

## NOTES

# BEYOND CONFUSION: REEXAMINING TRADEMARK LAW'S GOALS IN THE WORLD OF ONLINE ADVERTISING

PAUL L. BONEWITZ<sup>†</sup>

### INTRODUCTION

Trademark law has its roots in the common law of deceit.<sup>1</sup> Trademarks emerged as “identifier[s] of the particular source of particular goods,”<sup>2</sup> functioning to inform, not deceive, the public. Preventing confusion has therefore been the core policy underlying trademark law since its inception.<sup>3</sup> Given the origin of trademark law, it is no surprise that current trademark uses typically avoid confusion by passing accurate and reliable information from trademark holders to consumers.

Trademark law does not prevent confusion, however, simply for the sake of preventing confusion. Legal theory has increasingly recognized that prohibiting confusing trademark uses is largely a means employed to achieve other goals.<sup>4</sup> Chiefly, however, leading scholars have advanced the view that “trademark law . . . can best be explained on the hypothesis that the law is trying to promote economic efficiency.”<sup>5</sup> Specifically, economists have justified trademark law on the grounds that it decreases consumer search costs.<sup>6</sup> In theory, then, the language

---

<sup>†</sup> J.D. Candidate, June 2008, St. John's University School of Law; B.A., 2004, Tufts University.

<sup>1</sup> *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141, 157 (1989) (“The law of unfair competition has its roots in the common-law tort of deceit: its general concern is with protecting *consumers* from confusion as to source.”).

<sup>2</sup> *Ty, Inc. v. Perryman*, 306 F.3d 509, 510 (7th Cir. 2002).

<sup>3</sup> *See id.*

<sup>4</sup> 1 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 2:2, at 2-3 (4th ed. 2006).

<sup>5</sup> William M. Landes & Richard A. Posner, *The Economics of Trademark Law*, 78 TRADEMARK REP. 267, 267 (1988).

<sup>6</sup> *See, e.g.*, 1 MCCARTHY, *supra* note 4, § 2:5, at 2-7 to -10; *see also* Joseph

of confusion has worked within trademark law as a “proxy for incorporating considerations of consumer search costs.”<sup>7</sup>

Congress codified this proxy in 1946 when it passed the Lanham Act, which prohibited trademark uses in commerce that were “likely to cause confusion, or to cause mistake, or to deceive.”<sup>8</sup> More recently, however, Congress has expanded trademark liability beyond the realm of confusing uses. In 1995, the Federal Trademark Dilution Act created a federal right of action targeting unauthorized trademark uses that diluted famous marks, but disclaimed the need to prove a likelihood of confusion.<sup>9</sup> In keeping with the statute’s language, several circuits have interpreted the Act as requiring only a showing of actual economic harm.<sup>10</sup> Moreover, the stated justifications for proscribing trademark dilution were largely economic and included reducing consumer search costs. In this instance, achieving economic efficiencies replaced avoiding confusion as the explicit touchstone of trademark liability.

Several commentators have argued that online trademark uses are analogous to offline uses and that, therefore, no law beyond the confusion-based Lanham Act is needed to account for them. In at least one instance, Congress disagreed, extending dilution protection to the internet through the Anticybersquatting Consumer Protection Act of 1999, specifically to account for the then unfamiliar practice of registering trademarks as domain names.<sup>11</sup> Equally unfamiliar trademark uses currently exist in the world of online advertising. In particular, businesses using other companies’ trademarks in search-based advertising and contextual advertising have frequently faced litigation. Lacking new legislation, courts have turned to trademark doctrine developed in the offline world. The results have been predictably inconsistent. Using a doctrine

---

Fischer, *Harmonization of Federal Patent and Trademark Laws After the Vornado, Zip Dee, and Thomas & Betts Decisions: An Economic Analysis*, 8 FED. CIR. B.J. 29, 32 (1998) (“Th[e] lowering of search costs is the primary economic purpose of trademark laws.”).

<sup>7</sup> Maureen A. O'Rourke, *Defining the Limits of Free-Riding in Cyberspace: Trademark Liability for Metatagging*, 33 GONZ. L. REV. 277, 307 (1997–98).

<sup>8</sup> 15 U.S.C.A. § 1125 (West 2007).

<sup>9</sup> See Paul Edward Kim, Comment, *Preventing Dilution of the Federal Trademark Dilution Act: Why the FTDA Requires Actual Economic Harm*, 150 U. PA. L. REV. 719, 728 (2001).

<sup>10</sup> See *id.* at 742–44.

<sup>11</sup> See 15 U.S.C.A. § 1129 (West 2007).

known as “initial interest confusion” that traditionally addressed a form of pre-sale confusion, several courts found instances of trademark infringement even while acknowledging that no confusion was likely to occur.<sup>12</sup> Critics have charged that such holdings contravene not only the Lanham Act’s express confusion requirement, but also the underlying goals of trademark law.

This Note asserts that although such holdings clearly violate the Lanham Act, they may nonetheless be justifiable on normative grounds. Despite critics’ suggestions, certain online advertising techniques differ from their offline counterparts. The advent of search engines and contextual advertising has allowed commercial actors to not only transmit information to consumers, but to also respond to trademark selections made by consumers in ways that actively interfere with their search activity, in some cases even impeding consumers from reaching their objectives. This Note argues that in the limited instances where non-confusing trademark uses increase consumer search costs, legislation is needed both to provide certainty and uniformity to an open area of law, and to better effectuate trademark law’s goals.

Part I of this Note traces the theoretical and statutory expansion of trademark law from its originally limited focus on preventing confusion to its currently broader concern with economic efficiencies. Part II first describes the mechanics of internet advertising practices, including keyword search-based advertising and contextual advertising. It then discusses several cases in which courts ignored the Lanham Act’s confusion requirement when applying the doctrine of initial interest confusion to online advertising practices. Finally, Part III critiques the validity of popular analogies between online and offline advertising and, finding significant differences, concludes by suggesting that the existence of situations in online advertising in which trademark uses increase search costs without creating confusion justifies limited legislative extension of trademark protection.

---

<sup>12</sup> See *infra* Part II.B.

