

THE STATE OF NATURE ON THE INTERNET: LITIGATING POP-UP AD & TRADEMARK KEYING CASES¹

by

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I. INTRODUCTION

As with man in the state of nature, entities in the Internet realm—regardless of their stature offline—may find their existence to be “solitary, poor, nasty, brutish, and short.”³ Moreover, within both provinces, we find three principal causes of quarrel: (1) competition; (2) diffidence; and (3) glory. Without well-defined rules of law (or a common power to keep all men in awe), the state of war is inevitable. So it goes with pop-up advertising and trademark keying on the Internet: website owners seek exclusive control over intellectual property within their digital domains, challengers employ newly developed tactics to expand their Internet sovereignty at the expense of competitors, and Internet law remains equivocal. This Article seeks to provide fodder for combatants on both sides of the Internet law battle over pop-up advertising and trademark keying practices.

Over the past two years, courts have struggled with four important pop-up advertising cases and four trademark keying cases. Regarding pop-up advertising decisions, the results have been mixed—two decisions in favor of pop-up advertisers and two decisions in favor of website owners—and whether pop-up advertising violates the intellectual property rights of website owners remains mostly unresolved. The same is true for trademark keying decisions. Although a district court initially cleared the way for trademark keying practices, the Ninth Circuit reversed the decision, thereby opening the door to further uncertainty and litigation. Two trademark keying actions remain undecided.

¹ This Article was first published in the Journal of Internet Law: Jason Allen Cody, *The State of Nature on the Internet: Litigating Pop-Up Ad & Trademark Keying Cases*, 8 J. INTERNET L. 14 (2005). This Article expands on previous articles that I have written addressing issues important to pop-up advertising and trademark keying cases, including the following: *Initial Interest Confusion: Whatever Happened to Traditional Likelihood of Confusion Analysis*, 12 FED. CIR. B.J. 643 (2003); *One Cyberswamp Predator Pops Up and Slides Into Dangerous IP Waters*, 14 ALB. L.J. SCI. & TECH. 81 (2003); *Just When U Thought It Was All Over: One Cyberswamp Predator's Kin Pops up and Slides Out of Dangerous IP Waters*, 7 U. PITT. J. TECH. L. & POL'Y 3 (2004); *Pop-Up Madness: Does IP Law Really Care?*, Findlaw.com's Modern Practice, at <http://practice.findlaw.com/tooltalk-0404.html> (Apr. 2004); *Search Engine Comparative AdWare-tising Under Scrutiny*, Findlaw.com's Modern Practice, at <http://practice.findlaw.com/tooltalk-0504.html> (May 2004); *Pop-Up Ad Litigation Strategy: Forums, Claims and Defenses*, Findlaw.com's Modern Practice, at <http://practice.findlaw.com/top10-0804.html> (Aug. 2004); *Congressional Attack on Internet Axis of Evil: Pop-Up Ad Spies & P2P Pirates*, Findlaw.com's Modern Practice, at <http://practice.findlaw.com/tooltalk-1004.html> (Oct. 2004). Specifically, this Article addresses additionally or more fully (1) pop-up advertising and trademark keying issues important to litigators; (2) the affect the initial interest confusion doctrine has on litigating pop-up advertising and trademark keying cases; and (3) viable defenses to claims of infringement in pop-up advertising and trademark keying cases. In short, this Article is geared to assisting litigators to pursue and defend against claims involving pop-up advertising and trademark keying practices.

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³ Thomas Hobbes, *Leviathan* (1651).

Nonetheless, courts have provided some insight into factors important to both sides of the conflict. Namely, courts have revealed information about forums, claims, and defenses useful to pop-up advertising and trademark keying litigants. To better understand this Internet law quagmire and strategies important to success therein, this Article briefly overviews the mechanics of pop-up advertising and trademark keying (Part II), summarizes recent pop-up advertising and trademark keying cases (Part III), identifies forums, claims, and defenses likely to prove useful to pop-up advertising and trademark keying litigants (plaintiffs and defendants) (Part IV), and concludes that although the war is far from being over, litigators are better prepared to help provide definition to this novel area of Internet law (Part V).

II. OVERVIEW OF POP-UP ADVERTISING & TRADEMARK KEYING PRACTICES

Two views predominate regarding the utility (not the legality) of online advertising. One is that it keeps the Internet free and provides an incentive to supply valuable content.⁴ In addition, pop-up advertising and trademark keying are said to be more meaningful advertising vehicles than other forms of random online advertising because they provide Internet users information about products and services in which Internet users have expressed an interest, at the very moment of such interest.⁵ The other view is that such advertising annoys and confuses Internet users.⁶ At least at the advent of these two online advertising techniques, many Internet users may have been uncertain as to who was generating the online ads and how such ads were caused to appear on their computer screens or in their search engine results.⁷ To understand the legal issues involved in pop-up advertising and trademark keying cases, the mechanics of each form of online advertising is briefly explained below.

A. Pop-Up Advertising Mechanics

Online pop-up advertising is one of the most recent innovative means by which Internet advertisers target and attract Internet users to the web sites of those sponsoring the ads. In general, pop-up advertisements are those ads which appear to Internet users inside of a window (e.g., a Word Perfect window) or web page (e.g., an Internet Explorer window) as they surf the

⁴ See, e.g., Ashley Dunn, *Ad Blockers Challenge Web Pitchmen*, L.A. TIMES, March 2, 1999, at A1 (stating that revenue generated from online advertising, whatever its form, “is a primary reason that so much of the Internet is free”).

⁵ “To maximize the effectiveness of online advertising, advertisers seek to target certain demographic groups of consumers.” Gregory Shea, *Trademarks and Keyword Banner Advertising*, 75 S. Cal. L. Rev. 529, 532 (2002) (citing *Playboy Enters., Inc. v. Netscape Communications Corp.*, 55 F. Supp. 2d 1070, 1072 (C.D. Cal. 1999)). In addition, pop-up advertising makes for a competitive environment, which benefits consumers in the form of lower prices. Stefanie Olsen, *Web Sites Prey On Rivals’ Stores*, CNET NEWS.COM, Aug. 7, 2001, at http://news.com.com/2100-1023_3-257592.html?tag=st_rn (last visited Oct. 23, 2003) (stating, for example, that “[w]hen certain Web surfers visit the [1-800-Flowers.com] site to browse for bouquets, a pop-up ad appears for \$10 off at chief rival FTD.com”).

⁶ Stefanie Olsen, *Search Engines Get “Gated,”* CNET NEWS.COM, Jan. 14, 2003, at http://news.com.com/2100-1023_3-980572.html?tag=st_rn (last visited Oct. 23, 2003).

