

IF YOU CAN'T SEE IT, HAS IT BEEN USED?

KEYWORDS AND OTHER TRADEMARK ISSUES ON THE INTERNET

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Trademarks appear on the internet in places we can see—as part of a domain name or banner advertisement, as part of a “pop-up” advertisement, or as part of a list of search results. They are also utilized (and this word was chosen carefully) in places an internet user does not see—for example, in the metatags associated with a particular web site, in hidden text, and in software programs designed to trigger advertisements that are downloaded simply by surfing the information superhighway. If the user cannot see the trademark on the internet, has it been used? When can a trademark be included as a keyword or a search term, and when can such

inclusion result in liability? How does a trademark owner enforce its rights in the United States, and what about in the United Kingdom? What are the acceptable bounds of “use” on the internet? An analysis of these issues and a summary of the evolving case law in these two jurisdictions are set forth in this article.

THE UNITED STATES

The Lanham Act, 15 U.S.C. § 1051 et seq., prohibits confusingly similar use of the trademark of another. Use is what gives rise to liability, and until very recently, use was largely assumed. If litigation had commenced, there had to have been use, right? By the plain language



of the statute, confusion as to source, sponsorship, or affiliation is prohibited. The prohibition applies whether the confusingly similar use occurs on the internet or elsewhere. The law does not distinguish between any particular media. Thus, courts are left to apply traditional trademark principles to the rapidly evolving way in which marks are utilized on the internet.

Post-Domain Path URL. Only one provision of the Lanham Act deals directly with acts relating to infringement and computers; the Anticybersquatting Consumer Protection Act (“ACPA”) makes it unlawful to register the domain name of another with a bad-

faith intent to profit. 15 U.S.C. § 1125(d). It is clear from the case law that predated the ACPA that registering a domain name for the sole purpose of selling it to the trademark owner was unlawful. Under the ACPA, such conduct remains unlawful.

But what about use of a mark that appears in the post-domain path URL? For example, what if the mark “LapTraveler” appeared not as part of the domain name (www.laptraveler.com) but, instead, as part of the data behind the web site, i.e., in the path that is not seen, for example, as part of “www.a2zsolutions.com/desks/floor/LapTraveler”? Obviously, an internet

user typing in a search term for the LapTraveler product could end up on the www.a2zsolutions.com web site. And the internet user might think that the a2zsolutions web site is an authorized source of the LapTraveler product. Or there may not even be LapTraveler product at the a2zsolutions site, notwithstanding inclusion of the term in the post-domain path. In any event, inclusion in the post-domain path such as the example set forth above did not result in liability. Why? Because the court found that including “LapTraveler” in that fashion was not the requisite “use” of a trademark that could give rise to a claim for infringement. The court reasoned that

...there are no hard-and-fast rules when it comes to
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inclusion in the post-domain path did not indicate the source of the product because that is not the function of a post-domain path URL. The court did not seem to be impressed by the fact that an internet user searching for LapTraveler product would be directed to the a2zsolutions site because of the inclusion of "LapTraveler" in the post-domain path URL. Notwithstanding such inclusion and the resulting internet traffic, this conduct did not amount to "use" giving rise to liability. See *Interactive Products Corp. v. a2z Mobile Office Solutions, Inc.*, 326 F.3d 687 (6th Cir. 2003).

The analysis of what constitutes "use" for purposes of the Lanham Act has led to a series of seemingly inconsistent decisions surrounding banner advertisements, pop-up advertisements and, as made popular by recent Google™ litigation, keyword advertisement liability.

Keywords. Recent litigation involving internet searching and Google-sponsored links further demonstrates the disagreement among the courts as to what constitutes "use" for Lanham Act purposes. The *Rescuecom Corp. v. Google, Inc.* court (456 F. Supp. 2d 393 (N.D.N.Y. 2006)) found that selling "Rescuecom," plaintiff's trademark, to plaintiff's competitors as a keyword to trigger the appearance of links to the competitors' web sites on Google's web site was not Lanham Act use. How did the court reach that result? The *Rescuecom* court relied on precedent from the United States Court of Appeals for the Second Circuit in *1-800 Contacts, Inc. v. WhenU.com, Inc.*, 414 F.3d 400 (2d Cir. 2005).

