, see Welcome to MichaelMoore.com!, <http://www.michaelmoore.com> (last visited Apr. 17, 2006).

<sup>147</sup> See *supra* Part II.C.1.

<sup>148</sup> See *Google Inc. v. Am. Blind & Wallpaper Factory*, No. C 03-05340 JF, 2005 U.S. Dist. LEXIS 6228, at \*6 (N.D. Cal. Mar. 30, 2005) (noting that 96% of Google’s revenues during one quarter were from advertising).

<sup>149</sup> See *Playboy Enters. v. Netscape Commc’ns Corp.*, 354 F.3d 1020, 1022–23 (9th Cir. 2004).

consumers who may be interested in their products, and search companies earn revenues in the process.

Yet problems arise when the search term is not a generic term, like "soil," but rather a brand name or trademark, like "Miracle-Gro." As with metatags, keying raises the possibility for companies to use competitors' marks to attract users who are searching for a competitor's product. Not surprisingly, mark owners try to prevent this, claiming that such advertising causes initial interest confusion.

#### A. *Playboy v. Netscape*: "Click Here" Confusion

The first major case to deal with the search engine question was *Playboy Enterprises v. Netscape*.<sup>150</sup> Netscape, which at that time ran a search engine co-branded and programmed by Excite Communications,<sup>151</sup> sold banner advertising based on groups of keywords.<sup>152</sup> Netscape's adult-oriented keyword group included "playboy" and "playmate," trademarks of Playboy Enterprises.<sup>153</sup> Whenever a user searched for either term, graphic, adult-oriented banner advertisements for Web sites that competed with Playboy would appear on the user's computer screen.<sup>154</sup> The banner advertisements merely read, "Click here," without revealing who their sponsors were or explaining where clicking would bring users.<sup>155</sup>

The Ninth Circuit reversed the district court's grant of summary judgment to the defendants, finding that the banner advertisements were likely to cause initial interest confusion, infringing on the plaintiff's marks.<sup>156</sup> Users seeking Playboy's Web site might be initially confused and believe that clicking on the banners would bring them there.<sup>157</sup> Once diverted to other sites, they would realize that the page they were viewing was not the official Playboy site, but might nevertheless be content to use the competitor's site instead.<sup>158</sup>

##### 1. *A Return to Confusion Analysis*

Although the Ninth Circuit compared its IIC analysis to that in *Brookfield*, a close reading shows that the court retreated from some of *Brookfield's* overstatements. The *Playboy* court seemed particularly in-

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<sup>150</sup> *Id.*

<sup>151</sup> *See Playboy Enters. v. Netscape Commc'ns Corp.*, 55 F. Supp. 2d 1070, 1072 n.1 (C.D. Cal. 1999). Netscape.com's current search function is "enhanced by Google" search technology. Netscape.com, <http://www.netscape.com> (last visited Apr. 17, 2006).

<sup>152</sup> *See Playboy*, 354 F.3d at 1023.

<sup>153</sup> *See id.*

<sup>154</sup> *See id.*

<sup>155</sup> *See id.* at 1025.

<sup>156</sup> *Id.* at 1034.

<sup>157</sup> *See id.* at 1025.

<sup>158</sup> *Id.* at 1024-26.



fluenced by evidence that the banner advertisements that appeared when Playboy's marks were searched said only, "Click here," and did not indicate their actual sponsors. The court believed that the ads thereby created a likelihood that consumers would click the banners believing them to be sponsored by Playboy.<sup>159</sup> Thus, the presence of confusion was essential to the court's analysis in *Playboy*. In contrast, *Brookfield* held that actionable IIC could exist so long as there was a potential diversion of goodwill—even when the circumstances indicate that there would be no possibility of confusion.<sup>160</sup>

In another backtrack, whereas *Brookfield* adopted a specialized IIC analysis based on the possibility of diversion and dispensed with the Ninth Circuit's traditional eight-factor *Sleekcraft* test,<sup>161</sup> *Playboy*—despite heavily citing *Brookfield* as the source for the "likelihood of initial interest confusion" test<sup>162</sup>—actually applied *Sleekcraft* factor by factor.<sup>163</sup> If the court had actually applied its *Brookfield* diversion-based IIC precedent, then the mere showing that competitors were using Playboy's marks in a way that potentially diverted even unconfused consumers would have sufficed to prove infringement. It would be irrelevant whether the banners were labeled or if there was sufficient confusion under the eight-factor *Sleekcraft* test, as the *Brookfield* version of the IIC doctrine requires neither.<sup>164</sup>

That Judge Marsha Berzon concurred in *Playboy* despite rejecting *Brookfield*'s IIC precedent further suggests that the court did not actually rely on *Brookfield*. In Judge Berzon's view, *Brookfield* was wrongly decided, as its diversion standard absurdly "expand[ed] the reach of initial interest confusion from situations in which a party is *initially* confused to situations in which a party is *never* confused."<sup>165</sup> Yet Judge Berzon concurred in the court's judgment in *Playboy*, likely because the *Brookfield* analysis was irrelevant to the facts of the case.<sup>166</sup> Despite the majority's lengthy IIC discussion, its decision did not rely on *Brookfield* but actually depended on the *Sleekcraft* factors and the intentionally confusing "Click here" banners.

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<sup>159</sup> See *id.* at 1033.

<sup>160</sup> See *Brookfield Commc'ns v. W. Coast Entm't Corp.*, 174 F.3d 1036, 1062–65 (9th Cir. 1999).

<sup>161</sup> *Id.* at 1062.

<sup>162</sup> *Playboy*, 354 F.3d at 1025–26.

<sup>163</sup> *Id.* at 1026–29.

<sup>164</sup> Compare *Brookfield*, 174 F.3d at 1062 n.24 ("Because we agree that the traditional eight-factor test is not well-suited for analyzing the metatags issue, we do not attempt to fit our discussion into one of the *Sleekcraft* factors."), with *Playboy*, 354 F.3d at 1026 ("Although analogies to *Brookfield* suggest that [Playboy] will be able to . . . defeat summary judgment, we must test [Playboy]'s theory using this circuit's well-established eight-factor test . . . to be certain.").

<sup>165</sup> *Playboy*, 354 F.3d at 1034 (Berzon, J., concurring) (emphasis added).

<sup>166</sup> Cf. *id.* at 1036 ("The degree to which . . . *Brookfield* affects this case is not clear to me.").

