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Use, Liability, and the Structure of Trademark Law

Uli Widmaier

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USE, LIABILITY, AND THE STRUCTURE OF TRADEMARK LAW

Uli Widmaier*

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I. INTRODUCTION

Trademark law is in trouble. Six years ago, Professor Lemley diagnosed the "death of common sense" in the courts' interpretations of the modern Lanham Act. Unfortunately, his assessment has proven only too true. Instead of a unified and well-integrated body of doctrine sensibly covering all aspects of commerce, the courts have over the past several years created a specialized "law of the horse" that applies to prevalent fact patterns arising in the Internet context. This species of mutant trademark law has "loosed trademark law from its traditional economic moorings" and drastically, unjustifiably extended its reach.

As Professor Landes and Judge Posner famously conclude, traditional trademark law is "a rationally designed system for minimizing consumer search costs." In contrast, the courts' current tendency to overprotect communicative symbols of all kinds via trademark law impoverishes human discourse and leads inevitably to collisions with the First Amendment. In order for trademark law to fulfill its function as a search cost minimizer and to avoid interference with speech interests, trademark law's basic doctrinal structure of

4. The phrase "mutant trademark law" is an adaptation of language from Dastar Corporation v. 20th Century Fox Film Corporation, in which the Supreme Court held that the Ninth Circuit's extension of the Lanham Act's unfair competition provision (section 43(a)) into the realm of creative works such as movies constituted a "species of mutant [and hence unconstitutional] copyright law." 539 U.S. 23, 34 (2003).
5. Lemley, Modern Lanham Act, supra note 1, at 1688.
7. See Lemley, Modern Lanham Act, supra note 1, at 1711-13. It is, of course, well established that First Amendment protection extends in principle to all communicative symbols used by humans. See, e.g., Texas v. Johnson, 491 U.S. 397, 420 (1989) (holding that burning the American flag is constitutionally protected as an expressive act).
8. See, e.g., Mattel, Inc., v. MCA Records, Inc., 296 F.3d 894, 905 (9th Cir. 2002) (Kozinski, J.) (arguing that traditional trademark law—in contrast to trademark dilution law—possesses "a built-in First Amendment compass" making it "wholly consistent with the theory of the
attenuated, perception-based rights must be preserved. But that structure is under severe attack. A solid and nearly unchallenged line of cases dating back to 1996 strikes at the heart of trademark law by negating its central dogma, which holds that a trademark is any "symbol" or 'device'... capable of carrying meaning" that serves as a "commercial signature [placed] upon the merchandise or the package in which it is sold." This concept is statutorily enshrined in the Lanham Act—the modern codification of trademark law—under the rubric "use in commerce." It has traditionally effectuated a rigorous separation between "a right in gross or at large, like a statutory copyright or a patent for an invention" on the one hand, and the legal protection of the "psychological function of symbols" on the other hand. Put another way, a symbol enjoys trademark protection only insofar as it possesses "commercial magnetism" in the minds of consumers. This crucial limitation on trademark rights has been obliterated to a substantial degree by decisions—most prominently by the Ninth and Seventh Circuits in decisions such as Brookfield, Promatek, and Playboy.

First Amendment, which does not protect commercial fraud"). Interestingly, this decision, and a similar decision in Mattel, Inc. v. Walking Mountain Productions, which was decided a year later, may have made trademark law considerably more supportive of speech interests by at least partially implementing the "expressive genericity" doctrine proposed by Professor Cooper Dreyfuss as a remedy for the law's inadequate understanding of "the evocative significance of trademarks." Rochelle Cooper Dreyfuss, Expressive Genericity: Trademarks as Language in the Pepsi Generation, 65 NOTRE DAME L. REV. 397, 398-99 (1990); Mattel, Inc., v. Walking Mountain Prods., 353 F.3d 792 (9th Cir. 2003). As the Walking Mountain court explained, quoting heavily from MCA, "when marks transcend their identifying purpose and enter public discourse and become an integral part of our vocabulary, they assume[ ] a role outside the bounds of trademark law. Where a mark assumes such cultural significance, First Amendment protections come into play. In these situations, the trademark owner does not have the right to control public discourse whenever the public imbues his mark with a meaning beyond its source-identifying function." 353 F.3d at 807 (citations and quotation marks omitted). In other words, these courts have, at least to some degree, created a doctrinal accommodation for Professor Litman's insight that trademarks are "also now metaphors with meanings their proprietors would not have chosen." Jessica Litman, Breakfast with Batman: The Public Interest in the Advertising Age, 108 YALE L.J. 1717, 1733 (1999).

14. Id. at 205. Under modern trademark law, anything that is capable of communicating with consumers can in principle be a trademark. This includes words, slogans, sounds, colors, designs, product configurations, product packaging—any symbol, in short, that may be endowed with commercial magnetism. See Qualitex, 514 U.S. at 163-64.
15. Brookfield Communications, Inc. v. West Coast Entm’t Group, 174 F.3d 1036 (9th Cir. 1999).
16. Promatek Indus., Ltd. v. Equitrac Corp., 300 F.3d 808 (7th Cir. 2003); see also Horphag Research Ltd. v. Pellegrini, 337 F.3d 1036 (9th Cir. 2003).
and numerous district court opinions—that treat trademarks very nearly as if they conveyed property rights in gross.\(^{18}\)

The doctrinal expression of the “commercial magnetism” principle underlying all of trademark law is the requirement that a trademark be *used in commerce*. This requirement permeates all facets of common-law trademark law and of the Lanham Act, and it holds that any conduct to which trademark law is to apply must involve the use of a symbol in a way that consumers can perceive the symbol so that it can exert its commercial magnetism on them.\(^{19}\) The logic behind the requirement is simple: without use of a symbol, consumers cannot perceive it; without consumer perception, the symbol cannot exert whatever commercial magnetism it may have over consumers; without commercial magnetism, the symbol does not function as a trademark. The cure for trademark law’s current decrepitude, I argue, lies in a re-application of the concept of use, which is both a plain and simple statutory requirement and the foundational structural principle of American trademark law. By forcefully re-anchoring trademark law in the principle of use, it can be restored to its inherent integrity and to its rightful role of facilitating the functioning of a free and competitive economy.

Certain recent developments in the Internet world have caused substantial uncertainty in trademark law among the courts, creating an opportunity to correct misdevelopments and rescue trademark law. The specific issue is contextual advertising. Contextual advertising means online ads tailored to the content of a computer user’s online searches or browsing activity. It may take the form of pop-up ads, banner ads, and sponsored links on search engines. For example, a search for “sneakers” may cause ads for Nike or Reebok shoes to appear.\(^{20}\) This is big business. Google “makes most of its money selling contextual advertisements on its site and on the sites of companies with which it has partnerships.”\(^{21}\) Google’s revenues amounted to nearly a billion dollars in 2003.\(^{22}\) How do the providers of contextualized ads—search engines such as Google, Overture, Excite, and Netscape, but also specialized

\(^{17}\) Playboy Enters., Inc. v. Netscape Communications Corp., 354 F.3d 1020 (9th Cir. 2004).

\(^{18}\) See infra Part III.C.


\(^{22}\) See id.
companies such as WhenU and Gator.com—know which ads to put up? By monitoring keywords (i.e., search terms and domain names) typed by an Internet user, correlating them to terms contained in advertising categories in their keyword directories, and delivering ads or sponsored links for competitive goods. Sellers of goods and services pay the ad providers for delivery of their ads in response to keywords falling into specified categories, or for click-through rates or actual purchases made. Unsurprisingly, ad providers tend to include trademarks in their keyword directories. If “Nike” is a keyword in a category purchased by Reebok, an Internet user’s search for “Nike” may well cause a pop-up ad for Reebok sneakers to appear on the screen. Trademark owners are not amused. Google, Gator.com, Excite, Netscape, and WhenU, among others, have been sued for trademark infringement. But the courts do not agree with each other. While some favor trademark infringement liability, others have vigorously maintained that, for a variety of reasons, keyword use is not infringement. Notwithstanding these divisions within the judiciary, the pro-liability forces may have the upper hand since the keyword cases are markedly analogous to, and in fact doctrinally indistinguishable from, a well-formed body of precedent holding that using trademarks as metatags constitutes infringement. In

24. See id.
25. See discussion infra Part III.B.
27. See, e.g., Playboy Enters., Inc., 354 F.3d at 1034; 1-800 Contacts, Inc., 309 F. Supp. 2d at 510.
29. See GEICO, 330 F. Supp. 2d at 703 (finding that Playboy and 1-800 Contacts are “better reasoned” than U-Haul and Wells Fargo).
30. “[M]etatags are HTML code not visible to Web users but used by search engines in determining which sites correspond to the keywords entered by a Web user.” Brookfield Communications, Inc. v. W. Coast Entm’t Corp., 174 F.3d 1036, 1061-62 n.23 (9th Cir. 1999) (emphasis added).
short, it is quite unclear what the law actually is, and substantial commercial interests may be compromised by this uncertainty.31

I advocate that the metatag/keyword problem be used—by courts and commentators—as a strategic opportunity to reform the badly degenerated state of modern trademark law by firmly re-establishing the use requirement.32 My argument seeks to accomplish three main tasks. First, it provides a resolution to the current uncertainty surrounding keywords. Keyword use is not trademark infringement. It is, in fact, not conduct that invokes the trademark laws at all because it does not involve the primary predicate of trademark law, which is that a term or symbol be used by the party as a mark—meaning in a way so that consumers can plainly perceive the symbol and associate it with that party’s offering of goods or services. In other words, trademark infringement claims based on a defendant’s alleged use of plaintiff’s mark in metatags or keywords founders for failure to meet the trademark use requirement. Second, I show that the trademark use criterion has been systematically neglected in the metatag cases. Metatags, just like keywords, do not involve trademark use, and no infringement liability can be based on them. I therefore maintain that the entire line of metatag cases, from 1996 to the present time, is wrongly decided—it is a body of

31. Professor Goldman proposes an empirical critique of the state of the law by testing current trademark doctrines against “what information scientists know about Internet search behavior.” Eric Goldman, Deregulating Relevancy in Internet Trademark Law, 54 EMORY L.J. *1, *4 (forthcoming 2005), available at http://law.marquette.edu/goldman/deregulatingrelevancy~pdf. He views the Internet as “one of the great democratizing technologies, ranking alongside Gutenberg’s printing press and the rise of public libraries.” Id. at *92. The law’s fit with current search technologies is, in Professor Goldman’s view, extremely poor. “Trademark law threatens to take away what technology enables. At a time when keywords show unprecedented promise to empower searchers, the legal system is interposing itself as the new intermediary to guarantee content relevancy. Unfortunately, any efforts to legally impose content relevancy are destined to fail dramatically.” Id. As a solution, Goldman proposes to “deregulate the keyword in Internet search,” by implementing an “integrated law of keywords,” that is characterized by “mov[ing] infringement analysis back in time,” modernizing the standard likelihood of confusion test, and “immuniz[ing] search providers.” Id. at **71-72, *80, *85, *93. I agree with Professor Goldman’s goal—keyword use ought not to be actionable as trademark infringement—but I seek to achieve it via a different, and perhaps simpler, route.

32. Professors Stacey Dogan and Mark Lemley argue along these lines in their article, Trademarks and Consumer Search Costs on the Internet, 41 HOUSTON L. REV. 777 (2004). They reason, “[t]he trademark use requirement serves a gatekeeper function, limiting the reach of trademark law without regard to a factual inquiry into consumer confusion,” and state that “[s]elling advertising space based on an Internet keyword that is also a trademark does not use that trademark as a brand.” Id. at 805-07. The central argument of their article is, however, that expansion of trademark infringement liability occurred along “two axes”—trademark use and initial interest confusion. See id. at 779-81. In my opinion, expansion along the initial interest confusion axis is merely a symptom of expansion along the trademark use axis.
precedent that ought to be abandoned. Opportunities for doing so abound. Judge Berzon, of the Court of Appeals for the Ninth Circuit, has called for an en banc review of the Ninth Circuit’s Brookfield decision (one of the main culprits). If the Ninth Circuit were to use such an en banc review to hold that Brookfield wrongly imposed trademark infringement liability for metatag use, it would go a long way toward straightening out the law. Third, I seek to show that the reaffirmation of the trademark use criterion is the first and biggest step necessary to restore, as Professor Lemley puts it, common sense to trademark law.

