TRADEMARKS AND KEYWORD BANNER ADVERTISING

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I. INTRODUCTION

With the rapidly expanding use of the Internet, new methods are being developed to infringe the vital asset of commercial goodwill: the trademark. As companies vigorously compete for consumer attention and money, they have discovered new techniques to exploit their competitors' goodwill to attract new consumers to their websites and products. Balanced against this manipulative behavior is the fact that the Internet has offered consumers new choices like never before. Consumers can quickly get information about new products, compare prices, and make purchases faster than ever.

One of the new techniques to reach consumers on the Internet is the use of trademarks as keywords to trigger competitor advertising when the trademark is entered as a search term in a search engine. While consumers can obviously benefit from this practice—as it allows them to see more choices related to their query and learn about new products—many companies feel this practice violates trademark law because it allows competitors to benefit from their goodwill. This custom is the subject of three recent lawsuits,[1] and is very similar to other practices on the Internet that courts have enjoined.[2]

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1. *See* Mark Frauenfelder, *Psst! Want to Buy a Keyword?*, INDUSTRY STANDARD, Mar. 19, 1999 (discussing the lawsuit by Playboy against Netscape and Excite and the lawsuit by Estee Lauder against Excite, Webcrawler, and Fragrance Counter), *available at* http://www.thestandard.com/article/display,0,1151,3871,00.html; Wes Hills, *Lexis in Court on Net Site*, DAYTON DAILY NEWS, Apr. 1, 1999, at 5B (discussing the lawsuit by Lexis-Nexis against AltaVista and Corporate Intelligence Corporation), *available at* 1999 WL 3958922.

2. *See infra* text accompanying notes 135–145.

These new Internet trademark issues pose difficult problems for the courts. Although these techniques may exploit competitors' reputation and goodwill, they may offer new choices to consumers that could increase competition, resulting in lower prices and improved quality. Further, Internet technology allows infringement of trademarks in ways that are quite different from traditional notions of trademark infringement. The technology and its use can be easily misunderstood. Courts have struggled to comprehend this technology and strike parallels with traditional means of infringement. Legal arguments are stretched and strained as the law attempts to reach a just result. The first reported decision concerning the use of trademarks to trigger keyword advertising banners offers little guidance for future courts to resolve this issue.[3] This Note will examine the technology and legal issues behind the use of trademarks as keywords for banner advertising, and offer an analysis for courts to follow in resolving these issues.

Part II of this Note will describe the technology of keyword banner advertising and its importance to the Internet and marketing. Part III will lay the foundation for analysis by describing the trademark law potentially applicable to keyword banner advertising, including the developing law of metatags, an Internet trademark issue closely related to keyword banner advertising. Part IV will apply trademark law to the practice of using trademarks for keyword banner advertising. This Note will argue that using trademarks for keyword banner advertising is not trademark infringement, as users have expectations about what they encounter on the Internet that do not lead to consumer confusion. In fact, keyword banner advertising helps consumers by offering choices and encouraging competition. This Note will conclude that an understanding of the facts, a proper application of the law, and considerations of policy will lead courts to allow the use of trademarks for keyword banner advertising to continue.

II. THE INTERNET AND KEYWORD BANNER ADVERTISING

The Internet is a global network of interconnected computers, allowing individuals and organizations to communicate and share information all over the world.[4] One of the fastest growing and most important parts of the Internet is the World Wide Web, a collection of information resources contained in documents located on individual

3. *See* Playboy Enters., Inc. v. Netscape Communications Corp., 55 F. Supp. 2d 1070 (C.D. Cal. 1999); *infra* Part IV.A (criticizing the *Netscape Communications* decision).

4. Brookfield Communications, Inc. v. W. Coast Entm't Corp., 174 F.3d 1036, 1044 (9th Cir. 1999).

computers across the globe.[5] The Web is largely made up of "web pages"—computer data files written in Hypertext Markup Language (HTML) that contain text, pictures, sounds, video, and links to other web pages.[6] Web pages contain a tremendous amount of information, but there are so many web pages that users would find it impossible to surf through them without a coherent means to find what they want.

Many Internet users find it helpful to use a search engine, such as Yahoo, Excite, or Google to aid in navigating the vast body of information available on the Internet.[7] This can be particularly helpful when users do not know the domain name of a particular company's website.[8] A user can enter one or more keywords into the search engine to describe the subject of the search, and the search engine will compile a list of websites that match the user's keywords and post them in a list known as search results.[9] For example, if a user is looking for information about cars, the user can enter "car" or "automobile" or the name of a specific model of car into the search engine to receive a list of web sites related to the query. Along with the list of search results, search engines will often display advertising, known as banner ads.

Search engines sell advertising space on their web pages, particularly on pages that list search results.[10] These advertising banners are often found at the top of the screen,[11] displayed above the search results. Banner ads can be compared to roadside billboards, but unlike billboards, the user can click on a banner ad and immediately be transported to other websites to get more information from the advertiser.[12] Banners can come in a broad range of sizes, although they are typically about seven inches wide by one inch deep (468 x 60 pixels).[13] While some ads are static, many "are often animated and whimsical, and designed to entice the Internet user to 'click here,'" and thus transport the user to the advertiser's website.[14]

5. *Id.*
6. *Id.*
7. Yahoo is available at http://www.yahoo.com; Excite is available at http://www.excite.com; Google is available at http://www.google.com.
8. A domain name is used to identify a particular web page. W•bop•dia, *Domain Name*, *at* http://webopedia.internet.com/TERM/d/domain_name.html (last modified Oct. 1, 1996).
9. Playboy Enters. v. Netscape Communications Corp., 55 F. Supp. 2d 1070, 1072 (C.D. Cal. 1999).
10. *Id.*
11. *Id.*
12. *See* ROBBIN ZEFF & BRAD ARONSON, ADVERTISING ON THE INTERNET 11 (2d ed. 1999).
13. *Id.* at 33.
14. *Netscape Communications*, 55 F. Supp. 2d at 1072.

To maximize the effectiveness of online advertising, advertisers seek to target certain demographic groups of consumers.[15] A useful method is to "key" banner ads to search terms, so that whenever users enter certain search terms into search engines, particular banner ads will appear.[16] For example, if a user enters the word "car" into the search engine, the user may see a banner ad for the Honda Accord, an online car retailer, or *Car and Driver Magazine* along with the search results matching the query. Search engines sell keywords to advertisers, usually at a considerably higher rate than non-targeted banner advertising.[17] While many of the keywords sold are generic words, such as "car," "book," or "baseball," some of the keywords sold are trademarks.[18] For example, Toyota may pay a search engine so that every time a user enters "Honda" as a search term, an ad for Toyota will appear along with the search results for "Honda."

This practice generates a considerable amount of revenue for the search engines. Several billion dollars were spent last year on online advertising.[19] Revenue from online advertising pays for many services, such as search engines that are often provided free to users.[20] The financial success of search engines hinges on the ability to generate advertising revenue,[21] and keyword advertising is a significant part of their advertising sales.[22] One analyst estimates that search engines depend upon keyword advertising for between twenty and thirty percent of their revenues, with five percent of total revenues coming from the sale of trademarked words.[23]

The push for keyword banner advertising comes in part from companies' desire to make their website stand out among the vast array of websites that will result from a given search. A query can return far too many search results for the user to sift through, so attracting a user's

15. *See id.*
16. *See id.*
17. *See* Greg Miller & Davan Maharaj, *Banner Ads on the Web Spark a Trademark Battle*, L.A. TIMES, Feb. 11, 1999, at A1 (noting that the average price for a keyword advertisement is about forty dollars for every one thousand times the ad is displayed, while non-targeted advertisements are only about twenty–five dollars for every one thousand impressions).
18. *See id.*; Frauenfelder, *supra* note 1.
19. *See* Internet Advertising Bureau, *Internet Advertising Bureau Reports Online Advertising Softens in Third Quarter 2000*, *at* http://www.iab.net/news/content/iab_ad_soft_3q.html (last visited Feb. 26, 2001).
20. *See* Ashley Dunn, *Ad Blockers Challenge Web Pitchmen*, L.A. TIMES, March 2, 1999, at A1 (noting that the revenue generated from online advertising "is a primary reason that so much of the Internet is free").
21. *See* Miller & Maharaj, *supra* note 17.
22. *See* Frauenfelder, *supra* note 1.
23. *See id.*

attention can be a challenge.[24] Search engines sell keyword advertising because it allows advertisers to target users based on their interests.[25] Buying a keyword advertisement—whether the word is generic or a trademark—can be valuable in pursuing this goal. Using trademarks as keywords gives companies the benefit of placing their ad on a web page along with the link to their competitor's website. This strategy can be a good way to reach consumers because the advertiser knows that if a consumer enters a competitor's trademark as a keyword, the consumer is someone interested in that type of product or service.[26] For some companies, keyword advertising has been quite successful.[27] Using a competitor's trademark can be a particularly good strategy if the advertiser has little brand awareness among consumers, since the ads for the little-known advertiser can appear when the user enters a famous trademark as a search term.[28]

Using keyword banner advertising is also an important advertising technique on the Internet because targeted banner ads often deliver a significantly higher response rate from users than ordinary banner advertising. The success of banner advertising is largely measured by the "click-through rate," the percentage of users who have viewed an ad after having clicked on it.[29] Click-through rates can be as low as 0.39% but can be much higher for targeted ads.[30]

Recently, banner advertisement has come under much criticism, particularly because of declining click-through rates.[31] While click-

24. *See* Danny Sullivan, *Search Engine Placement Tips*, *at* http://searchenginewatch.com/webmasters/tips.html (last visited Mar. 29, 2001) (noting that most users will find a result they like in the first ten search results, and that being listed number eleven or beyond may mean many users will miss your website).