## 2. *The Right Approach by the Wrong Name*

Despite its IIC rhetoric, the *Playboy* majority's finding of infringement based on a likelihood of confusion demonstrates that courts can protect trademarks under a traditional analysis, even in the context of search engine sponsored links. By requiring a likelihood of confusion instead of merely a possibility of diversion, *Playboy* did not protect against the kind of IIC on which *Brookfield* focused; it protected consumers only from misrepresentation. By saying nothing more than "Click here," without providing any informative labeling, the ads misrepresented where they would lead searchers.

*Playboy*, then, does not prohibit search engines from displaying competitors' ads next to the results of searches for trademarked terms, but merely requires that advertisements of that sort are not designed to mislead users into believing that the ads are associated with the mark owner. This is not a novel concept: Traditional trademark law proscribes the misrepresentation of one's goods or services as those of another.<sup>167</sup> As one would expect, the same applies to the misrepresentation of a Web site. With the traditional analysis sufficient to protect Internet consumers, the *Brookfield* court's extension of IIC to the Internet was at best superfluous.

Not only is the deception-based model more faithful to the statute,<sup>168</sup> but it also more accurately reflects how people search online. A search engine user who searches for a trademarked term is not necessarily seeking the mark owner's official site. The user expects the search to yield many results, including the mark owner's official Web page as well as others.<sup>169</sup> If the search engine does lead the user away from the mark owner's site to other results, the user knowingly accepts this diversion, not only by using a search engine in the first place but also by clicking on the link to the other site.

Only when the diversion caused by sponsored links is caused by misrepresentation or confusion, as was the case with the unmarked banner ads in *Playboy*, should the mark owner have a valid claim. By finding infringement only when there was diversion due to confusion, *Playboy* adopted a logical approach to sponsored-link disputes. By requiring not merely diversion alone but diversion caused by confusion, the *Playboy* court wisely returned to the pre-Internet analysis, accord-

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<sup>167</sup> See *supra* notes 22–23 and accompanying text. Indeed, intentional misrepresentation such as this reminds one of the obviously infringing billboard analogy raised in *Brookfield*, 174 F.3d at 1064. The IIC doctrine is hardly necessary to curb such intentional deception. See *supra* Part II.B.3 (criticizing the analogy).

<sup>168</sup> The Lanham Act describes infringement as use of a mark that is "likely to cause confusion," 15 U.S.C. § 1125(a)(1)(A) (2000), and makes no mention of voluntary diversion, see *id.* § 1125.

<sup>169</sup> See King, *supra* note 98, at 326; Rajzer, *supra* note 14, at 460.

ing to which the IIC doctrine becomes relevant only if some confusion is likely to occur.<sup>170</sup>

### B. *GEICO v. Google*

Although the *Playboy* court shied away from the broad expansion of the IIC doctrine in *Brookfield*, other courts have continued to rely on *Brookfield* when analyzing Internet trademark issues, requiring only diversion and declining to apply the traditional confusion factors. In *GEICO v. Google*, a case factually similar to *Playboy* in that it also involved a search engine's sale of advertising based on searches of a trademarked keyword, a Virginia district court made no mention of the *Playboy* analysis,<sup>171</sup> instead citing the Ninth Circuit's older *Brookfield* opinion for the proposition that the "traditional factors are not really applicable in this case" and that "distraction or diversion of a potential customer" suffices to prove infringement based on IIC.<sup>172</sup> Reflexively applying *Brookfield's* diversion-based IIC doctrine, the *GEICO* court relied on one precedent that was quickly reversed<sup>173</sup> and another that has since been reinterpreted,<sup>174</sup> ignored the ways people actually use search engines, and failed to consider whether the search engine use qualified for a fair use defense.

#### 1. *A Primer on Google AdWords*

Despite being a relative latecomer to the search engine business, Google has quickly grown into the most popular search engine<sup>175</sup> and "the hottest of all Internet companies."<sup>176</sup> Google provides Internet

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<sup>170</sup> See *supra* Part I.B.3 (discussing the pre-Internet IIC cases, which required a likelihood of actual confusion instead of a possibility of mere diversion). While this Note agrees with this aspect of the analysis, it argues that *Playboy* is still flawed on other grounds. See *infra* Part III.C.4.b.

<sup>171</sup> Gov't Employees Ins. Co. v. Google, Inc. (*GEICO II*), No. 1:04cv507, 2005 U.S. Dist. LEXIS 18642 (E.D. Va. Aug. 8, 2005). In denying an earlier motion to dismiss, Gov't Employees Ins. Co. v. Google, Inc. (*GEICO I*), 330 F. Supp. 2d 700, 704 (E.D. Va. 2004), the court did cite *Playboy*, but only on the threshold question of whether the use of a mark in the search engine context is use in commerce under the Lanham Act, *id.* at 703 (citing *Playboy*, 354 F.3d at 1024).

<sup>172</sup> See *GEICO II*, 2005 U.S. Dist. LEXIS 18642, at \*14.

<sup>173</sup> See *infra* Part III.C.1.

<sup>174</sup> See *infra* Part III.C.2.

<sup>175</sup> According to a survey by comScore Media Metrix, Google received more "unique visitors" than did any other search engine in October 2005. Rainie & Shermak, *supra* note 138. Ironically, Google fears that its own popularity, which has almost made "googling" a generic synonym for "conducting a Web search," may cause the company to lose its trademark and diminish its brand identity. See Google Inc., Registration Statement Under the Securities Act of 1933 (Form S-1), at 10 (Apr. 29, 2004), available at <http://www.sec.gov/Archives/edgar/data/1288776/000119312504073639/ds1.htm>.

<sup>176</sup> Saul Hansell, *AOL Choice of Google Leaves Gates the Outsider*, N.Y. TIMES, Dec. 19, 2005, at C1. This Note focuses on Google AdWords because of the company's dominance, but the same analysis would apply to any similarly functioning sponsored link program.

users with a search utility that returns lists of Web pages it considers relevant to the keywords queried by a searcher. Instead of charging users for this service, Google earns revenue through its AdWords advertising program. The AdWords program allows advertisers to bid on the right to have their advertisements appear when certain keywords are searched, targeting their ads at consumers they believe may be interested in their goods or services. The advertisements appear next to the main search results in a separate column labeled "Sponsored Links."<sup>177</sup> Google sold more than \$1 billion in these sponsored links in just the last three months of 2004.<sup>178</sup>

## 2. *Google's Trademark Trouble*

While most keywords searched are generic words, users sometimes search for trademarks, such as brand names.<sup>179</sup> Some companies determined that an effective way to target their desired markets would be to advertise when an Internet user searches for their competitors' names or brands.<sup>180</sup> Many mark owners understandably would prefer that their competitors not be able to target customers in this way. As a defense, some mark owners have filed lawsuits claiming that the sale of the trademark as a keyword constitutes infringement under the initial interest confusion doctrine.<sup>181</sup> In *GEICO*, for example, when users searched for the word "GEICO," Google displayed ads for competing car insurance companies in the "Sponsored Links" column.<sup>182</sup> Additionally, the text of some of these ads included the word "GEICO."<sup>183</sup> Although Google's policy requires the removal of a mark from an ad's text upon the mark owner's request,<sup>184</sup> GEICO also sued for damages allegedly flowing from the use of "GEICO" in the

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<sup>177</sup> See *GEICO II*, U.S. Dist. LEXIS 18642, at \*6.