33. Professors Dogan and Lemley disagree. “Some commentators have argued that courts should take technological reality into account and deny infringement claims based on the use of marks in metatags altogether because metatags simply allow competitors to present choices and do not necessarily confuse consumers. We would not go that far because we think there are limited circumstances in which the use of hidden content can deceive consumers and increase their search costs.” Id. at 823 (emphasis added). But Dogan and Lemley also believe (as do I, see Part II.C. infra) that trademark use limits “the reach of trademark law without regard to a factual inquiry into consumer confusion.” Id. at 805 (emphasis added). They believe that the “use of hidden content” can sometimes constitute trademark infringement. Id. at 823. As I explain in Part II and Part III, I think otherwise. Moreover, their position introduces complexities into their theory of trademark use that compromise its usefulness for legal reform.

34. See Playboy Enters., Inc. v. Netscape Communications Corp., 354 F.3d 1020, 1034 (9th Cir. 2004) (Berzon, J., dissenting).

35. Other authors have discussed or mentioned trademark use in this context. See, e.g., 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) (stating, correctly, that to evaluate trademark infringement claims arising from banner advertisements, “even before reaching the confusion inquiry, it is essential to determine if the defendant’s conduct constitutes trademark usage,” but concluding that “if a search engine operator used the word “APPLE” to key banner ads to computer products, this would amount to the use of the Apple Computer Company’s trademark by the search engine.”); Thomas F. Presson & James R. Barney, Trademarks as Metatags: Infringement or Fair Use?, 26 AIPLA Q. J. 147, 159, 164, 176 (1998) (discussing trademark use “to raise the possibility that invisible trademarks on the internet might not trigger the ‘use’ requirement of the Lanham Act and, thus, should not be considered a violation,” but arguing that “probably the strongest argument in favor of allowing the unauthorized use of trademarks as metatags is that the results of such use could constitute a form of comparative advertising,” and recommending enhanced judicial focus on consumer confusion); Julie A. Rajzer, Misunderstanding the Internet: How Courts Are Overprotecting Trademarks Used in Metatags, 2001 L. REV. MICH. ST. U. DETROIT C. OF L. 427, 429, 464 (2001) (arguing that Brookfield is “flawed,” and that metatag use should “almost always be considered fair [use]”); Benjamin F. Sidbury, Comparative Advertising on the Internet: Defining the Boundaries of Trademark Fair Use for Internet Metatags and Trigger Ads, 3 N.C. J.L. & TECH. 35, 61-62 (2001) (arguing that “[b]ecause trademark law has traditionally been applied to visible uses of marks, the framework proposed in this article—to focus on the defendant’s intent to deceive or intent to usurp the plaintiff’s goodwill—is an attempt to bridge traditional trademark analysis with contemporary technology.”); Beystehner, supra note 20, at 110, 115 (arguing that contextual advertising constitutes trademark use, and advocating application of “traditional legal doctrine, particularly trademark infringement, dilution, and unfair competition claims” to contextual advertising practices, especially as engaged in by Gator.com.); Yelena Dunaevsky, Comment, Don’t Confuse Metatags with Initial Interest Confusion, 29 FORDHAM URB. L.J. 1349, 1360, 1383 (2002) (assuming that
Until and unless trademark use is once again taken seriously, adjusting judge-made subdoctrines such as initial interest confusion—the growth of which is driven by the judicial disregard of trademark use—amounts to "studying deck chairs on the Titanic."\(^\text{36}\)

II. THE STRUCTURE OF TRADEMARK LAW

A. Attenuated Rights

U.S. trademark law does not create true property rights. Instead, rights in a trademark are based on public and commercial use of the mark, and on consumers' association of the mark with the source of the goods or services sold in connection with it. At every moment of their existence, trademark rights are contingent on those two elements.

metatag use is trademark use, and arguing that applying initial interest confusion doctrine to metatags is appropriate because "Internet consumers are too savvy to be confused by metatags."); F. Gregory Lastowka, Note, Search Engine, HTML, and Trademarks: What's the Meta for?, 86 VA. L. REV. 835, 877 (2000) (arguing that "competitor use of meta tags merely attempts to recreate some of the spatial realities of the marketplace . . . [and] simply fosters competition through providing consumers with more choices"); Tom Monagan, Note, Can an Invisible Word Create Confusion? The Need for Clarity in the Law of Trademark Infringement Through Internet Metatags, 62 OHIO ST. L.J. 973, 1004 (2001) (arguing that "there are substantial questions about whether a metatag use is a use as a mark at all[; therefore,] courts should begin their analysis with a rebuttable presumption that the use of a trademark in a keyword metatag is fair use[, which would force courts to consider] whether there exists a likelihood of confusion.") (emphasis excluded); Erich D. Schiefelbine, Comment, Stopping A Trojan Horse: Challenging Pop-up Advertisements and Embedded Software Schemes on the Internet Through Unfair Competition Law, 19 SANTA CLARA COMPUTER & HIGH TECH. L.J. 499, 511, 530 (2003) (arguing that contextual advertising constitutes trademark use under Brookfield, and urging that contextual advertisement "should be banned from the Internet [because it] is specifically designed to 'hijack' customers amongst competitors."); Michael R. Sees, Note, Use of Another's Trademark in a Web Page Meta Tag: Why Liability Should Not Ensue Under the Lanham Act for Trademark Infringement, 5 TEX. WESLEYAN L. REV. 99, 120 (1998) (concluding that "the inherently concealed nature of a meta tag is the defining characteristic that precludes extending protection to the unexposed trademarks contained therein [because] the viewing public does not readily see the trademark [and] no confusion or misrepresentation can result[ because] the inherently concealed nature of the meta tag prevents a plaintiff from establishing the requisite element of causation, [and because] this characteristic nullifies the intent requirement of a trademark infringement action"); Gregory Shea, Note, Trademarks and Keyword Banner Advertising, 75 S. CAL. L. REV. 529, 530 (2002) (arguing 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.").

36. William L. Reynolds & William M. Richman, Studying Deck Chairs on the Titanic, 81 CORNELL L. REV. 1290 (1996), Accord Goldman, supra note 31, at 71 ("Recognizing the . . . problems, some commentators have tried to salvage [initial interest confusion] by limiting it to competitors or metatags. While these alternatives would improve upon the existing law, minor patches . . . do little to cure the problem. We need more structural doctrinal reform.").
Without use, no trademark rights arise.\textsuperscript{37} Without continued use, trademark rights will—after a lag time of a few years—be extinguished; the mark is abandoned.\textsuperscript{38} Without consumers' belief that the mark indicates a source (even if consumers don't know the source), the mark ceases to exist or never comes into being in the first place.\textsuperscript{39} In other words, if consumers think the mark is the name of the product rather than a source indicator, the mark has ceased to function as a trademark; it has become the generic—and hence unprotectable—term for the product itself.\textsuperscript{40} Words such as aspirin,\textsuperscript{41} yo-yo,\textsuperscript{42} and cellophane\textsuperscript{43} were

\footnotesize{\textsuperscript{37} This is an ancient principle. E.S. Rogers explained in his influential 1914 book \textit{Good Will, Trade-Marks and Unfair Trading}: A trademark "is not a grant from the government or from a governmental bureau. It is not dependent upon invention or discovery, or evidenced by imposing documents embellished with red seals and tape. It depends upon one thing only, priority of adoption and use, and continuous occupancy of the market with goods bearing the mark." \textsc{Edward S. Rogers, Good Will, Trade-Marks and Unfair Trading} 54 (1914); see also \textit{Trade-Mark Cases}, 100 U.S. 82, 94 (1879) ("At common law the exclusive right to [a trademark] grows out of its use, and not its mere adoption.") (emphasis in original). The Lanham Act has preserved, with only marginal qualifications, the centrality of use. \textit{See} discussion \textit{infra} Part II.C.1.

\textsuperscript{38} The Lanham Act provides:

\begin{quote}
A mark shall be deemed to be 'abandoned' if either of the following occurs: (1) When its use has been discontinued with intent not to resume such use. Intent not to resume may be inferred from circumstances. Nonuse for 3 consecutive years shall be prima facie evidence of abandonment. ‘Use’ of a mark means the bona fide use of such mark made in the ordinary course of trade, and not made merely to reserve a right in a mark. (2) When any course of conduct of the owner, including acts of omission as well as commission, causes the mark to become the generic name for the goods or services on or in connection with which it is used or otherwise to lose its significance as a mark. Purchaser motivation shall not be a test for determining abandonment under this paragraph.
\end{quote}

15 U.S.C. § 1127 (2004); \textit{see also} General Healthcare Ltd. v. Quashat, 364 F.3d 332, 336 (1st Cir. 2004) ("A trademark owner who fails to use a mark for three consecutive years may be deemed to have abandoned the mark, which would then fall into the public domain.").

\textsuperscript{39} \textit{See}, e.g., Nautiitus Group, Inc., v. ICON Health & Fitness, Inc., 372 F.3d 1330, 1341 (Fed. Cir. 2004) (stating that "generic terms . . . are not [capable of receiving trademark protection]. Generic terms describe a category of products, and therefore cannot signal any particular source: A trademark answers the buyer's questions 'Who are you? Where do you come from? Who vouches for you?' But the generic name of a product answers the question 'What are you?'") (citations and quotation marks omitted).

\textsuperscript{40} "A generic word is one which is the language name for the product. BUTTER is the language word for butter. There can be no trademark rights in a generic term. They remain in the public domain as a part of our language." \textsc{Big O Tire Dealers, Inc., v. Goodyear Tire & Rubber Co.}, 408 F. Supp. 1219, 1243 (D. Colo. 1976), \textit{modified on other grounds}, 561 F.2d 1365 (10th Cir. 1977).

\textsuperscript{41} \textit{See} Bayer Co. v. United Drug Co., 272 F. 505, 514 (S.D.N.Y. 1921).

\textsuperscript{42} \textit{See} Donald F. Duncan, Inc., v. Royal Tops Mfg. Co., 343 F.2d 655, 668 (7th Cir. 1965).

\textsuperscript{43} \textit{See} Dupont Cellophane Co. v. Waxed Prods. Co., 85 F.2d 75, 82 (2d Cir. 1936) (permitting use of the word “cellophane,” by other parties other than the trademark holder, but only when prefixed by the maker's name).
once valuable trademarks that have become mere generic product names due to shifts in consumer perception.

The two elements that form the *sine qua non* of trademark rights—use and association—are empirical facts, and therefore subject to empirical proof. Use, genericness, and abandonment are routinely established via empirical evidence in the assertion of trademark rights and to defend against infringement claims. So is consumer confusion, that gravamen of all infringement claims (assuming, of course, that both plaintiff and defendant make trademark use of the symbol in question). Assume you have a trademark for certain products. If, after you have established your rights, I start using the same or similar term to market the same or similar products, you can stop me if you can empirically prove that my use of that term is likely to cause consumers to believe that you are putting out my products (or I am putting out yours), or that we are otherwise somehow associated with each other. Once you make that empirical showing, I will be enjoined from further use of the term. If, however, I can show, again by empirical proof, that consumers will not in fact get confused, or that several years ago you stopped using your mark and put out a press release that you have renamed the product, or that everyone believes your claimed trademark is in fact the name of the product itself (a not-yet-adjudicated example would be the mark HULA HOOP for hula hoops), or that you never made proper trademark use of

44. This is called abandonment with intent not to resume use. Abandonment obliterates any rights an owner may have had in the mark prior to the abandonment. See, e.g., AmBrit, Inc., v. Kraft, Inc., 812 F.2d 1531, 1551 (11th Cir. 1986) ("That Kraft in fact used the mark in 1980 does not mean that Kraft intended to use the mark in 1978."). The court found that Kraft had abandoned the mark. See id. at 1550.