25. *See* Miller & Maharaj, *supra* note 17.

26. *See* Pui-Wing Tam, *Mutual Funds' Web Ads Turn Sneaky—Some U.S. Firms Buy Rights to Keywords Including Rivals' Names*, ASIAN WALL ST. J., Sept. 1, 1999, at 16 (noting that investment fund companies buy competitors' trademarks as keywords because "the ads are in front of someone who [they] know is interested in investing") (internal quotation marks omitted).

27. *See id.* (quoting an investing firm manager who says that his firm has "generat[ed] a substantial amount of business on the Web through such advertising") (internal quotation marks omitted).

28. *See* Hills, *supra* note 1 (noting that Corporate Intelligence Corp. (CIC) purchased the name Lexis-Nexis to display ads on search engines because "unlike [Lexis-Nexis], CIC owns no famous trademarks and has very shallow market penetration") (internal quotation marks omitted).

29. *See* Ralph F. Wilson, *Using Banner Ads to Promote Your Website* (July 1, 2000), *at* http://www.wilsonweb.com/articles/bannerad.htm. Increasing brand awareness, or "branding," can also be an important measure of success for a banner ad. *See id.*

30. *See id.*

31. *See, e.g.*, Allen Weiner, *Putting Web Advertising Into Perspective* (Dec. 13, 2000), *at* http://www.forbes.com/2000/12/12/1213netratings.html (noting that "[e]xamining click-through rates

through rates have been declining in recent years, they now appear to have stabilized and are roughly equal to what advertisers can expect from direct-mail campaigns.[32] Many advertisers will continue to increase online advertising expenditures in the future, and methods to target consumers, such as buying keywords, will become a more important part of online advertising campaigns.[33] Demand for keywords is high, and search engines are working to develop new ways to use this technology.[34] Even if banners do go out of fashion, new techniques for online advertising surely will emerge.[35] As long as search engines respond to user-entered queries, keyword advertising likely will incorporate these new advertising techniques and continue to be an important tool for reaching consumers. In addition, if keywords continue to be bought and sold, trademarks are likely to be included.

The foregoing highlights the importance of keyword banner advertising and the use of trademarks as keywords. Because this issue is important, courts must be careful in their analysis to ensure that trademark law is applied properly without unduly harming this developing marketing practice.

III. TRADEMARK LAW

The Lanham Act[36] is the federal law that governs disputes over trademarks. Under the Lanham Act the causes of action available to a plaintiff in a trademark lawsuit involving keyword banner advertising include trademark infringement, unfair competition, and dilution. In particular, the doctrine of initial interest confusion may be the basis for a finding of trademark infringement. This doctrine has been applied to the

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begins to reveal some of the reasons why the Web may be falling short of reaching its destiny as a prime advertising medium").

32. *See* Jim Meskauskas, *Are Click-Through Rates Really Declining?* (Jan. 16, 2001), *at* http://www.clickz.com/article/cz.3179.html (asserting that click–through rates have been about 0.5% for at least a year, and that this is on par with direct-response rates in the offline world).

33. *See* Julia Scheeres, *Death of Banner Ads Exaggerated* (Jan. 26, 2001), *at* http://www.wired.com/news/print/0,1294,414040,00.html (describing a report that asserts that "[a]dvertisers plan to double online spending by 2003, signaling a 508 percent increase in between 2000 and 2005").

34. *See* ZEFF & ARONSON, *supra* note 12, at 156.

35. *See* Scheeres, *supra* note 33. "Just as people learned to ignore banner ads, companies deployed new tactics designed to grab you by the balls (or equivalent female parts) and make you take heed." *Id.* Dennis Callaghan, *Face Lift for Ad Strategies*, (Jan. 22, 2001), *at* http://www.zdnet.com/eweek/stories/general/0,11011,2676677,00.html ("Advertisers are looking for more innovative ways to get their message across . . . .").

36. 15 U.S.C. §§ 1051–1127 (1994).

use of trademarks as metatags, an issue quite similar to keyword banner advertising.[37] These issues provide a foundation for an analysis of the use of trademarks for keyword banner advertising.

A trademark is defined by the Lanham Act as a word, name, symbol, or device used by a manufacturer or seller to identify and distinguish goods from those manufactured or sold by others.[38] Trademarks can also serve to indicate sponsorship or authorization by a recognized entity.[39] Trademarks are essential in a competitive economy because they allow a consumer faced with an array of competing products to identify and distinguish the goods of each competitor and make an informed choice.[40] One commentator asserts, "Without trademarks and the identifying function they serve, competition in product quality could not exist."[41] Trademarks communicate information to consumers, allowing them to identify and purchase products with which they have positive associations.

A trademark is often thought of as a property right, something which a person or company "owns," and can thus prevent others from using.[42] To a company, a trademark can be one of its most valuable business assets.[43] But while a trademark can be thought of as a property right, this is not an entirely accurate description, as the boundaries of this property right are defined by the extent of consumer perception.[44] The key policy behind protecting trademarks is the protection of consumers.[45] Trademark "owners" can prevent others from using their trademarks only to the extent that it is necessary to prevent consumer confusion.[46] Thus, "[t]he trademark laws exist not to 'protect' trademarks, but . . . to protect the

37. *See infra* Part III.B. for a discussion of trademark law and metatags. See *infra* text accompanying notes 135–145 for a discussion of the similarities of metatags and keyword banner advertising.

38. *See* 15 U.S.C. § 1127 (1994). Similarly, a service mark is a word, name, symbol, or device used to identify and distinguish the services of one person from the services of others. *Id.* The legal requirements for trademarks and service marks are usually the same, so both are often collectively referred to as "trademarks." 1 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 3:1 (4th ed. 1997).

39. 1 MCCARTHY, *supra* note 38, § 3:4. "For example, the name or logo of a university on clothing can signify that the university authorizes, endorses, and licenses the sale of such wearing apparel by the manufacturer." *Id.*

40. *See id.* at § 3:5.

41. *Id.*

42. *See id.* at § 2:14.

43. *See id.*

44. *See id.*

45. *See id.*

46. *See id.* A key exception to the need for consumer confusion is dilution, which does not require consumer confusion. *See infra* Part III.C.

consuming public from confusion, concomitantly protecting the trademark owner's right to a non-confused public."[47]

A. TRADEMARK INFRINGEMENT AND UNFAIR COMPETITION

Section 32 of the Lanham Act states that a party may be liable for infringement of a federally registered trademark if that party

> [U]se[s] in commerce any reproduction, counterfeit, copy, or colorable imitation of a registered mark in connection with the sale, offering for sale, distribution, or advertising of any goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive."[48]

Additionally, § 43(a) of the Lanham Act protects unregistered trademarks from infringement by stating that a party may be liable for unfair competition if that party "uses in commerce any word, term, name, symbol, or device, or any combination thereof, or any false designation of origin, false or misleading description of fact, or false or misleading representation of fact," that "is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person."[49] The tests for infringing registered and unregistered marks are substantially the same and thus it is useful to consider the sections together.[50]

47. 1 MCCARTHY, *supra* note 38, § 2:14 (quoting James Burroughs, Ltd. v. Sign of Beefeater, Inc., 540 F.2d 266, 276 (7th Cir. 1976)). At least one commentator has suggested that the "propertization" trend allowing trademark owners to police the use of their trademarks is an effort to increase the likelihood that actions for trademark infringement would be brought in the first place, since individual consumers have little incentive to police trademarks and face high transaction costs in doing so. *See* ROBERT P. MERGES, PETER S. MENELL & MARK A. LEMLEY, INTELLECTUAL PROPERTY IN THE NEW TECHNOLOGICAL AGE 560 (2d ed. 2000).