<sup>178</sup> See John Markoff & Nat Ives, *Web Search Sites See Clicks Add Up to Big Ad Dollars*, N.Y. TIMES, Feb. 4, 2005, at A1.

<sup>179</sup> Even users conducting pre-purchase research more often search for generic terms than brand names. See DOUBLECLICK, SEARCH BEFORE THE PURCHASE: UNDERSTANDING BUYER SEARCH ACTIVITY AS IT BUILDS TO ONLINE PURCHASE 2 fig.2 (2005), available at [http://doubleclick.com/us/knowledge\\_central/documents/research/searchpurchase\\_0502.pdf](http://doubleclick.com/us/knowledge_central/documents/research/searchpurchase_0502.pdf).

<sup>180</sup> Searchers are not necessarily looking merely for the company's official Web site; they may be looking for other sites that contain information about the company, product information, or simply information about the product class. See *supra* note 169 and accompanying text.

<sup>181</sup> See, e.g., Complaint at ¶¶ 42–49, *Rescuecom Corp. v. Google, Inc.*, No. 5:04-CV-1055 (N.D.N.Y. Sept. 6, 2004).

<sup>182</sup> See *Gov't Employees Ins. Co. v. Google, Inc. (GEICO I)*, 330 F. Supp. 2d 700, 701–02 (E.D. Va. 2004).

<sup>183</sup> *Gov't Employees Ins. Co. v. Google, Inc. (GEICO II)*, No. 1:04cv507, 2005 U.S. Dist. LEXIS 18642, at \*4, \*7–8 (E.D. Va. Aug. 8, 2005).

<sup>184</sup> See Google, AdWords Trademark Complaint Procedure, [http://www.google.com/tm\\_complaint\\_adwords.html](http://www.google.com/tm_complaint_adwords.html) (last visited Apr. 5, 2006).

text of ads from before the mark was removed or when it occasionally slipped through.<sup>185</sup>

After denying Google's initial motion to dismiss in *GEICO I*,<sup>186</sup> the court determined in *GEICO II* that GEICO had not presented sufficient evidence to show that Google's keying sponsored links to GEICO trademarks caused initial interest confusion.<sup>187</sup> However, the court found that when those keyed ads also included GEICO's marks in their text, that combination yielded sufficient evidence for infringement under the IIC theory.<sup>188</sup>

### C. Why Courts Should Not Follow *GEICO* in Evaluating Sponsored Links Under the IIC Doctrine

#### 1. *Use of a Mark in Internal Programming Is Not "Trademark Use"*

Google's first line of defense in responding to IIC challenges to its AdWords program has been moving to dismiss based on the threshold argument that "use" as a keyword does not constitute *trademark* use as contemplated by trademark law.<sup>189</sup> The Lanham Act protects against infringing "use[s] in commerce . . . in connection with the sale, offering for sale, distribution, or advertising of any goods or services."<sup>190</sup> Further, as trademark law exists to "prevent[ ] others from copying a source-identifying mark,"<sup>191</sup> Google has argued that its use of marks as keywords takes place in its internal computer systems, invisible to consumers. Because such use has no source-identifying function, it cannot be use as a trademark.<sup>192</sup>

To the extent that this argument succeeds, it will obviate the need for any IIC analysis: If Google's use does not constitute trademark use, then any use there is cannot be an infringing one. "Pop-up" advertisers, who also use trademarks in a manner invisible to users

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<sup>185</sup> See *GEICO II*, 2005 U.S. Dist. LEXIS 18642, at \*7-8.

<sup>186</sup> *GEICO I*, 330 F. Supp. 2d at 706.

<sup>187</sup> See *GEICO II*, 2005 U.S. Dist. LEXIS 18642, at \*25-26. The court reached this conclusion based on defects in GEICO's survey evidence, implying that a properly designed survey might have proven actionable IIC. See *id.* at \*20-26; *accord infra* notes 206-08 and accompanying text.

<sup>188</sup> *GEICO II*, 2005 U.S. Dist. LEXIS 18642, at \*26.

<sup>189</sup> See, e.g., *Google Inc. v. Am. Blind & Wallpaper Factory*, No. C 03-05340 JF, 2005 U.S. Dist. LEXIS 6228, at \*38 (N.D. Cal. Mar. 30, 2005) (denying Google's motion to dismiss); *GEICO I*, 330 F. Supp. 2d at 702, 704 (same); Memorandum of Law in Support of Defendant Google Inc.'s Motion to Dismiss at 5-9, 11, *Rescuecom Corp. v. Google, Inc.*, No. 5:04-CV-1055 (N.D.N.Y. Nov. 8, 2004).

<sup>190</sup> 15 U.S.C. § 1114(1)(a) (2000).

<sup>191</sup> *Qualitex Co. v. Jacobson Prods. Co.*, 514 U.S. 158, 163 (1995); *accord New Kids on the Block v. News Am. Publ'g*, 971 F.2d 302, 305 (9th Cir. 1992) (emphasizing the source-identifying function as the "constant and limited" purpose of trademark law).