45. You can test for genericness quite simply by trying to come up with a reasonably clear and concise description for the product without using the name. If you can’t, the mark is probably generic. What, for example, is a hula hoop? It’s hard to describe it concisely without using the term “hula hoop” itself. But forty years ago the Trademark Trial and Appeal Board held, inexplicably, that HULA HOOP was a trademark. See *In re* Wham-O Mfg. Co., 134 U.S.P.Q. 447, 449 (1962). (In the interest of full disclosure, I state that I recently represented a client in an opposition proceeding involving the HULA HOOP mark before the Patent and Trademark Office. The case was settled before genericness became an issue.)

Dictionaries often reflect a mark’s drift into genericness quite precisely, and notwithstanding the Trademark Trial and Appeal Board’s decision, “hula hoop” may be completing just such a drift. For example, the 1998 edition of Merriam-Webster’s Collegiate Dictionary has an entry for “hula hoop” in lowercase and defines it as “a plastic hoop that is twirled around the body.” *MERRIAM-WEBSTER’S COLLEGIATE DICTIONARY* 564 (10th ed. 1998). The 1991 edition of the Random House Webster’s College Dictionary, in contrast, expressly identified HULA HOOP as a trademark. *RANDOM HOUSE WEBSTER’S COLLEGE DICTIONARY* 652 (1991). This change, and your inability to come up with a concise description of the product that doesn’t use the term “hula hoop,” is good evidence that HULA HOOP is in the process of making the transition from trademark to generic term. In short, trademarks are vulnerable to what Dr. Johnson, in the preface to his
the symbol that you are claiming as a mark, then you will lose your infringement claims and I will be permitted to use the symbol to my heart’s content. That, in a nutshell, is trademark law. I hasten to add that this account is a stark simplification of a large and complex body of law. But it captures the essence. The genius of trademark law lies in its contingency on empirical proof, its flexibility, its lack of dogmatism and of black-and-white responses, the richness of its layered safety valves—use, genericness, abandonment, confusion, and others such as secondary meaning and functionality—that prevent monolithic, exclusionary rights.

B. The Use-Contingent Nature of Trademark Rights—A Historical Perspective

Throughout the history of U.S. trademark law, trademark use has been an absolute requirement for the acquisition and maintenance of trademark rights. Conversely, a showing that defendant used or is using the plaintiff’s mark, or a mark similar to it, is an absolute requirement for making out a claim for trademark infringement. This follows from both the deep structure of trademark law as a common law doctrine and from the plain language of its modern codification in the Federal Lanham Act of 1946, as amended in 1989.

The twentieth century’s most perceptive exposition of the nature of trademarks comes from the pen of Justice Frankfurter in *Mishawaka Rubber*:

The protection of trade-marks is the law’s recognition of the psychological function of symbols. If it is true that we live by symbols, it is no less true that we purchase goods by them. A trade-mark is a merchandising short-cut which induces a purchaser to select what he wants, or what he has been led to believe he wants. The owner of a mark exploits this human propensity by making every effort to impregnate the atmosphere of the market with the drawing power of a congenial symbol. Whatever the means employed, the aim is the same—to convey through the mark, in the minds of potential customers, the desirability of the commodity upon which it appears.

celebrated 1755 Dictionary of the English Language, called a word’s passage “from its primitive to its remote and accidental signification.” SAMUEL JOHNSON’S DICTIONARY 34 (Jack Lynch ed. 2002). It may be impossible for trademark owners to contain that “exuberance of signification,” by which “the original sense of words is often driven out of use by their metaphorical acceptations.” Id.

46. For an example of requiring such empirical proof, see Dan Robbins & Assoc., Inc., v. Questor Corp., 599 F.2d 1009, 1014 (C.C.P.A. 1979) ("Whether the relevant purchasing public regards a term as [generic] is a question of fact to be resolved on the evidence. Purchaser testimony, consumer surveys, and listings in dictionaries, trade journals, newspapers and other publications, are useful evidence.") (citation omitted).
Once this is attained, the trade-mark owner has something of value. If another poaches upon the commercial magnetism of the symbol he has created, the owner can obtain legal redress. . . . The "right to be protected against an unwarranted use of the registered mark has been made a statutory right" by [the Trade-Mark Act of 1905].\(^{47}\)

Justice Frankfurter's authoritative summary of the purpose and foundation of trademark law remains as true as ever. Trademarks are a psychological phenomenon, deriving their function and efficiency from the human propensity to rely on a congenial symbol for making purchasing choices. It is the peculiar virtue of Justice Frankfurter's explanation to focus squarely on the signifying function of trademarks. For a symbol to be a trademark, "commercial magnetism" must be "conveyed through" the mark to consumers. It is therefore of the very essence of the concept of trademark that consumers perceive the mark sensorily—see it, hear it, smell it, feel it, taste it.

While Justice Frankfurter's phrasing of the issue is particularly felicitous, there is nothing novel about the concept he is expressing. Here, for instance, is what the Supreme Court had to say on the topic in 1879:

The general doctrines of the law as to trade-marks, the symbols or signs which may be used to designate products of a particular manufacture, and the protection which the courts will afford to those who originally appropriated them, are not controverted. Every one is at liberty to affix to a product of his own manufacture any symbol or device, not previously appropriated, which will distinguish it from articles of the same general nature manufactured or sold by others, and thus secure to himself the benefits of increased sale by reason of any peculiar excellence he may have given to it. The symbol or device thus becomes a sign to the public of the origin of the goods to which it is attached, and an assurance that they are the genuine article of the original producer. In this way it often proves to be of great value to the manufacturer in preventing the substitution and sale of an inferior and different article for his products. It becomes his trade-mark, and the courts will protect him in its exclusive use, either by the imposition of damages for its wrongful appropriation or by restraining others from applying it to their goods and compelling them to account for profits made on a sale of goods marked with it.\(^{48}\)

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http://scholarlycommons.law.hofstra.edu/hlr/vol33/iss2/7
This commentary, which has lost none of its validity over the last 126 years, does not address any particular statutory tests or requirements, but rather summarizes common law notions. Trademarks are originally creatures of the common law. They derive their validity from use in the marketplace.

The trade-mark recognized by the common law is generally the growth of a considerable period of use, rather than a sudden invention. It is often the result of accident rather than design, and when under the act of Congress it is sought to establish it by registration, neither originality, invention, discovery, science, nor art is in any way essential to the right conferred by that act. The trade-mark may be, and generally is, the adoption of something already in existence as the distinctive symbol of the party using it. At common law the exclusive right to it grows out of its use, and not its mere adoption.

Trademarks, then, have been understood as commercial signifiers from the earliest times the Supreme Court has spoken on the issue. In the 1871 decision of Canal Co. v. Clark, for instance, the Court stated: "The office of a trade-mark is to point out distinctively the origin, or ownership of the article to which it is affixed; or, in other words, to give notice who was the producer." The Court in the 1918 decision, United Drug Co. v. Theodore Rectanus Co., viewed trademarks as "a convenient means for facilitating the protection of one's good-will in trade by placing a distinguishing mark or symbol—a commercial signature—upon the merchandise or the package in which it is sold." Use and customer recognition—i.e., the act of communicating through the mark to the consumer—are what give trademarks value, efficiency, and protectability.

These principles are as true today as they were in 1879, 1918, or 1942—the years Amoskeag Manufacturing, Theodore Rectanus, and Mishawaka Rubber were decided. Take, for example, Justice Breyer's description, in the Qualitex decision, of the broad range of symbols that can, in principle, function as trademarks because they possess the ability to communicate meaning to consumers:

The Lanham Act gives a seller or producer the exclusive right to "register" a trademark, and to prevent his or her competitors from

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49. See, e.g., Trade-Mark Cases, 100 U.S. 82, 94 (1880).
50. Id.
51. 80 U.S. 311 (1871).
52. Id. at 322.
53. 248 U.S. 90, 98 (1918).
using that trademark. Both the language of the Act and the basic underlying principles of trademark law would seem to include color within the universe of things that can qualify as a trademark. The language of the Lanham Act describes that universe in the broadest of terms. It says that trademarks "includ[e] any word, name, symbol, or device, or any combination thereof." Since human beings might use as a "symbol" or "device" almost anything at all that is capable of carrying meaning, this language, read literally, is not restrictive. The courts and the Patent and Trademark Office have authorized for use as a mark a particular shape (of a Coca-Cola bottle), a particular sound (of NBC's three chimes), and even a particular scent (of plumeria blossoms on sewing thread). If a shape, a sound, and a fragrance can act as symbols why, one might ask, can a color not do the same?  

In *Qualitex*, the Court held that "there is no rule absolutely barring the use of color alone" as a trademark since it is capable of functioning as a symbol that identifies and distinguishes the owner's goods or services. And that, of course, is the essence of a trademark. As Justice Breyer put it (referencing Professor Landes's and Judge Posner's article), "[i]t is the source-distinguishing ability of a mark—not its ontological status as color, shape, fragrance, word, or sign—that permits it to serve these basic purposes."  

It is this relentless focus of trademark law on the psychological function of symbols—which assumes, of course, that the consumers are actually confronted with and perceive the mark in the relevant commercial context, so that they are in a position to experience the desired psychological effect—which so sharply distinguishes trademark rights from rights under the copyright or patent laws. The *Theodore Rectanus* Court provided an outstanding explanation of this distinction and demonstrated the fundamentally use-contingent nature of trademark rights. The sentence from that decision describing a trademark as a "commercial signature," is preceded by a lucid explanation of the profoundly use-contingent nature of trademark rights:

[Petitioner's argument] is based upon the fundamental error of supposing that a trade-mark right is a right in gross or at large, like a statutory copyright or a patent for an invention, to either of which, in truth, it has little or no analogy. There is no such thing as property in a

55. *Id.* Of course, the color claimed as a trademark must have acquired secondary meaning.
trade-mark except as a right appurtenant to an established business or trade in connection with which the mark is employed. The law of trade-marks is but a part of the broader law of unfair competition; the right to a particular mark grows out of its use, not its mere adoption; its function is simply to designate the goods as the product of a particular trader and to protect his good will against the sale of another's product as his; and it is not the subject of property except in connection with an existing business. The owner of a trade-mark may not, like the proprietor of a patented invention, make a negative and merely prohibitive use of it as a monopoly. In truth, a trade-mark confers no monopoly whatever in a proper sense, but is merely a convenient means for facilitating the protection of one's good-will in trade by placing a distinguishing mark or symbol—a commercial signature—upon the merchandise or the package in which it is sold.  

There is nothing in modern trademark law to contradict the truth of this statement. Sometimes, however, the focus of trademark law may have shifted to the consumer confusion requirement to the exclusion of the trademark use issue. Beverly Pattishall, a prominent attorney widely regarded as the "Dean of the American Trademark Bar," wrote an influential article in which he took strong exception with the view, prevalent in many federal courts in the first half of the Twentieth Century, that trademark rights may confer dangerously monopolistic rights. He sought to refute that position, prominently held by Judge Jerome Frank, by reference to the "likelihood of confusion" requirement for proving trademark infringement. "[A court] need have no fear that in protecting a trade-mark a monopoly may be granted in anything that is public property so long as it adheres to the likelihood of

58. The Supreme Court's holdings on this issue are relevant to the claims made by John R. Warner, in which he argues that the invisibility of metatags is no hindrance to a finding of trademark use because the consumer's use of the trademark—by typing it into a search window—can be imputed to the defendant. See John R. Warner, Trademark Infringement Online: Appropriate Federal Relief From the Illicit use of Trademarked Material in Web Site Meta Tags, 22 T. Jefferson L. Rev. 133, 169-70 (1999). This, I believe, is another version of the "constructive trademark use doctrine" that I address infra Part III.E.
61. See id. at 975 ("Perhaps the foremost judicial exponent of the 'monopoly' notion is Judge Jerome Frank of the United States Court of Appeals for the Second Circuit.").
62. See id. at 977-78, 984.
confusion test.™️ Pattishall is right to the extent that the likelihood of confusion requirement is a crucial limiting factor to the assertion of trademark rights and in most infringement cases is the central focus of litigation.

