



Top Marketing Ideas

By Jason Allen Cody

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Pop-Up Ad Litigation Strategy: Forums, Claims and Defenses

Over the past two years, courts have decided four pop-up advertising cases. 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. Nonetheless, courts have provided some insight into factors important to both sides of this Internet law quagmire. Namely, pop-up advertising litigants now have a better idea about the courts in which they would prefer to litigate and the claims and defenses that possess the most merit. The following chart summarizes the results of and factors in the four pop-up advertising cases.

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 p's motion for a preliminary injunction	granted ?'s motion for summary judgment	denied p's motion for a preliminary injunction	granted p's motion for a preliminary injunction
Copyright Infringement	yes	no	no	no
Trademark Infringement	yes	no	no	yes
Dilution	yes	no	no	n/a
Initial Interest Confusion Doctrine	no	no	norefused to apply	yes pop ups diverted & distracted website consumers
Use in Commerce	yes (implied)	no	no	yes

Fair Use	no	n/a	yescomparative advertising	no
Survey Used	yesindicated 66% consumer confusion, but no analysis as to weight given	n/a	yesbut, unreliable	yessuggested initial interest confusion, but ultimately unreliable

I. Choosing a Forum

Two primary factors appear most relevant to choosing a forum in which to litigate pop-up advertising claims. First, plaintiffs would prefer to be in courts already finding that pop-up ads infringe intellectual property rights of website owners. Although pop-up advertising 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. Ignoring the Eastern District of Virginia, then, a website owner plaintiff would want to bring an action in the Southern District of New York, while a pop-up advertiser defendant would prefer to defend in the Eastern District of Michigan.

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; it does not matter whether a transaction results or whether consumers ultimately know that the goods or services of the two parties originate from different sources.

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." [1] In contrast, the Second Circuit has a long tradition of finding initial interest confusion, and the Southern District of New York applied the doctrine in its only pop-up advertising case.

Beyond the four pop-up advertising cases, courts of appeals in the second, the third, the fifth, the sixth, the seventh, and the ninth circuits have adopted or recognized the initial interest confusion doctrine. Some district courts in other circuits have also found that initial interest confusion is actionable.

Clearly, bringing an action against a pop advertiser in a jurisdiction recognizing the initial interest confusion doctrine favors a plaintiff. Courts adhering to the initial interest confusion doctrine may completely bypass traditional likelihood of confusion analysis and find liability based on the single notion that pop-up ads unfairly capitalize on the goodwill of a website owner's mark. Pop-up advertisers, on the other side, would prefer to avoid defending in initial interest confusion jurisdictions. Therefore, potential defendants may want to bring an action in a forum more sympathetic to pop-up advertising activities for a declaratory judgment of non-infringement.

II. Focusing on the Most Relevant Claims & Defenses

A. Claims

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), [2] the trademark claims have fared the best. The courts are almost unanimous in finding that pop-up advertisements do not violate copyright law. [3] Courts expressly addressing such claim 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. 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. First, as with infringement, if a mark is not used in commerce, a claim for dilution will not stand. 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. 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." For now, at least, trademark infringement appears to be the weapon of choice against pop-up ads.

B. Defenses

In an action involving pop-up advertisements, a defendant will most likely attempt to dismiss any copyright law claims, argue that likelihood of confusion does not exist, and, in the alternative, argue that use of a website owner's mark is fair and facilitates comparative advertising. The argument that the courts have focused on most, however, is whether pop-up ads use a website owner's mark in commerce sufficient to give rise to liability under the Lanham Act. In general, website owner plaintiffs have relied on three grounds in claiming "use in commerce" of their marks: (1) pop-ups appear on a computer screen simultaneously with a website owner's mark; (2) pop-ups are triggered by trademarks and/or URLs stored in the pop-up ad software directory; and (3) pop-ups interfere with use of a plaintiff's website. The decisions specifically addressing use in commerce have yielded contrasting results.

In the two opinions finding that use in commerce was lacking, the courts rejected all three bases. 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. Thus, the courts found that a pop-up ad makes no Lanham Act use in commerce of a website owner's mark.

In the one opinion expressly finding use in commerce, the court came to the opposite conclusion based on two grounds. First, since the pop-up ads and the website owner's mark appeared together on a computer screen, the pop-up ads use the plaintiff's mark in commerce to advertise the defendant's services. Second, 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 cases, this element has garnered perhaps surprising importance. Litigants on both sides, therefore, want to adequately research "in commerce" jurisprudence in the forum in which they are (or will be) situated and adequately address the issue at the outset.

In conclusion, each side in the pop-up advertising battle should focus on the most favorable forum in

which to make its case and the most relevant claims and defenses to present. For website owners, forums in which pop-up advertising has been deemed unlawful or where the initial interest confusion doctrine is recognized are likely advantageous. The opposite is, of course, true for pop-up advertisers. Further, Depending on whether the facts differ from previous pop-up cases, or whether the court is more liberal in extending copyright protection, website owners may also want to focus their attention on trademark infringement claims. Pop-up advertisers, on the other hand, will likely find comfort in authority categorically dismissing copyright claims. Finally, both sides must be prepared to address the use in commerce issue which has played prominently in all reasoned pop-up advertising cases.

The following chart summarizes issues that litigants should consider in pursuing and defending against claims in pop-up advertising cases.

Chart 2: Summary Issues for Pop-Up Ad Litigants to Consider

	Website Owner's Preferences	Pop-Up Advertiser's Preferences
Forum		
Pop-up advertising case results	Eastern District of Virginia, Southern District of New York	Eastern District of Virginia, Eastern District of Michigan
Initial interest confusion doctrine applicability	Courts of Appeals recognizing doctrine: 2d, 3d, 5th, 6th, 7th, 9th	Courts of Appeals not adopting doctrine: 1st, 4th, 8th, 10th, 11th, Federal Circuit
Claims/Defenses	Focus on trademark claims, particularly infringement	Seek to dismiss copyright claims, and argue no use in commerce, no likelihood of confusion, and fair use

[1] 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").

[2] *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).

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

JASON A. CODY is an associate in Oblon, Spivak, McClelland, Maier & Neustadt's Trademark and Copyright Department. He focuses on trademark and copyright litigation and Internet law. Before joining the firm, Mr. Cody staffed the Oregon State Internet Commission and managed the Oregon State Legislature's House Commerce Committee. Mr. Cody obtained a Juris Doctorate Cum Laude from George Mason University School of Law, is admitted to the bars of the Commonwealth of Virginia, the United States District Court of the Eastern District of Virginia, and the United States Court of Appeals of the Fourth Circuit. He is also a member of the American Intellectual Property Law Association (Trademark Internet / Cyberspace Committee) and the Washington Area Lawyers for the Arts.

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