⁷ Catharine P. Taylor, *The Crackle Over “Pop Unders”*; *Perception Woes Plague Sibling of Web Pop-Up Ads*, ADVERTISING AGE, July 16, 2001, at 36 (highlighting the tension between consumer frustration and cost-effective delivery of relevant and timely advertisements by noting that pop-up ads “can be viewed as ‘a necessary annoyance’ or a well-targeted boon to consumers and advertisers”).

web looking for various information, products, or services.⁸ Essentially, “[t]here are two companies in the pop-up ad industry, Gator Corporation [now Claria] and WhenU, that are the leaders in promulgating software that will cause pop-up ads to appear on a user’s computer.”⁹ Since their businesses are extremely similar,¹⁰ this Article simply illustrates WhenU’s pop-up advertising scheme:

[T]he pop-up advertisement software is found in many web-based “free” screensaver programs downloaded by individual computer users. Once a user accepts the license agreement, the SaveNow software is delivered and installed on the user’s computer. Using a directory of commonly used search phrases, commonly visited web addresses, and various keyword algorithms, the SaveNow program scans the user’s Internet activity to determine whether any of the terms, web addresses, or content match the information in the directory. If the program finds a match, it identifies an associated product or service category. The SaveNow program then determines whether the user’s computer should receive a pop-up advertisement that is selected at random from WhenU’s clients which match the category of the user’s activity.¹¹

B. Trademark Keying Mechanics

Another form of online advertising—which somewhat predates pop-up advertising— involves trademark keying by Internet search engines. In general, Internet search engines have lists of terms (which may include trademark terms) to which they key banner ads for the benefit of their advertisers.¹² When an Internet user types into a search engine a term that is targeted to a banner ad, e.g., “playboy,” or “playmate,” competing banner ads appear on the search results page, listing competing services, e.g., adult entertainment services.¹³ The Court of Appeals for the Ninth Circuit explained trademark keying in the following manner:

Keying allows advertisers to target individuals with certain interests by linking advertisements to pre-identified terms. To take an innocuous example, a person who searches for a term related to gardening may be a likely customer for a

⁸ Complaint at 19, *Washington Post Co. v. Gator Corp.*, No. Civil 02-909-A (E.D. Va. June 25, 2002) (stating that pop-up ads appear on top of a web page’s content, obscuring at least a portion of the content from the viewer, and Internet users must affirmatively close the pop-up ad window). For anyone who has not experienced a pop-up advertisement, visit the Washington Post’s website, <www.washingtonpost.com>, where pop-ups abound at each click of a button.

⁹ Declaration of John M. Simek at 2, *U-Haul Int’l, Inc. v. WhenU.com*, No. Civil 02-1469-A (E.D. Va. Sept. 5, 2003).

¹⁰ See, e.g., Mark Sakalosky, *The Golden Rule Updated*, CLICKZ TODAY, Sept. 16, 2003, at http://www.clickz.com/res/analyze_data/article.php/3077661 (last visited Oct. 23, 2003) (finding that “WhenU.com is a company whose business model closely mirrors Gator’s”); Jim Meskauskas, *Darwin Liked The Gator*, MEDIAPOST ONLINE SPIN, May 8, 2003, at http://www.mediapost.com/dtfs_dsp_Spin.cfm?spinID=205085 (stating, “No one ever mentions them, but WhenU.com is nearly identical to Gator in how it operates”).

¹¹ *U-Haul Int’l, Inc. v. Whenu.com, Inc.*, 2003 U.S. Dist. LEXIS 15710, at *5 (E.D. Va. Sept. 5, 2003).

¹² *Playboy Enters., Inc. v. Netscape Communications Corp.*, 354 F.3d 1020, 1023 (9th Cir. 2004). “Not all banner ads are keyed. Some advertisers buy space for their banner ads but only pay to have their ads displayed randomly. Such ads cost less because they are untargeted and therefore less effective.” *Id.* at 1023 n.1.

¹³ *Playboy Enters., Inc. v. Netscape Communications Corp.*, 354 F.3d 1020, 1023 (9th Cir. 2004).

company selling seeds. Thus, a seed company might pay to have its advertisement displayed when searchers enter terms related to gardening. After paying a fee to defendants, that company could have its advertisements appear on the page listing the search results for gardening-related terms: the ad would be “keyed” to gardening-related terms. Advertisements appearing on search result pages are called “banner ads” because they run along the top or side of a page much like a banner.¹⁴

III. SUMMARY OF POP-UP ADVERTISING & TRADEMARK KEYING CASES

A. Pop-Up Advertising Cases

1. The Nature of the Pop-Up Advertising Dispute

On the one side, website owners are upset because they don’t want to be forced to compete on their own websites. They believe that in the Internet forum, they should possess the undivided attention of potential Internet consumers. In terms of intellectual property, they make two primary claims: first, pop-up ads infringe their copyrights by violating their rights to display their websites¹⁵ and to prepare derivative works of their websites;¹⁶ and, second, pop-up ads infringe their trademark rights by causing a likelihood of consumer confusion¹⁷ and/or by diluting their trademarks.¹⁸

On the other side, Advertisers employing pop-up ads (and their clients) find this type of advertising vehicle extremely suitable to their needs; it delivers contextually targeted ads to consumers based on their online behavior at a moment when they are most likely to be receptive to the ad message.¹⁹ Like television and radio, the Internet is not free—it’s supported by advertising which is bothersome in any medium.²⁰ The online advertisers counter claims of copyright and trademark infringement based on the following primary arguments: (1) Internet

¹⁴ *Playboy Enters., Inc. v. Netscape Communications Corp.*, 354 F.3d 1020, 1022-23 (9th Cir. 2004) (noting that the keyed banner ads at issue were confusingly labeled).

¹⁵ *See, e.g.*, Plaintiffs’ Mem. at 25, *Washington Post Co. v. Gator Corp.* (E.D. Va. June 25, 2002) (No. Civil 02-909-A) (arguing that pop-up advertisements transgress the copyright owner’s right to publicly display their works in “alter[ing] the appearance of Plaintiffs’ websites by covering a portion of the content on the web page on which the pop-up advertisements appear”). Copyright owners also claim that pop-up ads change the manner in which Internet users perceive their web sites. *Id.*

¹⁶ *See, e.g.*, Plaintiffs’ Mem. at 14-15, *Washington Post Co. v. Gator Corp.* (E.D. Va. June 25, 2002) (No. Civil 02-909-A) (asserting copyright infringement of rights to prepare derivative works based on the notion that “Gator Corp. has added promotional messages to Plaintiffs’ copyrighted web pages” by serving pop-ups that cover their web pages with advertisements of competitors).

¹⁷ *See, e.g.*, Plaintiffs’ Mem. at 20-22, *Washington Post Co. v. Gator Corp.* (E.D. Va. June 25, 2002) (No. Civil 02-909-A) (claiming that pop-up ads placed “on” a website owner’s web page is “likely to cause confusion as to the origin, sponsorship, or approval of the pop-up advertisements”).

¹⁸ *See, e.g.*, Complaint at 32, *Washington Post Co. v. Gator Corp.*, No. Civil 02-909-A (E.D. Va. June 25, 2002) (alleging that pop-up advertisements blur and tarnish the underlying website owner’s trademarks, and thereby dilute the mark’s ability to identify the source of goods or services and the distinctive quality of the famous mark).

¹⁹ Stefanie Olsen, *Web Sites Prey On Rivals’ Stores*, CNET NEWS.COM, Aug. 7, 2001, at http://news.com.com/2100-1023_3-257592.html?tag=st_rn (stating that pop-up advertising benefits consumers in the form of lower prices).

²⁰ Richard M. Smith, *Speech: Internet Privacy: Who Makes the Rules?*, 4 YALE SYMP. L. & TECH. 2 (2001) (noting that “[t]argeted advertising is necessary for the sustenance of the free Internet”).

users consent to receiving ads;²¹ (2) pop-up ads don't appear on, alter, or modify another party's website;²² (3) pop-up ads do not make use of trademark owner's mark in commerce;²³ and (4) pop ups ads prominently display the pop up advertiser's mark and consumers don't assume they are associated with the underlying website.²⁴

In the middle are consumers. Although undoubtedly annoyed by pop-ups, online research shows that Internet users—apparently in the heat of paradoxical irritation and curiosity—are clicking these ads to no end.²⁵ Compared to all other forms of online advertising, pop-up ads seem to work.²⁶ Regardless of how frustrating pop-up ads may be, the focus must be on whether they are truly actionable under copyright or trademark law.