But consumer confusion is but a kind, a subcategory, of consumer perception. And perception is made possible only by the use of the mark in connection with goods and services. In other words, trademark use is a more basic concept than confusion. It is, I believe, use, rather than confusion, that ultimately anchors the basic difference between trademark rights and the protection regimes of patent and copyright law, let alone real property rights. The Supreme Court, in *Theodore Rectanus*, sharply recognized this fact. Its explanation of the unity of use and trademark rights remains, in principle, as true today as it was in 1918.64 It is the courts' obliviousness to the centrality of the use requirement that has led to muddled thinking and a pronounced inability to think about the expansion of trademark protection in correct and analytically productive ways, thus causing many of the troubles in current trademark law.65

C. The Use Requirement and the Modern Lanham Act

1. The Statutory Definition of Trademark Use

The centrality of trademark use, emphasized by the Supreme Court in *Theodore Rectanus*, is fully reflected in the modern Lanham Act. Trademark use is a basic element of all provisions relating to trademark rights and infringement. Section 1127 is the definition section of the Lanham Act. By the section's own terms, these definitions are controlling "[i]n the construction of this chapter, unless the contrary is plainly apparent from the context."66 Section 1127 shows that the Lanham Act codifies the common law's deep structure of trademark law. In particular, it leaves wholly intact the requirements of trademark use
and consumer perception. The following definitions in § 1127 are determinative:

The term "mark" includes any trademark, service mark, collective mark, or certification mark. 67

The term "trademark" includes any word, name, symbol, or device, or any combination thereof used by a person . . . . [The terms service mark, collective mark, and certification marks are separately defined, but these definitions are substantively identical to that of the term "trademark" and differ only in administrative detail]. 68

The word "commerce" means all commerce which may lawfully be regulated by Congress. 69

The term "use in commerce" means the bona fide use of a mark in the ordinary course of trade, and not made merely to reserve a right in a mark. For purposes of this chapter, a mark shall be deemed to be in use in commerce (1) on goods when (A) it is placed in any manner on the goods or their containers or the displays associated therewith or on the tags or labels affixed thereto, or if the nature of the goods makes such placement impracticable, then on documents associated with the goods or their sale, and (B) the goods are sold or transported in commerce, and (2) on services when it is used or displayed in the sale or advertising of services and rendered in commerce . . . . 70

"Use in commerce" is the Lanham Act's terminology for trademark use. It is a term of art that, as I will explain, has several layers of meaning that are not always properly kept separate by the courts. Again, the definition of "use in commerce," in § 1127, is plenary for the entire Lanham Act. 71 Use is the decisive element for establishing trademark rights. 72 Because of this, the entire federal trademark registration scheme set up by the Lanham Act depends, in the end, on trademark use. Federal trademark registrations do not confer rights independent of use. Use remains primary. 73

67. Id.
68. Id.
69. Id.
70. Id.
71. Id.
72. Id.
73. A party can apply for a federal trademark registration if one or more statutory criteria are met: (1) The party makes actual use in commerce of the mark, see § 1051(a); (2) the party has a bona fide intent to use the mark in commerce, see § 1051(b); (3) the party has a bona fide intent to use the mark in commerce and holds a foreign trademark application, see § 1126(d); (4) the party
2. Use and Infringement Claims

Use is a necessary condition not only for claiming trademark rights, but also for stating a trademark infringement claim under the Lanham Act. For registered marks, infringement claims are set forth in section 32, 15 U.S.C. § 1114(1). It provides:

Any person who shall, without the consent of the registrant (a) use 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... shall be liable in a civil action by the registrant for the remedies... provided.74

With respect to unregistered marks, known as common law marks, the Lanham Act provides an analogous remedy in section 43(a)(1), 15 U.S.C. § 1125(a). It states:

[Any person who, on or in connection with any goods or services, or any container for goods, 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, which (A) is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or

has registered the mark in a foreign country, see § 1126(e); (5) the party is requesting an extension of a mark registered internationally, see § 1141f(a). Trademark applications filed under section 1 of the Lanham Act require a showing of actual use of the mark in commerce prior to issuance of the registration. See § 1051(d). Trademark applications under sections 44 and 66 of the Lanham Act can ripen into registrations without a showing of actual use of the mark in commerce. See §§ 1126(e), 1141h(a). All registrations remain in force for an initial term of ten years, but can be maintained only upon a showing of actual use in commerce within six years after issuance of the registrations. See §§ 1058, 1141k. All registrations can be renewed for successive ten-year periods. See § 1059. It is important to note that a federal registration is not necessary for a trademark to be enforceable. See § 1051; see also infra note 75 and accompanying text. In other words, the Lanham Act supplements, but does not supersede, the common law of trademark infringement. However, federal registrations confer certain advantages of priority (i.e., date of first adoption of the mark), notice, and enforcement. Among those advantages are nationwide constructive notice of ownership and nationwide constructive use, see §§ 1072, 1057(c)), federal question jurisdiction, see § 1121, the ability to stop importation of confusingly similar goods, see § 1124, a rebuttable evidentiary presumption that the registrant has the exclusive right to use the mark in commerce for the goods and services specified in the registration, see § 1057(b), and, if the mark has been used continuously for five years after issuance of the registration, incontestability of the mark, see § 1065. Incontestability means that the registrant's claim to exclusive use of the mark can be defeated only by a showing of specific defenses such as fraud, abandonment, fair use, genericness, antitrust violations, functionality, and equitable defenses such as laches, estoppel and acquiescence. See § 1115(b). In other words, the registrant's failure to use the mark in commerce is fatal to even an incontestable mark.

74. § 1114(1).
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, or (B) in commercial advertising or promotion, misrepresents the nature, characteristics, qualities, or geographic origin of his or her or another person’s goods, services, or commercial activities, shall be liable in a civil action by any person who believes that he or she is or is likely to be damaged by such act.\(^\text{75}\)

In other words, the Lanham Act does not provide for liability without a showing that the defendant made trademark use of the symbol in question.

3. Trademark Use: A Necessary Condition for Applying the Lanham Act

There are a number of logical gradations with respect to the use of a symbol. Only if all relevant criteria are met can a given use of a symbol become relevant with respect to trademark infringement claims.\(^\text{76}\) The Lanham Act is based on Congress’s power to regulate commerce under the Commerce Clause of the Constitution.\(^\text{77}\) Thus, if any conduct by any person is to fall within the purview of the Lanham Act, such conduct must take place “in commerce.” This is a jurisdictional (or more precisely, a constitutional) requirement. As a matter of the Supreme Court’s longstanding interpretation of the reach of the Commerce Clause, “in commerce” means in or affecting interstate commerce.\(^\text{78}\) The Lanham Act’s “use in commerce” expressly includes this constitutional inquiry.\(^\text{79}\)

But for the Lanham Act to be invoked, it is not enough that conduct take place in interstate commerce.\(^\text{80}\) Obviously, there is an entire universe of conduct affecting interstate commerce, and thus falling under Congress’s regulatory powers under the Commerce Clause. Congress regulates conduct affecting commerce under a vast panoply of civil legislation and regulation that it has issued over time.\(^\text{81}\) Only a small

\(^{75}\) § 1125(a)(1)(A)-(B).

\(^{76}\) See § 1051.

\(^{77}\) See U.S. CONST. art. I, § 8, cl. 3 (“The Congress shall have Power... [t]o regulate Commerce with foreign Nations, and among the several States, and with the Indian Tribes”); see also Trade-Mark Cases, 100 U.S. 82, 94-95 (1879).


\(^{79}\) § 1127 (including in the definition of “use in commerce” that “the goods are sold or transported in commerce”).

\(^{80}\) See, e.g., § 1114(1)(a) (requiring use of a mark to invoke the Lanham Act, as well as simply use in commerce).

\(^{81}\) For example, CERCLA (“[Congress acted] under the Commerce Clause to enact CERCLA.” U.S. v. Union Gas Co., 832 F.2d 1343, 1356 (3d Cir. 1987)); ERISA (“this subchapter

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slice of conduct that takes place in interstate commerce is relevant to trademark law and, therefore, addressed by the Lanham Act. The Lanham Act carries within it a necessary principle: distinguish between trademark-relevant and trademark-irrelevant conduct. That distinguishing principle, and the second limiting factor for Lanham Act applicability, is trademark use, which is statutorily subsumed into the second prong of the “use in commerce” inquiry, and which refers to the use of a term on goods, their containers or tags, or, if that is not practicable, on documents associated with goods or their sale.\textsuperscript{82} With regard to services (rather than goods), the meaning of trademark use, in the “use in commerce” inquiry, is analogous and means the use or display of the term in the sale or advertising of the services.

The following inquiry thus emerges. Suppose a plaintiff claims a defendant’s use of a certain term infringes the plaintiff’s trademark. The defendant can make four discrete claims with regard to trademark use, each one of which would, if true, preclude Lanham Act liability. The defendant can claim that (1) the plaintiff’s use of the allegedly infringed mark is not in commerce under the Constitution; (2) the plaintiff’s use of the allegedly infringed mark is not trademark use under the Lanham Act; (3) the defendant’s use of the allegedly infringing term is not in commerce under the Constitution; or (4) the defendant’s use of the allegedly infringing term is not “use in commerce” under the Lanham Act. If either argument (1) or argument (2) is true, the plaintiff cannot prevail because it, the plaintiff, has no rights under the Lanham Act in the claimed mark. Without rights subject to violation, no claim is possible. If either argument (3) or (4) is true, the plaintiff cannot prevail because the defendant’s conduct does not amount to wrongdoing cognizable under the Lanham Act.

Once a plaintiff has adequately shown use in commerce of both its own mark, and the defendant’s allegedly infringing term, the concept of fair use then comes into play as a potential defense. A defendant’s use of a term that qualifies as “use in commerce” is not infringing where it meets the fair use criteria. The fair use defense has long been acknowledged by the courts as being merely a partial codification of a statute that shall apply to any employee benefit plan if it is established or maintained (1) by any employer engaged in commerce or in any industry or activity affecting commerce; or (2) by any employee organization or organizations representing employees engaged in commerce or in any industry or activity affecting commerce; or (3) by both.” 29 U.S.C. § 1003 (a) (2002)); and the Sherman Act (“Congress enacted the Sherman Act pursuant to its authority in the Commerce Clause.” 324 Liquor Corp. v. Duffy, 479 U.S. 335, 358 (1987)) are just three of the many laws passed under Congress’s Commerce Clause powers.