<sup>192</sup> See *GEICO I*, 330 F. Supp. 2d at 702-03.

within their internal software coding,<sup>193</sup> have advanced similar arguments and met with mixed results: Two district courts agreed that use in internal computing was not trademark use,<sup>194</sup> while a third held that it was.<sup>195</sup> Additionally, though the Ninth Circuit in *Playboy* held that the use of keywords by a search engine to trigger advertisements was actionable conduct,<sup>196</sup> the Court did not specifically analyze whether the claimed infringement constituted trademark use.<sup>197</sup>

Rejecting Google's motion to dismiss on that ground, the *GEICO* court found "better reasoned" the cases holding that such use constitutes trademark use.<sup>198</sup> In *GEICO I*, Judge Leonie Brinkema of the Eastern District of Virginia<sup>199</sup> relied on *1-800 Contacts v. WhenU*, an opinion by a judge of the Southern District of New York.<sup>200</sup> Not surprisingly, the *1-800 Contacts* district court opinion—which was the only pop-up advertisement case to hold that use in invisible coding constitutes trademark use—was reversed on appeal by the Second Circuit, which ruled that the Lanham Act is concerned with "use of trademarks . . . in a manner likely to lead to consumer confusion."<sup>201</sup> The "internal utilization of a trademark" to generate advertisements, however, "simply does not violate the Lanham Act."<sup>202</sup> The court explic-

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<sup>193</sup> See *Wells Fargo & Co. v. WhenU.com*, 293 F. Supp. 2d 734, 743–44 (E.D. Mich. 2003). Pop-up advertising software tracks the Web sites an Internet user visits and displays pop-up advertisements for products or services in the same category as those Web sites. See *id.* The software programming uses the domain names of the visited sites, often containing trademarks, to determine which ads to display. See *id.* The user, however, never sees this use taking place. See *id.*

<sup>194</sup> See *id.* at 746–47; *U-Haul Int'l v. WhenU.com*, 279 F. Supp. 2d 723, 728 (E.D. Va. 2003).

<sup>195</sup> See *1-800 Contacts v. WhenU.com*, 309 F. Supp. 2d 467, 489 (S.D.N.Y. 2003), *rev'd*, 414 F.3d 400 (2d Cir. 2005).

<sup>196</sup> See *Playboy Enters. v. Netscape Commc'ns Corp.*, 354 F.3d 1020 (9th Cir. 2004).

<sup>197</sup> The court found the defendant's use to be commercial because of the "commercial nature of the enterprise." See *id.* at 1032. However, this analysis pertained to the general nature of the use and did not analyze whether the commercial use was also a use as a trademark. See *id.*

<sup>198</sup> *Gov't Employees Ins. Co. v. Google, Inc. (GEICO I)*, 330 F. Supp. 2d 700, 703 (E.D. Va. 2004); see also *Google Inc. v. Am. Blind & Wallpaper Factory*, No. C 03-05340 JF, 2005 U.S. Dist. LEXIS 6228, at \*31, \*32 n.26 (N.D. Cal. Mar. 30, 2005) (denying Google's motion to dismiss, preferring to decide the question on a full record).

<sup>199</sup> While Judge Brinkema's decision in *GEICO* may be of great importance to Internet trademark law, she is likely better known for her role as presiding judge in the trial of Zacarias Moussaoui. See, e.g., Jerry Markon & Timothy Dwyer, *Judge Halts Terror Trial*, WASH. POST, Mar. 14, 2006, at A1, available at <http://www.washingtonpost.com/wp-dyn/content/article/2006/03/13/AR2006031300506.html>.

<sup>200</sup> See *GEICO I*, 330 F. Supp. 2d at 703 (citing *1-800 Contacts*, 309 F. Supp. 2d at 467).

<sup>201</sup> *1-800 Contacts v. WhenU.com*, 414 F.3d 400, 409 (2d Cir. 2005), *cert. denied*, 126 S. Ct. 749 (2005); see also *Merck & Co. v. Mediplan Health Consulting*, No. 05 Civ. 3650, 2006 U.S. Dist. LEXIS 14826, at \*30–32 (S.D.N.Y. Mar. 30, 2006) (applying *1-800 Contacts* to hold that the use of a trademark to trigger search engine advertising does not constitute trademark use).

<sup>202</sup> *1-800 Contacts*, 414 F.3d at 400.

itly disagreed with the *GEICO I* decision, stating that the *GEICO* court's finding of trademark use based on its finding a presence of confusion "puts the cart before the horse."<sup>203</sup>

In short, not only did *GEICO I* adopt the minority view among split district courts on whether the use in internal computer systems is actionable; the one district court opinion on which *GEICO I* relied has since been reversed. While the position that subsequent circuits will take on this question remains unclear, the weight of authority has clearly shifted toward finding that the use of a trademark in an internal system does not constitute trademark use and thus could never constitute infringement. If other courts follow the Second Circuit's reasoning, the question of whether and how the IIC doctrine applies to Google's use will never need to be reached.

## 2. *The GEICO Court Misread Its Circuit's Precedent: The Fourth Circuit Disavowed the IIC Doctrine*

After deciding that Google's use constituted trademark use, the court proceeded to decide whether the use was infringing. The court first held that the traditional factors for determining whether the use of a mark infringes were "not really applicable in this case,"<sup>204</sup> and instead analyzed the use under the initial interest confusion doctrine. Citing the *Brookfield* definition, the court explained IIC to be the "distraction or diversion of a potential customer from the Web site he was initially seeking to another site, based on the user's belief that the second site is associated with the one he originally sought."<sup>205</sup>

Attempting to prove initial interest confusion, GEICO presented survey evidence purporting to show that consumers were confused about which Web sites clicking on Google's sponsored links would bring them to.<sup>206</sup> The court, however, found weaknesses in the survey methodology including ineffective control comparison, leading questions, and distorted exhibits, any of which may have biased the survey in GEICO's favor.<sup>207</sup> Distrusting the survey, the court held that GEICO had presented insufficient evidence to show that Google's keying ads to GEICO's marks alone caused initial interest confusion.<sup>208</sup> Nonetheless, despite the survey's deficiencies, the court decided that

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<sup>203</sup> *Id.* at 412 (citing *GEICO I*, 330 F. Supp. 2d at 703-04).

<sup>204</sup> *Gov't Employees Ins. Co. v. Google, Inc. (GEICO II)*, No. 1:04cv507, 2005 U.S. Dist. LEXIS 18642, at \*14 (E.D. Va. Aug. 8, 2005).

<sup>205</sup> *Id.* (citing *Brookfield Commc'ns v. W. Coast Entm't Corp.*, 174 F.3d 1036, 1064 (9th Cir. 1999)).

<sup>206</sup> *See id.* at \*16-20.

<sup>207</sup> *See id.* at \*20-25.

<sup>208</sup> *See id.* at \*25-26.

the evidence was sufficient to show a likelihood of IIC with regard to those keyed ads that also included GEICO's mark in their text.<sup>209</sup>

Although it might appear at first that Google won, and, in fact, Google claimed victory,<sup>210</sup> any victory achieved was quite narrow. The court held that Google's using marks as keywords *could* constitute infringement, but that in this case GEICO failed to produce reliable evidence. Had GEICO presented a more reliable survey with similar results, the court apparently would have agreed with GEICO that the IIC doctrine prohibits Google's use of trademarked keywords.