I. THE THEORETICAL AND STATUTORY DEVELOPMENT OF  
TRADEMARK LAW

A. *The Evolving Understanding of Trademark Objectives*

Trademark protection began as a part of the larger body of unfair competition law.<sup>13</sup> Genealogically, unfair competition was related to the common-law tort of deceit, which proscribed some forms of intentional misrepresentation.<sup>14</sup> Like deceit, trademark law's main focus was consumer protection.<sup>15</sup> Unlike deceit, trademark law addressed situations in which consumers were confused, regardless of the intent of the party making the representation.<sup>16</sup>

From this beginning, legal scholarship has made efforts to articulate the harms to consumers resulting from confusing trademark uses. While commentators have offered varying rationales of trademark protection, microeconomic theory currently provides one that enjoys widespread acceptance. On this hypothesis, the central objectives of trademark law are facilitating the efficient transmission of useful information in markets and reducing consumer search costs.<sup>17</sup> Trademarks, when utilized as source identifiers, save consumers time and effort by providing useful shorthand for information about a product's characteristics. Confusing trademarks decrease efficiency by impeding consumers from locating desired goods.<sup>18</sup> Economic analysis correctly explains the economic efficiencies

---

<sup>13</sup> 1 MCCARTHY, *supra* note 4, § 2:7, at 2-14 (“[T]rademark law is a species of the generic law of unfair competition.”).

<sup>14</sup> See 37 AM. JUR. 2D *Fraud and Deceit* § 4 (2001).

<sup>15</sup> 1 MCCARTHY, *supra* note 4, § 2:14, at 2-31 (citing *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141, 157 (1989)).

<sup>16</sup> See, e.g., *id.* § 2:8, at 2-15.

<sup>17</sup> See Robert G. Bone, *Hunting Goodwill: A History of the Concept of Goodwill in Trademark Law*, 86 B.U. L. REV. 547, 548 (2006) (“[T]he law’s core mission, as it is understood today, is to facilitate the transmission of accurate information . . . .”); Stacey L. Dogan & Mark A. Lemley, *Trademarks and Consumer Search Costs on the Internet*, 41 HOUS. L. REV. 777, 777 (2004) (finding that “reducing consumer search costs” is part of the “central goal of the Lanham Act”).

<sup>18</sup> See Bone, *supra* note 17, at 548 (stating that the main purpose of trademark law is to “facilitate the transmission of accurate information to the market”); Dogan & Lemley, *supra* note 17, at 786 (“In economic terms, trademarks contribute to economic efficiency by reducing consumer search costs.”); Mark A. Lemley, *Property, Intellectual Property, and Free Riding*, 83 TEX. L. REV. 1031, 1058 (2005) (“The economic support for [trademark law] must be found . . . in efforts to reduce consumer search costs . . .”).

achieved by avoiding confusion, and further suggests that the purpose of trademark law is not to avoid consumer confusion, but rather, to benefit consumers economically.<sup>19</sup> Economic theory thus advances the possibility that avoiding confusion might be only one among multiple ways to serve trademark law's larger purpose.

### *B. Expansion of Federal Trademark Protection*

#### 1. The Lanham Act

Congress advanced a trademark policy centered on avoiding confusion in 1946 when it passed the Lanham Act.<sup>20</sup> The very text of the Lanham Act prohibits only trademark uses that are "likely to cause confusion, or to cause mistake, or to deceive."<sup>21</sup> Congress intended to accomplish two goals through this requirement. First, Congress sought to protect consumers from confusing uses of trademarks.<sup>22</sup> As discussed above, trademarks that clearly identify their sources reduce consumer search costs. Second, Congress intended to protect trademark holders from the misappropriation of the goodwill they had developed in their marks.<sup>23</sup> Protecting goodwill, while it appears to focus on benefiting trademark owners, also works to the economic benefit of consumers.

"Goodwill" is a term of art not subject to precise definition, but economists have defined it functionally as "the public esteem or favorable reputation that a firm enjoy[s], or simply those habits or customs that create[] buying inertia."<sup>24</sup> The ability of

---

<sup>19</sup> As Judge Posner stated, "The fundamental purpose of a trademark is to reduce consumer search costs . . ." *Ty, Inc. v. Perryman*, 306 F.3d 509, 510 (7th Cir. 2002).

<sup>20</sup> 15 U.S.C. §§ 1051–1141n (2000).

<sup>21</sup> 15 U.S.C.A. § 1125 (West 2007).

<sup>22</sup> See *supra* note 15 and accompanying text.

<sup>23</sup>

The congressional reports preceding the passage of the Lanham Act emphasize that the goals behind protecting trademarks are "to protect the public from deceit, to foster fair competition, and to secure to the business community the advantages of reputation and goodwill by preventing their diversion from those who have created them to those who have not."

Jennifer E. Rothman, *Initial Interest Confusion: Standing at the Crossroads of Trademark Law*, 27 CARDOZO L. REV. 105, 125 (2005) (quoting S. REP. NO. 79-1333, at 3 (1946)).

<sup>24</sup> Bone, *supra* note 17, at 583 (noting that goodwill has been defined in terms of "favorable mental states"); see also Rothman, *supra* note 23, at 127 ("A company's

trademark owners to protect the reputation associated with their marks provides incentives to develop strong marks. Strong marks, in turn, reduce consumer search costs.<sup>25</sup> Protecting goodwill is, therefore, a means employed to achieve the common end of consumer protection. The trademark holder benefits only incidentally.<sup>26</sup> Thus, the Lanham Act, as originally passed, stuck to the language of confusion while advancing consumers' economic interests.

## 2. The Federal Trademark Dilution and Anticybersquatting Consumer Protection Acts

Nearly fifty years after the passage of the Lanham Act, Congress enacted the Federal Trademark Dilution Act ("FTDA") "in order to facilitate domestic and international commerce."<sup>27</sup> This Act restricted trademark use on grounds explicitly divorced from the presence or absence of consumer confusion.<sup>28</sup> Instead, economic considerations were at the forefront of this legislation, which benefited both consumers and mark owners.

[E]conomic theory teaches that dilution has the potential to harm consumers. That is, there is possible harm to both consumers and mark owners if a once-unique designation loses its uniqueness. The argument is that this makes it harder for consumers to link that designation with a single source—the hallmark of a strong trademark. Under this theory, dilution increases the consumer's search costs by diffusing the identification power of that designation.<sup>29</sup>

---

goodwill is generally thought of as the good feelings and associations that it has built up in the minds of consumers with regard to its business or product.").

<sup>25</sup> See Bone, *supra* note 17, at 618–19 ("The economic argument for condemning goodwill appropriation is based on incentives . . .").

<sup>26</sup> Dogan & Lemley, *supra* note 17, at 786 ("Courts commonly describe the goal of trademark law as avoiding consumer confusion, which has the corollary effect of preventing the appropriation of a producer's goodwill.").

<sup>27</sup> 15 U.S.C.A. § 1125 (West 2007); William Marroletti, Note, *Dilution, Confusion, or Delusion? The Need for a Clear International Standard to Determine Trademark Dilution*, 25 BROOK. J. INT'L L. 659, 674 (1999).

<sup>28</sup> The Act proscribed "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." 15 U.S.C. § 1127 (2000) (current version at 15 U.S.C.A. § 1127 (West 2007)).