The *1-800 Contacts* decision involved the SaveNow software program sold to advertisers. The program contained, in its code, a directory of marks, web sites, and search terms. The intended purpose of the program was to generate pop-up advertisements when an internet user entered a search term or trademark that appeared in the software directory. For example, if the internet user typed in the web site for the maker of the 1-800 Contacts product, pop-up adver-

tisements appeared for competitive goods. The mark 1-800 Contacts appeared on the SaveNow directory and was sold to advertisers without permission.

The 1-800 Contacts trademark owner filed a lawsuit alleging trademark infringement over such activity. After a series of decisions, in 2005 the conduct was held to be lawful. The court of appeals decided that encryption of "1-800 Contacts," a federally registered trademark, on the software sold to advertisers and utilized in connection with the sale of competitive goods was not "use" pursuant to the Lanham Act. The court held that the "use" could not be seen, since the mark appeared only in the software code. Moreover, inclusion of the 1-800 Contacts mark among a sea of other marks by the software programmer was not the type of use that was likely to cause confusion as to the source of the software. Thus, there was no "use" for purposes of the Lanham Act. The Second Circuit was not persuaded that 1-800 Contacts' competitors were gaining a free ride off the goodwill associated with 1-800 Contacts' trademarks, nor was the court persuaded that its "source" analysis may have been too narrow.

In contrast to the *Rescuecom Corp.* case is the result reached by the United States District Court for the Northern District of California in *Google, Inc. v. American Blind & Wallpaper Factory, Inc.*, No. C 03-05340, 2005 WL 832398 (N.D. Cal.). What constitutes "use" was the subject of a request for declaratory relief filed by Google. At issue was whether selling the trademark "American Blind & Wallpaper" to competitors so that the competitors' links appear on the Google web site when an internet user is looking for American Blind & Wallpaper constitutes "use" of the American Blind & Wallpaper trademarks. This time, the court held that it is possible that utilizing the marks in such a fashion could constitute Lanham Act use. Further, in yet another Google case, the court found that since the "use" at issue had gone beyond mere "internal coding,"

internet trademark usage. a litmus test does not exist.



it could result in Lanham Act use for purposes of liability. *Government Employees Insurance Co. v. Google, Inc., et al.*, No. 1:04CV507, 2005 WL 1903128 (E.D. Va.).

Banner Advertising and the Distinction Between Direct and Contributory Liability. The Lanham Act prohibits both direct infringement and contributory infringement. Direct liability, much like “use,” was at one time readily identifiable. Contributory liability attached only to the person or entity facilitating the infringer. In bricks-and-mortar parlance, that might be the publisher of a telephone directory with notice of infringing activity. In cyberspace, as with the definition of “use,” the lines are blurred. The issue has arisen whenever an internet provider was sued for the advertising activity of a web site owner. For example, in *Playboy Enterprises, Inc. v. Netscape Communications Corp.*, 354 F.3d 1020 (9th Cir. 2004), the United States Court of Appeals for the Ninth Circuit left open the question of whether Netscape, an internet service provider and neither the creator nor the “user” of the banner ads at issue, was a direct infringer or a contributory infringer. (In the *Google* cases mentioned above, Google has similarly asserted that it was not the one “using” the mark and thus could not be liable for infringement.)

Of equal importance in the *Netscape* case was the court’s holding that “keying” trademarks to cause certain banner advertisements to appear could constitute use for purposes of Lanham Act liability. Reversing the trial court’s grant of summary judgment in favor of Netscape, the court found that there could be trademark “use” because Netscape, in conjunction with advertisers, “misappropriated the goodwill” associated with the Playboy trademarks to lead internet users to competitors’ web sites. Riding the coattails of the goodwill represented by these marks constituted use, notwithstanding the fact that the “use” could not be seen and notwithstanding the fact that the marks appeared only in a coded software program designed to trigger the banner ads. The *Netscape* court did suggest, however, that a dis-

claimer appearing in connection with the banner ads may yield a different result.