By finding evidence of IIC lacking in this case, the *GEICO* court implied that the doctrine's application would be proper in other cases. However, it has now become clear that the Fourth Circuit, where the *GEICO* court is situated, does not even recognize the doctrine.<sup>211</sup> To support its application of the IIC doctrine, the *GEICO* court cited its circuit's decision in *People for the Ethical Treatment of Animals v. Doughney (PETA)*.<sup>212</sup> In *PETA*, the animal rights organization People for the Ethical Treatment of Animals, which used the acronym "PETA," sued Michael Doughney, whose Web site located at [peta.org](http://peta.org) purported to represent the interests of "People Eating Tasty Animals."<sup>213</sup> The Fourth Circuit rejected Doughney's defense of parody and affirmed the district court decision that his Web site infringed PETA's trademark through "initial confusion."<sup>214</sup> Because the parody was not apparent from the domain name itself, the use of PETA's mark in the domain name was likely to cause confusion.<sup>215</sup>

Implicit in *PETA*'s holding seemed to be that the Fourth Circuit recognized the IIC doctrine. Indeed, *GEICO II* cited the *PETA* case as "discussing the appropriate boundaries of initial interest confusion with regard to parody."<sup>216</sup> Just two weeks after the district court issued the written *GEICO II* opinion, however, the Fourth Circuit decided *Lamparello v. Falwell*, which rejected this interpretation of *PETA* and unequivocally renounced the doctrine.<sup>217</sup> In *Lamparello*, a case involving domain name parody similar to that in *PETA*,<sup>218</sup> the court rejected

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<sup>209</sup> *Id.* at \*26–27.

<sup>210</sup> See David Drummond, *Courts Signal that Google's Keyword Policy Is Lawful*, GOOGLE BLOG, Aug. 17, 2005, <http://googleblog.blogspot.com/2005/08/courts-signal-that-google-keyword.html> ("[T]he judge in the case ruled decisively in our favor on the issue of keywords.").

<sup>211</sup> See *infra* notes 217–22 and accompanying text.

<sup>212</sup> 263 F.3d 359, 366 (4th Cir. 2001), cited in *Gov't Employees Ins. Co. v. Google, Inc. (GEICO II)*, No. 1:04cv507, 2005 U.S. Dist. LEXIS 18642, at \*15 (E.D. Va. Aug. 8, 2005).

<sup>213</sup> See *PETA*, 263 F.3d at 362–63.

<sup>214</sup> *Id.* at 366.

<sup>215</sup> See *id.* at 366–67.

<sup>216</sup> *GEICO II*, 2005 U.S. Dist. LEXIS 18642, at \*15 (citing *PETA*, 263 F.3d at 366).

<sup>217</sup> See 420 F.3d 309, 316 (4th Cir. 2005), cert. denied, 126 S. Ct. 1772 (2006).

<sup>218</sup> See *id.* at 311.



the plaintiff's IIC claim, explaining that "*PETA* . . . does not adopt the initial interest confusion theory . . ." <sup>219</sup> Indeed, the Fourth Circuit "never adopted the initial interest confusion theory," but rather "requir[es] courts to determine whether a likelihood of confusion exists by examining the allegedly infringing use in the context in which it is seen by the ordinary consumer." <sup>220</sup> That context includes "the underlying content of the website." <sup>221</sup> Accordingly, a link itself cannot infringe unless the site to which it leads is also confusing. <sup>222</sup>

Had the Fourth Circuit issued this opinion before the district court decided *GEICO II*, the analysis in the latter case would likely have been quite different. In addition to GEICO's lack of reliable evidence of confusion, the court would have had to consider the context in which consumers see the use; finding a mere likelihood of *initial* confusion would not have been sufficient. The context in *GEICO* was the Internet, a medium where, as the court itself acknowledged, even initial confusion is very limited given that users can quickly retrace their steps by hitting the "back" buttons on their browsers. <sup>223</sup> Further, because the sponsored links led only to competitors' Web sites and not to GEICO's, the sites' content served to reduce any potential confusion. <sup>224</sup> Thus, even aside from GEICO's deficient evidence, the court should have dismissed GEICO's claims because, under *Lamparello's* context-sensitive analysis, Google's sponsored links could not have given rise to confusion. <sup>225</sup>

Although one can read *GEICO* as endorsing the initial interest confusion doctrine with regard to search engines' keyword-based advertising, this interpretation should carry little precedential weight.

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<sup>219</sup> *Id.*

<sup>220</sup> *Id.* (quotation and emphasis omitted).

<sup>221</sup> *Id.* at 318.

<sup>222</sup> *See id.*

<sup>223</sup> *See GEICO II*, 2005 U.S. Dist. LEXIS 18642 at \*15. The court nevertheless applied the IIC doctrine because of the "unique" nature of GEICO's business. *Id.* at \*27.

<sup>224</sup> *Cf. Lamparello v. Falwell*, 420 F.3d 309, 315 (4th Cir. 2005), *cert. denied*, 126 S. Ct. 1772 (2006) (noting that confusion is unlikely because fallwell.com's content clearly signals that it is not sponsored by Falwell).

<sup>225</sup> Facing similar suits in other jurisdictions, *see, e.g., Rescucom Corp. v. Google, Inc.*, No. 5:04-CV-1055 (N.D.N.Y. filed Sept. 6, 2004) (alleging infringement based on Google's keying advertisements to searches for plaintiff's mark); *Google Inc. v. Am. Blind & Wallpaper Factory, Inc.*, No. C 03-05340 JF, 2005 U.S. Dist. LEXIS 6228 (N.D. Cal. Mar. 30, 2005) (same), one might have expected Google to use *Lamparello's* renunciation of IIC, issued just two weeks after *GEICO*, as grounds for appealing the Virginia district court's decision, potentially creating some appellate-level precedent specifically vindicating Google's AdWords practices. Google, however, maintains that the only issue that mattered to it was the use of marks as keywords, not the use of marks in ad text, which mark owners could opt out of under Google's current policies. As Google technically won on the important issue, there were "[n]ot a lot of good ways to appeal the part [Google] cared about . . ." *See* E-mail from Michael H. Page, Esq., Partner, Kecker & Van Nest LLP, Trial Counsel to Google, Inc., to author (Nov. 28, 2005, 14:37 EST) (on file with author).

First, subsequent case law suggests that Google's internal uses of marks do not constitute trademark use and consequently cannot constitute trademark infringement. Second, *GEICO*'s own circuit has since repudiated the doctrine in favor of the traditional likelihood-of-confusion analysis.