<sup>29</sup> 4 MCCARTHY, *supra* note 4, § 24:72, at 24-129.

In this instance, Congress extended trademark law to account for a situation in which trademark uses increased consumer search costs despite the absence of confusion.

Congress extended similar principles of trademark dilution law to the internet in the Anticybersquatting Consumer Protection Act of 1999 (“ACPA”).<sup>30</sup> The ACPA dealt with the specific problem of people registering domain names with the “bad faith intent to profit.”<sup>31</sup> Congress determined that this problem was beyond the scope of then existing trademark law.<sup>32</sup> In its report, the Senate Committee on the Judiciary recommended this Act as necessary “to protect consumers and promote electronic commerce.”<sup>33</sup> In this instance, Congress again protected consumers’ economic interests despite the absence of confusion. Given Congress’s departure from confusion as the “touchstone of [trademark] liability,”<sup>34</sup> the traditional likelihood of confusion test is now better seen as one means to achieve the more universal purpose of reducing consumer search costs than as itself, the ultimate end of trademark law.

## II. TRADEMARKS IN ONLINE ADVERTISING

### A. *Internet Advertising Basics*

Given the ever-growing assortment of trademark uses on the internet, it is unsurprising that Congress has not to date identified similar situations that justify legislative action.<sup>35</sup> Yet,

---

<sup>30</sup> 15 U.S.C.A. § 1125(d). “[C]ybersquatting, for instance, fits uneasily within traditional trademark law, and courts spent some time stretching that law before Congress and ICANN stepped in with laws and regulations designed to deal with the problem directly.” Dogan & Lemley, *supra* note 17, at 837.

<sup>31</sup> 15 U.S.C.A. § 1125(d). Specifically, this Act confronted the problem posed by parties registering domain names for no other reason than to resell them to the trademark owners. This behavior was beyond the reach of the Lanham Act due to the fact that the registrants were “not actually operating a Web site under the potentially infringing domain name, but ha[d] simply registered the name.” Hugh Latimer et al., *Remedies Against Cyberpirates*, WILEY REIN, May 1, 2000, [http://www.wileyrein.com/publication.cfm?pf=1&publication\\_id=7987](http://www.wileyrein.com/publication.cfm?pf=1&publication_id=7987).

<sup>32</sup> See S. REP. NO. 106-140, at 2 (1999) (finding that the amendments enacted would both “clarify the rights of a trademark owner” and “provide for adequate remedies” to the problems of cyberpiracy and cybersquatting).

<sup>33</sup> *Id.* at 1.

<sup>34</sup> See Bone, *supra* note 17, at 548.

<sup>35</sup> “Some of the recent advantages in search technology applications have outpaced the law.” Marc S. Martin, *Search Engines, The Next Train Wreck? When Technology Outpaces the Law, Companies Should Beware of Potential Legal*

the realm of internet advertising contains varied practices that do not fit easily within existing trademark law.<sup>36</sup>

### 1. Advertising Through Search Engines

Most everyone who has spent any time on the internet understands how to perform a search engine query. From the perspective of those doing the ranking and those seeking to be ranked, the process is more complicated. Before there can be anything to search, those creating the search engine must index pages into a database.<sup>37</sup> The largest search engines index billions of pages.<sup>38</sup> When a searcher enters a search term, results are produced using any number of criteria to produce a list.<sup>39</sup> The most popular search engines sort results using factors contained in a "relevancy algorithm."<sup>40</sup> Although search engines guard their algorithms closely, some general criteria are publicly known.

The basic strategy is to index pages on two axes: 1) relevance to the query; and 2) overall importance. Step one, relevance, compares the searcher's query with the text on the webpage, the "metatags" embedded in the coding of the page, and other aspects of the page. Step two, importance, relies on a number of heuristics, the most important being the number of other pages

---

*Liabilities*, LEGAL TIMES (Wash., D.C.), May 16, 2005, at 21.

<sup>36</sup> See Google Advertising, <http://www.google.com/ads/glossary.html> (last visited July 21, 2007) (providing examples of various online advertising techniques).

<sup>37</sup> See David M. Fritch, *Searching for Initial Interest Confusion and Trademark Protection in Cyberspace*, 9 U. PITT. J. TECH. L. & POL'Y, 1, 9 (2005) ("[M]ost search engines use automated 'spiders' or 'robots' that search the web and collect key information from the sites they visit."); Eric Goldman, *Deregulating Relevancy in Internet Trademark Law*, 54 EMORY L.J. 507, 511 (2005) ("Commonly, a search engine uses automated robots to canvass the Internet for content, which then make copies of pages they find and add those copies to the database.").

<sup>38</sup> See Urs Gasser, *Regulating Search Engines: Taking Stock and Looking Ahead*, 8 YALE J.L. & TECH. 201, 206 (2006) ("By 2004, MSN indexed 5 billion documents, and in November 2004, Google increased its database index to a record of 8 billion documents."); Martin, *supra* note 35, at 21 ("Google claims to have indexed 8 billion Web pages, while Microsoft claims 5 billion, Yahoo 4.5 billion, AskJeeves 2.5 billion and Convera more than 1 billion."); see also Fritch, *supra* note 37, at 6 ("The search engine is what makes the billions of pages of web-based information accessible to the average web user.").

<sup>39</sup> See Goldman, *supra* note 37, at 534 ("Algorithms can be based on a wide variety of factors . . . . For example, search engines could order results alphabetically or by date of publication.").

<sup>40</sup> *Id.* ("Search engines determine the order of search results using a proprietary methodology called a 'relevancy algorithm.'").

that link to the page, the number of pages that link to the linking page, and so on, recursively.<sup>41</sup>

Google, a search engine with an extremely complex algorithm, is believed to consider over 100 different factors.<sup>42</sup>

There are several ways that web site owners use their competitors' trademarks to respond to a searcher's keyword selection. First, site owners seeking more hits and greater visibility hire computer programmers, known as "search engine optimizers" ("SEOs"), to add their competitors' trademarks into computer code on their web page.<sup>43</sup> This invisible code is commonly referred to as metadata.<sup>44</sup> Through the process of optimization, programmers are able to secure higher search rankings for their clients when a consumer enters a competitor's trademark as a search term.<sup>45</sup> Depending on how a specific search engine used metadata in its relevancy algorithm, the search engine could rank the competitor higher than the trademark holder and even push the trademark holder off the first page of results.<sup>46</sup> Given that most users only look at the top hits for a given query,<sup>47</sup> displacement could be extremely costly to trademark owners and frustrate consumers seeking a particular trademark owner. Moreover, these costs accrue regardless of

---

<sup>41</sup> Frank Pasquale, *Rankings, Reductionism, and Responsibility*, 54 CLEV. ST. L. REV. 115, 118 (2006). "Metatags . . . are hidden code in a Web site's programming that may contain keywords relating to the site's subject matter." Zachary Zweihorn, Note, *Searching for Confusion: The Initial Interest Confusion Doctrine and Its Misapplication to Search Engine Sponsored Links*, 91 CORNELL L. REV. 1343, 1346 (2006).