2. Outcomes in Pop-Up Advertising Case

So far, the score is even in this Internet law contest: pop-up advertisers have won two cases,²⁷ and website owners have won two cases.²⁸ In the first pop-up advertising case, the Washington Post and friends took aim at the Gator—the first notorious online pop-up advertiser.²⁹ Within three months, Judge Hilton spent two short pages in granting the plaintiffs' motion for a preliminary injunction, finding that they were likely to succeed in proving copyright and trademark infringement.³⁰ Although the terse opinion and quick settlement seemed to signal an end to pop-up advertising, many issues remained unresolved.³¹

²¹ See, e.g., Opposition at 4, *Washington Post Co. v. Gator Corp.* (E.D. Va. June 25, 2002) (No. Civil 02-909-A) (stating that, in exchange for “free” software, consumers were required to consent to receiving periodic advertisements based on web pages that the Internet users accessed).

²² See, e.g., *U-Haul Int'l, Inc. v. Whenu.com, Inc.*, 279 F. Supp. 2d 723, 730 (E.D. Va. 2003) (discussing whether pop-up ads display a copy or create derivative works of an original copyright protected work).

²³ See, e.g., Opposition at 17, *Washington Post Co. v. Gator Corp.* (E.D. Va. June 25, 2002) (No. Civil 02-909-A) (arguing that Gator did not make a “use in commerce” of the publishing plaintiffs' marks by displaying competitive messages in pop-up ads contained in entirely different computer windows than those containing the plaintiffs' web pages).

²⁴ See, e.g., *U-Haul Int'l, Inc. v. Whenu.com, Inc.*, 279 F. Supp. 2d 723, 727-28 (E.D. Va. 2003) (observing that “[w]hen a WhenU [pop-up] ad appears on a user's computer screen it opens in a WhenU-branded window that is separate and distinct from the window in which the U-Haul website appears”).

²⁵ WhenU web site, at <http://www.whenu.com/AdReports> (boasting a 90% advertiser renewal rate and click through rates from 3% to 20% and conversion rates from 0.8% to 7%).

²⁶ Mark Naples, *Going Out on a Limb Here . . .*, MEDIAPOST ONLINE SPIN, Aug. 29, 2003, at http://www.mediapost.com/dtls_dsp_Spin.cfm?spinID=217116 (Aug. 29, 2003) (stating that Gator's business model is no longer controversial, and that today Gator “is one of the industry's largest and most prosperous marketing companies”).

²⁷ *U-Haul Int'l, Inc. v. Whenu.com, Inc.*, 2003 U.S. Dist. LEXIS 15710 (E.D. Va. Sept. 5, 2003); *Wells Fargo & Co. v. WhenU.com, Inc.*, 2003 U.S. Dist. LEXIS 20756 (E.D. Mich. Nov. 19, 2003).

²⁸ *Washington Post Co. v. Gator Corp.*, 2002 U.S. Dist. LEXIS 20879 (E.D. Va. June 25, 2002); *1-800 Contacts, Inc. v. WhenU.com*, 2003 U.S. Dist. LEXIS 22932 (S.D.N.Y. Dec. 22, 2003).

²⁹ Complaint, *Washington Post Co. v. Gator Corp.*, No. Civil 02-909-A (E.D. Va. June 25, 2002) (alleging the following nine counts: (1) Trademark Infringement; (2) Unfair Competition; (3) Trademark Dilution; (4) Copyright Infringement; (5) Contributory Copyright Infringement; (6) “Hot News” Misappropriation; (7) Interference with Prospective Economic Advantage; (8) Unjust Enrichment; and (9) Violation of Virginia Business Conspiracy Act).

³⁰ *Washington Post Co. v. Gator Corp.*, 2002 U.S. Dist. LEXIS 20879, at *1-2 (E.D. Va. June 25, 2002).

³¹ The parties entered into a confidential settlement agreement 8 days before trial. Brian Morrissey, *News Publishers, Gator Settle Suit*, INTERNETNEWS.COM, Feb. 7, 2003, available at <http://www.internetnews.com/IAR/article.php/1581401>.

The next three pop-up cases involved Gator's primary competitor, WhenU.com. In the first WhenU.com case,³² decided in the same court as the Gator case, the court found no copyright or trademark infringement. Regarding copyright law, the court noted that the computer user, not the advertiser, called up the pop-up ads which did not alter the website over which they appeared or create any sort of a modification of the underlying web page.³³ In addition, there were no trademark law violations since the pop-up ads did not use the website's trademarks by generating different trademarks on a separate window screen or by incorporating the website's URL in the pop-up ad directory.³⁴

Results in the second WhenU.com case were extremely similar.³⁵ Slamming the copyright law claims, the court hypothetically noted that if derivative works were prepared, they were prepared by computer users, not pop-up advertisers.³⁶ In addition, pop-up advertisers could not be liable for contributory copyright infringement since "consumers who cause the display of WhenU advertisements or coupons on their screens do not alter plaintiffs' websites."³⁷ Finally, the trademark law claims failed in much the same manner as in the previous WhenU.com case.³⁸

In the most recent WhenU.com case,³⁹ the outcome was somewhat unique. Although the copyright claims failed again under familiar reasoning,⁴⁰ the trademark claims fared better,

³² Complaint, *U-Haul Int'l, Inc. v. WhenU.com* (E.D. Va. Sept. 5, 2003) (No. Civil 02-1469-A) (alleging a nine-count complaint identical to the Washington Post's complaint).

³³ *U-Haul Int'l, Inc. v. Whenu.com, Inc.*, 2003 U.S. Dist. LEXIS 15710, at *18-23 (E.D. Va. Sept. 5, 2003).

³⁴ *U-Haul Int'l, Inc. v. Whenu.com, Inc.*, 2003 U.S. Dist. LEXIS 15710, at *9-16 (E.D. Va. Sept. 5, 2003). The court held that that there was no trademark use in commerce in violation of the Lanham Act based on the following:

U-haul fail[ed] to establish that WhenU uses U-Haul's trademarks in commerce in violation of the Lanham Act because (1) WhenU's pop-up window is separate and distinct from U-Haul's web site, (2) WhenU does not advertise or promote U-Haul's trademarks through the use of U-Haul's URL or 'U-Haul' in its SaveNow directory, and (3) the SaveNow program does not hinder or impede Internet users from accessing U-Haul's web site in such a manner that WhenU 'uses' U-Haul's trademarks.

Id. at *16. Since there was no use in commerce, there could be no trademark infringement or trademark dilution. *Id.* at *16-17.

³⁵ The Wells Fargo complaint was identical to the two previous pop-up ad cases, except that it added a federal claim for false designation of origin. Complaint, *Wells Fargo & Co. v. WhenU.com, Inc.* (E.D. Mich. May 16, 2003) (No. Civil 03-71906).

³⁶ *Wells Fargo & Co. v. WhenU.com, Inc.*, 293 F. Supp. 2d 734, 769 (E.D. Mich. 2003) (stating that WhenU's "SaveNow software does not access plaintiffs' websites; therefore, it does not incorporate them into a new work," as is required to be considered a derivative work).

³⁷ *Wells Fargo & Co. v. WhenU.com, Inc.*, 293 F. Supp. 2d 734, 769 (E.D. Mich. 2003) (observing that the WhenU window "has no physical relationship to plaintiffs' websites, and does not modify the content displayed in any other open window").