3. *Google's AdWords System Is Indistinguishable from Accepted Offline Marketing Techniques*

A customer asks a clerk where to find Tylenol and is directed to Aisle Three. On the way toward the Tylenol, the customer notices the store's generic acetaminophen—conveniently located next to the Tylenol—and, after comparing both products, decides to purchase the store brand. Few would argue that the pharmacy engaged in trademark infringement by diverting a potential Tylenol purchaser.<sup>226</sup> Similarly, if the store brand included the label, "Compare to the active ingredient in Tylenol," Tylenol would not have an infringement claim against the pharmacy.<sup>227</sup>

The practices described do not infringe Tylenol's trademark, because the pharmacy is free to offer customers a choice as long as it does not confuse the customers into purchasing the wrong product. Yet when Internet consumers search for one brand, and a search engine offers both the name brand and other options, the search engine may be liable for infringement under *Brookfield* and *GEICO*.<sup>228</sup> Further, *GEICO* implies that if the advertisement on Google had included the actual trademarked term anywhere in its text—even in a comparison statement such as "Save 5% over GEICO"—the search engine would be liable for infringement,<sup>229</sup> whereas the equivalent offline

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<sup>226</sup> Cf. *Playboy Enters. v. Netscape Commc'ns Corp.*, 354 F.3d 1020, 1035 (9th Cir. 2004) (Berzon, J., concurring) (drawing a similar analogy to department stores); Rothman, *supra* note 14, at 134–35; see also *1-800 Contacts v. WhenU.com*, 414 F.3d 400, 411 (2d Cir. 2005), *cert. denied*, 126 S. Ct. 749 (2005) (noting drug stores' placement of generic products next to brand-name products).

<sup>227</sup> Indeed, a "Compare" statement tends to dispel confusion. See *Conopco, Inc. v. May Dep't Stores Co.*, 46 F.3d 1556, 1571 (Fed. Cir. 1994) (citing the use of a trademark on a competitor's "Compare" statement as one factor supporting the court's holding of no infringement).

<sup>228</sup> Note that although the *GEICO* court did not find the defendant liable for infringement, the court implied that more reliable evidence could have supported a finding of infringement. See *supra* notes 206–11 and accompanying text.

<sup>229</sup> *GEICO II* found the use of "GEICO" in the text of ads to be infringing despite citing numerous problems with the plaintiff's survey. See *GEICO II*, 2005 U.S. Dist. LEXIS 18642, at \*26–27. Oddly, however, the court gave no hint as to how the offending ads used the marks in their text—whether for innocuous comparisons ("Save 5% Over GEICO") or misleading statements ("Click Here for GEICO"). See *id.* Instead, the court's decision seems to be a blanket prohibition on the use of any mark in the text of a competitor's ad if the ad was generated by a search for that mark. See *id.*

statement would be protected if truthful.<sup>230</sup> No clear reason exists for this distinction.

4. *Search Engines' Keyed Advertising Systems Are Protected Under the Nominative Fair Use Doctrine*

Courts have generally recognized two kinds of "fair use" defenses to trademark infringement: "classic" and "nominative." The Lanham Act defines classic fair use as the "use, other[ ] than as a mark . . . of a term or device which is descriptive of and used fairly and in good faith only to describe" the alleged infringer's own goods or services.<sup>231</sup> That is, classic fair use allows one to use trademarked words in their literal, non-trademark meaning to describe one's own goods.<sup>232</sup> A split among the circuit courts arose over the question of what a defendant needed to show in order to invoke the classic fair use defense; the Ninth and some other circuits requiring the defendant show not only that the use was descriptive, non-trademark use, but also that the use would not cause a likelihood of confusion.<sup>233</sup>

Nominative fair use is the use of a mark to refer to the mark's owner rather than as a source identifier of the alleged infringer or its products.<sup>234</sup> For example, this Note can mention "Google" without violating Google's trademark because it is using Google's name to refer to Google itself rather than to imply any association between the company and this Note. Nominative fair use typically occurs when a defendant uses a plaintiff's mark to identify the plaintiff's goods, with the ultimate goal of describing its own product by reference to the plaintiff's.<sup>235</sup> The Ninth Circuit in *New Kids on the Block v. News America Publishing* set forth the test for determining whether a defendant is entitled to assert a nominative fair use defense.<sup>236</sup> Instead of

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<sup>230</sup> The use of the mark in this context would alert consumers that the advertiser was not the named company but its competitor. *See supra* note 227.

<sup>231</sup> 15 U.S.C. § 1115(b)(4) (2000).

<sup>232</sup> *See, e.g.,* Brother Records, Inc. v. Jardine, 318 F.3d 900, 907 (9th Cir. 2003) (finding that the defendant's use of the words "Beach Boys" was not classic fair use because the defendant used them to refer not to "boys who frequent a stretch of sand beside the sea" but to the famous music group of that name).

<sup>233</sup> *See* KP Permanent Make-Up v. Lasting Impression I, 543 U.S. 111, 116–17 (2004) (describing the circuit split); Playboy Enters. v. Netscape Commc'ns Corp., 354 F.3d 1020, 1029 (9th Cir. 2004) ("A fair use may not be a confusing use.").

<sup>234</sup> *See* New Kids on the Block v. News Am. Publ'g, 971 F.2d 302, 307–08 (9th Cir. 1992); *see also* McCARTHY, *supra* note 5, § 23:11, at 23-55 (explaining that nominative use is so called "because it 'names' the real owner of the mark").

<sup>235</sup> *See* Cairns v. Franklin Mint Co., 292 F.3d 1139, 1151 & n.8 (9th Cir. 2002).

<sup>236</sup> 971 F.2d 302, 308 (9th Cir. 1992). Though litigants have raised the nominative fair use defense most frequently in the Ninth Circuit, district courts throughout the other circuits have also recognized the defense. *See, e.g.,* Century 21 Real Estate Corp. v. Lendingtree, Inc., 425 F.3d 211, 218 (3d Cir. 2005) (discussing cases). While the Third Circuit recently adopted a slightly modified test for nominative fair use, *see id.* at 222, it appears

applying the standard likelihood-of-confusion factors, the court finds for the defendant if the following conditions are met:

First, the [plaintiff's] product or service in question must be one not readily identifiable without use of the trademark;<sup>237</sup> second, only so much of the mark or marks may be used as is reasonably necessary to identify the product or service;<sup>238</sup> and third, the user must do nothing that would, in conjunction with the mark, suggest sponsorship or endorsement by the trademark holder.<sup>239</sup>

Like the Ninth Circuit's interpretation of classic fair use, the *New Kids* test was structured to require the defendant claiming nominative fair use to show that the use would not cause confusion.<sup>240</sup>

a. *The Supreme Court's Clarification of Fair Use Undermines the IIC Doctrine*

In *KP Permanent Make-Up*, the Supreme Court reversed the Ninth Circuit's approach to the fair use doctrine.<sup>241</sup> Addressing only classic fair use, the Court held that the fair use defense rebuts an infringement claim even if the use may cause some confusion.<sup>242</sup> Because fair use is an affirmative defense invoked only after a plaintiff has made a prima facie showing of a likelihood of confusion, "some possibility of consumer confusion must be compatible with fair use . . . ."<sup>243</sup> Though on its face the Supreme Court's decision rejects only the Ninth Circuit's approach to classic fair use, courts have applied its logic to nominative fair use as well.<sup>244</sup> That approach would require

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that the Ninth Circuit's *New Kids* test has otherwise been generally accepted. See MCCARTHY, *supra* note 5, § 23:11.