<sup>42</sup> See Fritch, *supra* note 37, at 9 n.51.

<sup>43</sup> See Goldman, *supra* note 37, at 536.

<sup>44</sup> See *id.* (describing the "arms race" between search engine optimizers and search engines whereby optimizers attempt to "game" the relevancy algorithm and search engines respond by changing their algorithms constantly). "In their legitimate form—where the descriptive tags roughly match the actual Web page and content—meta tags are often referred to as 'search engine optimization.'" Martin, *supra* note 35, at 21.

<sup>45</sup> See Fritch, *supra* note 37, at 10 ("The ranking of a web page in a search engine's results can be, to a limited extent, impacted by the metatag information a web site developer embeds in the site's code.").

<sup>46</sup> See *id.* at 9–10.

<sup>47</sup> See *id.* at 8 ("Most users . . . only look at a small number of prioritized results returned by a search engine."); Goldman, *supra* note 37, at 535 ("Searchers do not generally look at search results beyond the first page or two." (citing Bernard J. Jansen et. al., *Real Life Information Retrieval: A Study of User Queries on the Web*, 32 SIGR FORUM 5, 17 (1998) (finding that over seventy-five percent of searchers look at only one or two pages))).

whether the consumer mistakenly believes that there is any association between the competitor and the displaced mark owner.

A second way that keywords are used in conjunction with search engines is through the use of “keyed” advertising.<sup>48</sup> By far, the largest source of search engine revenue comes from selling various types of advertisements in response to searcher queries.<sup>49</sup> Search engines typically sell keywords—including trademarked terms—to the highest bidder, who may or may not be the trademark holder.<sup>50</sup> One popular form the ads take is the sponsored link,<sup>51</sup> which appears either directly above the organic search results or alongside them.<sup>52</sup> Consumer understanding of the distinction between organic results and sponsored links is low.<sup>53</sup> As the *Legal Times* explained in 2005:

The results of a recent poll by the Pew Internet and American Life Project indicate that only one in six users of Internet search engines can differentiate between actual responses to their search and paid advertisements tied to their search term. Furthermore, only 38 percent of Web searchers even realize this distinction exists.<sup>54</sup>

---

<sup>48</sup> See Zweihorn, *supra* note 41, at 1376–78.

<sup>49</sup> See Gasser, *supra* note 38, at 207 (“[A]dvertisement is the main revenue source of many search engines—including players such as Google, Yahoo!, AskJeeves, and Looksmart.”); John Handy, Note, *Why the Initially Confused Should Get a Clue: The Battle Between Trademark Infringement and Consumer Choice Online*, 16 *FORDHAM INTELL. PROP. MEDIA & ENT. L.J.* 567, 571 (2006) (“[S]earch engines operated by Google and Netscape Communications Corp. (“Netscape”) have generated significant revenue by selling advertisements ‘keyed’ to certain keywords.”); Zweihorn, *supra* note 41, at 1369 (“Google sold more than \$1 billion in these sponsored links in just the last three months of 2004.”).

<sup>50</sup> See Martin *supra*, note 35, at 21 (displaying how advertisers can select any combination of terms to key their ads, including someone else’s trademarked terms). Google’s targeting advertising service, AdWords, operates in just this manner by letting advertisers “bid on the right to have their advertisements appear when certain keywords are searched . . . .” Zweihorn, *supra* note 41, at 1369. AdWords has been the target of much litigation. See Google’s AdWords Under Attack—Overview Over the Pending Lawsuits, <http://www.linksandlaw.com/adwords-pendinglawsuits.htm> (last visited July 19, 2007).

<sup>51</sup> Recently, Google has begun to refer to these as “text ads.” See Google Advertising, <http://www.google.com/ads/glossary.html> (last visited July 19, 2007).

<sup>52</sup> In Google’s AdWords, “the advertisements appear next to the main search results in a separate column labeled ‘Sponsored Links.’” Zweihorn, *supra* note 41, at 1369.

<sup>53</sup> See Martin, *supra* note 35, at 21.

<sup>54</sup> *Id.*

Sponsored links, therefore, present a significant risk of confusion as consumers will frequently assume an association between their selected keyword and the sponsored links that are generated.

Banner advertising linked to keyword selection operates similarly to sponsored links, except that the banner advertisements are not presented as search results.<sup>55</sup> Rather, they are usually displayed as a combination of graphics and text appearing in a box along one of the sides of the webpage.<sup>56</sup> Due to their appearance and placement, these ads are more readily distinguishable from the list of organic search results.<sup>57</sup> Therefore, searchers are less likely to assume an association between the trademarked keyword and the corresponding banner ad. In addition, placement adjacent to the organic results list means that banner ads do not displace the trademark owner.

## 2. Contextual Advertising

Broadly speaking, contextual advertising is advertising that is responsive to an internet user's web-browsing behavior.<sup>58</sup> In this process, software downloaded onto a computer tracks search behavior, typically by reading the content of the pages visited.<sup>59</sup> When the program finds a word included on a list within the software code, it triggers the display of an ad related to that word.<sup>60</sup> Software used in contextual advertising is commonly referred to as adware, spyware, or malware, depending on how it operates.<sup>61</sup>

---

<sup>55</sup> See Google Advertising, <http://www.google.com/ads/glossary.html> (last visited July 19, 2007).

<sup>56</sup> *Playboy Enters. v. Netscape Commc'ns Corp.*, 354 F.3d 1020, 1023 (9th Cir. 2004) ("Advertisements appearing on search result pages are called 'banner ads' because they run along the top or side of a page much like a banner.").

<sup>57</sup> See *id.* (stating that banner ads can be distinguished from the user's ordinary results list because they are on the top or side of the query results).

<sup>58</sup> The "context" referred to in this situation is Web user behavior that provides the advertiser information about the user's interests. See Handy, *supra* note 49, at 572.

<sup>59</sup> See Spyware Info: What Is Spyware?, <http://www.spywareinfo.com/articles/spyware> (last visited July 20, 2007). Contextual advertising can also overlap with keyed advertising in situations where the software reads searcher keywords and uses them to trigger pop-ups. See WhenU.com, WhenU SaveNow Help, [http://www.whenu.com/products\\_savenow\\_help.html](http://www.whenu.com/products_savenow_help.html) (last visited July 19, 2007).