48. 15 U.S.C. § 1114(1)(a) (1994).

49. 15 U.S.C. § 1125(a)(1)(A) (1994). *See also* 4 MCCARTHY, *supra* note 38, § 27:14. "The courts have nearly unanimously held that §43(a) provides a federal vehicle for assertion of infringement of even *unregistered* marks and names." *Id.*

50. *See id.* at § 27:18; Ross Bicycles, Inc. v. Cycles USA, Inc., 765 F.2d 1502, 1503–04 (11th Cir. 1985) (stating that in a claim under §43(a), the relevant factors "are identical to the factors relevant to establishing a likelihood of confusion with respect to trademark infringement under 14 U.S.C. § 1114"). "When § 43(a) is used as a federal vehicle for assertion of traditional claims of infringement of trademarks . . . the courts have used as substantive law the traditional rules of trademarks and unfair competition law." *Id.*

The basic test for trademark infringement is the likelihood of confusion.[51] Each of the federal circuits has its own list of factors to determine the presence or absence of a likelihood of confusion.[52] The Second Circuit uses eight factors known as the "Polaroid factors": (1) the strength of the plaintiff's mark; (2) the degree of similarity between plaintiff's and defendant's marks; (3) the proximity of the products; (4) the likelihood that plaintiff will bridge the gap; (5) actual confusion; (6) defendant's good faith in adopting the mark; (7) the quality of defendant's product; and (8) the sophistication of the buyers.[53] This list is not exhaustive, as the court may take other factors into account.[54] The tests used by other circuits are quite similar to the Polaroid factors.[55]

The most common type of confusion is source confusion at the time of purchase.[56] Source confusion will occur when consumers are confused as to the producer of the product or the provider of the service. For example, if the trademark "Prell," a common brand of shampoo and conditioner, was used by another company to sell a hair coloring product, a consumer might believe that the same company that sells Prell shampoo also makes the hair coloring product.[57]

Trademark law not only protects against confusion as to source, but also as to affiliation, connection or sponsorship.[58] This type of confusion results when the "use of a similar trademark . . . confuse[s] [consumers] by causing them to believe that the trademark owner is affiliated with or sponsors the infringer's products,"[59] even if consumers are aware that the trademark owner is not the producer of the other product. For example, suppose a company that sells soup uses the trademark of the United States Olympic Committee ("USOC") on its soup cans. While it would likely be unreasonable for consumers to think that they are buying USOC soup, consumers could think that the infringer is affiliated with the USOC or sponsored by them.[60]

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51. *See id.* at § 23:1.
52. *See id.* at § 23:19.
53. Polaroid Corp. v. Polarad Elecs. Corp., 287 F.2d 492, 495 (2d Cir. 1961).
54. *See id.*
55. *See, e.g.*, AMF, Inc. v. Sleekcraft Boats, 599 F.2d 341, 348–49 (9th Cir. 1979) (listing eight factors similar to the Polaroid factors to determine likelihood of confusion).
56. *See* 3 MCCARTHY, *supra* note 38, § 23:5.
57. *See* MERGES ET AL., *supra* note 47, 689.
58. 3 MCCARTHY, *supra* note 38, § 23:8.
59. MERGES ET AL., *supra* note 47, at 690.
60. *Id.*

B. INITIAL INTEREST CONFUSION AND METATAGS

While the most common type of confusion occurs at the time of purchase,[61] initial interest confusion that occurs prior to purchase may also be trademark infringement, even though no sale is completed as a result of the confusion.[62] Although not all courts recognize initial interest confusion, several federal courts have accepted it as a basis for infringement.[63] Importantly, initial interest confusion has been used to find infringement for the practice of using trademarks as metatags, an issue analogous to keyword banner advertising.[64]

1. Early Initial Interest Confusion Cases

In an early case developing the theory of initial interest confusion, the Second Circuit found a likelihood of confusion where a potential purchaser of pianos might consider purchasing a Grotrian-Steinweg piano thinking it was affiliated with the famous Steinway pianos.[65] Because of the similarities of the names, the court felt that consumers could be confused, at least initially. The court stated: "Misled into an initial interest, a potential Steinway buyer may satisfy himself that the less expensive Grotrian-Steinweg is at least as good, if not better, than a Steinway. Deception and confusion thus work to appropriate defendant's good will."[66] The court found a likelihood of confusion despite the fact that there was no confusion at the time of purchase, since the potential consumer would realize after investigation that no connection existed between the two companies.[67] As the court stated:

> The issue here is not the possibility that a purchaser would buy a Grotrian-Steinweg thinking it was actually a Steinway or that Grotrian had some connection with Steinway and Sons. The harm to Steinway, rather, is the likelihood that a consumer, hearing the "Grotrian-Steinweg" name and thinking it had some connection with "Steinway", would consider it on that basis. The "Grotrian-Steinweg" name therefore

61. *See* 3 MCCARTHY, *supra* note 38, § 23:5 (describing this as "point of sale confusion").

62. *Id.* at § 23:6.

63. *See* Rachel Jane Posner, *Manipulative Metatagging, Search Engine Baiting, and Initial Interest Confusion*, 33 COLUM. J.L. & SOC. PROBS. 439, 453–63 (2000).

64. *See* Brookfield Communications, Inc. v. W. Coast Entm't Corp., 174 F.3d 1036, 1061–65 (9th Cir. 1999).

65. Grotrian, Helfferich, Schulz, Th. Steinweg Nachf. v. Steinway & Sons, 523 F.2d 1331, 1341–42 (2d Cir. 1975).

66. *Id.* at 1341 (quoting Grotrian, Helfferich, Schulz, Th. Steinweg Nachf. v. Steinway & Sons, 365 F.Supp. 707 (S.D.N.Y. 1973)).

67. *See id.* at 1341–42. *See also* 3 MCCARTHY, *supra* note 38, § 23:6.

would attract potential customers based on the reputation built up by Steinway in this country for many years.[68]

Another important Second Circuit decision applying the theory of initial interest confusion was *Mobil Oil Corp. v. Pegasus Petroleum Corp*.[69] Mobil sued Pegasus Petroleum, an oil trading company, for trademark infringement alleging that the name "Pegasus" infringed on Mobil's trademark—the symbol of a flying horse.[70] Although the nature of the oil trading business was such that customers would investigate the company before the culmination of a deal so that no purchaser would complete a transaction with Pegasus Petroleum thinking it was related to Mobil, the court still found that the defendant infringed on the plaintiff's mark.[71] As the court stated, there was "a likelihood of confusion not in the fact that a third party would do business with Pegasus Petroleum believing it related to Mobil, but rather in the likelihood that Pegasus Petroleum would gain *crucial credibility during the initial phases of a deal*."[72] In particular, purchasers might be willing to listen to a cold phone call from Pegasus Petroleum when they otherwise might, not if they mistakenly thought that Pegasus Petroleum was related to Mobil.[73] The concern is that consumers "would be misled into an initial interest" in the company using another company's trademark.[74] A likelihood of confusion exists even if it is later dispelled by investigation prior to purchase.

2. Metatags and *Brookfield v. West Coast*

The theory of initial interest confusion has been applied to the practice of using trademarks in metatags, a practice analogous to keyword banner advertising.[75] Metatags are lists of words hidden in a website that act as an index or reference source to identify the content of the web page.[76] Search engines read a web page's metatags, and if a search term entered by a user appears in the metatags, the search engine will consider the web page to be relevant and list it in the search results.[77] Often the terms in the metatags

68. *Steinway & Sons*, 523 F.2d at 1342.
69. 818 F.2d 254 (2d Cir. 1987).
70. *See id.* at 255–57.
71. *See id.* at 259–60.
72. *Id.* at 259 (emphasis added).
73. *See id.*
74. *Id.* at 260.
75. See *infra* text accompanying notes 135–145 for a discussion of the similarities of metatags and keyword banner advertising.
76. 4 MCCARTHY, *supra* note 38, § 25:69.
77. *See* David J. Loundy, *Hidden Code Sparks High-Profile Lawsuit*, CHI. DAILY L. BULL., Sept. 11, 1997, at 6.

legitimately describe the contents of the web page, but sometimes popular search terms that have little or nothing to do with the content of the web page are also used as metatags in an attempt to lure users to the web site.[78] When a particular term is entered, the web page containing metatags will appear with the search results so that it seems like the web page is related to the query entered by the user. Some companies have found it useful to use other companies' trademarks in their metatags in order to attract users to their website.