Factors to Consider in the United States. As the decisions above demonstrate, there are no hard-and-fast rules when it comes to internet trademark usage. Unfortunately, a litmus test does not exist. Synthesizing the cases that have been decided yields a number of key factors to be considered. Of paramount importance is whether the jurisdiction is one that follows the doctrine of “initial-interest confusion,” i.e., confusion that is dispelled before the sale takes place. Many jurisdictions still follow this doctrine, but some have suggested it no longer exists. Additionally, the following factors have been considered collectively, and individually, by the courts:

- Who is the proper defendant? Is this a case of direct or contributory liability? The theory can be outcome-determinative. Is the defendant a competitor or the maker of a program that incorporates trademarks? Noncompeting “use” is less likely to be “use” for trademark infringement and less likely to result in liability.
- What is at issue? Is it visible or invisible “use”? Is there more than one type of “use”—i.e., is it a metatag and a keyword issue, are there pop-up advertisements generated, or is it a banner? Is there a disclaimer? Is there confusion as to source, or is it a claim about affiliation/sponsorship? The more “use” at issue, the more likely it is the trademark owner will prevail. If it is an “invisible” use, confined solely to a software program or in a metatag, it is less likely liability will attach.
- When are the trademarks being “used”? Does the mark appear when a search is being conducted? Is it appearing in connection with a competitor’s web site? Is it appearing in the metatags? When is it likely that the user will be confused?

- Where can the litigation be brought? Jurisdictions that recognize initial-interest confusion are more apt to find trademark “use” pursuant to the Lanham Act.
- Why are the trademarks included? Is the trademark included as part of a bundle of search terms, or is one mark in particular being included for one particular purpose? Is there an intent to cause a diversion?
- How is money changing hands? Is it pay-per-click? Is bidding involved? The more it appears that the would-be infringer is paying for one particular mark, the more likely it is that “use” and infringement can be established.

THE UNITED KINGDOM

In contrast to the developing body of conflicting case law in the United States, in the U.K. there is very little case law on issues related to keywords, metatags, and banner advertising. But, as with the dilemma facing internet advertisers and trademark owners in the U.S., a clear answer has not emerged. The sparse case law that does exist is restricted to a very limited set of facts. The leading case involves Reed Executive plc (“Reed Executive”) and Reed Business Information Limited (“RBI”).

Reed Executive and RBI coexisted for a number of years in the fields of recruitment and publishing, respectively. Both promoted their services via internet web sites. In the course of RBI’s publishing business, its magazines carried recruitment advertisements, without complaint, from Reed Executive. RBI then created the web site www.totaljobs.com.

The conflict arose when RBI used “Reed” and “Reed Business Information” in connection with its metatags for the totaljobs.com web site as well as the term “Reed” to trigger a banner advertisement. After the initial complaint by Reed Executive, RBI took steps to diminish the prominence of the Reed trademarks on the totaljobs.com web site and the use of metatags/search terms.

As in the U.S., traditional trademark principles were used to determine the respective rights of the parties with respect to metatag “use,” banner advertisements, and trademark infringement.

In the U.K., even unregistered trademarks are protected under the law of passing off, provided that the “classic trinity” is satisfied:

1. The mark must have a reputation.
2. There must be a misrepresentation by the defendant (usually implicit in the use of an identical or confusingly similar mark).
3. There must be damage to the trademark owner’s goodwill.

Metatags. The [totaljobs](http://totaljobs.com) web site used the words “Reed Business Information” in the metatags. An internet user searching for “Reed jobs” found the [totaljobs](http://totaljobs.com) site, but the search results listed the link *below* the Reed Executive site. Important points from the case include:

- The court of appeal questioned whether inclusion in the metatags alone counted as “use” of a trademark. Taking a narrow view of “use,” the court stated that invisible use of a mark could not be said to convey a message to the consumer, which is the essential role of a trademark.
- Anyone looking for Reed Executive would find it, rather than RBI. Thus, there could not be any passing off.
- “[C]ausing a site to appear in a search result, without more, does not suggest any connection with anyone else,” according to the court. Hence, there could not be any trademark infringement.
- Finally, the court held that even if inclusion in the metatags could constitute trademark “use,” unauthorized third-party use of a trademark in a metatag causing the competitor’s web site to appear among search results might be considered good competition, provided that no one is misled.