<sup>60</sup> See Spyware Info: What Is Spyware?, <http://www.spywareinfo.com/articles/spyware> (last visited July 20, 2007).

<sup>61</sup> See Spyware Adware Malware Information, <http://www.spyware-removal->

The ads produced by contextual advertising software are referred to categorically as pop-up advertising, but consist of several types of ads.<sup>62</sup> True pop-up ads appear in separate windows in front of the window the user is currently viewing, obscuring part of or all of the window and forcing the user to suspend their search activity and respond to the ad by either clicking on it or closing it.<sup>63</sup> Pop-unders appear behind the page that the user currently has open.<sup>64</sup> Overlays appear within the current browser window and frequently offer no way for the user to close them or make it difficult for the user to discern the means of closing them.<sup>65</sup>

The form of the ad affects both the likelihood of confusion and the degree to which it interferes with an ongoing search. Overlays, in particular, are intertwined with the page that triggered the ad, and therefore generate the greatest risk of making the consumer believe that the owner of the web page is responsible for the ad. Similarly, overlays and pop-ups force a break in browsing activity, while pop-unders—though they may retard computer performance—are generally less intrusive.

### B. *Judicial Treatment of Online Advertising*

When faced with trademark challenges to the above advertising practices, courts were forced to rely upon the Lanham Act's general likelihood of confusion standard as well

---

info.com/ (last visited Sept. 5, 2007). Adware is downloaded by a computer user, and is usually bundled with other software. *See id.* As a condition of downloading the desired software for free, the user must agree to allow the adware to track their search behavior and present relevant advertisements. *See id.* Spyware operates similarly, except the software downloads without the user's knowledge or authorization. Malware is even more devious, as it contains code designed specifically to damage or disrupt a system. *Id.*

<sup>62</sup> *See* Spyware Info: What Is Spyware?, <http://www.spywareinfo.com/articles/spyware/> (last visited July 20, 2007); AntiTracer, Pop-up Killer, [http://www.anti-tracer.com/popup\\_killer.html](http://www.anti-tracer.com/popup_killer.html) (last visited July 20, 2007).

<sup>63</sup> *See* Geoffrey D. Wilson, Comment, *Internet Pop-Up Ads: Your Days Are Numbered! The Supreme Court of California Announces a Workable Standard for Trespass to Chattels in Electronic Communications*, 24 LOY. L.A. ENT. L. REV. 567, 569–70 (2004) (“When a pop-up ad pops up, users are forced to stop whatever they are doing and close the newly created browser window.”).

<sup>64</sup> *See* Google Advertising, <http://www.google.com/ads/glossary.html> (last visited July 16, 2007).

<sup>65</sup> *See* Stacy Phillips, *Stop 'Em: How Can You Avoid Those Intrusive Pop-up Ads?*, LOCATOR ONLINE, July/Aug. 2005, <http://www.partslocator.com/news/back-issues/article.details.asp?ArticleID=070517>.

as the related case law developed for the world of offline advertising. One branch of confusion doctrine—known as “initial interest confusion” (“IIC”)—traditionally dealt with “confusion that creates initial customer interest, even though no actual sale is finally completed as a result of the confusion.”<sup>66</sup> In the offline world, courts used this doctrine in situations where consumers were confused at the beginning of a search process, expended time and effort to find what they believed to be the trademark owner, but realized their mistake prior to sale.<sup>67</sup> In the context of metatags, banner ads, and pop-up ads, application of IIC is proper where consumers believe a connection exists between the advertisement or search result produced and the keyword they selected or the website they were visiting, only to have that confusion removed once they visited the advertiser’s site. The existence of even initial confusion is doubtful, however, where competing advertisements are clearly labeled or otherwise readily distinguishable from the trademark owner.

The first application of IIC to the internet occurred in the context of metatags in the infamous case of *Brookfield Communications, Inc. v. West Coast Entertainment Corp.*<sup>68</sup> In *Brookfield*, the plaintiff trademark owner used the trademark “moviebuff” on its online database of movie information.<sup>69</sup> West Coast had created a similar database of movie information, which it made available at the domain name “moviebuff.com,” using the term “moviebuff.com” in the metatags of its site.<sup>70</sup> In addressing whether West Coast’s use of Brookfield’s trademark constituted infringement, the court invoked IIC.<sup>71</sup>

The court first conceded that “it is 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,” and that “consumers know they are patronizing West Coast rather than Brookfield.”<sup>72</sup> Nonetheless, the court held that IIC existed, stating that by diverting people away from Brookfield, West Coast “improperly benefit[ed] from the goodwill that

---

<sup>66</sup> 4 MCCARTHY, *supra* note 4, § 23:6, at 23-27.

<sup>67</sup> *See, e.g.*, *Grotrian v. Steinway & Sons*, 523 F.2d 1331, 1341-42 (2d Cir. 1975).

<sup>68</sup> 174 F.3d 1036 (9th Cir. 1999).

<sup>69</sup> *Id.* at 1041.

<sup>70</sup> *Id.* at 1042-43.

<sup>71</sup> *See id.* at 1061-66.

<sup>72</sup> *Id.* at 1062.

Brookfield developed in its mark.”<sup>73</sup> By undertaking a confusion-free analysis while adopting a doctrine with the word “confusion” in its name—under a statute that expressly requires a showing of likely confusion and by explicitly referring to IIC as a “form[] of confusion”—the court put the label of confusion on a practice that it clearly believed was unlikely to confuse.<sup>74</sup> The court may have superficially stuck to the confusion language, but as commentators have pointed out, *Brookfield Communications* “merely required searcher ‘diversion.’”<sup>75</sup>

The Ninth Circuit invoked IIC once again in the context of banner advertisements in *Playboy Enterprises, Inc. v. Netscape Communications Corp.*<sup>76</sup> In *Playboy*, Plaintiff sued Netscape, alleging that banner ads appearing when web users entered the trademarked terms “playboy” and “playmate” onto the Netscape search engine infringed its marks.<sup>77</sup> Netscape had sold to Playboy’s competitors the right to have these ads keyed to Playboy’s trademarks.<sup>78</sup> Banner ads displayed as a result of this practice simply said “Click Here” and did not reveal their source.<sup>79</sup>

In reversing the lower court’s finding of summary judgment for Netscape, the court again invoked IIC. In contrast to *Brookfield*, the court based its holding on evidence of actual confusion, not on mere diversion.<sup>80</sup> The court held that the fact that the ads were unlabeled demonstrated a likelihood of sponsorship confusion, which satisfied Playboy’s IIC theory.<sup>81</sup>

---

<sup>73</sup> *Id.*

<sup>74</sup> *See id.* at 1062–66; *see also* 4 MCCARTHY, *supra* note 4, § 23:6, at 23-27 (“Most courts now recognize the initial interest confusion theory as a form of likelihood of confusion which can trigger a finding of infringement.”). The court also curiously mischaracterized the mechanics of search engines, stating that web surfers were “taken by a search engine to ‘westcoastvideo.com.’” *Brookfield*, 174 F.3d at 1062. As previously discussed, searchers are first taken to a results list and then must choose which web site to patronize. *See supra* Part II.A.1.