<sup>237</sup> Though the original statement of the test in *New Kids* was vague as to which party the first sentence referred to, Ninth Circuit decisions have consistently inserted "plaintiff's" in brackets. See, e.g., Cairns v. Franklin Mint Co., 292 F.3d 1139, 1151 (9th Cir. 2002) (quoting *New Kids*, 971 F.2d at 308).

<sup>238</sup> *New Kids* explained the second prong by example: A competing soft drink company would be entitled to a nominative fair use defense for a comparative advertisement using the term "Coca-Cola," but only if the company did not also use the distinctive lettering from Coca-Cola's logo. See *New Kids*, 971 F.2d at 308 n.7.

<sup>239</sup> *Id.* at 308.

<sup>240</sup> See Rothman, *supra* note 14, at 177-78 ("*New Kids* explicitly limits nominative fair use to situations in which the public is not deceived." (citing *New Kids*, 971 F.2d at 308)); see also Brother Records v. Jardine, 318 F.3d 900, 908 (9th Cir. 2003) (rejecting a nominative fair use defense because the defendant's use caused actual confusion); MCCARTHY, *supra* note 5, § 23:11, at 23-55 (noting that nominative use "is not an infringement so long as there is no likelihood of confusion").

<sup>241</sup> 543 U.S. 111 (2004).

<sup>242</sup> See *id.* at 124.

<sup>243</sup> See *id.* at 121.

<sup>244</sup> See Century 21 Real Estate Corp. v. Lendingtree, Inc., 425 F.3d 211, 222-23 (3d Cir. 2005) ("After that decision, it seems to us that neither classic or nominative fair use should rise and fall based on a finding of likelihood of confusion"); Ty, Inc. v. Puhl's Int'l, No. 99 C 5565, 2005 U.S. Dist. LEXIS 23420, at \*19 (N.D. Ill. Feb. 25, 2005) ("While the Supreme Court specifically declined to address the nominative fair use defense, I am persuaded that

the Ninth Circuit to rework its *New Kids* test to allow a defendant to assert a nominative fair use defense despite the existence of some possibility of confusion.<sup>245</sup>

Under this new approach, search engines should be able to successfully raise fair use defenses to claims challenging keyed sponsored links. Although classic fair use probably cannot serve as a defense to initial interest confusion claims against search engines,<sup>246</sup> nominative fair use may be viable. The search engine is using the plaintiff's mark as a keyword precisely because it is the plaintiff's brand name. That is, the advertiser uses the mark to describe not the advertiser itself but the plaintiff and its goods.

Thus, if a nominative use defense can now defeat some level of confusion, it should afford search engines a strong defense to IIC claims. Even courts that have applied the IIC doctrine to Internet search engine sponsored links have acknowledged that any confusion caused is minimal.<sup>247</sup> Given the minimal level of confusion that sponsored links may cause and the nominative character of the use—identifying the plaintiff and its brand, not the advertisers or their goods—the fair use defense should trump the fear that any confusion may arise.

b. *Traditional Nominative Fair Use Protects Keyed Advertising*

Even without extending *KP Permanent Make-Up's* classic fair use logic to nominative fair use, search engines should be entitled to the nominative fair use defense under the more restrictive *New Kids* test. Applying the test<sup>248</sup> to the *GEICO* scenario,<sup>249</sup> (1) Google cannot readily identify the GEICO company without using the trademark "GEICO"; (2) Google used only the word GEICO rather than any of GEICO's other marks, such as its distinctive lettering or its gecko mas-

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its logic applies with similar force to defendants pursuing the defense of nominative fair use . . .").

<sup>245</sup> See *supra* note 240. But see MCCARTHY, *supra* note 5, § 23:11, at 23-55 (maintaining that nominative fair use "is not an infringement so long as there is no likelihood of confusion").

<sup>246</sup> Sponsored links in search engines use marks to refer to the mark owners themselves. Thus, classic fair use, which applies only where a defendant uses a mark in its literal, non-trademark meaning, would not apply. See *Brookfield Commc'ns v. W. Coast Entm't Corp.*, 174 F.3d 1036, 1066 (9th Cir. 1999) (rejecting classic fair use defense because "moviebuff" "is not a word in the English language" and thus does not have a descriptive meaning).

<sup>247</sup> See, e.g., *Gov't Employees Ins. Co. v. Google, Inc. (GEICO II)*, No. 1:04cv507, 2005 U.S. Dist. LEXIS 18642, at \*15 (E.D. Va. Aug. 8, 2005) ("The risk of losing customers who are initially confused is lessened on the Internet . . . because a customer can retrace his steps almost instantaneously online.").

<sup>248</sup> *Supra* notes 236-39 and accompanying text.

<sup>249</sup> The nominative use defense was not actually raised in the case. See *GEICO II*, 2005 U.S. Dist. LEXIS 18642.

cot; (3) Google's placement of the ads under a "Sponsored Links" heading and the fact that the links lead to Web sites of GEICO competitors strongly suggest that GEICO did not endorse the use. As Google meets all three prongs of the *New Kids* test, it seems entitled to a nominative fair use defense. Prohibiting such nominative use "ha[s] the unwanted effect of hindering the free flow of information on the Internet, something which is certainly not a goal of trademark law."<sup>250</sup>

Yet the one appellate case to rule on the question of nominative fair use for search engine sponsored links rejected the defense<sup>251</sup>—and may have, amazingly enough, misread its own precedent in doing so. In *Playboy v. Netscape*, the Ninth Circuit held that the defense failed on the first prong of the *New Kids* test because the defendant's search engine did not need to use the plaintiff's marks, as the defendant "could use other words, besides [Playboy]'s marks, to trigger adult-oriented banner advertisements."<sup>252</sup> Yet the first prong of the *New Kids* test asks whether the *plaintiff's* product or service, not the defendant's, is reasonably identifiable without using the plaintiff's mark.<sup>253</sup> While it may indeed be true that the defendant could use other terms to trigger adult advertising, the defendant in *Playboy* could not reasonably identify the plaintiff company without using the plaintiff company's name.