\textsuperscript{82} See § 1127 (defining “use in commerce”).
broad common-law defense based on the notion of fair use of a term that someone else claims as his or her trademark. As codified, the fair use defense is contained in section 32, 15 U.S.C. § 1115, which provides in relevant part that a defendant’s use that is “subject to proof of infringement as defined in Section 32” (in other words, “use in commerce”) is not actionable where the use is of a kind “otherwise than as a mark,” and of a term that is “descriptive of and used fairly and in good faith only to describe the goods or services” of the defendant.4

The statutory scheme leaves us with the following levels of use of a symbol by a defendant and the following legal consequences of such use. (1) If the use qualifies as being “in commerce,” as that term in understood with regard to the Commerce Clause of the U.S. Constitution, there is potential liability under the Lanham Act. If the use does not so qualify, the inquiry ceases. (2) If the use qualifies as trademark use, there is potential liability under the Lanham Act. If the use does not so qualify, the inquiry ceases. (3) If the use does not qualify as “fair use” under § 1115, there is potential liability under the Lanham Act. If the use qualifies as fair use, the inquiry ceases. (4) Use having been established by this three-step analytic process, the inquiry proceeds

83. See, e.g., Chance v. Pac-Tel Teletrac, Inc., 242 F.3d 1151, 1156-57 (9th Cir. 2001).
84. The relevant statutory language is:

Any registration issued under the Act of March 3, 1881, or the Act of February 20, 1905, or of a mark registered on the principal register provided by this chapter and owned by a party to an action shall be admissible in evidence and shall be prima facie evidence of the validity of the registered mark and of the registration of the mark, of the registrant’s ownership in the mark, and of the registrant’s exclusive right to use the registered mark in commerce on or in connection with the goods or services specified in the registration subject to and conditions or limitations stated therein, but shall not preclude another person from proving any legal or equitable defense or defect, including those set forth in subsection (b) of this section, which might have been asserted if such mark had not been registered. To the extent that the right to use the registered mark has become incontestable under section 15 [15 U.S.C. 1065], the registration shall be exclusive evidence of the validity of the registered mark and of the registration of the mark, of the registrant’s ownership of the mark, and of the registrant’s exclusive right to use the mark in commerce.... Such conclusive evidence of the right to use the registered mark shall be subject to proof of infringement as defined in section 1114 of this title, and shall be subject to the following defenses or defects: (1) [fraud in obtaining the registration], (2) [abandonment], (3) [permission of registrant], (4) That the use of the name, term, or device charged to be an infringement is a use, otherwise than as a mark, of the party’s individual name in his own business, or of the individual name of anyone in privity with such party, or of a term or device which is DESCRIPTIVE OF AND USED FAIRLY AND IN GOOD FAITH only to describe the goods or services of such party, or their geographic

§ 1115.
to other defenses (abandonment, genericness, laches, etc.) and to an inquiry into likelihood of confusion. 85

D. Use and Trademark Rights

As we have seen from the Supreme Court cases setting forth the deep structure of trademark law, common law trademark rights cannot come into existence without proper use of the mark. Likewise, under the Lanham Act, a trademark registration generally cannot be obtained 86 and maintained without a showing of actual use of the mark in connection with the goods or services set forth in the trademark registration. 87 Importantly, the criteria of use for establishing trademark rights 88 and the criteria of use for establishing trademark infringement 89 are the same—use of the mark by the rights holder, or use of the symbol in question, or a similar symbol, by the alleged infringer. Since this is so, a defendant's use of an allegedly infringing (or dilutive) term can form the basis of liability only where it meets the fundamental requirements of trademark use imposed by the Lanham Act, and by the common law of trademarks, on the plaintiff to obtain its rights in the first place. The existence of this well-settled body of law makes the departures from traditional doctrine in the Internet context even more perplexing—and even less justifiable.

1. Use and Plaintiff's Rights in a Mark

In this section, I will analyze a few pertinent cases in order to demonstrate what kinds of use do or do not suffice to establish trademark rights. In the case law, this issue often appears in the context of a defendant challenging the plaintiff's right in the mark that the defendant is allegedly infringing. In a recent case from the Federal Circuit, Transclean Corp. v. Bridgewood Services, Inc., 90 the court rejected the plaintiff's trademark infringement allegations on precisely such grounds. The court explained: "Transclean brought a cause of action for trademark infringement, asserting that Bridgewood infringed

85. See § 1114(1) (providing for a claim for trademark infringement); § 1115(a)-(b) (providing for legal and equitable defenses to trademark infringement).
86. With two exceptions: trademark applications brought under section 44 and under the Madrid Protocol can ripen into a registration without any showing of actual use; an affidavit that use is intended suffices. See §§ 1051(b), 1141(5) (allowing for registration based on intended use under the Madrid Protocol and section 44). However, even in this instance, the registrations thus obtained cannot be maintained without a showing of actual use. See §§ 1064(3), 1141(c).
87. See supra Part II.C.
88. More specifically, the plaintiff's use of its mark.
89. More specifically, the defendant's use of the plaintiff's mark or confusingly similar terrnt.
90. 290 F.3d 1364 (Fed. Cir. 2002).
Transclean's TOTAL FLUID EXCHANGE and TOTAL FLUID X-CHANGE unregistered trademarks under section 43(a) of the Lanham Act, 15 U.S.C. § 1125(a)(1), and Minnesota law. The court held that plaintiff Transclean had not adequately used the marks in commerce. Citing the "the universal requirement for actual usage of the mark in commerce," the court found that "[u]se of the mark on documents does not satisfy the usage requirement when the mark can be affixed to the goods themselves as is the case here." That is a rather strict requirement of affixation. It suggests that proper trademark usage—that is, usage that can support trademark rights—requires use of the mark as closely associated with the goods sold under the mark as possible. Where the mark can be affixed to the goods themselves, the court holds, use merely on accompanying documents is not good enough. The court may be applying the law in an unusually harsh way here. But it is unquestionably true that the Lanham Act itself, in its definition of "use in commerce," establishes a similar hierarchy of uses and appears to require that the use most closely associated with the goods themselves be used. The rule is, in fact, more flexible than Transclean suggests. At a minimum, though, Transclean shows that some form of close association of goods and mark, resulting in immediate consumer perception of the relationship of goods and mark, is essential for the creation of trademark rights.

In McDonald's Corp. v. Burger King Corp., the court held that the use by McDonald's of the particular mark on which it was basing its infringement claim against Burger King was too short and too geographically limited to vest McDonald's with enforceable rights.

Use sufficient to establish common law trademark rights must be "sufficiently public to identify or distinguish the marked goods in an appropriate segment of the public mind as those of the adopter of the mark." . . . In addition, proper use of a trademark, to establish common law trademark rights or to form the basis for federal trademark registration, requires that the mark be affixed to the goods.
For the purposes of this article, the point is not the precise nature and quantum of the use a party must make of its mark to establish trademark rights; rather, it is to show that the courts consistently require open and visible use of the mark in close proximity to the goods sold under it so as to permit consumers to perceive goods and mark together and thus to form a source-indicating association between the two. *McDonald's* makes that point unmistakably.

*Lands' End, Inc. v. Manback* may seem to be in some tension with *Transclean*. In *Transclean*, if physical affixation of the mark on the goods was possible, it was therefore required. *Lands' End* has a far more lenient standard. Analyzing the plaintiff's rights in the mark allegedly infringed by the defendant, the court stated: "The trademark statute does not require that the mark be affixed or have 'close physical association' to the goods. The terms of the statute are met if the mark is placed in any manner on a 'display associated' with the goods." *Lands' End* offers a choice to the putative trademark owner, whereas *Transclean* appears to take that choice away. What matters though, is that with regard to the issue relevant for our purposes, the two cases are in full agreement. The *Lands' End* court explained how the plaintiff met the use requirement in the following terms:

*Lands' End*’s use of the term ‘KETCH’ [in its catalogue] with the picture of the purse and corresponding description constitutes a display associated with the goods. . . . A customer can identify a listing and make a decision to purchase by filling out the sales form and sending it in or by calling in a purchase by phone. A customer can easily associate the product with the word ‘KETCH’ in the display. This explanation nicely crystallizes the point to be made. That point is: the essence of trademark use is plain-view display of the mark in association with the goods.

2. Use and Defendant's Infringement of a Mark

So far we have discussed the consumer visibility—or rather, perceptibility—requirement in trademark law from the perspective of a party trying to establish or assert trademark rights. The issue is no different in principle when it comes to the question of whether a

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100. See *Transclean Corp.*, 290 F.3d at 1380.
102. Compare *Lands' End, Inc.*, 797 F. Supp. at 513, with *Transclean Corp.*, 290 F.3d at 1380.
defendant made trademark use of a term, i.e., whether the defendant’s use of that term can form the premise of a trademark infringement claim. This holistic approach of the Lanham Act to the trademark use requirement underscores its centrality and importance. Perhaps surprisingly, given that Internet fact patterns have caused the misdevelopments of current trademark law, some recent cases applying the trademark use requirement in such holistic fashion arose in the Internet context. These cases are the exceptions that prove—in the original sense of confirming the rule by “probing” it—the trademark use rule I have set forth.104

In June 2003, the Court of Appeals for the Sixth Circuit issued its opinion in Interactive Products Corp. v. A2Z Mobile Office Solutions, Inc.,105 which addresses—and resolves—many of the relevant questions. At issue in the case was the defendant’s use of the plaintiff’s trademark in the “post-domain path” of certain web pages on defendant’s website.106 The court defined “post-domain path” as follows. “Each web page within a website has a corresponding uniform resource locator . . . (e.g., a2zsolutions.com/desks/floor/laptraveler/dkfl-lt.htm), which consists of a domain name and a post-domain path. A post-domain path (e.g., /desks/floor/laptraveler/dkfl-lt.htm) merely shows how a website’s data is organized within the host computer’s files.”107 The plaintiff’s trademark was LAP TRAVELER; the defendant used that trademark merely in its post-domain path on defendant’s website at a2zsolutions.com.108

The court resolved the issue rather elegantly. It posed the right question. “[T]he issue is whether a consumer is likely to notice ‘laptraveler’ in the post-domain path and then think that [defendant’s product] may be produced by [plaintiff or a company affiliated with plaintiff].”109 Noting that a defendant’s use of the plaintiff’s trademark in defendant’s web site address is routinely held to constitute trademark infringement, the court swiftly distinguished this line of argument and showed that it was inapplicable to the situation at hand.110

105. 326 F.3d 687 (6th Cir. 2003).
106. See id. at 694.
107. Id. at 691.
108. Id. at 692, 695.
109. Id. at 696.
110. See id. (citing Brookfield Communications, Inc. v. W. Coast Entm’t Corp., 174 F.3d 1036 (9th Cir. 1999)); PACCAR, Inc. v. TeleScan Techs., LLC, 319 F.3d 243 (6th Cir. 2003) (finding a trademark violation where defendant incorporated plaintiff’s marks into defendant’s domain names); see also discussion infra notes 184-201 and accompanying text.
But these courts have all relied on the fact that domain names usually signify source. . . . The post-domain path of a URL, however, does not typically signify source. The post-domain path merely shows how the website's data is organized within the host computer's files. . . . Typically, web pages containing post-domain paths are not reached by entering the full URL into a browser; instead, these secondary pages are usually reached via a link from the website's homepage, which does not contain a post-domain path. For example, a consumer wanting to purchase [plaintiff's] Lap Traveler product would probably not enter "a2zsolutions.com/desks/floor/laptraveler/dkfl-lt.htm" into a browser. The consumer would more likely enter 'Laptraveler.com,' which would bring the consumer to [plaintiff's] website, which sells the Lap Traveler.'

In other words, the court held that "post-domain paths do not typically signify source." Therefore, "it is unlikely that the presence of another's trademark in a post-domain path would ever violate trademark law." The court, then, resolved the case on a trademark use analysis. Since, as the court held, post-domain paths do not signify source, terms contained in them do not function as trademarks. Why not? Because consumers do not notice the terms in that location.

Is the court's determination empirically accurate? The court offered no support beyond its factual conjectures. What matters for present purposes, though, is that the court applied the correct methodology. The court's holding reaffirmed the traditional view of trademarks as source signifiers, a function they can fulfill only if consumers actually perceive them. Because the consumer perception element was lacking, the term in question was not used as a source identifier, and trademark infringement liability was foreclosed. The Interactive Products court thoroughly understood all that. Regrettably, however, the court neglected to generalize its conclusion that use of a trademark unperceived by consumers cannot constitute trademark infringement, and the court addressed the numerous cases on the books in 2003 which held that defendants' invisible metatag use (i.e., use in "keyword" metatags) of plaintiffs' trademarks did constitute trademark infringement only in the

111. Interactive Prods. Corp., 326 F.3d at 696-97 (citations omitted).
112. Id. at 698.
113. Id.
114. See id.
115. See id. at 696, 698.
most rudimentary fashion.\textsuperscript{116} According to the rationale of \textit{Interactive Products}, such liability should be foreclosed \textit{a fortiori}.