Banner Advertising. RBI paid Yahoo! for a [totaljobs](http://totaljobs.com) banner to be linked to the search terms “recruitment” and “job.” Yahoo! also provided, at no cost, an extra search term to RBI. Instead of choosing “RBI,” Yahoo! chose “Reed.” As a result, an internet user searching for “Reed” would then see the [totaljobs](http://totaljobs.com) banner appear. The user could click on the banner and be directed to the [totaljobs](http://totaljobs.com) web site.

The trial judge held that when the banner was triggered by the word “Reed,” the mark had been infringed. The court of appeal disagreed. Significant findings from the court include:

- Whether the use of a trademark as a search term can fairly be regarded as “use in the course of trade” is uncertain.

- The banner referred only to “totaljobs.” Absent visible appearance of the word “Reed,” there could not be any infringement.
- “[T]he idea that a search under the name ‘Reed’ would make anyone think that there was a trade connection between a ‘totaljobs’ banner making no reference to the word ‘Reed’ and ‘Reed Employment’ is fanciful. No likelihood of confusion was established,” wrote the court.
- As the U.S. court suggested in the *Playboy/Netscape* decision, the fact that banner advertisements of varying degrees of relevance attach themselves to internet search results is a fact of life. Consumers would not necessarily expect there to be a direct connection between the search term used and the pop-up or banner advertisement that appeared.
- The court did suggest, however, that if a user clicked on a banner and found an infringing use on the next web site, there may be infringement. The court was careful to state that this would depend on the site content rather than the banner, or the metatag that had triggered it.

Factors to Consider in the U.K. What constitutes “use” is an emerging issue in the U.K. as well as in the U.S. If inclusion of the mark is invisible, it may not be considered “use.” The court of appeal’s reasoning appears to start from the position that a trademark conveys to a consumer a message that the goods or services in question originate from the trademark owner. Thus, inclusion of a trademark in places that never cause the mark to be displayed in connection with goods or services—for example, in the computer software that operates search engines—is not trademark use. Without use, there can be no infringement.

In the past, the U.K. courts have been flexible in finding a remedy for novel situations in which third parties sought to profit unfairly from a third party’s trademark rights, particularly under the law of passing off. In that regard, the *Reed* decision, insofar as it relates to keyword issues, is the product of a very specific set of facts, and intellectual property owners, users, and advertisers should keep the following factors in mind:

- The amount of metatag “use” might be dispositive. Inclusion in the metatags in *Reed* did not achieve sufficient prominence to displace the Reed Executive site.

Moreover, the court’s comment that “causing a site to appear in a search result, *without more*, does not suggest any connection with anyone else” is telling (emphasis added). The possibility remains, accordingly, that metatag use of a trademark that results in a number of highly placed rankings, swamping any reference to the trademark owner, might be seen differently.

- Similar considerations apply to the triggering of banner and/or pop-up advertisements. If, for example, use of a brand-leading trademark as a search term causes a single advertisement for a competing product to appear, the overall effect might be considered so overwhelming as to contribute to a finding of passing off by substitution.

The one certainty that can be gleaned from the evolving law on point in both the U.S. and the U.K. is that nothing is certain. The “source” of the problem may be outcome-determinative. If the person or entity utilizing the mark does so in a fashion that cannot be seen on goods that do not compete (for example, on software that triggers ads), it could very well be that the courts will say this is not “use” for purposes of trademark liability. All the same, usurping the goodwill associated with a trademark in the U.S. and in the U.K. historically has been actionable. To the extent the trademark owner can garner evidence that demonstrates that the marks at issue have been included on software to trigger ads because of their selling power, or the extent there is sufficient evidence that the selling power has been targeted or that the resulting competition is unfair, the conduct does give rise to liability. ►►

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