³⁸ *Wells Fargo & Co. v. WhenU.com, Inc.*, 293 F. Supp. 2d 734, 757-769 (E.D. Mich. 2003). The court stated that "[t]here can be no liability under the Lanham Act absent the use of a trademark in a way that identifies the products and services being advertised by the defendant." *Id.* at 757. Ultimately, the court rejected all three of the following arguments made by the plaintiff concerning use in commerce: (1) WhenU hinders Internet users from accessing plaintiffs' websites; (2) WhenU deliberately positions its pop-up advertisements in close proximity to plaintiffs' trademarks; and (3) WhenU uses plaintiffs' marks to trigger delivery of advertisements. *Id.* at 758.

³⁹ The 1-800 Contacts complaint was identical to the three previous pop-up ad cases, except that it added federal claims for false designation of origin and cybersquatting. Complaint, *1-800 Contacts, Inc. v. WhenU.com* (S.D.N.Y. Oct. 9, 2002) (No. Civ. 03-8043).

⁴⁰ Rejecting infringement of the display right, the court found that "to hold that computer users are limited in their use of Plaintiff's website to viewing the website without any obstructing windows or programs would be to subject countless computer users and software developers to liability for copyright infringement and contributory copyright infringement." *1-800 Contacts, Inc. v. WhenU.com*, 309 F. Supp. 2d 467, 485 (S.D.N.Y. 2003). With regard to the right to prepare derivative works, the court found that the plaintiff failed to satisfy the fixation requirement, and

giving new life to the website owners’ cause. Not only do pop-up advertisers use a website owner’s mark in commerce to trigger a pop-up ad,⁴¹ the court said, they also make a use in commerce by including a website owner’s URL in a directory that triggers pop-up ads in direct competition with the websites.⁴² This finding, obviously, is in direct opposition to the two previous WhenU.com cases. The court found that trademark infringement, therefore, was likely to result from consumers being initially confused as to the source of the pop-up ads.⁴³

Chart 1: Summary of Pop-Up Advertising Cases

	Washington Post v. Gator	U-Haul v. WhenU.com	Wells Fargo v. WhenU.com	1-800 Contacts v. WhenU.com
Date	7/02	9/03	11/03	12/03
Court	E.D. Va.	E.D. Va.	E.D. Mich.	S.D.N.Y.
Disposition	granted π 's motion for a preliminary injunction	granted Δ 's motion for summary judgment	denied π 's motion for a preliminary injunction	granted π 's motion for a preliminary injunction
Copyright Infringement	yes	no	no	no
Trademark Infringement	yes	no	no	yes
Trademark Dilution	implied, but not analyzed	no	no	not analyzed
Initial Interest Confusion Doctrine	not analyzed	not analyzed	no (refused to apply)	yes (diversion & distraction of consumers)
Use in Commerce	implied, but not analyzed	no	no	yes
Comparative Advertising	not analyzed	yes	yes	not analyzed

B. Trademark Keying Cases

since “the screen display of the 1-800 Contacts website with [WhenU’s] pop-up ads is not ‘fixed in any medium,’ it is not sufficiently ‘original’ to qualify as a derivative work.” *Id.* at 487. Finally, WhenU’s “pop-up ads may ‘obscure’ or ‘cover’ a portion of Plaintiff’s website – but they do not ‘change’ the website, and accordingly do not ‘recast, transform or adapt’ the website,” as is required to qualify for non-original derivative work status. *Id.*

⁴¹ *1-800 Contacts, Inc. v. WhenU.com*, 309 F. Supp. 2d 467, 489 (S.D.N.Y. 2003) (noting that the advertisers shown in WhenU’s pop-up ads are competitors to the Plaintiff and that SaveNow users are specifically attempting to reach Plaintiff’s website based on its reputation and goodwill).

⁴² *1-800 Contacts, Inc. v. WhenU.com*, 309 F. Supp. 2d 467, 489 (S.D.N.Y. 2003). The court found that WhenU made “use” of the plaintiff’s mark by including its URL, <www.1800contacts.com>, in WhenU’s directory of terms that triggers pop-up ads on computer’s using the SaveNow program—i.e., “WhenU.com ‘uses’ Plaintiff’s mark, by including a version of Plaintiff’s 1-800 CONTACTS mark, to advertise and publicize companies that are in direct competition with Plaintiff.” *Id.*

⁴³ The court found that the Polaroid factors weigh heavily in favor of the Plaintiff’s showing a likelihood of both source confusion and initial interest confusion. *1-800 Contacts, Inc. v. WhenU.com*, 309 F. Supp. 2d 467, 504 (S.D.N.Y. 2003).

1. The Nature of the Trademark Keying Dispute

From the trademark owners' point of view, competitive advertisements keyed to trademarks steal away potential Internet customers by redirecting them to competitors' websites.⁴⁴ In their view, competitors essentially get to free ride on the valuable goodwill that consumers associate with the trademark owners' marks.⁴⁵ Trademark owners obviously want to have a lock on the goodwill that they have created in the marketplace and to preclude undeserving interlopers from interfering with it on the Internet.

On the defense, search engines eschew responsibility for policing which keywords and ad text their advertisers choose to employ in ad campaigns.⁴⁶ Relatedly, the advertisers choosing well-known marks to trigger their advertisements believe that they are within their rights to engage in comparative advertising.⁴⁷ They argue that using trademarks in such manner ensures a competitive environment where consumers receive timely and relevant information useful to making well-informed purchasing decisions.⁴⁸

2. Outcomes in Trademark Keying Cases and Pending Litigation

In 2000, search engines were temporarily emboldened by a federal district court decision. Playboy Enterprises brought an action against Netscape and Excite alleging trademark infringement and dilution.⁴⁹ The search engines were selling to Playboy's competitors banner

⁴⁴ Complaint at 15, *Am. Blind & Wallpaper Factory, Inc. v. Google, Inc.* (S.D.N.Y. Jan. 27, 2004) (No. Civil 04-00642) (stating that trademark keying "actions steal customers from American Blind's website, divert consumers to inferior products and services, erode the distinctiveness of American Blind's Marks, and impair American blind's honest and good faith efforts to promote and sell its products on the Internet").

⁴⁵ Complaint at 13, *Am. Blind & Wallpaper Factory, Inc. v. Google, Inc.* (S.D.N.Y. Jan. 27, 2004).

[S]earch engines are designed and intended to divert and lure consumers from the websites that they intend to visit [] to other websites owned by competing advertisers. . . . By design, the Defendants profit when consumers click on competitors' links and visit an advertiser's site. None of this revenue, however, is paid to the owner of the trademark for whom the consumer was searching. Thus, Defendants and their advertisers are free-riding on the goodwill and reputation of the trademark owners.

Id.

⁴⁶ Complaint at 2, *Google, Inc. v. Am. Blind & Wallpaper Factory, Inc.* (N.D. Cal. Nov. 26, 2003) (No. Civil 03-5340) (stating that "Google's advertisers, not Google, select the keywords that will trigger their advertisements").

⁴⁷ In a case involving keying of Geico Insurance's trademarks, *amicus curiae* made the following points:

Just as consumers have a legitimate interest in obtaining information about a full range of competitors before they buy insurance, and not just about GEICO, so too do GEICO's rival insurance companies and insurance brokers have every right to call their competing products to the attention of potential customers. . . . For example, a GEICO competitor could legitimately place an advertisement in the New York Times bearing a large headline, "If you think GEICO provides good insurance product at a reasonable cost, consider our products instead."