<sup>75</sup> Goldman, *supra* note 37, at 561.

<sup>76</sup> 354 F.3d 1020 (9th Cir. 2004).

<sup>77</sup> *Id.* at 1023.

<sup>78</sup> *Id.* at 1022–23.

<sup>79</sup> *See id.* at 1025.

<sup>80</sup> *See id.* at 1026 (describing the findings of the plaintiff’s expert report, which showed evidence of consumer confusion as to sponsorship and affiliation of unlabeled banner ads).

<sup>81</sup> *See id.* at 1025–26. The court made confusion even more central to the IIC analysis when it held that had the ads been clearly labeled, no confusion would have occurred. *Id.* at 1025 n.16 (“Note that if a banner advertisement clearly identified its source or, even better, overtly compared PEI products to the sponsor’s own, no

In *1-800 Contacts, Inc. v. WhenU.Com*,<sup>82</sup> the District Court for the Southern District of New York extended IIC-based infringement to the context of pop-up advertising. WhenU was the owner of an adware program called “SaveNow.” SaveNow scanned “activity conducted within the SaveNow user’s Internet browser, comparing URLs, website addresses, search terms and webpage content accessed by the SaveNow user with a proprietary directory, using algorithms contained in the software.”<sup>83</sup> As a result of these algorithms’ computations, SaveNow matched the apparent category of activity and generated a pop-up ad from that category.<sup>84</sup> When a user typed in “1800contacts.com,” SaveNow would recognize that the user was accessing a web page in the eye care category and would generate an eye care-related pop-up.<sup>85</sup>

After determining that WhenU had used the plaintiff’s mark in commerce,<sup>86</sup> the court moved on to the issue of confusion. Judge Batts found that initial interest confusion existed because “[d]efendants’ pop-up advertisements will confuse consumers into thinking that Defendants are somehow associated with Plaintiff or that Plaintiff has consented to their use of the pop-up advertisements.”<sup>87</sup> The court found likely confusion despite WhenU’s use of disclaimers on their pop-up ads reading: “A WhenU offer—click ? for info.”<sup>88</sup> By finding that no amount of source identification would prevent IIC, the court essentially held that pop-ups are per se confusing.<sup>89</sup> As one commentator suggested, “[t]his opinion arguably reflects the adoption of a creative, albeit deviant, interpretation of the Lanham Act to

---

confusion would occur under PEI’s theory.”).

<sup>82</sup> 309 F. Supp. 2d 467 (S.D.N.Y. 2003), *rev’d on other grounds*, 414 F.3d 400 (2d Cir. 2005), *cert. denied*, 546 U.S. 1033 (2005).

<sup>83</sup> *Id.* at 476 (citation omitted).

<sup>84</sup> *See id.*

<sup>85</sup> *Id.*

<sup>86</sup> *Id.* at 489. The case was ultimately reversed by the Second Circuit on the grounds that the plaintiff had failed to show “use in commerce” of their mark. *See 1-800 Contacts, Inc. v. WhenU.Com, Inc.*, 414 F.3d 400, 408–09 (2d Cir. 2005), *cert. denied*, 546 U.S. 1033 (2005). For further discussion of this aspect of the case, see Handy, *supra* note 49, at 587–89.

<sup>87</sup> *WhenU.Com*, 309 F. Supp. 2d at 494.

<sup>88</sup> *Id.* at 503–04 (“Even if Defendants had offered evidence of the effect of its branding and disclaimers, such evidence would do little to counter Plaintiff’s showing of the likelihood of initial interest confusion.”).

<sup>89</sup> *See Handy, supra* note 49, at 591.

advance the policy that pop-up ads are annoying and should be illegal.”<sup>90</sup>

The application of IIC to different online trademark uses has been inconsistent by any measure. All three of the cases discussed above found trademark infringement, but *Brookfield* and *WhenU.Com* did so without undertaking a convincing confusion analysis. Thus, the court dealing with banner ads appeared satisfied that a confusion-based analysis adequately guarded trademark rights, whereas courts dealing with metatags and pop-up ads felt compelled to extended trademark protection beyond the language of the Lanham Act. While the *Brookfield* and *WhenU.Com* holdings part from the text of the Lanham Act, to the extent that metatags and pop-up ads differ from both banner ads and offline trademark uses, granting these practices greater protection may be normatively justified on economic grounds distinct from considerations of consumer confusion.

### III. DIFFERENTIATING ONLINE PRACTICES: TREATING DIFFERENT USES DIFFERENTLY TO REDUCE CONSUMER SEARCH COSTS

#### A. Analogies Between the Online and Offline Worlds

Both courts applying IIC and commentators discussing it have drawn analogies between online advertising practices and those in the “brick and mortar” world.<sup>91</sup> The common aim of these analogies is to argue that since the online and offline scenarios are the same, the law should treat them as such and not devise new legal standards.<sup>92</sup> The most common analogy invoked for this purpose is the product placement analogy, whereby a jurist or scholar argues that since it is legal to place competing products next to each other on store shelves (often drawing on the force of each other’s goodwill for initial consumer interest), it should likewise be legal to place one’s product next to

---

<sup>90</sup> *Id.* at 591–92.

<sup>91</sup> See *1-800 Contacts, Inc. v. WhenU.Com, Inc.*, 414 F.3d 400, 411 (2d Cir. 2005), *cert. denied*, 546 U.S. 1033 (2005); *Playboy Enters. v. Netscape Commc’ns Corp.*, 354 F.3d 1020, 1035 (9th Cir. 2004) (Berzon, J., concurring); Dogan & Lemley, *supra* note 17, at 822, 824; Handy, *supra* note 49, at 570–73; Zweihorn, *supra* note 41, at 1354, 1375–76.