Although there have been several lawsuits involving the use of trademarks in metatags,[79] to date only one federal appellate court has published an opinion on this issue.[80] In *Brookfield Communications, Inc. v. West Coast Entertainment Corp.*, West Coast used the word "MovieBuff," a trademark of its competitor Brookfield, in the metatags of its website.[81] Thus, when a user entered "MovieBuff" into a search engine, the search results included the website for West Coast along with the website for Brookfield.[82] The court found that the practice of using another company's trademark in the metatags of a website was likely to result in initial interest confusion.[83] The court described the confusion with this metaphor:

> Suppose West Coast's competitor (let's call it "Blockbuster") puts up a billboard on a highway reading—"West Coast Video: 2 miles ahead at Exit 7"—where West Coast is really located at Exit 8 but Blockbuster is located at Exit 7. Customers looking for West Coast's store will pull off at Exit 7 and drive around looking for it. Unable to locate West Coast, but seeing the Blockbuster store right by the highway entrance, they may simply rent there. Even consumers who prefer West Coast may find it not worth the trouble to continue searching for West Coast since there is a Blockbuster right there. Customers are not confused in the narrow sense: they are fully aware that they are purchasing from Blockbuster and they have no reason to believe that Blockbuster is related to, or in any way sponsored by, West Coast. Nevertheless, the fact that there is only initial consumer confusion does not alter the fact that Blockbuster would be misappropriating West Coast's acquired goodwill.[84]

The court noted that when the search results were displayed by the search engine, the list would include both Brookfield's and West Coast's

78. Meeka Jun, *Meta Tags: The Case of the Invisible Infringer*, 218 N.Y. L.J. 81 (Oct. 24, 1997).
79. *See* Posner, *supra* note 63, at 469–87 (discussing various cases involving metatags).
80. *See* Brookfield Communications, Inc. v. W. Coast Entm't Corp., 174 F.3d 1036 (9th Cir. 1999).
81. *See id.* at 1062.
82. *See id.*
83. *See id.* at 1066.
84. *Id.* at 1064.

websites, and that the website belonging to West Coast would be indicated by the domain name "westcoastvideo.com" so users would be able to find the particular website they were seeking.[85] Thus, consumers would not be confused that Brookfield and West Coast were the same company, or that Brookfield somehow sponsored West Coast's website.[86] The court emphasized the fact that its analysis did not fit into the traditional eight factor test for confusion.[87] Instead, the court found that there was confusion because West Coast was intentionally diverting people to its website and benefiting from the goodwill of Brookfield's trademark.[88]

The court noted it was not restricting West Coast's right to use the terms in a manner that would constitute fair use.[89] For example, West Coast could use Brookfield's trademark to refer to Brookfield's products or in comparative advertising.[90] West Coast could also use the term "Movie Buff" in its metatags—as long as it contained a space—since "Movie Buff" is a descriptive term that means "motion picture enthusiast."[91] The word "MovieBuff," however, without the space, is not a word in the English language, and thus, only refers to Brookfield's product.[92] Therefore, West Coast was enjoined from using the term in its metatags.

C. DILUTION

Section 43(c) of the Lanham Act protects the owners of "famous" trademarks from another party's commercial use of its trademarks if the use "causes dilution of the distinctive quality of the mark."[93] Dilution does not

85. *See id.* at 1062.
86. *See id.*
87. *See id.* at 1062 n.24 ("Because . . . 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."). See *supra* text accompanying notes 53–57 for a discussion of the eight factor test for confusion.
88. *See id.*
89. *See id.* at 1065. *See also* Playboy Enters. v. Welles, 7 F. Supp. 2d 1098, 1105 (S.D. Cal. 1998), aff'd 162 F.3d 1169 (9th Cir. 1998) (finding that a former "Playmate of the Year" could use plaintiff's trademarks in its metatags to accurately describe the content of her website).
90. *See* Brookfield Communications, Inc. v. W. Coast Entm't Corp., 174 F.3d 1036, 1065 (9th Cir. 1999).
91. *See id.* at 1066.
92. *See id.*
93. 15 U.S.C. § 1125(c) (2001). In determining whether a mark is disctinctive and famous, a court may consider factors such as, but not limited to the following: the degree of inherent or acquired distinctiveness of the mark; the duration and extent of use of the mark in connection with the goods or services with which the mark is used; the duration and extent of advertising and publicity of the mark; the geographical extent of the trading area in which the mark is used; the channels of trade for the goods

require a likelihood that consumers be confused in any way.[94] The Lanham Act defines dilution as "the lessening of the capacity of a famous mark to identify and distinguish goods or services, regardless of the presence or absence of (1) competition between the owner of the famous mark and other parties or (2) likelihood of confusion, mistake, or deception."[95]

Dilution has been construed by courts to fall under two categories, "blurring" or "tarnishment."[96] Blurring occurs when companies use the plaintiff's trademark on other kinds of goods and services, so that the "unique and distinctive significance of the mark to identify and distinguish one source may be diluted and weakened."[97] Examples of blurring include Dupont shoes, Buick aspirin, and Kodak pianos.[98]

Dilution can also occur by tarnishment. Tarnishment occurs when the defendant uses the trademark in a way that degrades the positive associations with the mark, thus diluting the distinctive quality of the mark.[99] The owner of a famous trademark is protected from use of the mark in an unwholesome or degrading context. In one tarnishment case, the court ruled that the trademark "Candyland," a children's board game, was tarnished by the use of the trademark for "candyland.com," a pornographic website.[100]

Because likelihood of consumer confusion is not required for a successful action, dilution may represent a move to give trademarks stronger protection as property rights. In cases where a plaintiff may find it difficult to prove likelihood of consumer confusion, dilution can still provide protection for the trademark owner. This protection is mitigated, however, by the fact that dilution applies only to famous marks and is further restricted by courts' categorization of dilution as either blurring or tarnishment. Thus, dilution still does not provide trademark owners exclusive property rights over their trademarks, but only adds some additional restrictions on the use of trademarks by others.

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or services with which the mark is used; the degree of recognition of the mark in the trading areas and channels of trade used by the marks' owner and the person against whom the injunction is sought;
the nature and extent of use of the same or similar marks by third parties; and whether the mark was registered under the Act of March 3, 1881, or the Act of February 20, 1905, or on the principal register. *Id.*

94. *See* 4 MCCARTHY, *supra* note 38, § 24:70.

95. 15 U.S.C. § 1127 (2001).

96. *See* 4 MCCARTHY, *supra* note 38, § 24:67.

97. *Id.* at § 24:68.

98. *Id.*

99. *Id.* at § 24:95.

100. *See* Hasbro, Inc. v. Internet Entm't Group, Ltd., 40 U.S.P.Q.2d 1479, 1480 (W.D. Wash. 1996).

IV. APPLYING TRADEMARK LAW TO KEYWORD BANNER ADVERTISING

Only one court has decided a case involving the use of trademarks in keyword banner advertising.[101] In *Playboy Enter. v. Netscape Communications Corp.*, a federal district court denied a preliminary injunction to enjoin the use of plaintiff's trademarks to trigger keyword banner advertising.[102] This decision is somewhat faulty in its analysis and leaves many questions unanswered. An evaluation of this case will reveal the court's errors in reasoning, although the result may have been correct. A comprehensive analysis of keyword banner advertising consistent with trademark law and its underlying policies is necessary to resolve this issue conclusively.