The \textit{Interactive Products} court based its holding heavily on the reasoning in \textit{Patmont Motor Werks, Inc. v. Gateway Marine, Inc.},\textsuperscript{117} an unpublished 1997 decision by the District Court for the Northern District of California.\textsuperscript{118} \textit{Patmont} analyzed defendant’s alleged trademark infringement under the rubric of nominative fair use.\textsuperscript{119} The allegations included a claim that defendant’s use of plaintiff’s mark in the post-domain path of defendant’s website constituted trademark infringement.\textsuperscript{120} Despite the court’s use of the so-called nominative fair use doctrine as the overall analytic framework for its decision on the trademark claims, the court treated this claim separately and disposed of it swiftly:

\begin{quote}
[T]he court finds \textit{as a matter of law} that [post-domain] use does not suggest [plaintiff’s] sponsorship or endorsement, because the Go-Ped mark did not appear in the website’s “domain name.” . . . A website’s domain name signifies its source of origin, and is therefore an important signal to internet users who are seeking to locate web resources . . . However, the text that follows the domain name in a URL . . . serves a different function. This additional text, often referred to as the “path” of the URL, merely shows how the website’s data is organized within the host computer’s files. Nothing in the post-domain path of a URL indicates a website’s source of origin.\textsuperscript{121}
\end{quote}

Just like the \textit{Interactive Products} court, the court in \textit{Patmont} refused to recognize the presence of a plaintiff’s mark in the post-domain path of a defendant’s website as trademark use, as an indicator of source of origin. Absent this indicator function, such use of the term simply does not constitute trademark use at all, and no consequences under the Lanham Act follow. The determination that the term is merely part of the organization of the host computer’s files and thus has purely a machine function, rather than a human-communicative function, ends the trademark inquiry.

This is a deep and salutary principle, one that pays proper respect to the foundational premises of trademark law. Apart from seemingly fact-

\begin{footnotesize}
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\item[\textsuperscript{116}] See id. at 698 n.7 (discussing Promatek Indus., Ltd. v. Equitrac Corp., 300 F.3d 808 (7th Cir. 2002)).
\item[\textsuperscript{117}] No. C96-2703, 1997 WL 811770 (N.D. Cal. Dec. 18, 1997).
\item[\textsuperscript{118}] See Interactive Prods. Corp., 326 F.3d at 697-98.
\item[\textsuperscript{119}] See Patmont Motor Werks, Inc., 1997 WL 811770 at *3-*4.
\item[\textsuperscript{120}] See id. at *4 n.6.
\item[\textsuperscript{121}] Id. (citations omitted) (emphasis added).
\end{itemize}
\end{footnotesize}
contingent decisions such as *Interactive Products*, however, the courts have mainly honored the *Patmont* principle in the breach. It bears emphasizing that *Patmont*’s post-domain analysis says nothing new. It merely recites and applies basic ideas of U.S. trademark law, ideas that have been established for well over a century. *Patmont*, and *Interactive Products* after it, simply avoid falling into the trap—which has proven so successful in snaring other courts—of creating a special law for the Internet by including invisible, imperceptible, or otherwise noncommunicative uses by defendants of plaintiffs’ marks within the gamut of uses that qualify as trademark uses and thus can give rise to liability under the trademark infringement laws.

An application of the principles set forth in *Patmont* and *Interactive Products* occurred in *Playboy Enterprises, Inc. v. Netscape Communications Corp.*.\(^{122}\) This is a case dealing with keyword-linked banner advertising, where search engines deliver banner advertising that is intended to relate to the search terms typed into the search engine by the Internet user.\(^{123}\) Inevitably, some of those search terms are trademarks, much to the chagrin of the owners of those marks.\(^{124}\) *Playboy Enterprises* sued for trademark infringement and dilution.\(^{125}\) Defendants’ initial argument seemed most promising. “Defendants respond that while plaintiff may have a trademark on ‘Playboy®’ and ‘Playmate®,’ defendants do not actually ‘use’ the trademarks *qua* trademarks.”\(^{126}\) This, of course, is the decisive threshold inquiry. No use

\(^{122}\) 55 F. Supp. 2d 1070 (C.D. Cal. 1999). The opinion was reversed in *Playboy Enterprises, Inc. v. Netscape Communications Corp.*, 354 F.3d 1020 (9th Cir. 2004), in which the Court of Appeals reversed Judge Stotler’s grant of summary judgment in favor of the defendant. See *id.* 1034. That opinion is discussed in detail *infra* Part III.D.2.

\(^{123}\) See *Playboy Enters., Inc.*, 55 F. Supp. 2d at 1072.

\(^{124}\) See *id.* The court describes the pertinent facts as follows:

Defendants sell advertising space on the search result pages. Known as “banner ads,” the advertisements are commonly found at the top of the screen. The ads themselves are often animated and whimsical, and designed to entice the Internet user to “click here.” If the user does click on the ad, she is transported to the web site of the advertiser. As with other media, advertisers seek to maximize the efficacy of their ads by targeting consumers matching a certain demographic profile. Savvy web site operators accommodate the advertisers by “keying” ads to search terms entered by users. That is, instead of posting ads in random rotation, defendants program their servers to link a pre-selected set of banner ads to certain “key” search terms. Defendants market this context-sensitive advertising ability as a value-added service and charge a premium. Defendants key various adult entertainment ads to a group of over 450 terms related to adult entertainment, including the term “playboy” and “playmate.” Plaintiff contends that inclusion of those terms violates plaintiff’s trademark rights in those words.

\(^{125}\) See *id.*

\(^{126}\) *Id.* at 1073.
of the “trademark qua trademark”—i.e., no “use in commerce” under section 45 of the Lanham Act—means no possibility of trademark infringement. The court adopted, as a matter of factual determination, defendant’s argument. “Excite and Netscape do not use the words ‘playboy’ or ‘playmate’ to identify any goods or services.” This finding, then, suggests a straightforward resolution of the case—denial of Playboy’s motion for preliminary injunction for failing to meet the Lanham Act’s trademark use requirement. Without linking its analysis to this statutory requirement, and instead via a somewhat inchoate policy-based inquiry into the nature of the property right represented by trademarks generally, the court arrived at the same conclusion. The court developed the following list of propositions, supporting each with case citations:

A trademark is not an omnibus property right or a monopoly on the use of the words in the trademark. . . . A trademark holder may not bar all use on the Internet of words in the English language. . . . [A] party may “use” another’s trademark for purposes other than to identify the source of products. . . . A competitor may also use another’s trademark in its own advertising, as long as there is no confusion. . . . An unauthorized retailer may sell trademarked products without the trademark holder’s consent. . . . The sale of a trademark by itself, unattached to a product, is not infringement.

All true, of course. But this list of somewhat unconnected trademark truisms would have immediately coalesced into a coherent analytic whole when viewed against the central dogma of trademark law, established through the common law of trademarks and codified via the “use in commerce” requirement in the Lanham Act—that only source-identifying uses qualify as trademark uses. In other words, a citation to § 1127 and to the Supreme Court’s decisions in, for example, Theodore Rectanus or Mishawaka Rubber would have strengthened the court’s analysis. As it stands, the opinion applies precisely the right principles, but endows them with analytically shallow, or altogether misguided, support. Take for example, the court’s entirely unnecessary First Amendment analysis. Playboy, the court reasoned,

[w]as seeking to leverage its trademarks “Playboy®” and “Playmate®” . . . into a monopoly on the words “playboy” and “playmate.” Indeed, by seeking a prohibition on all advertisements that

127. Id. at 1078.
128. See id. at 1080-82.
129. Id. (citations omitted).
appear in response to the search words “playboy” and “playmate,” [Playboy] would effectively monopolize the use of these words on the Internet. This violates the First Amendment rights of (a) Excite and Netscape; (b) other trademark holders of “playboy” and “playmate”; as well as (c) members of the public who conduct Internet searches.\textsuperscript{130}

It may well be that the First Amendment provides part of the ultimate barrier against the kind of over-application of trademark law that Playboy sought (and unfortunately ultimately obtained). But there is no reason to reach the level of constitutional law here. Trademark doctrine can handle the matter perfectly well.\textsuperscript{131} This shows quite effectively the inefficiency—in terms of ensuring the right results in subsequent decisions—of broad policy or proto-constitutional statements where strong doctrinal grounds are readily available. Despite these weaknesses, the court’s heart was plainly in the right place. One cannot put the matter better than this: “The use by Excite and Netscape of the words ‘playboy’ and ‘playmate’ is not a use of [Playboy’s] trademarks. The words are not used to identify the source of any goods or services. . . . This reason alone justifies denial of the injunction.”\textsuperscript{132}

That, indeed, is a most satisfactory application of the first principle of trademark law, as well as an apt summary of the central thesis of this article. Where the allegedly infringing terms are not used to identify the source of goods or services, a trademark infringement claim (or, for that matter, a trademark dilution claim) cannot stand. This limitation is powerful and efficiently keeps trademark law within appropriate bounds, fostering competition and curtailing monopolistic tendencies that might arise through broader protections of words. Alas, it was not to carry the day. In 2004, the Court of Appeals reversed the district court’s grant of summary judgment in favor of defendants in this case on essentially the same grounds. To get around the district court’s trenchant trademark use analysis (even in its doctrinally underdeveloped state, the district court’s analysis packs substantial common-sense wallop), the Court of Appeals had to invent an entirely new principle, a principle that finally put the many prior courts’ blatant disregard of the trademark use requirement on a clear (albeit utterly unjustified and statutorily unsupported) doctrinal footing. It is the principle of “implicit labeling.” The radicalness of the court’s doctrinal invention serves to emphasize its novelty and lack of

\begin{footnotesize}
\textsuperscript{130} Id. at 1085.
\textsuperscript{131} Of course, courts are obligated under \textit{Ashwander v. TVA} to avoid parlaying a dispute into a constitutional struggle wherever possible. \textit{See} 297 U.S. 288, 346 (1936) (Brandeis, J., concurring); \textit{see}, \textit{e.g.}, \textit{Elk Grove Unified Sch. Dist. v. Newdow}, 124 S.Ct. 2301, 2308 (2004).
\textsuperscript{132} \textit{Playboy Enters., Inc.}, 55 F. Supp. 2d at 1082.
\end{footnotesize}
any foundation in the deep structure of trademark law or its codification. "Defendants," the Court of Appeals held in 2004, "argue that [liability] cannot be found because they do not label their own goods with [Playboy's] marks. However, when one considers things from the consumers' perspective, defendants' argument fails. According to [Playboy's] evidence, in the minds of consumers, defendants implicitly label the goods of [Playboy's] competitors with its marks." In other words, wherever there is no actual trademark use by the defendant of the allegedly infringing term—a fact that under traditional trademark law ends the inquiry—a form of constructive trademark use can be supplied by showing (how?) that consumers implicitly label the goods in question with the allegedly infringing term. That doctrinal innovation drastically strengthens trademark owners' rights.

The court's holding has at least the advantage of honesty. It allows us to see what drastic measures are needed to refute the district court's analysis and holding, and to accommodate doctrinally the expansion of Internet trademark infringement liability so that it encompasses non-trademark uses by defendants. Unfortunately, the district court's reasoning in denying Playboy's motion for a preliminary injunction, although sound in terms of capturing the essence of the deep policy of trademark law; was insufficiently doctrinally thorough to ward off the perversion of trademark law that has culminated in the Ninth Circuit's doctrinal enshrining of the theory of implicit labeling, or constructive trademark use. Constructive trademark use is, of course, an oxymoron in this context. It is a basic principle of trademark law that use of a symbol—whether for purposes of establishing rights in it or of basing liability on it—must be actual in order to be of relevance for trademark law purposes.


134. The strangeness of this "implicit labeling" doctrine is brought home even more clearly when contrasted with Playboy's concession at the district court level, made as a matter of course, that "Internet users who type in 'playboy' and 'playmate' as search terms are not infringing [Playboy's] trademarks. See Reporter's transcript of May 24, 1999 Hearing at p. 43 ('We're not in any way claiming that people who use the Internet, Playboy, Playmate, themselves are infringing')." Playboy Enters., Inc., 55 F. Supp. 2d at 1082 n.6. Neither Internet users nor the defendant search engines are making trademark use of these marks, yet trademark use is found. Where does it come from? From judicial creativity.