Mem. of *Amicus Curiae* Public Citizen at 12, *GEICO v. Google, Inc.* (E.D. Va. July 30, 2004) (No. Civil 04-507).

⁴⁸ Extending the line of reasoning in the previous footnote, *amicus curiae* argues:

GEICO competitors are not limited to advertising to the general public. They are also entitled to advertise in locations where consumers already interested in insurance generally are likely to see their ads. IF the competitors seek to compete with GEICO specifically, they are entitled to seek out advertising venues where their ads can be seen by people who are thinking about whether to buy GEICO products, or seeking [] information about GEICO itself.

Mem. of *Amicus Curiae* Public Citizen at 12, *GEICO v. Google, Inc.* (E.D. Va. July 30, 2004) (No. Civil 04-507).

⁴⁹ *Playboy Enters, Inc. v. Netscape Communications*, 2000 U.S. Dist. LEXIS 13418, at *2-4 (C.D. Cal. Sept. 14, 2000).

advertisements triggered by the key terms “playboy” and “playmate,” which are Playboy trademarks.⁵⁰ On the search engines’ motion for summary judgment, the District Court for the Central District of California held that the search engines did not make actionable trademark use of Playboy’s trademarks—i.e., they did not use the marks to identify Playboy’s goods or services.⁵¹ Therefore, the court found that Playboy had no basis on which to allege trademark infringement and dilution.⁵²

Four years later, on appeal, the trademark owners experienced victory. The Ninth Circuit reversed and remanded the decision, finding that material issues of fact existed, precluding summary judgment in favor of the search engines regarding trademark infringement and dilution.⁵³ To wit, the court found that keying comparative ads to trademarks was an actionable use of a trademark⁵⁴ which would lead Internet users to initially believe there was an affiliation between search engine advertisers and trademark owners.⁵⁵ Even if Internet users realize before making a transaction that no affiliation exists, the court observed, they visit competing websites based on their initial interest in the well-known trademark.⁵⁶ Within a week of the Ninth Circuit paving the way for Playboy to pursue its case, the parties settled for an undisclosed amount, leaving unanswered questions regarding the legality of trademark keying.⁵⁷

A few months after the Ninth Circuit decision, the behemoth of all Internet search engines, Google, took an aggressive position to defend its main source of advertising revenue. Under its new policy, Google announced that it would “begin allowing U.S. and Canadian advertisers to bid on any keyword, including trademarked terms, sold as part of its sponsored listings service.”⁵⁸ Therefore, three other pending actions—all involving Google—are worth noting.

Google initiated the first case in response to threats of legal action by American Blind, which claimed that Google’s practices permitted competitors to “confuse customers and capitalize illegally on [American Blind’s] goodwill and reputation by purchasing substantially similar keywords.”⁵⁹ Google seeks a declaratory judgment that its keyword-triggered ad

⁵⁰ *Playboy Enters, Inc. v. Netscape Communications*, 2000 U.S. Dist. LEXIS 13418, at *2 (C.D. Cal. Sept. 14, 2000).

⁵¹ *Playboy Enters, Inc. v. Netscape Communications*, 2000 U.S. Dist. LEXIS 13418, at *2-4 (C.D. Cal. Sept. 14, 2000) (stating that the search engines’ “use of the words ‘playboy’ and ‘playmate’ in their search engines does not equate to commercial exploitation of [Playboy’s] trademarks”).

⁵² *Playboy Enters, Inc. v. Netscape Communications*, 2000 U.S. Dist. LEXIS 13418, at *2 (C.D. Cal. Sept. 14, 2000) (finding that “[w]here a defendant does not use the plaintiff’s mark as its trademark, there is no liability”) (citing *New Kids on the Block v. News Am. Publ’g, Inc.*, 971 F.2d 302, 307 (9th Cir. 1992)).

⁵³ *Playboy Enters, Inc. v. Netscape Communications*, 354 F.3d 1020, 1034 (9th Cir. 2004).

⁵⁴ *Playboy Enters, Inc. v. Netscape Communications*, 354 F.3d 1020, 101026 (9th Cir. 2004) (noting that the “Internet user will have reached the site because of defendants’ use of [Playboy’s] mark”)

⁵⁵ *Playboy Enters, Inc. v. Netscape Communications*, 354 F.3d 1020, 1025 (9th Cir. 2004).

⁵⁶ Regarding the initial interest confusion doctrine, the court noted that it found “insufficient evidence to defeat summary judgment on any other theory.” *Playboy Enters, Inc. v. Netscape Communications*, 354 F.3d 1020, 1025 n.13 (9th Cir. 2004). Nevertheless, it went on to analyze likelihood of confusion by applying the traditional circuit factor test. *Playboy Enters, Inc. v. Netscape Communications*, 354 F.3d 1020, 1026-29 (9th Cir. 2004) (finding that the majority of the factors favored the plaintiff).

⁵⁷ Stefanie Olsen, *Netscape, Playboy Settle Search Trademark Case*, CNET NEWS.COM, Jan. 23, 2004, at http://news.com.com/Netscape%2C+Playboy+settle+search+trademark+case/2100-1024_3-5146502.html?tag=nl (last visited Dec. 1, 2004).

⁵⁸ Stefanie Olsen, *Google Plans Trademark Gambit*, CNET NEWS.COM, Apr. 13, 2004, at http://news.com.com/2100-1038_3-5190324.html?tag=nefd.lede (last visited Dec. 1, 2004).

⁵⁹ Complaint at 3, *Google, Inc. v. Am. Blind & Wallpaper Factory, Inc.* (N.D. Cal. Nov. 26, 2003) (No. Civil 03-5340). Interestingly, Google’s complaint indicated that American Blind’s counsel, which sent Google several cease and desist letters, acknowledged a conflict of interest because it represented Google in a separate matter. *Id.*

program (AdWords) does not violate trademark law.⁶⁰ September 17, 2004, a hearing was held on Google’s motion to dismiss, but the court has not yet made a decision. The second case came just two months after Google initiated its declaratory judgment action. American Blind sued Google in the Southern District of New York based on several trademark-related claims.⁶¹ June 29, 2004, the court dismissed the action without prejudice based on improper venue. The third action was initiated by the Government Employees Insurance Company (GEICO) in the Eastern District of Virginia. As with the other two cases, this suit was based on Google’s AdWare program which keyed competitors’ advertisements to GEICO’s trademarks.⁶² So far, the court has denied Google’s motion to dismiss claims brought under the Lanham Act,⁶³ as well as its motion for summary judgment.⁶⁴ Otherwise, the case is still pending.

Chart 2: Summary of Trademark Keying Cases

	Playboy v. Netscape	Playboy v. Netscape	Google v. American Blind	Am. Blind v. Google	Geico v. Google
Date	9/00	1/04	11/03	1/04	5/04
Court	C.D. Cal.	9th Cir.	N.D. Cal.	S.D.N.Y.	E.D. Va.
Disposition	granted Δ’s motion for summary judgment	rev’d, thereby denying Δ’s motion for summary judgment	declaratory judgment action; motion to dismiss pending	action dismissed based on improper venue	denied google’s motions to dismiss and for summary judgment
Trademark Infringement	no	yes, likely	n/a	n/a	n/a
Trademark Dilution	no	yes, likely	n/a	n/a	n/a
Initial Interest Confusion Doctrine	not analyzed	yes	n/a	n/a	n/a
Use in Commerce	no	yes	n/a	n/a	yes
Comparative Advertising	yes	no	n/a	n/a	n/a

According to the complaint, not only did the firm instruct Google to contact American Blind directly to resolve the matter, it also stated in a letter: “we value Google as a client and very much hope we can continue to represent you on other matters in the future.” *Id.* at 5.