A. *PLAYBOY V. NETSCAPE*

Playboy Enterprises, Inc. (PEI) sought a preliminary injunction against two search engines, Netscape Communications Corp. and Excite, Inc., to prevent the sale of Playboy's trademarks to trigger banner advertising.[103] The search engines sold "playboy" and "playmate"—both trademarks of Playboy—to advertisers so that when those terms were entered into a search engine, banner advertisements for adult entertainment products and services would appear on the web page along with the search results.[104] Playboy contended that the defendant's use of its trademarks to trigger keyword banner advertising was infringing and diluting its trademarks.[105] The court disagreed and denied Playboy's motion for a preliminary injunction.[106]

The court's decision rested primarily on the conclusion that the words "playboy" and "playmate" were not used as trademarks.[107] The court noted that a user could not use the trademark form of the words to conduct a search but instead enters the generic words "playboy" and "playmate."[108] The court stated:

101. *See* Playboy Enters., Inc. v. Netscape Communications Corp., 55 F. Supp. 2d 1070 (C.D. Cal. 1999).
102. *See id.*
103. *See id.* at 1072.
104. *See id.*
105. *See id.*
106. *See id.* at 1076.
107. *See id.* at 1073.
108. *Id.*

> It is . . . undisputed that the words "playboy" and "playmate" are English words in their own right, and that there exist other trademarks on the words wholly unrelated to PEI. Thus, whether the user is looking for goods and services covered by PEI's trademarks or something altogether unrelated to PEI is anybody's guess.[109]

Playboy relied upon the initial interest confusion theory in *Brookfield Communications, Inc. v. West Coast Entertainment Corp.*[110] to try to prove a likelihood of confusion. The court distinguished the case because in *Brookfield*, the word "MovieBuff" was not an English word in its own right.[111] While the court in *Brookfield* stated that the defendant could use the term "Movie Buff" with a space, since it is a term that means motion picture enthusiast, "MovieBuff" without the space is not a word in the English language and could be used only to refer to the plaintiff's products.[112] Conversely, the words "playboy" and "playmate" are words in the English language, and their use "cannot be said to suggest sponsorship or endorsement of either the web sites that appear as search results (as in *Brookfield*) or the banner ads that adorn the search results page."[113] The court expressed concern that a contrary decision would allow the trademark owner to remove a word from the English language.[114]

The court further distinguished *Brookfield* by noting that the parties in that case compete in the same market as online providers of film industry information, while in this case Playboy did not compete with the search engines.[115] The court considered the metaphor used by the *Brookfield* court and offered the following metaphor to explain the situation in this case:

> Here, the analogy is quite unlike that of a devious placement of a road sign bearing false information. This case presents a scenario more akin to a driver pulling off the freeway in response to a sign that reads "Fast Food Burgers" to find a well-known fast food burger restaurant, next to which stands a billboard that reads: "Better Burgers: 1 Block Further." The driver, previously enticed by the prospect of a burger from the well-known restaurant, now decides she wants to explore other burger options. Assuming that the same entity owns the land on which both the burger restaurant and the competitor's billboard stand, should that entity

109. *Id.*

110. 174 F.3d 1036 (9th Cir. 1999). *See supra* Part III.B for a discussion of *Brookfield* and initial interest confusion.

111. *See Playboy Enters., Inc.*, 55 F. Supp. 2d at 1074.

112. *See id.*

113. *Id.*

114. *See id.*

115. *See id.* at 1074–75.

> be liable to the burger restaurant for diverting the driver? That is the rule PEI contends the Court should adopt.[116]

The court rejected Playboy's dilution claim, finding neither blurring nor tarnishment of its trademarks.[117] The court stated that Playboy had not shown blurring of its marks largely because the defendants did not use the words as trademarks and because Playboy produced no evidence that the use of the words caused "any severance of the association between plaintiff and its marks."[118] The court also rejected the tarnishment claim, despite the fact that the ads triggered by the keywords were for content more sexually explicit than Playboy's content.[119] Playboy failed to show any harm due to tarnishment because Playboy's trademarks "are associated with other purveyors of adult entertainment in other marketing channels."[120]

This court's analysis is problematic, particularly because of its reliance on the conclusion that the words were not being used as trademarks. Search engine users quite likely were seeking Playboy's products and services when they entered the words as search terms, and thus were using the words as trademarks.[121] Further, the defendants appeared to be using the words as trademarks as well by selling the words to companies advertising adult entertainment products and services.[122] While the court noted that several other companies have trademarks using the word "playboy"—including companies manufacturing or selling fresh yams and sweet potatoes, handkerchiefs, soft drinks, and carbonated waters—only the plaintiff's use of the trademarks involve adult entertainment.[123] The primary reason adult entertainment companies used the words "playboy" and "playmate" to trigger their advertising was that these words had value as plaintiff's trademarks. Moreover, the result in this case appears inconsistent with metatag cases that have found

116. *Id.* at 1075.

117. *See id.* at 1075–76.

118. *Id.* at 1075.

119. *See id.*

120. *Id.* at 1076.

121. The court noted that Playboy speculated that this was the case. *See id.* at 1073. Playboy perhaps could have submitted consumer surveys to bolster this argument.

122. *Cf.* Christine D. Galbraith, *Electronic Billboards Along the Information Superhighway: Liability Under the Lanham Act For Using Trademarks to Key Internet Banner Ads*, 41 B.C. L. REV. 847, 880 (2000) (arguing that if a search engine used the word "apple" to key ads to computer products, this would constitute use of the Apple Computer Company's trademark, but if the word "apple" was used to key ads for an apple orchard or fruit growers association, this would be use as a descriptive term for a type of fruit).

123. *See Playboy Enters., Inc.*, 55 F. Supp. 2d at 1079.

infringement of the Playboy trademark[124] despite the fact that with metatags, as in keyword banner advertising, the Internet technology cannot differentiate between the trademark and non-trademark use of a word. Thus, the argument that users and the defendants were not using the words here as trademarks seems implausible.

Additionally, the holding of this case applies only where a trademark is also a word in the English language.[125] If the trademark were a fanciful or arbitrary trademark such as Kodak, the result may have been different.[126] For example, Estee Lauder's suit against Fragrance Counter may have had a different result merely because "Estee Lauder" is not otherwise an English word.[127]

Also limiting the reach of this case is the fact that Playboy sued only the search engines—and not the companies that were using the trademarks to trigger their own advertising. In at least part of its holding, the court relied on the fact that Playboy did not compete with the search engines.[128] Thus, Playboy may have succeeded in at least obtaining an injunction against the advertisers for using Playboy's trademarks to display banner ads.

Because of the problems inherent in the court's analysis and the decision's limited applicability in further cases involving keyword banner advertising, a careful analysis is necessary to determine how best to resolve these disputes.

B. KEYWORD BANNER ADVERTISING AND LIKELIHOOD OF CONFUSION

The use of trademarks in keyword banner advertising does not easily "fit within the box" of trademark disputes.[129] As with metatags in

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124. *See, e.g.*, Playboy Enters. v. Asiafocus Int'l, Inc., 1998 WL 724000 (E.D. Va. 1998) (finding that the defendant's use of Playboy's trademarks in its domain names and metatags caused consumer confusion); Playboy Enters., Inc. v. Calvin Designer Label, 985 F. Supp. 1220, 1221 (N.D. Cal. 1997) (enjoining defendant from using Playboy's trademarks in its domain names or metatags).

125. *See* Matthew A. Kaminer, *The Limitations of Trademark Law in Addressing Trademark Keyword Banners*, 16 SANTA CLARA COMPUTER & HIGH TECH L.J. 35, 45 (1999).

126. *See* Gilson on Trademark Protection & Prac. (MB) § 7A.08 (2001). Trademarks can be classified into four groups in ascending order of strength or distinctiveness: (1) generic, (2) descriptive, (3) suggestive, (4) arbitrary or fanciful. *See* 2 MCCARTHY, *supra* note 38, § 11:2.

127. In its lawsuit involving keyword banner advertising, Estee Lauder sued Fragrance Counter, the advertiser using Estee Lauder's trademark to display its own advertising, as well as the search engines. *See* Frauenfelder, *supra* note 1.

128. *See* Playboy Enters., Inc. v. Netscape Communications Corp. 55 F. Supp. 2d at 1074–75.

129. *See, e.g.*, Parker H. Bagley & Paul D. Ackerman, *Trigger Happy: The Latest Internet Assault on Trademarks Rights*, COMPUTER LAW, May 1999, at 3 (stating that "using a keyword to trigger banner advertising presents the use of a trademark in a manner that is not directly in connection with the

Brookfield, the traditional eight-factor test is not particularly helpful in analyzing keyword banner advertising.[130] Instead, courts should closely examine how the technology works and how it is used. Courts must determine whether the display of a banner ad in response to a search term is likely to cause confusion as to the source of the banner, or confusion as to affiliation, connection, or sponsorship. A key part of this analysis is understanding the expectations of Internet users in using this technology.