135. The obvious exception—the Lanham Act's specific provision of constructive use of an applied-for trademark as of the date of the filing of the federal application for purposes of establishing temporal priority, see 15 U.S.C. § 1057(c)—is limited in scope and, at any rate, merely serves to confirm the truth of the broader point. Recall, for example, that every federal trademark registration is subject to cancellation without a showing of actual use via "an affidavit setting forth
E. "Use" or "Commerce"?

As we have seen, the Lanham Act’s use of the term “commerce” refers to the constitutional requirement that attends every law passed by Congress in the exercise of its powers under the Commerce Clause. That is precisely how section 45 of the Lanham Act defines “commerce.” “Use in commerce,” on the other hand, is defined by section 45 as a term of art referring, not only to the constitutional requirement under the Commerce clause, but also to the general requirement of trademark law that a mark or term be “used” in a certain manner, i.e., on goods “when placed in any manner on the goods or their containers or the displays associated therewith or on the tags or labels affixed thereto, or if the nature of the goods makes such placement impracticable, then on documents associated with the goods or their sale,” and on services when “used or displayed in the sale or advertising of services and rendered in commerce.” These are two separate inquiries. As I shall discuss in Part III, several courts, ruling on trademark infringement allegations in the Internet context, are rather careless about the distinction between these inquiries. Such carelessness creates a substantial risk that an affirmative answer to an inquiry into the “commerce” prong of the “use in commerce” analysis will be taken to be an affirmative answer to the entire analysis. The consequence of such a substitution is, of course, that the trademark use requirement (the second prong of the “use in commerce” inquiry) will be obliterated and the application of trademark law drastically broadened—from symbols used on, or in connection with, goods and services to any conduct regulable by Congress under the Commerce Clause.

138. Professors Dogan and Lemley point out this issue.

While the use of a trademark as keyword may well be a use in interstate commerce sufficient to invoke the jurisdiction of the federal courts, satisfying this minimal requirement is not the same as proving that the defendant have made trademark use of the plaintiff’s brand. Unfortunately, an increasing number of courts equate the two and thus do not analyze the requirement of trademark use directly. This is a crucial error.

Dogan & Lemley, supra note 30, at 806 (footnotes omitted).
Some courts confronted this issue head-on and tried their best to resolve it, but nevertheless ended up muddying the waters. *Buti v. Perosa*\(^{139}\) shows how difficult an analytically clean inquiry can be in this area. It is a good example of a decision that made a resolute but not entirely successful attempt to draw a careful distinction between the “commerce” inquiry and the “use” inquiry. The case dealt with the conflict between the owners of a New York restaurant by the name and mark of “Fashion Café” and an Italian corporation that owned the identical mark in Italy and was seeking to establish rights to the mark, for clothing and restaurant services, in the United States.\(^{140}\) The plaintiff—the owner of the New York café—brought a declaratory judgment action, seeking a ruling that the defendant, who had applied to register the mark “Fashion Café” with the U.S. Patent and Trademark Office, had no rights in the “Fashion Café” mark in the United States.\(^{141}\) The defendant’s use of the mark in the U.S. was limited to certain advertising and promotional activities.\(^{142}\) The precise question confronting the Court of Appeals was whether those activities “constituted sufficient ‘use’ of the Fashion Café name ‘in commerce’ as to merit protection under the Lanham Act.”\(^{143}\) In other words, the parties’ dispute was entirely about the concept of “use” under the Lanham Act.\(^{144}\) It was undisputed by the parties—and, in fact supported by crucial concessions of the defendant—that the “commerce” prong of the “use in commerce” inquiry was satisfied, and that the defendant’s advertising and promotional campaign took place “in commerce” for purposes of the Commerce Clause.\(^{145}\)

Despite this crucial agreement by the parties on the commerce prong of the “use in commerce” inquiry, the court’s analysis remained oddly muddled. The court briefly recited the controlling principles.

We recently affirmed that the history and text of the Lanham Act show that “use in commerce” reflects Congress’s intent to legislate to the limits of its authority under the Commerce Clause. . . . The power of Congress to register marks stems only from the “Commerce Clause” of

\(^{139}\) 139 F.3d 98 (2d Cir. 1998).

\(^{140}\) See id. at 99-101.

\(^{141}\) Id. This case, then, fits into the category of a party trying to establish trademark rights, rather than a party trying to show that another’s use of a term constitutes trademark use and, hence, trademark infringement.

\(^{142}\) See id. at 99-101.

\(^{143}\) Id. at 102.

\(^{144}\) See id.

\(^{145}\) See id. (“Notwithstanding this disagreement over the statutory concept of ‘use,’ however, the parties are in complete accord as to the meaning under Section 45 of ‘commerce.’”).
the U.S. Constitution. . . . The Supreme Court, moreover, has made clear that Congress's authority under the Commerce Clause extends to activity that "substantially affects" interstate commerce. In the trademark context, the limits of Congress's Commerce Clause authority are manifested by the cases that define the extraterritorial reach of the Lanham Act.146

With regard to the "use" inquiry, the center and source of the parties' conflict, the court noted that the question whether promotional activities under the Fashion Café name by themselves—that is, without any accompanying offering of goods or services under that—can constitute trademark use. Turning to "first principles,"147 the court cited the Supreme Court's Theodore Rectanus opinion for the proposition that a party's right in a trademark arises only "as a right appurtenant to an established business or trade in connection with which the mark is employed."148 Based on this test, the court concluded that "[defendant's] mere advertising of the Fashion Café mark, standing alone, did not constitute 'use' of the mark within the meaning of the Lanham Act."149

This is not as clear as it could be. The Buti court's inquiry into "use" and "commerce" tended toward circularity. For example, the court rephrased its holding with the following words: "[Defendant's] activities in the United States were insufficient to establish 'use in commerce' of the Fashion Café name absent proof that [defendant] offered any restaurant services in United States commerce."150 This way of putting the issue appears to re-introduce commerce considerations into the use inquiry. It actually does not, because the court here merely restated the evidentiary fact that the defendant offered no relevant goods or services in the U.S., and it put that evidentiary fact—accurately but confusingly—in "commerce" terms. But the court's inquiry itself centered on use, as the following passage in the court's opinion makes clear.

146. Id. (citations and quotation marks omitted).
147. Id. at 103.
148. Id. (quoting United Drug Co. v. Theodore Rectanus Co., 248 U.S. 90, 97 (1918)).
149. Id.
150. Id. The Buti court further restated the central issue, with its emphasis on use, but a strong secondary reference to commerce: "Mere advertisement of a product by use of a mark would not constitute common law trademark use. . . . [T]rademark rights develop when goods bearing the mark are placed in the market and followed by continuous commercial utilization." Id. (citation and quotation marks omitted).
We believe the answer [to the question posed by the case] lies in first principles. The Supreme Court explained long ago that "the right to a particular mark grows out of its use, not its mere adoption; its function is simply to designate the goods as the product of a particular trader and to protect his good will against the sale of another's product as his; and it is not the subject of property except in connection with an existing business."\footnote{151}

This use requirement characterizes trademark law \textit{qua} trademark law. The apparent circularity is created by the fact that the requisite use has to be in connection with a business, a commercial venture, which inescapably introduces commerce notions into the use inquiry.

Regardless of the court's analytic difficulties, "use" and "commerce" are nevertheless separate. Take, for instance, the defendant's actions in \textit{Buti}. Because the promotion of "Fashion Café" was unconnected with restaurant services in the U.S. (i.e., restaurant services offered in U.S. commerce), the defendant had no rights in the U.S. to the "Fashion Café" trademark or service mark. Therefore, defendant's advertising did not qualify as "use in commerce," as \textit{Buti} repeatedly and undifferentiatedly stated.\footnote{152} Does that mean that the advertising activities of the defendant—which, as we know from the court's holding, do not qualify as "use in commerce"—do not take place in commerce and are therefore beyond Congress's legislative powers under the Commerce Clause? Absolutely not. Defendant's promotion of "Fashion Café" may be subject to other laws and regulations passed by Congress under the Commerce Clause since it has jurisdiction to investigate and prosecute deceptive advertising.\footnote{153} This proves that "commerce" and "use" are different inquiries. These activities are \textit{not} associated with the actual offering of goods or services. \textit{Ergo}, whatever other commercial activity they may constitute, they are not trademark use.

A case in which the court was more successful in drawing a distinction between the "use" and the "commerce" prong of the "use in commerce" test for Lanham Act purposes is \textit{United We Stand America, Inc. v. United We Stand, America New York, Inc.},\footnote{154} also from the

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\footnote{151}{Id. (quoting Theodore Rectanus, 248 U.S. at 97).} 
\footnote{152}{See id. passim.} 
\footnote{153}{See, e.g., Novartis Corp. v. Fed. Trade Comm'n, 223 F.3d 783, 785 (D.C. Cir. 2000). Defendant's advertising activities are subject to Federal Trade Commission oversight. The F.T.C. is, of course, an agency established by Congress under the Commerce Clause. See, e.g., U.S. v. Gillies, 851 F.2d 492, 493 (1st Cir. 1988).} 
\footnote{154}{128 F.3d 86 (2d Cir. 1997).}
Second Circuit, and decided approximately around the time of *Buti*. The issue in *United We Stand*, with regard to the use prong, illuminated a different aspect of the use question than in the *Buti* decision. In *Buti*, the question was whether the defendant used its mark in connection with *any* services offered in U.S. commerce.¹⁵⁵ In *United We Stand*, the question was whether the services in connection with which defendant used its mark qualified as services within the meaning of the Lanham Act.¹⁵⁶ The defendant in *United We Stand* contended that its political activities did not constitute "services" for Lanham Act purposes. The court noted that "[t]he protection of the trademark or service mark of non-profit and public service organizations requires that use of the mark by competing organizations be prohibited... [and that] [t]he Lanham Act has thus been applied to defendants furnishing a wide variety of non-commercial public and civic benefits."¹⁵⁷

The court concluded that defendant offered "services characteristically rendered by a political party to and for its members, adherents, and candidates. Although not undertaken for profit, they unquestionably render a service. We have no doubt that they satisfy [the Lanham Act's] requirement that the mark be used in connection with goods or services."¹⁵⁸

A profit motive, then, is irrelevant for whether an activity constitutes a service under the Lanham Act. Thus, the defendant organization, which was created "to solicit, collect and otherwise raise money in support of the presidential candidacy of Ross Perot,"¹⁵⁹ offered services under the Lanham Act, and any mark used in connection with that offering of services was in principle "covered by the Lanham Act.

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¹⁵⁵. See *Buti*, 139 F.3d at 103.
¹⁵⁶. See *United We Stand Am., Inc.*, 128 F.3d at 89.
¹⁵⁷. Id. at 89-90.
¹⁵⁸. Id. at 90. There is some rather powerful case law contradicting, or arguably contradicting, the court's conclusion. In *Lucasfilm Ltd. v. High Frontier*, for example, the court held that "[p]urveying points of view [are] not a service" contemplated by the Lanham Act, and stated that "[d]efendants' only activity is trying to communicate their ideas." 622 F. Supp. 931, 934 (D.D.C. 1985). The *United We Stand* court rejected this holding.

[W]e respectfully suggest that the court reached the right result but did not correctly describe the reason. If the court were right that communicating ideas and purveying points of view is not a service subject to the controls established by trademark law, then one who established a learning center would be free to call it Harvard or Yale University. We do not think the *Lucasfilm* court intended such a rule. In our view, the justification for denial of relief in that case lay in the fact that the defendants were using plaintiff's mark not in a manner that would create confusion as to source, but rather as part of a message whose meaning depended on reference to plaintiff's product.

¹⁵⁹. *United We Stand Am., Inc.*, 128 F.3d at 90 (quotation marks omitted).
Having reached this threshold determination with regard to "use," the court then proceeded to analyze whether defendant's use of the mark in question took place "in commerce." The court stated:

[Defendant] argues that [the court's] interpretation of "services" ignores the specification of § 1114(1)(a) that the use prohibited must be "in commerce." We disagree with its reading of the statute. The history and text of the Lanham Act show that "use in commerce" reflects Congress's intent to legislate to the limits of its authority under the Commerce Clause, rather than to limit the Lanham Act to profit-seeking uses of a trademark.