⁶⁰ Complaint, *Google, Inc. v. Am. Blind & Wallpaper Factory, Inc.* (N.D. Cal. Nov. 26, 2003) (No. Civil 03-5340).

⁶¹ Complaint at 16-20, *Am. Blind & Wallpaper Factory, Inc. v. Google, Inc.* (S.D.N.Y. Jan. 27, 2004) (alleging federal trademark infringement, false representation, and dilution, and three claims under New York law).

⁶² Complaint, *GEICO v. Google, Inc.*, (E.D. Va. May 5, 2004) (No. Civil 04-507) (alleging six federal trademark-related claims and two claims under Virginia law).

⁶³ Order, *GEICO v. Google, Inc.*, (E.D. Va. Aug. 25, 2004) (No. Civil 04-507).

⁶⁴ Order, *GEICO v. Google, Inc.*, (E.D. Va. Nov. 19, 2004) (No. Civil 04-507).

IV. FORUMS, CLAIMS & DEFENSES

A. Identify the Most Favorable Forums

1. Forums Finding Infringement

Two primary factors appear most relevant to choosing a forum in which to litigate pop-up advertising and trademark keying claims. First, plaintiffs would prefer to be in courts already finding that pop-up ads and trademark keying infringe (or are likely to infringe) intellectual property rights of website owners. Regarding pop-up advertising, although cases have been litigated in three forums—the Eastern District of Virginia, the Eastern District of Michigan, and the Southern District of New York—the two cases decided in the Eastern District of Virginia completely contradict each other.⁶⁵ Ignoring the Eastern District of Virginia, then, a website owner plaintiff would want to bring an action in the Southern District of New York,⁶⁶ while a pop-up advertiser defendant would prefer to defend in the Eastern District of Michigan.⁶⁷

Regarding trademark keying, plaintiffs will likely desire to bring actions in courts within the Ninth Circuit. Although the court did not fatally decide whether trademark keying actually constitutes trademark infringement (or dilution), it sent a strong signal in denying the search engines' motion for summary judgment.⁶⁸ Things are looking good for plaintiffs in the Eastern District of Virginia as well. Although the case is still pending, the court has so far denied Google's motion to dismiss and motion for summary judgment, indicating at least that the parties must prepare for a real fight on the merits.⁶⁹ The remaining trademark keying case provides little insight at this juncture.⁷⁰

2. Forums Adopting Initial Interest Confusion

Second, as with other Internet law disputes, the initial interest confusion doctrine appears to have some influence on the willingness of a court to find trademark infringement. Under the initial interest confusion doctrine, use of another party's mark to generate initial consumer interest (not confusion) in the first party's goods or services is actionable;⁷¹ it does not matter

⁶⁵ Compare *Washington Post Co. v. Gator Corp.*, 2002 U.S. Dist. LEXIS 20879 (E.D. Va. June 25, 2002) (granting plaintiff's motion for a preliminary injunction regarding copyright and trademark infringement claims), with *U-Haul Int'l, Inc. v. Whenu.com, Inc.*, 2003 U.S. Dist. LEXIS 15710 (E.D. Va. Sept. 5, 2003) (granting defendant's motion for summary judgment against copyright and trademark infringement claims).

⁶⁶ *1-800 Contacts, Inc. v. WhenU.com*, 309 F. Supp. 2d 467 (S.D.N.Y. 2003) (granting plaintiff's motion for a preliminary injunction regarding trademark infringement claim, but denying the motion as to copyright infringement).

⁶⁷ *U-Haul Int'l, Inc. v. Whenu.com, Inc.*, 2003 U.S. Dist. LEXIS 15710 (E.D. Va. Sept. 5, 2003) (denying plaintiff's motion for a preliminary injunction regarding copyright and trademark infringement claims).

⁶⁸ *Playboy Enters, Inc. v. Netscape Communications*, 354 F.3d 1020 (9th Cir. 2004).

⁶⁹ Order, *GEICO v. Google, Inc.*, (E.D. Va. Aug. 25, 2004) (No. Civil 04-507); Order, *GEICO v. Google, Inc.*, (E.D. Va. Nov. 19, 2004) (No. Civil 04-507).

⁷⁰ *Google, Inc. v. Am. Blind & Wallpaper Factory, Inc.* (No. Civil 03-5340) (pending motion to dismiss). Deciding American Blind's pending motion to dismiss Google's complaint seeking declaratory relief will provide no insight into the legality of trademark keying.

⁷¹ 3 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 23:6 (2d ed. 1982).

whether a transaction results or whether consumers ultimately know that the goods or services of the two parties originate from different sources.⁷²

The Eastern District of Virginia decisions did not mention initial interest confusion probably because the doctrine has never been recognized by the Fourth Circuit. Similarly, the Eastern District of Michigan refused to apply the doctrine, stating that “the Sixth Circuit Court of Appeals [] has not adopted the initial interest confusion doctrine and has not even acknowledged the doctrine in recent Internet trademark cases.”⁷³ In contrast, the Second Circuit has a long tradition of finding initial interest confusion,⁷⁴ and the Southern District of New York applied the doctrine in its only pop-up advertising case.⁷⁵

In the trademark keying context, the Ninth Circuit found that Playboy’s “strongest argument for a likelihood of confusion is for a certain kind of confusion: initial interest confusion.”⁷⁶ In fact, even though the court ultimately applied traditional likelihood of confusion analysis, the court noted that absent initial interest confusion, “we find insufficient evidence to defeat summary judgment on any other theory.”⁷⁷ In other words, if it were not for initial interest confusion, the search engines would have succeeded in their motion for summary judgment finding that trademark keying practices did not constitute trademark infringement or dilution.⁷⁸

Clearly, bringing an action against a pop advertiser in a jurisdiction recognizing the initial interest confusion doctrine favors a plaintiff. Pop-up advertisers, on the other side, would prefer to avoid such initial interest confusion jurisdictions. Therefore, potential defendants may want to bring an action for a declaratory judgment of non-infringement in a forum more sympathetic to pop-up advertising and trademark keying activities, such as the in the First Circuit.⁷⁹

⁷² The first court to apply the initial interest doctrine in an Internet case, the Court of Appeals of the Ninth Circuit, described the injury as follows:

Customers are not confused in the narrow sense: they are fully aware that they are purchasing from [the alleged infringer] and they have no reason to believe that [the alleged infringer] is related to, or in any way sponsored by, [the trademark owner]. Nevertheless, the fact that there is only initial consumer confusion does not alter the fact that [the alleged infringer] would be misappropriating [the trademark holder’s] acquired goodwill.

Brookfield Communications, Inc. v. W. Coast Entm’t Corp., 174 F.3d 1036, 1064 (9th Cir. 1999).

⁷³ The district court apparently overlooked one decision of the Sixth Circuit. *PACCAR Inc. v. TeleScan Techs., L.L.C.*, 319 F.3d 243, 253 (6th Cir. 2003) (finding that “‘initial interest confusion’ is recognized as an infringement under the Lanham Act”).

⁷⁴ See, e.g., *Grotirian, Helfferich, Schulz, Th. Steinweg Nachf. v. Steinway & Sons*, 365 F. Supp. 707, 717 (S.D.N.Y. 1973) (finding that initial confusion may generate enough interest to appropriate the goodwill of a competitor). Beyond the jurisdictions mentioned above, courts of appeals in the third, the fifth, and the seventh circuits have adopted or recognized the initial interest confusion doctrine. See, e.g., *Checkpoint Sys., Inc. v. Check Point Software Techs., Inc.*, 269 F.3d 270, 300–01 (3d Cir. 2001); *Elvis Presley Enters., Inc. v. Capece*, 141 F.3d 188, 201 (5th Cir. 1998); *Eli Lilly & Co. v. Natural Answers, Inc.*, 233 F.3d 456, 465 (7th Cir. 2000).