There is little chance that a keyword banner ad triggered by a trademark could cause confusion at the time of sale. When users click on the banner ad and go to the advertiser's site, they will likely realize that the site is not that of the company whose trademark they entered as a search term, as they will find a website for an entirely different company with the trademark nowhere in sight.[131] Consumers are also unlikely to complete a transaction thinking that the trademark owner is affiliated with, connected to, or sponsors the advertiser's site because the advertiser is usually a direct competitor of the trademark owner, and thus, obviously not affiliated with the trademark owner. Any confusion that may exist will be dispelled before any sale is completed.

Despite the lack of point of sale confusion, however, a trademark owner still may be able to prove likelihood of confusion under the theory of initial interest confusion. Under *Brookfield*, trademark owners may have a strong argument that keyword banner ads cause initial interest confusion. There are substantial similarities between metatags and banner ads that suggest the *Brookfield* theory should apply to banner ads as well. In both metatags and banner ads, the trademarks are invisible to the user, except to the extent that users type in their own search terms.[132] The search results returned and the banner ads triggered are related to the terms entered. In both cases, the primary goal of using the trademark is to attract the attention of users and divert them away from their intended destination to a competitor's website.[133]

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goods and services being sold," and thus the mere display of an advertisement in response to the entry of the trademark as a search term may not lead to consumer confusion). "In a traditional infringement case, the accused infringer is alleged to be using a mark that is substantially similar to the mark of another and in connection with competitive goods or services," and may cause a likelihood of confusion. *Id.*

130. *See* Brookfield Communications, Inc. v. W. Coast Entm't Corp., 174 F.3d 1036, 1062 n.24 (9th Cir. 1999).

131. *See* Kaminer, *supra* note 125, at 50.

132. Erik Anderson, *Protection of Trademarks from Use in Internet Advertising Banner Triggers:* Playboy v. Netscape, 40 JURIMETRICS J. 469, 474 (2000).

133. *See* Kaminer, *supra* note 125, at 51.

Following *Brookfield*, the argument in favor of finding that use of trademarks for keyword banner advertising causes initial interest confusion goes like this: The user, looking for the product of the trademark owner, enters the trademark as a query. In response, the search engine generates a web page with a list of search results and banner advertising. A user may choose to click on one of the clearly labeled and identified websites of the trademark owner's competitors. Once the user arrives at the competitor's website, the user may find a product comparable to the trademark owner's and simply decide to use the competitor's product instead.[134] Or perhaps, the user may click on a banner advertisement for a competitor appearing on the search results page. Again, when the user arrives at the competitor's website, the user may find a product comparable to the trademark owner's and simply decide to use the competitor's product instead.

Metatagging and keyword banner advertising function to "confuse" consumers in the same way. By causing its website or advertisement to appear along with the trademark owner's website, the competitor "improperly benefits from the goodwill that [the trademark owner] developed in its mark."[135] Because of the similarities between metatagging and keyword banner advertising, trademark owners can argue that the finding of initial interest confusion in *Brookfield* should also lead to a finding of initial interest confusion in banner ad cases.

Some commentators, however, argue that metatagging may be distinguishable from keyword banner advertising.[136] Because metatagging causes a competitor's website to appear among the search results, consumers are likely to be confused. On the other hand, keyword banner ads appear on the top of the page above the search results and are unlikely to cause confusion.[137] Users may be more likely to ignore banner advertisements than they would search results. As one commentator argues, Internet users are developing a "banner blindness" in response to the flood of advertising on the Internet, so it is very unlikely that someone would click on an advertising banner thinking it was associated with the trademark owner.[138] Furthermore, the banner ads are usually clearly marked as those of the competitor, dispelling any possible association users might make.

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134. *See Brookfield*, 174 F.3d at 1062.

135. *Id.*

136. *See, e.g.*, Kaminer, *supra* note 125, at 53 (highlighting differences between metatagging and keyword banner advertising). *See also* Posner, *supra* note 63, at 491 (same).

137. *See* Kaminer, *supra* note 125, at 53; Posner, *supra* note 63, at 491.

138. *See* Kaminer, *supra* note 125, at 53. *See also supra* notes 31–35 and accompanying text (discussing the decline in click-through rates of banner ads).

Trademark owners may respond that the differences between banner advertising and metatagging are not all that significant. Sometimes the banner ads displayed in response to a query are in fact those of the trademark owner.[139] Thus, just as some of the websites in the search results are related to the query while others are irrelevant, some of the banner ads displayed are directly related to the trademark while others are not. Additionally, consumers may be ignoring banners in general, but they are likely to be more receptive to such advertising when they are actually looking to purchase a product or seeking information about a product they are thinking of purchasing, as opposed to looking for something for free.[140] Many users may click through web pages at a rapid pace and may respond to a flashy banner ad that says "Free," or has some other enticing offer,[141] or otherwise looks at a glance like it could be relevant to their query.[142] Hence, consumers may pay attention to banner ads to find relevant products and information just as they would pay attention to search results. Even clearly identified banner ads may be confusing, since they use trademarks in such as way that captures initial consumer attention. This would be consistent with *Brookfield*, which found confusion where the links to competitors' websites that appear due to metatagging were clearly identified.[143] In short, the similarities between metatags and keyword banner advertising are strong, and trademark owners have good arguments that if initial interest confusion existed in *Brookfield*, such confusion also exists in keyword banner advertising.

Trademark owners are correct in arguing that banner ads are sufficiently analogous to metatags to warrant a similar legal conclusion. At

139. Some search engines offer to sell the keyword first to the trademark owner so that the owner may use it to display its own ads. *See* Miller & Maharaj, *supra* note 17. For example, the search engine Lycos states in its advertising policy that "[e]ach advertiser may be given a 'first right' to its exact company name and trademarks for keyword/phrase advertising." Lycos Network Advertising Terms and Conditions, *at* http://www.lycos.com/lycosinc.advterms.html (last visited Mar. 28, 2001).

140. Targeted ads get higher click-through rates than random ads. *See, e.g.*, Ralph F. Wilson, *Using Banner Ads to Promote Your Website* (July 1, 2000), *at* http://www.wilsonweb.com/articles/bannerad.htm ("For example, you'd expect an ad for Wilson Tennis Racquets to get a higher [click-through rate] on a tennis site than on a general sports site. A . . . general site such as MSNBC would get an even lower [click-through rate].").

141. *See* NEIL BARRETT, ADVERTISING ON THE INTERNET 58 (1997) (stating that the words "Click here!" can increase the effectiveness of a banner ad); ZEFF & ARONSON, *supra* note 12, at 44 (suggesting that banner ads are more effective if they have a call to action, such as "Free" or "click here" and create a sense of urgency).

142. *See infra* text accompanying notes 148–150 describing how an ad could look deceiving.

143. *See* Brookfield Communications, Inc. v. W. Coast Entm't Corp., 174 F.3d 1036, 1062 (9th Cir. 1999) (noting that the search results will include the websites for both the trademark owner and the competitor, so that when the Internet user looks at the search results, "the user will often be able to find the particular web site he is seeking").

the same time, the arguments that Internet users will not be confused because they will not associate banner advertisements with the trademark entered into the search engine are also correct. Rather than demonstrating why keyword banner advertising is distinguishable from metatagging, this debate shows why neither practice really causes confusion at all and why *Brookfield* was wrong.[144] The arguments reveal that initial interest confusion depends on the expectations of Internet users. To reach a proper conclusion, these expectations must be understood fully.

With respect to search results, Internet users do not expect that all or even most of the results will match their query. Anyone who has used a search engine knows that many of the websites in the search results are unrelated or useless.[145] As one commentator states:

> To anyone who uses search engines regularly, all these assertions [of consumer confusion] may seem somewhat fanciful. When you type a string of words into [a search engine], you expect to see many pages listed that have no relevance to the subject that interests you. Merely appearing on a list does no more to create the impression of an association or business connection than appearing on the same page in the telephone directory.[146]

When users enter a search term, they realize that most of the search results will be for websites other than those of the company whose trademark they entered. These irrelevant results, many of which are websites of competitors and clearly labeled as such, do not confuse consumers at all.[147] The website for the trademark owner will be among the search results, and users know they will have to look at the descriptions in order to find it. If users decide to click on a competitor's website, they are not confused into thinking it is the website of the trademark owner because they have no expectation that every website is related.

Users have similar expectations about keyword banner advertising. While some of the ads will be sponsored by or affiliated with the trademark

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144. The differences between metatagging and keyword banner advertising may be relevant to the theory of dilution. *See infra* Part IV.C.