Courts have generally not been so demanding, finding that defendants satisfy the first prong of *New Kids* in the many situations in which it is "virtually impossible" to refer to the plaintiff's product without using plaintiff's mark.<sup>254</sup> For example, a mechanic may advertise that he can repair "Volkswagens" without seeking permission to use Volkswagen's name, because of the difficulty in finding another way to refer to that maker of automobiles.<sup>255</sup> While the repair shop *could* avoid using "Volkswagen" by saying it can repair cars produced by a German manufacturer whose name rhymes with "folks dragon," and Google *could* avoid using "GEICO" in its sponsored links program by selling only generic keywords, courts have not previously required such roundabout methods when the use satisfies the second and third prongs of the nominative use defense.

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<sup>250</sup> *Playboy Enters. v. Welles*, 279 F.3d 796, 804 (9th Cir. 2002).

<sup>251</sup> *See Playboy Enters. v. Netscape Commc'ns Corp.*, 354 F.3d 1020, 1029–30 (9th Cir. 2004). For more background on this case, see *supra* Part III.A.

<sup>252</sup> *Playboy*, 354 F.3d at 1030.

<sup>253</sup> *See supra* note 237 and accompanying text.

<sup>254</sup> *E.g.*, *Horphag Research v. Pellegrini*, 337 F.3d 1036, 1041 (9th Cir. 2003) ("The nominative fair use analysis acknowledges that it is often virtually impossible to refer to a particular product for purposes of comparison, criticism, point of reference or any other such purpose without using the mark." (quotations omitted)).

<sup>255</sup> *See New Kids on the Block v. News Am. Publ'g*, 971 F.2d 302, 307 (9th Cir. 1992) (citing *Volkswagenwerk Aktiengesellschaft v. Church*, 411 F.2d 350 (9th Cir. 1969)).

#### D. Search Engine Users Are Not Likely to Be Confused

Even assuming the validity of the initial interest confusion doctrine's application to sponsored links, mark-owner plaintiffs must still prove that IIC will occur in their case. To do so, the plaintiff will need to show that consumers are likely to click on the advertisements at least initially believing them to be related to the mark they searched for, causing the mark owner to lose business. But those Internet users who feel comfortable enough to conduct business online are the same users who are least likely to be confused by sponsored links on search engines. Younger consumers are more likely to be confident in their Internet abilities and are thus the group more likely to conduct business online.<sup>256</sup> Further, younger users are more confident in their ability to use search engines and to understand the difference between regular search results and sponsored links.<sup>257</sup> Given that the demographic of consumers most likely to transact online is also the least likely to be confused by sponsored links, the existence of any initial confusion among Internet consumers is unlikely.

As time goes on, the number of consumers likely to be confused by sponsored links will diminish even further. We may eventually reach a point where the notion that anyone would misunderstand the nature of sponsored links will seem absurd. If courts apply the IIC doctrine now to prohibit search engines from using marks as keywords to generate sponsored links, that precedent will be difficult to overturn years later, when there will likely be an even smaller possibility of confusion to justify it. Aside from needlessly overprotecting trademarks, consumers will lose much of search engines' comparison-shopping functionality.<sup>258</sup> Applying the initial interest confusion doctrine to search engines, then, is not only unnecessary to protect companies from supposedly confusing sponsored links, it also creates precedent that may prevent a reassessment in the future, when initial confusion is even less likely.

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<sup>256</sup> See DEBORAH FALLOWS, PEW INTERNET & AM. LIFE PROJECT, *THE INTERNET AND DAILY LIFE*, at v, 19 (2004), available at [http://www.pewinternet.org/pdfs/PIP\\_Internet\\_and\\_Daily\\_Life.pdf](http://www.pewinternet.org/pdfs/PIP_Internet_and_Daily_Life.pdf); see also DEBORAH FALLOWS, PEW INTERNET & AM. LIFE PROJECT, *SEARCH ENGINE USERS*, at iii (2005), [http://www.pewinternet.org/pdfs/PIP\\_Searchengine\\_users.pdf](http://www.pewinternet.org/pdfs/PIP_Searchengine_users.pdf) [hereinafter FALLOWS, *SEARCH ENGINE USERS*] ("The youngest users, those 18–29 years old, . . . search more often and are more confident about their search abilities.").

<sup>257</sup> See FALLOWS, *SEARCH ENGINE USERS*, *supra* note 256, at 19.

<sup>258</sup> Those who do the most online shopping are also the most likely to use the Internet to comparison shop. See Press Release, Nielsen//NetRatings, *Heaviest Online Buyers Represent 18 Percent of Buyers, But Drive 46 Percent of Online Spending, According to Nielsen//NetRatings* (Dec. 2, 2005), available at [http://www.nielsen-netratings.com/pr/pr\\_051202.pdf](http://www.nielsen-netratings.com/pr/pr_051202.pdf).

## CONCLUSION

The initial interest confusion doctrine, though it expanded traditional trademark protection, was accepted as advancing trademark goals when courts applied it offline. The doctrine's application to the Internet was a quick answer to new and difficult trademark issues that courts were ill-prepared to handle. When extending the doctrine to the Internet, however, courts managed to prohibit not just "confusion" but also mere "diversion," far exceeding the doctrine's offline counterpart.

In addition to the theoretical problems with applying the IIC doctrine to trademark use in domain names and metatags, the doctrine has been statutorily preempted for domain names and is simply no longer necessary for metatags. Instead of questioning the propriety of the doctrine's application, however, courts have not only continued to rely on it but have also further expanded it, creating the bizarre situation in which trademarks receive greater protection online than offline.

Courts should reconsider the reflexive application of the IIC doctrine to the Internet and instead apply traditional trademark analysis. Though search engines' use of trademarks to trigger competitor's sponsored links may instinctively seem improper, trademark protection cannot become ownership of language and thus should not extend to such non-confusing uses. While advertisements that intentionally mislead or confuse users into believing that the links will lead to a mark owner's site should certainly be enjoined, innocent competitive conduct should not. It is fair for search engines to facilitate comparative advertising through the use of another's mark if the Internet users seeing the ads are not confused. Prohibiting such use has no legal basis, harms consumers, and stifles the Internet's development as a vital tool for competitive commerce.