⁷⁵ *1-800 Contacts, Inc. v. WhenU.com*, 309 F. Supp. 2d 467, 493 (S.D.N.Y. 2003) (remarking that harm to the Plaintiff from initial interest confusion lies in the possibility that, through the use of pop-up advertisements [the defendant] ‘would gain crucial credibility during the initial phases of a deal’”).

⁷⁶ *Playboy Enters, Inc. v. Netscape Communications*, 354 F.3d 1020, 1024 (9th Cir. 2004).

⁷⁷ *Playboy Enters, Inc. v. Netscape Communications*, 354 F.3d 1020, 1025 n.13 (9th Cir. 2004).

⁷⁸ In Judge Berzon’s concurrence, however, she indicated that the court should consider abolishing the initial interest confusion doctrine. *Playboy Enters, Inc. v. Netscape Communications*, 354 F.3d 1020, 1036 (9th Cir. 2004).

⁷⁹ *Astra Pharm. Prods., Inc. v. Beckman Instruments, Inc.*, 718 F.2d 1201, 1207–08 (1st Cir. 1983) (acknowledging that temporary confusion existed, but not finding likelihood of confusion); *CCBN.com, Inc. v. c-call.com, Inc.*, 73 F. Supp. 2d 106, 113 (D. Mass. 1999) (finding that initial interest confusion does not translate into actionable

B. Identify the Most Relevant Claims to Pursue

Of the 9 to 10 claims appearing in complaints against pop-up advertisers (typically 5 to 6 federal claims and 3 to 4 state claims),⁸⁰ the trademark claims have fared the best. The courts are almost unanimous in finding that pop-up advertisements do not violate copyright law.⁸¹ Courts expressly addressing such claim find that pop-up ads do not copy, display, alter, or modify underlying a website owner's copyright protected work; thus, the ads do not infringe the website owner's copyrights.⁸² Unless plaintiffs have unique facts and original arguments pertaining to copyright law claims, they may want to consider omitting copyright infringement from their complaints altogether. If they don't, pop-up advertisers will have at least persuasive authority to support a motion to dismiss any such claims.

Regarding trademark law claims, courts have generally focused on infringement, rather than on dilution, which is more difficult to prove.⁸³ First, as with infringement, if a mark is not used in commerce, a claim for dilution will not stand.⁸⁴ So, two of the pop-up advertising decisions had no reason to address dilution. Second, while the Eastern District of Virginia issued a preliminary injunction that probably covered a dilution claim, it provided no rationale for its decision.⁸⁵ Finally, the Southern District of New York noted that where other federal claims "would [not] entitle plaintiff to greater relief than that appropriate under its infringement and cybersquatting claims, there is no need to consider them."⁸⁶ Nevertheless, the Ninth Circuit did analyze Playboy's dilution claims somewhat, finding that issues of fact precluded the defendants' motion summary judgment on such claims.⁸⁷ Overall, however, trademark infringement is the weapon of choice against pop-up advertising and trademark keying.

C. Identify the Most Relevant Defenses to Assert

1. Focus on "Use in Commerce" Requirement

confusion). *Contra EMC Corp. v. Hewlett-Packard Co.*, 59 F. Supp. 2d 147, 150 (D. Mass. 1999) (accepting the theory of initial interest confusion).

⁸⁰ See, e.g., *Wells Fargo & Co. v. WhenU.com Inc.*, 293 F. Supp. 2d 734 (E.D. Mich. 2003) (the following federal claims were alleged: trademark infringement, trademark dilution, copyright infringement, contributory copyright infringement, unfair competition, and false designation of origin).

⁸¹ The Eastern District of Virginia really didn't address the copyright claims in any meaningful manner.

⁸² *U-Haul Int'l, Inc. v. Whenu.com, Inc.*, 2003 U.S. Dist. LEXIS 15710, at *18-23 (E.D. Va. Sept. 5, 2003); *Wells Fargo & Co. v. WhenU.com, Inc.*, 293 F. Supp. 2d 734, 769 (E.D. Mich. 2003); *1-800 Contacts, Inc. v. WhenU.com*, 309 F. Supp. 2d 467, 485 (S.D.N.Y. 2003).

⁸³ Rather than a "likelihood of dilution" standard—which model the trademark infringement standard, "likelihood of confusion"—trademark dilution requires proof of "actual dilution." *Moseley v. V Secret Catalogue, Inc.*, 537 U.S. 418, 433 (2003).

⁸⁴ 15 U.S.C. § 1125 (c)(1) (stating that the "owner of a famous mark shall be entitled . . . to an injunction against another person's commercial use in commerce of a mark or trade name, if such use begins after the mark has become famous and causes dilution of the distinctive quality of the famous mark") (emphasis added).

⁸⁵ *Washington Post Co. v. Gator Corp.*, 2002 U.S. Dist. LEXIS 20879, at *1-2 (E.D. Va. June 25, 2002) (finding, without analysis, that plaintiff was likely to succeed on its trademark dilution claim).

⁸⁶ *1-800 Contacts, Inc. v. WhenU.com*, 309 F. Supp. 2d 467, 509 (S.D.N.Y. 2003).

⁸⁷ *Playboy Enters, Inc. v. Netscape Communications*, 354 F.3d 1020, 1034 (9th Cir. 2004).

Regarding pop-up advertising, two WhenU opinions determined that plaintiffs did not satisfy the “use in commerce” requirement.⁸⁸ The courts more or less found that Internet users were aware that they were viewing two independent sources of information, that using marks and URLs to trigger ads is a function similar to many forms of comparative advertising, and that, despite annoyances, Internet users were not prevented from accessing websites they were attempting to reach. Moreover, the pop up ads did not use the website owners’ marks to indicate anything about the source of products or services advertised by the pop-up advertisers. The district court in the Playboy case applied the same reasoning to trademark keying before being reversed.⁸⁹ Thus, these courts found that a pop-up ad and an ad keyed to a trademark make no Lanham Act use in commerce of a website owner’s mark.

Two opinions, however, came to an opposition conclusion. First, the Ninth Circuit summarily found that the search engines’ trademark keying practices constituted an actionable use in commerce.⁹⁰ Second, the Southern District of New York found that pop-up ads appearing together on a computer screen with the website owner’s mark constituted a use of the plaintiff’s mark in commerce to advertise the defendant’s services.⁹¹ In addition, the district court said, pop-up ads triggered by a website owner’s URL to advertise companies in direct competition with the website owner constitutes a trademark use in commerce.

The important point for litigants to appreciate is that use in commerce is essential to any trademark law claim. With respect to pop-up advertising and trademark keying cases, this element has garnered perhaps surprising importance. Litigants on both sides, therefore, want to adequately research “use in commerce” jurisprudence in the forum in which they are (or will be) situated, and adequately address the issue at the outset.