145. *See* Terrell W. Mills, *Metatags: Seeking to Evade User Detection and the Lanham Act*, 6 RICH. J.L. & TECH. 22, 26 (2000); Maureen A. O'Rourke, *Defining the Limits of Free-Riding in Cyberspace: Trademark Liability for Metatagging*, 33 GONZ. L. REV. 277, 294 (1997–98); Tim Jackson, *The Case of the Invisible Ink*, FIN. TIMES, Sept. 22, 1997, *available at* http://cyber.law.harvard.edu/metaschool/fisher/linking/meta/meta6.html (last visited Mar. 27, 2001).

146. *Id.*

147. *See* Gilson on Trademark Protection & Prac., *supra* note 126. "[O]rdinarily the searcher will be able to tell from the search list which site is which *before* clicking on any site because of the web page or web site name and its brief description." *Id.*

owner, many—if not most—ads will either be irrelevant or ads for competitors. Users understand how the technology works and what appears on the web page before them. As they continue to use the technology, they become even more savvy. In the absence of any indications to the contrary, users will assume that the advertisement and the trademark are not related. They are unlikely to think that the trademark owner is the source of the ad or has an affiliation, connection, or sponsorship with the company doing the advertising. The mere fact that the ads are triggered in response to the query is not sufficient to confuse consumers into thinking there is a relationship.

There may be some limited cases where there exists a likelihood of confusion. The banner ad could be designed to trick consumers into thinking that the trademark owner is the source or sponsor of the ad.[148] This would most likely occur if the trademark itself were used in the ad. For example, in the Estee Lauder lawsuit, Fragrance Counter displayed the Estee Lauder trademark so prominently in a banner advertisement that it may have confused consumers that the ad was for Estee Lauder or was in some way associated with Estee Lauder.[149] In other words, the prominent use of the plaintiff's trademark may have led consumers to believe the defendant was associated with the plaintiff. Clear indications of the source of the ad, however, such as the prominent display of the advertiser's trademark, may have dispelled any source confusion in this case. Courts should look closely at the ad itself to make this determination.

Absent the use of the trademark in the ad, perhaps the content of the ad could still cause confusion. In an example offered by one commentator, suppose a user seeking to send flowers to his mother enters the trademark "FTD" into a search engine, triggering a banner ad for a competitor reading, "The best network of florists in the nation."[150] The description in the banner ad suggests that the ad could be for FTD, since FTD is a nationwide network of florists. This could be confusing to consumers. In

148. This confusion could occur in metatagging cases as well. In one case, Niton Corporation sued Radiation Monitoring Devices (RMD) because RMD used metatags identical to those used on Niton's website. Niton Corp. v. Radiation Monitoring Devices, Inc., 27 F. Supp. 2d 102, 104 (D. Mass. 1998). The result was that a search for "Niton Corporation" and "home page" returned several search results that described themselves as the "Home Page of Niton Corporation" but gave the web address of RMD's website. *See id.* at 104. The court granted plaintiff a preliminary injunction. *See id.* at 105. Because the description of the website makes consumers think the website is for Niton, when in fact it is not, consumer confusion is likely to exist in this situation.

149. *See* Frauenfelder, *supra* note 1. Fragrance Counter may have a fair use argument to display Estee Lauder's trademark in its ad, analogizing to metatagging.

150. Galbraith, *supra* note 122, at 848, 880–81.

the absence of clear indications to the contrary, however, Internet users expect that the banner ad is *not* related to the trademark. Thus, they presume that the ad is not that of the trademark owner, and there is no confusion.

Keyword banner advertising does not confuse consumers, but instead offers them choices. *Brookfield*'s billboard metaphor does not accurately portray the true story of banner ads or metatagging. The banner ad (or website listing contained in the search results) is usually clearly labeled and identifies its source. Where the source may be ambiguous, users expect that the advertiser is not affiliated with the trademark owner because they know that many or most of the ads are not sponsored by the trademark owner. The situation is more akin to the metaphor used by the *Netscape* court. Instead of posting a billboard with the plaintiff's trademark on it, they are posting a comparative ad that says, in essence, "Better Burgers: 1 Block Further." If consumers choose to click on the banner and visit the competitor's website, they are doing so because they are enticed by the alternative—not because they are confused.

Much of the rhetoric used to describe the sale of trademarks for keyword banner advertising suggests that the practice is a sinister means for a company to capture the benefit of the trademark owner's good name.[151] These arguments represent the reaction of commentators who find something inherently wrong with the practice of selling trademarks to trigger the advertising of a competitor.[152] The problem is that for the practice to constitute trademark infringement, consumers must be confused. Consumer expectations about the Internet, however, make confusion unlikely.

Courts and commentators are mischaracterizing how consumers use the Internet to contrive legal arguments that compel finding trademark infringement. They spin tales of confusion that enable them to enjoin practices they find offensive to trademark owners. These arguments unduly strengthen trademark rights on the Internet beyond the boundaries of the law, which limits these rights to consumer perception.[153] Rather than

151. One commentator states that due to keyword banner advertising, competitors may attract consumer interest that they would not have otherwise gotten due to the "intentional manipulation of the search engine." *Id.* at 881. Search engines, in selling the trademark, have been said to "lack[] good faith," and are "clearly attempting to capitalize on the goodwill associated with the [trademark]." *Id.* The practice has been called a "bait and switch" that "hijacks and usurps" the trademark owner's goodwill and reputation. *See* Frauenfelder, *supra* note 1. *Cf.* Miller & Maharaj, *supra* note 17.

152. *Cf.* Mills, *supra* note 145, at 28 (noting that in metatag cases, courts are "being driven by a general sense of right and wrong").

153. *See supra* notes 42–47 and accompanying text.

manufacturing arguments of confusion, courts should look closely at how consumers actually use the Internet and should examine their expectations and assumptions. While the technology can sometimes be difficult to grasp, how the average consumer uses that technology is not. Greater scrutiny and experience will reveal this to be true.

Moreover, although the rhetoric is similar to that used to describe the infringing actions in the early initial interest confusion cases,[154] the injury is not the same. In those early cases, the competitor earned crucial credibility among consumers because of confusion as to source or affiliation.[155] In other words, consumers considered the product and thought highly of it, at least initially, merely because consumers believed that the competitor was the trademark owner or at least affiliated with the owner in some way. In banner advertising, however, the competitor does not gain any crucial credibility. The competitor's product is not more attractive to consumers, nor is the competitor's standing with consumers increased, simply because its ad appears when triggered by a trademark. Consumers fully realize there is no relationship between the parties, and if they consider the competitor's product, it is only because it is offered as an alternative option. Neither the credibility nor the reputation of the trademark owner spill over onto the competitor because consumers fully realize that the two are separate and distinct entities.

Beyond the lack of consumer confusion, there are sound policy justifications for allowing the use of trademarks for keyword banner

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154. *See* Grotrian, Helfferich, Schulz, Th. Steinweg Nachf. v. Steinway & Sons, 523 F.2d 1331, 1338–39 (2d Cir. 1975) ("[T]here was a deliberate purpose to obtain some advantage from the trade which [Steinway] had built up.") (quoting Miller Shoes, Inc. v. R.H. Macy & Co., 199 F.2d 602, 603 (2d Cir. 1952)).

155. *See supra* Part III.B.1. *But see* Dr. Seuss Enters. v. Penguin Books USA, Inc., 109 F.3d 1394 (9th Cir. 1996). In upholding a preliminary injunction, the court in *Dr. Seuss* stated that the initial interest confusion theory applied where a book about the O.J. Simpson trial used a similar title to *The Cat in the Hat* and used the image of the Cat's stovepipe hat. *See id.* at 1405. The court said the similarity to the Seuss marks could "draw consumer attention to what would otherwise be just one more book on the O.J. Simpson murder trial." *Id.* While the book may have gained some extra consumer attention, it does not appear that the book gained any *crucial credibility* as a result of the use of the marks. *See also* Brookfield Communications, Inc. v. W. Coast Entm't Corp., 174 F.3d 1036, 1062 (9th Cir. 1999) (finding that the use of a trademark in metatags caused initial interest confusion despite the fact that the websites in the search results are clearly labeled, thus making it "difficult to say that a consumer is likely to be confused about whose site he has reached or to think that Brookfield somehow sponsors West Coast's web site"). The Ninth Circuit apparently thinks that any use of a trademark is initial interest confusion because it can attract consumer attention. This author disagrees with that analysis and feels that some confusion as to source or affiliation at some point in the transaction should be necessary. For initial interest confusion to result, the effect of the trademark use should be that consumers hold the unauthorized user of the mark in the same or similar esteem that they hold the trademark owner, at least for some period of time before purchase.

advertising to continue. Competitors can build their brand awareness and make a few more sales by triggering their ads to trademarked search terms. This practice benefits not only competitors but consumers as well.[156] Consumers can learn about new products and compare prices at the speed of a few mouse clicks. This ability to get quick information is one of the most important benefits of the Internet.