<sup>92</sup> See Handy, *supra* note 49, at 594 (“[I]f what is legal in brick-and-mortar is made illegal online, perhaps courts have inadvertently changed, rather than adapted, jurisprudence in response to new technologies.”).

that of an online competitor.<sup>93</sup> Such analogies have been drawn indiscriminately across the range of internet trademark uses.<sup>94</sup>

In the context of metatags, two authors made a product placement analogy to argue that courts should not find infringement when trademarks are used in similar “nonconfusing and nondiluting way[s], to capture viewers’ attention in the same way that vendors have traditionally done by placing like products next to one another on grocery shelves.”<sup>95</sup> Continuing to draw analogies in a discussion of keyed advertising, they argued that “mere proximity of goods or advertisements has never been thought to be illegal.”<sup>96</sup>

Banner ads have drawn similar discussion, most notably in Judge Berzon’s concurrence in the *Playboy* case.<sup>97</sup> She drew an analogy to a department store patron who enters with the objective of purchasing one brand of clothing, only to be diverted by a “more prominently displayed” line of clothes whose location ensured that the consumer would reach it first.<sup>98</sup> Commentators have further argued that whether the trademark owner’s mark appears in text on the competing product’s label will not change

---

<sup>93</sup> See, e.g., Dogan & Lemley, *supra* note 17, at 824.

Generic drug manufacturers can market their products in part by ensuring that they appear on pharmacy shelves next to their brand-name equivalents. Gas stations can compete by staking out adjacent street corners. . . . The only way to create such proximity [online] is to permit Internet intermediaries like search engines to offer people links to competitive goods that they might enjoy.

*Id.*

<sup>94</sup> See *infra* notes 95–103 and accompanying text.

<sup>95</sup> Dogan & Lemley, *supra* note 17, at 822.

<sup>96</sup> *Id.* at 824.

<sup>97</sup> *Playboy Enters. v. Netscape Commc’ns Corp.*, 354 F.3d 1020, 1035 (9th Cir. 2004) (Berzon, J., concurring).

<sup>98</sup> See *id.*

I walk into Macy’s and ask for the Calvin Klein section and am directed upstairs to the second floor. Once I get to the second floor, on my way to the Calvin Klein section, I notice a more prominently displayed line of Charter Club clothes, Macy’s own brand, designed to appeal to the same people attracted by the style of Calvin Klein’s latest line of clothes. Let’s say I get diverted from my goal of reaching the Calvin Klein section, the Charter Club stuff looks good enough to me, and I purchase some Charter Club shirts instead. Has Charter Club or Macy’s infringed Calvin Klein’s trademark, simply by having another product more prominently displayed before one reaches the Klein line? Certainly not.

*Id.*

the result so long as that use also serves a comparative advertising purpose.<sup>99</sup>

Lastly, at least one court and one commentator have found pop-up ads to be analogous to offline comparative advertising. In reversing the district court's decision on "use in commerce" grounds, the Second Circuit in *1-800 Contacts, Inc. v. WhenU.Com, Inc.*<sup>100</sup> court suggested in dicta that even had WhenU used the 1-800 Contacts mark in commerce, such use would not have satisfied initial interest confusion.<sup>101</sup>

Indeed, it is routine for vendors to seek specific "product placement" in retail stores precisely to capitalize on their competitors' name recognition. For example, a drug store typically places its own store-brand generic products next to the trademarked products they emulate in order to induce a customer who has specifically sought out the trademarked product to consider the store's less-expensive alternative.<sup>102</sup>

Similarly, one commentator equated pop-up ads that force consumers to stop web-browsing with product placement, arguing that "[t]he analogous in-person shopping experience is simply deciding whether or not to visit the competitor's display."<sup>103</sup>

Where the above analogies are accurate, there is no evident reason to create liability online that does not exist offline.<sup>104</sup> Pop-up ads and metatags, however, go beyond providing a competitive choice by preventing access to the trademark owner. These

---

<sup>99</sup> See Handy, *supra* note 49, at 571–72.

[O]rdinary [query] results . . . may include the Nike website and other sites selling Nike apparel, while a banner ad for Adidas appears off to the right. This simulates in-person shopping because, analogizing the Web to one gigantic shopping mall, any consumer searching for a product may be tempted by competing alternatives despite an initial interest in seeking a specific brand.

*Id.*; see also Zweihorn, *supra* note 41, at 1375 ("A customer asks a clerk where to find Tylenol and is directed to Aisle Three. On the way towards the Tylenol notices the store's generic acetaminophen—conveniently located next to the Tylenol—and, after comparing both products, decides to purchase the store brand.")

<sup>100</sup> 414 F.3d 400, 411–12 (2d Cir. 2005), *cert. denied*, 546 U.S. 1033 (2005).

<sup>101</sup> See *id.* at 410–11. The court explicitly based their holding only on "use in commerce" issues. See *id.* at 406 ("Because we agree with WhenU that it does not 'use' 1-800's trademarks, we need not and do not address the issue of likelihood of confusion.")

<sup>102</sup> *Id.* at 411. "WhenU employs this same marketing strategy by informing C-users who have sought out a specific trademarked product about available coupons, discounts, or alternative products that may be of interest to them." *Id.*

<sup>103</sup> Handy, *supra* note 49, at 573.

<sup>104</sup> See *id.* But see *supra* notes 87–90 and accompanying text.

advertising practices actively impede consumers from reaching their initial objectives, and in fact create the very economic inefficiencies that trademark law seeks to avoid.

*B. Inadequacy of the Analogies in Describing Pop-up Ads and Metatags*

With respect to metatags, a single competitor who successfully achieves a higher ranking than the trademark owner will only be able to displace the owner by one place on the organic search results list.<sup>105</sup> This attempt to make oneself “more prominently displayed” than one’s competitor parallels the relevant analogy.<sup>106</sup> Nonetheless, the net effect of many competitors engaging in this practice may be to bury the trademark holder’s website far down in the search results.<sup>107</sup> The aggregate result of widespread metatag manipulation is to not only provide a consumer with competitive choices they might not otherwise be aware of, but to also make it significantly harder for a consumer to access the content they were most likely seeking.

Similarly, pop-ups not only provide consumers with choices, they also hamper search activity by forcing consumers to stop and attend to unsolicited advertisements. While a single pop-up may not present a substantial barrier, the aggregate effect of all pop-ups clearly does. The overall level of intrusion is evidenced by the considerable consumer frustration that pop-up ads have generated.<sup>108</sup> Even without considering aggregation, the precise level of inconvenience is a “difference of degree, not of kind.”<sup>109</sup>

---

<sup>105</sup> This is especially true on search engines such as Google that block duplicate content. See Harvey Kane, *Duplicate Content*, RAGEPANK SEO, Aug. 26, 2006, <http://www.ragepank.com/articles/43/duplicate-content>.

<sup>106</sup> See *supra* note 103 and accompanying text.

<sup>107</sup> See Chad J. Doellinger, *Trademarks, Metatags, and Initial Interest Confusion: A Look to the Past to Re-conceptualize the Future*, 41 IDEA 173, 207 (2001) (describing the situation in the context of search engines where the link to plaintiff’s website on a results list can only be seen “if the user scrolls down the list or clicks on a link to go to an additional page of results”); Rothman, *supra* note 23, at 188 (“[T]here may still be some instances online in which a trademark holder’s website gets buried in search results.”).