2. Assert Comparative Advertising as a Fair Use Defense

Comparative advertising probably merits more attention in pop-up advertising and trademark keying cases than it has garnered thus far. Only three decisions discussed above mentioned comparative advertising within the context of a fair use defense. The general rule is that use of a term other than as a trade or service mark does not constitute trademark infringement if the term is used fairly and in good faith to describe goods or services of the party using the term.⁹²

Of the two pop-up advertising decisions discussing comparative advertising, the *Wells Fargo* opinion is the most thorough. The court found that “[t]he juxtaposition of WhenU’s advertisements with plaintiffs’ websites in separate windows on a participating consumer’s

⁸⁸ *U-Haul Int’l, Inc. v. Whenu.com, Inc.*, 2003 U.S. Dist. LEXIS 15710, at *9-16 (E.D. Va. Sept. 5, 2003) (finding no use in commerce of plaintiff’s marks); *Wells Fargo & Co. v. WhenU.com, Inc.*, 293 F. Supp. 2d 734, 758 (E.D. Mich. 2003) (finding no use in commerce of plaintiff’s marks).

⁸⁹ *Playboy Enters, Inc. v. Netscape Communications*, 2000 U.S. Dist. LEXIS 13418, at *2-4 (C.D. Cal. Sept. 14, 2000).

⁹⁰ *Playboy Enters, Inc. v. Netscape Communications*, 354 F.3d 1020, 1024 (9th Cir. 2004) (stating only that “defendants used the marks in commerce without PEI’s permission”).

⁹¹ *1-800 Contacts, Inc. v. WhenU.com*, 309 F. Supp. 2d 467, 489-90 (S.D.N.Y. 2003) (disagreeing with the Eastern District of Michigan’s finding of use in commerce).

⁹² Lanham Act § 33(b)(4), 15 U.S.C. § 1115(b)(4). See also, e.g., *Prestonettes, Inc. v. Coty*, 264 U.S. 359 (1924) (finding that “[w]hen the mark is used in a way that does not deceive the public we see no such sanctity in the word as to prevent its being used to tell the truth”); *Smith v. Chanel, Inc.*, 402 F.2d 562 (9th Cir. 1968) (stating that use of a competitor’s mark is permissible “so long as it does not contain misrepresentations or create a reasonable likelihood that purchasers will be confused as to the source, identity, or sponsorship of the advertiser’s product”).

computer screen is a form of comparative advertising.”⁹³ “In accusing WhenU of ‘free riding’ on their trademarks, plaintiffs ignore the fact that trademark laws are concerned with source identification. They are not meant to protect ‘consumer good will (sic) created through extensive, skillful, and costly advertising.’”⁹⁴ Therefore, the court stated, “comparative advertisements may [] make use of competitors’ trademarks even if the advertiser reaps the benefit of ‘the product recognition engendered by the owner’s popularization, through expensive advertising, of the mark.’”⁹⁵

Relatedly, in analyzing the plaintiff’s use in commerce argument, the court in *U-Haul* observed that “comparative advertising does not violate trademark law, even when the advertising makes use of a competitor’s trademark.”⁹⁶ The court found that “the appearance of WhenU’s ads on a user’s computer screen at the same time as the U-Haul web page is a result of how applications operate in the Windows environment and does not consist ‘use’ pursuant to the *Lanham Act*.”⁹⁷

The Ninth Circuit briefly mentioned comparative advertising in evaluating the Internet search engines’ fair use defense for their trademark keying practices. In one sentence, the court stated that “fair use may not be a confusing use,”⁹⁸ and noted in a footnote that “liability may not be imposed for truthful comparative advertising.”⁹⁹ Although the Central District of California did not expressly address comparative advertising, it did recognize that “[a]lthough [Playboy] uses its trademarks to identify its goods and services, defendants do not.”¹⁰⁰ In other words, the search engines did not use Playboy’s trademarks to identify Playboy’s goods or services, but rather in order to describe the goods or services of their advertisers. If such use was in good faith and not likely to cause consumer confusion, it would constitute a fair use via comparative advertising.

Defendants in pop-up advertising and trademark keying cases should definitely consider comparative advertising as a viable defense to claims of infringement. Although whether a particular court will find merit in such argument remains unclear, such defense appears at least plausible given the very nature and purpose of these forms of online advertising.

V. CONCLUSION

Because targeted online advertising such as pop-up advertising and trademark keying are so effective at grabbing or stealing—depending on one’s outlook—consumer attention,¹⁰¹ there

⁹³ *Wells Fargo & Co. v. WhenU.com, Inc.*, 293 F. Supp. 2d 734, 761 (E.D. Mich. 2003) (citing *U-Haul Int’l, Inc. v. WhenU.com, Inc.*, 279 F. Supp. 2d 723, 728 (E.D. Va. 2003)).

⁹⁴ *Wells Fargo & Co. v. WhenU.com, Inc.*, 293 F. Supp. 2d 734, 761 (E.D. Mich. 2003) (quoting *Smith v. Chanel, Inc.*, 402 F.2d 562, 566 (9th Cir. 1968)).

⁹⁵ *Wells Fargo & Co. v. WhenU.com, Inc.*, 293 F. Supp. 2d 734, 761 (E.D. Mich. 2003) (quoting *Anti-Monopoly, Inc. v. Gen. Mills Fun Group*, 611 F.2d 296, 301 n.2 (9th Cir. 1979)).

⁹⁶ *U-Haul Int’l, Inc. v. WhenU.com, Inc.*, 279 F. Supp. 2d 723, 728 (E.D. Va. 2003) (citing *Prestonettes Inc. v. Coty*, 264 U.S. 359 (1924)).

⁹⁷ *U-Haul Int’l, Inc. v. WhenU.com, Inc.*, 279 F. Supp. 2d 723, 728 (E.D. Va., 2003).

⁹⁸ *Playboy Enters, Inc. v. Netscape Communications*, 354 F.3d 1020, 1029 (9th Cir. 2004).

⁹⁹ *Playboy Enters, Inc. v. Netscape Communications*, 354 F.3d 1020, 1029 n.40 (9th Cir. 2004) (citing *Lindy Pen Co., Inc. v. Bic Pen Corp.*, 725 F.2d 1240, 1248 (9th Cir. 1984)).

¹⁰⁰ *Playboy Enters, Inc. v. Netscape Communications*, 2000 U.S. Dist. LEXIS 13418, at *2 (C.D. Cal. Sept. 14, 2000).

¹⁰¹ Consumer response rates to targeted online advertisements is often in the double-digit percentages, compared to untargeted Internet advertisements which generally garner only a fraction of a percent. Underscore Marketing, *On*

is much at stake for intellectual property owners and competitors alike. As such, there will be no foreseeable end to pop-up advertising and trademark keying litigation until we begin to have consistent authority on the legality of such online advertising practices. Until then, it is useful for litigants to focus on the most favorable forums in which to make their case and the most relevant claims and defenses to present. For website owners, forums in which pop-up advertising and trademark keying have been deemed unlawful or where the initial interest confusion doctrine is recognized present obvious litigation advantages. The opposite is, of course, true for pop-up advertisers and Internet search engines. Further, Depending on whether the facts differ from previous pop-up cases, or whether a court appears more liberal in extending copyright protection, website owners may also want to focus their attention on trademark rather than copyright claims. Pop-up advertisers, on the other hand, will likely find comfort in authority categorically dismissing copyright claims. Perhaps most important to both sides, however, is being prepared to address the “use in commerce” issue which has played prominently in all reasoned pop-up advertising and trademark keying cases. Finally, defendants should consider beefing up defenses related to fair use and comparative advertising, which have played a subdued role thus far, but which seem intrinsically germane to these Internet law disputes.

Target With Targeting, iMEDIACONNECTION.COM, Jan. 29, 2003, at
<http://www.imediaconnection.com/content/features/012903> (last visited Oct. 22, 2003).