Using trademarks for keyword banner advertising is not as sinister as it seems when compared to real life practices. In the brick and mortar world, most stores, such as supermarkets, group products together by category. Competing products appear side by side on the shelf just as they appear side by side on the web page. If a customer were to ask a store clerk, "Where can I find the Tylenol?" the clerk would direct the customer to the correct aisle. There the customer will find not only Tylenol, but also the generic brand of acetaminophen, aspirin, ibuprofen, and other pain relievers—a whole array of products related to her query but not affiliated with the trademark owner. The result is the same when the user enters the trademark into a search engine and sees advertising for comparable products. In the supermarket, the consumer expects to be able to look at other products and compare prices when she gets to the correct aisle. The expectations are the same when surfing the Internet. The consumer may decide to choose another product or stay with the original choice. Whether viewing a supermarket shelf or a web page, the consumer benefits from the adjacent display of competing products.

Additionally, Internet users often use trademarks as search terms to describe a general product for which they are looking. This use is similar to the example above—by asking for Tylenol, the consumer could be looking for Tylenol specifically, or perhaps something in general to relieve headaches. When using a search engine, users may enter trademarks because they may want to find websites and products that are similar to those of the trademark owner.[157] Competing banner advertisements can assist consumers in finding these other products. This use of the trademark can be especially helpful to consumers who may have a difficult time

156. *See* Kaminer, *supra* note 125, at 58–59 (arguing that consumers will be able to find substitutes for expensive products at competitive prices and comparing banner advertising to "electronic couponing").

157. *See* Shannon N. King, Brookfield Communications, Inc. v. West Coast Entertainment Corp., 15 BERKELEY TECH. L.J. 313, 326 (2000) (arguing that "prohibiting the use of trademarks in metatags frustrates a source of information retrieval anticipated and utilized by Internet consumers"). Note that using a trademark is not "genericide," because the consumer is not using the trademark to describe a whole category of products, but merely is using the trademark "as a starting point for gathering related information." *Id.* at 326 n.98.

describing the product in a few generic search terms to generate a useful search.[158]

If trademark owners wish to prevent competitors from using their marks, they have non-legal means available to do so. Some search engines offer to sell keywords first to trademark owners.[159] Owners can purchase the right to their trademarks as keywords, preventing others from triggering advertising with the mark. Trademark owners may find it valuable to use their own trademarks to trigger banner ads since they can show ads for special offers or advertise other products also made by the same company. If trademark owners find it offensive to pay for their own keywords to prevent others from using them, they can threaten to withdraw all advertising from any search engine that sells their trademarks. Some search engines, afraid of potential revenue loss and poor public relations, have already decided it is bad for business to engage in this practice.[160]

C. DILUTION

Due to the difficulties in proving a likelihood of consumer confusion, trademark owners may seek redress under the theory of dilution, which does not require a likelihood of confusion. This theory is limited to famous marks, but since the trademark has been sold to trigger advertising, the "famous" requirement probably would be met in keyword banner advertising cases.[161] This claim, however, is unlikely to succeed because keyword banner advertising does little to lessen the capacity of a trademark to identify and distinguish goods.

Dilution does not prevent any use of a trademark, but only use of a mark that causes "blurring" or "tarnishment."[162] Courts likely will not find "blurring" of the trademarks when they are used to trigger banner advertising. As long as the advertising itself does not display the trademark, the capacity of the trademark to identify and distinguish goods is unharmed. The banner ads do not interfere with the search results, and the trademark owner's website presumably can still be found on the search

158. For example, a user seeking products similar to Brookfield's "MovieBuff" software may not be able to find a useful search query to describe "computer software providing data and information in the field of the motion picture and television industries."

159. *See* Miller & Maharaj, *supra* note 17. *See also supra* note 139.

160. *See* Frauenfelder, *supra* note 1 (noting that Hotbot, a search engine, will not sell keywords to companies that compete with the trademark holder); Miller & Maharaj, *supra* note 17 (quoting a Yahoo spokesperson who said that they would not sell a company's trademark to competitors because "it would be bad for business").

161. *See* Kaminer, *supra* note 125, at 53 n.113.

162. *See supra* Part III.C.

results page. Here, the distinction between keyword banner advertising and metatagging may be relevant. If search results are flooded with websites using the trademark in their metatags, the list of search results may be so long and there may be so much "noise" created around the trademark that it hinders users' ability to find the trademark owner's website.[163] Keyword banner advertising does not diminish the quality of the search.[164] Further, because users will not associate the banner ad and the competitor's product with the trademark, the trademark retains its capacity as a unique identifier.

In a rare case where a trademark is triggered to a banner ad that can be considered offensive or that degrades the trademark, the trademark owner may have an action for "tarnishment." The most compelling case is if the ad were to use the trademark itself in a degrading manner. A trademark owner could argue, as Playboy did, that if the ads triggered are for sexually explicit content or are otherwise offensive, then the mark's positive associations have been undermined. This situation is presumably rare—except where the trademark owner's product itself is sexually explicit or has some unseemly qualities.[165] The court in *Playboy v. Netscape* is probably correct to have found against Playboy on this issue since Playboy's "positive associations" are already somewhat degraded because of the content of its offerings.

Nevertheless, a plaintiff who does not offer offensive material may have an argument. The difficulty is that the trademark owner may need to show that users make some kind of association between the offensive ad and the trademark—something that is unlikely because users know the ads are not related. But if offensive ads continually appear when the trademark is entered into a search engine, tarnishment may exist because users may refuse to enter the trademark as a search term in order to avoid the offensive ads.

163. *See* O'Rourke, *supra* note 145, at 300.

164. If the advertising becomes so intrusive as to interfere with the search results, the argument for dilution may become even stronger. This result is unlikely, however, because users will dislike the interference with the search results and will use another search engine.

165. This situation would be very rare, but not implausible. Some sexually explicit websites engage in techniques to attract more attention, such as using frequently entered search terms in their metatags. *See* J.D. Biersdorfer, *Trapped in the Web Without an Exit*, N.Y. TIMES, Oct. 7, 1999, at G1 (noting that pornographic websites are the sites that most often practice manipulation on the Internet). Pornographic websites may find it useful to engage in similar techniques using keyword banner advertising. It seems unlikely, however, that a search engine would knowingly sell a company's trademark to a sexually explicit site unless that company sold sexually explicit products as well, such as Playboy.

One unique dilution argument available to a trademark owner is that because the trademark is sold to the competitor, the trademark owner cannot advertise using its own mark. This inability to advertise could lessen the capacity of the trademark to distinguish goods. As noted above, however, some search engines have a policy that the trademark owner has priority over the trademark. For those that do not have such a policy, the trademark owner can always outbid the competitor for the keyword. Further, the trademark owner's website presumably still appears in the search results, diminishing any potential dilution due to the alleged inability to advertise.

Trademark owners are unlikely to be successful on a dilution argument. Blurring is unlikely because banners do not interfere with search results, and users do not associate the advertising with the trademark. Moreover, tarnishment rarely occurs. Therefore, trademark owners, unable to prove likelihood of confusion, are likely incapable of stopping the use of their trademarks for keyword banner advertising.

V. CONCLUSION

Courts may stumble as they grapple with new legal issues regarding the Internet. In trademark law, this has already occurred with metatagging. If the same reasoning is followed, the same erroneous result may be reached with keyword banner advertising. Courts need to examine the new technology closely, particularly how people use this technology. Consumers' expectations about the Internet need to be properly understood in order to apply the law correctly.

Courts should resist their judgments that this behavior is morally reprehensible, as it will distort their application of the law. Keyword banner advertising does not confuse consumers because consumers expect that the ads are not connected to the trademark. Nor are claims of dilution likely to be successful. Keyword banner advertising is not trademark infringement, and describing the practice as devious or deceitful mischaracterizes the true situation.

Trademark owners frustrated by these decisions can pay to advertise with their trademarks, thus preventing competitors from doing so. Alternatively, they can pressure search engines to refrain from selling their trademarks to others. Courts, however, should not be overly sympathetic and unduly extend the protection of trademark rights. Trademark law focuses on protecting consumers. Consumers are helped—not harmed—by keyword banner advertising. Proper application of the law and

considerations of policy should lead courts to allow the practice to continue, fostering competition and benefiting consumers.