<sup>108</sup> See, e.g., Wilson, *supra* note 63, at 571–72; see also Kevin Zaney, *Down With Pop-Ups*, EWEEK.COM, Oct. 11, 2004, <http://www.eweek.com/article2/0,1759,1666480,00.asp> (“[P]op-ups are more than annoying; they change users’ browsers, add programs, retard PC performance, crash computers and collect personal data. Even if you are able to find and uninstall a pop-up, it can rebuild itself.”).

<sup>109</sup> 4 MCCARTHY, *supra* note 4, § 25:69, at 25-195.

Ultimately, then, comparisons of pop-ups to product placement in *WhenU* are incomplete and inapposite as they fail to consider the unique burdens pop-ups place on consumer web searches.

In contrast, banner ads fit the analogy to product placement well. Having a banner ad in a more prominent location than the organic search results does not displace or obfuscate the organic search results, and therefore, does not similarly burden consumers.<sup>110</sup> This type of keyed advertising achieves the competitive benefits of increased consumer choice without obstructing the consumer from accessing the organic search results.

While inconsistent in their application of IIC, the holdings of all three cases are explicable on economic grounds. As non-confusing metatags and pop-ups increase consumer search costs, trademark law's economic policies justify the *WhenU.Com* and *Brookfield* courts' findings of liability. Conversely, as non-confusing banner ads do not increase search costs, liability in this area should be limited to confusing trademark uses such as the unlabeled banner ads in *Playboy*.

### C. *The Limitations of Search-Cost Reasoning*

Proscribing non-confusing trademark uses that interfere with consumers reaching their search objectives is only justified on a search cost rationale, however, if the consumer's search objective is to access the trademark owner. If a consumer is seeking comparative information about a class of goods rather than seeking to access a particular trademark owner, an advertising practice that hinders them from reaching the trademark owner does not necessarily thwart their objective or increase their search costs.<sup>111</sup> Upholding the foregoing rationale thus requires that a consumer's objectives are (1) knowable and (2) likely to include accessing the trademark owner.

---

<sup>110</sup> The possible exception is a search engine, such as Yahoo Yellow Pages, where sponsored links can occupy several full pages, thereby excluding organic search results. See, e.g., Yahoo! Local Yellow Pages, All New Car Dealers, <http://yp.yahoo.com/py/ypResults.py?stx=95646070&stp=y&tab=B2C&desc=All+New+Car+Dealers&city=New+York&state=NY&zip=&uzip=10007&msa=5600&country=us&cs=4&ed=lJt41K1o2Ty2L84EwYIL9s.EdfJDCVixzAKB8NbvFtcN> (last visited July 18, 2007).

<sup>111</sup> See Bone, *supra* note 17, at 618–20 (balancing the benefits of allowing trademark owners to capture all the value of the goodwill their trademarks produce against potential anticompetitive costs).

When a consumer enters a keyword into an internet search engine, a concept known as “objective opaqueness” posits that it is impossible to know that searcher’s objective.<sup>112</sup> The argument runs that even if the searcher selects a trademarked term, the search engine provides no context to help us determine where the searcher wants to go.<sup>113</sup> Therefore, one cannot distinguish between searchers who are searching the trademark because they want to patronize the trademark owner due to the goodwill they feel towards its products and those who are using the trademark merely as a proxy for a class of goods.<sup>114</sup>

Under this theory, prohibiting metatag manipulation would simultaneously decrease the search costs of targeted searchers and increase search costs for comparison shoppers. Determining which interest is greater in this context demands a balancing that may be beyond the capacity of current economic theory.<sup>115</sup> Fortunately, metatags are becoming less and less relevant as an increasing number of search engines have either removed metatags from their algorithms or have significantly discounted them.<sup>116</sup> That being said, a circuit court of appeals case from as recently as 2006 found trademark infringement due to the use of trademarks in metatags.<sup>117</sup>

Pop-ups, however, show no signs of becoming irrelevant.<sup>118</sup> Given the fact that pop-ups are a form of contextual advertising, they do not suffer from the problem of objective opaqueness. As pop-ups interfere with web browsing behavior while consumers

---

<sup>112</sup> See Goldman, *supra* note 37, at 521 (arguing that due to “objective opaqueness,” it is impossible to make any “legally-supportable inferences” from the keywords searchers select).

<sup>113</sup> See *id.*

<sup>114</sup> See *id.* at 554–58 (discussing uses of trademarks for their lexical content).

<sup>115</sup> See Lemley, *supra* note 18, at 1065–69 (discussing the great difficulty in striking a proper balance between the various economic interests in the context of intellectual property law).

<sup>116</sup> See Fritch, *supra* note 37, at 12 (“[M]ost major search engines have refined their search algorithms to minimize the ability of web site owners to manipulate search engine placements . . . .”); Goldman, *supra* note 37, at 567 (“[A]lmost all search engines have removed keyword metatags from their relevancy algorithms.”); Zweihorn, *supra* note 41, at 1363 (“The great majority of search engines now ignore metatags.”).

<sup>117</sup> See *Australian Gold, Inc. v. Hatfield*, 436 F.3d 1228, 1239 (10th Cir. 2006).

<sup>118</sup> Despite the recent success of pop-up blockers, new “unblockable” pop-ups promise to keep similar ads on computers for years to come. See LearnHomeBusiness.com, Unblockable PopUp Creator, <http://www.learnhomebusiness.com/wbtbx/float/index.htm> (last visited July 18, 2007).

are already visiting specific sites, the context suggests that these consumers are more likely to be seeking the trademark owner whose website triggered the ad.<sup>119</sup> Therefore, pop-up ads very likely increase consumer search costs.

#### CONCLUSION

The purposes behind trademark law have evolved substantially since common law. From a time when confusion was the universally accepted rationale for all liability based on trademark use, modern economic theory has grown to support extended trademark protection in some situations. Congress eventually endorsed this theoretical expansion by passing trademark dilution and anticybersquatting laws.

Technology has continued to outpace the law, however, as the internet has presented a medium in which new trademark uses have developed rapidly. As a result, courts have approached novel situations based on incomplete analogies and doctrine that fails to account for the economic burdens some internet advertising practices place on consumers. The result has been an uncertain area of the law ill at ease with the rules that constrain it.

In order to both serve consumers' better interests and provide uniformity in the law, legislation is needed to address online trademark practices that move beyond mere comparative advertising and actively interfere with the ability of consumers to reach desired trademark owners. Only by expressly facing these new trademark uses apart from the strictures of the language of confusion can trademark law fulfill its economic goals in the context of internet advertising.

---

<sup>119</sup> See *supra* Part II.A.2.