That latter sentence, while true in the context of the opinion, is an example of language that can easily be misunderstood to mean that the entirety of the "use in commerce" inquiry is exhausted by answering the questions whether the defendant's activities fall within Congress's legislative power under the Commerce Clause. As the remainder of United We Stand clearly shows, this is emphatically not the case. Instead, "use" and "commerce" are separate inquiries that combine into a conjunctive test for Lanham Act applicability.

I have discussed the question of trademark use in two circumstances. (1) Defendant only promoted its mark, but offered no goods or services under it in the United States. Buti held that this does not constitute trademark use. (2) Defendant uses the allegedly infringing mark in connection with the offering of services, but argues that the services are not for profit and thus do not constitute "services" as that term is understood in the Lanham Act. Analogous to the reasoning in Buti, the defendant in United We Stand inferred from this lack of services that it did not "use" the mark, and hence could not be held liable for infringement. United We Stand held that intent to profit from the services offered is not a necessary condition for those services to fall within the ambit of the Lanham Act, and specifically, that a mark used in connection with such services can infringe upon another party's trademark rights. In both instances, the inquiries on "use" and on "commerce" were analytically separate, and the courts made substantial, albeit perhaps not entirely successful, efforts not to conflate them. But the lesson is clear: an affirmative answer to the "commerce" question permits no inference with regard to the "use" question.

160. Id. at 92.
161. See id. at 92-93.
162. Id. at 92.
163. Id. at 92-93.

A. Novel Facts and Legislative Reactions

The issue of trademark use was well settled in traditional trademark doctrine and did not tend to raise any substantial questions. The reason for this is quite obvious. The structure of the physical environment in which life, and commercial activities, tended to largely take place put substantial limitations on human conduct. In the current Age of the Internet, it has become a truism that many such limitations have been removed.

Trademark law reacted quickly to a perceived threat of an explosion of infringement via the Internet. Some legislative help was felt to be necessary to adjust the traditional balance to account for the changed empirical situation. Particularly with regard to the phenomenon of cybersquatting, traditional trademark law was plainly unable to cope with the new challenges. Individuals, such as Dennis Toeppen, succeeded initially in registering large numbers of well-known trademarks as domain names, and then proceeded to offer them—often for steep sums—to the owners of the trademarks for purchase. Pre-Internet trademark law did not offer much in terms of an effective weapon against such conduct. Where a domain name was being passively held by a cybersquatter, and did not point to any web site, thorny questions arose regarding both trademark use and consumer confusion. It was for this reason that the courts increasingly relied on the Federal Trademark Dilution Act (“FTDA”) as the tool of choice to combat cybersquatters. The main reason for using the FTDA was that claims for dilution do not require a showing of likelihood of confusion. But the FTDA itself has serious limitations. It protects only famous marks, thus providing no protection to owners of “ordinary” trademarks. Moreover, like all other trademark protections in the Lanham Act, it requires trademark use by the defendant of the allegedly infringing term. That requirement is not met where a cybersquatter is

164. Cyber-squatting is the illicit registration of domain names containing a well-known trademark by a third party, done with the aim of making a profit by selling the domain name to the mark's owner. See, e.g., Intermatic Inc. v. Toeppen, 947 F. Supp. 1227, 1233 (N.D. Ill. 1996).
165. See id. at 1230; Panavision Int'l, L.P. v. Toeppen, 141 F.3d 1316, 1318-19 (9th Cir. 1998).
167. See § 1125(c)(1).
168. See id.
merely passively holding a domain name without connecting it to a web site. Thus, to accommodate the desire of trademark owners to protect their valuable marks against cybersquatting, Congress in November 1999, passed the Anti-Cybersquatting Consumer Protection Act ("ACPA"). The ACPA enables trademark owners to recover domain names that incorporate terms identical with, or similar to, the plaintiffs' marks from parties who have registered such domain names in bad faith. Bad faith is determined by reference to a statutory list of factors. Where the defendant cannot be found, or personal jurisdiction over the defendant cannot be established, the ACPA provides for in rem proceedings against offending domain names directly. Such proceedings must be brought in the federal district in which the domain name registrar, registry, or other domain name authority for the defendant domain names is located. The in rem provisions are problematic because they have sometimes tended to put U.S. courts in charge of disputes over the territorial reach of trademark rights that have little, if anything, to do with legitimate U.S. interests. Fortunately, though, these decisions are doctrinally and factually extremely narrow. Despite the vast potential overbreadth of the ACPA in this regard, the decisions—one thinks of cases such as Harrods, Porsche, and Cable News Networks—have not given rise to an expanding body of precedent. They may be problematic in themselves, but they are no more than that. They do not reach beyond themselves. In other words, neither the in personam, nor the in rem, provisions of the ACPA have shown any tendency of the "doctrinal creep" of which Professor Lemley has so rightly warned. It seems they simply address too specific a problem to be capable of expansion.

Rather, Congress, by passing the ACPA, has done the health and integrity of trademark law a great service. It was clear prior to passage of the ACPA that trademark owners felt an almost desperate need to protect their marks against domain name infringement. While existing doctrine was insufficient, judges were sympathetic, particularly where

169. § 1125(d).
170. See § 1125(d)(1)-(2).
171. See § 1125(d)(1)(B)(i).
173. See Lemley, Modern Lanham Act, supra note 1, at 1698.
174. Note that the Uniform Dispute Resolution Policy, or UDRP, passed by Internet Corporation for Assigned Names and Numbers, or ICANN, also has helped tremendously to relieve the pressure on the legal system to adjudicate domain name issues that were not easily conceptualized by existing law.
the defendants were plainly bad actors intentionally using legal loopholes and revolutionary and confusingly novel technology to get away with conduct that had all indicia of wrongdoing, but could not be pigeonholed into existing doctrinal structures. As a result, prior to passage of the ACPA, trademark law got stretched, sometimes beyond recognition, to achieve an imposition of liability, which the court's sense of right and wrong seemed to be plainly calling for. Of special interest in this regard is language from several courts pertaining to the "use in commerce" requirement. This requirement is careless and motivated by highly specific facts and the peculiar legal problem explained above, and should accordingly have been abandoned long ago. Yet some of this ill-founded use in commerce language continues to live on in the wrong context, causing an overbroad application of trademark law.

B. Brookfield, Metatags, and the Demise of Trademark Use

As we saw, one source of distortion of traditional trademark doctrine caused by the Internet was the phenomenon of cybersquatting, and the relative helplessness of trademark owners vis-à-vis the early cybersquatters. That problem has been largely solved, via both the ACPA and the Uniform Dispute Resolution Policy. The more important problem, though, persists to this day. It, too, has been a rich source of doctrinal confusion and misdevelopment. Unfortunately, while some courts are starting to express plain disaffection with the state of the law, and some have taken encouraging steps to rectify the situation, a thorough readjustment is still outstanding.

The problem is the courts' treatment of computer code that the consumer or Internet user does not ordinarily see, but that causes a defendant's web site to appear favorably placed on a search result list for plaintiff's products, or that activates a banner ad or pop-up ad that is tailored to the search terms used by the consumer and, thus, is likely to hawk the products or services of the plaintiff's competitors. The issue of banner ads and pop-up ads is rather new and has recently given rise to thoughtful and important decisions that have the potential to move the law in the right direction. They will be discussed below. The issue of

175. See Panavision Int'l, L.P. v. Toeppen, 141 F.3d 1316, 1320-21, 1326-27 (9th Cir. 1998); Intermatic Inc. v. Toeppen, 947 F. Supp. 1227, 1229 (N.D. Ill. 1996). Intermatic and Panavision are prime examples of such undue stretching of existing doctrine to fit elusive fact patterns. In particular, note the Panavision court's stretching of the FTDA, and of the law of personal jurisdiction, in order to allow the plaintiff to maintain a dilution claim.

176. For a discussion of such cases see supra Part II.B and Part II.C.

177. See infra Part III.D.
placement on a search engine list goes back several years earlier. It centers on the defendant's use of invisible metatags to enhance positioning of defendant's web site. What is allegedly actionable about this? The fact that the metatags of the defendant's web site include the plaintiff's trademarks. Search engines used to rely on the frequency of a term on a web site (including in its metatags) to determine the putative relevance of that web site to the Internet user's inquiry. So repeating the word NIKE several hundred times in the metatags of a web site, for example, would make it likely that that web site would receive a prominent place in the list of search results for the term NIKE.  

Regardless of modern search engine technologies that have marginalized or obviated metatag-based search techniques, the law on trademark infringement based on metatag use is very much with us today. The principles developed in that line of precedents remain, in fact, a mainstay of trademark law as applied to the Internet. I maintain that the central tenets of this body of law—specifically, those tenets addressing the issue of trademark use—are mistaken, from both a doctrinal and a policy perspective. Since the Internet version of trademark law reigns relatively unchallenged in the courts today, and since the Internet has become such a large part of human reality and given rise to a substantial body of trademark law, this represents a serious problem.

The most important case, much discussed in subsequent decisions and in academia, is the Ninth Circuit's 1999 decision in *Brookfield*. Many students of trademark law have commented on, and often harshly criticized, the *Brookfield* decision, and I am much indebted to their

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178. These kinds of metatags are also known as "keyword" metatags. "The keyword meta tag, in theory, increases search engine accuracy by offering more efficiently condensed and accurate information about the contents of a page than the search engine's machine-driven algorithm might provide." Lastowka, *supra* note 35, at 844-45.


180. Unfortunately, such a specialized body of law—even apart from expressly specialized statutes like the ACPA—developed quickly under the pressures of radical technological innovation. See discussion *infra* Part III.C.

181. The issue of trademark liability in the keyword and metatag context in general, and its resolution in *Brookfield* in particular, has received extensive scholarly attention. See Goldman, *supra* note 31, at **56-58 (presenting a representative, but non-exhaustive selection of other pertinent articles, arguing pro and con on the liability question); see also Chad J. Doellinger, *Trademarks, Metatags, and Initial Interest Confusion: A Look to the Past to Re-Conceptualize the Future*, 41 IDEA 173, 225 (2001) (arguing that "the initial interest confusion doctrine as applied to metatags and in the internet context is well-settled law," but seeking to reconceptualize *Brookfield's* application of the doctrine in light of "normative suggestions for its application to metatags, driven by the brick and mortar history of the doctrine as well as policy considerations."); David Hricik, *Reading Too Much Into Nothing: The Metaphor of Place and the Internet*, in 55 MERCER L. REV.
work. As I mentioned before, a Ninth Circuit judge recently called for an en banc reassessment of Brookfield’s central innovation—the application of the initial interest doctrine to trademark infringement via metatags.¹⁸² But many courts and commentators have missed

Brookfield's deep doctrinal mistake, and have therefore launched criticisms and proposed remedies that fail to solve the problem. The problem, in a nutshell, is the drastic broadening of liability for trademark infringement on the Internet—via the obliteration of the trademark use requirement—for conduct that may not actually result in high levels of consumer confusion, and that simply does not seem to be trademark infringement in the sense lawyers and judges have been understanding this body of law.

Ironically, the facts of Brookfield carry within them the refutation of the court's theory of liability. Therefore, although this is rather well-trodden territory, we must examine them in depth. The plaintiff, Brookfield Communications, offers among other products "comprehensive, searchable, entertainment-industry databases and related software applications containing information such as movie credits, box office receipts, films in development, film release schedules, entertainment news, and listings of executives, agents, actors, and directors." Brookfield sells these databases and applications under the trademark MovieBuff. They can be purchased on Brookfield's websites: moviebuffonline.com and brookfieldcomm.com. Enter defendant, West Coast Video. "In October 1998, Brookfield learned that West Coast—one of the nation's largest video rental store chains with over 500 stores—intended to launch a web site at 'moviebuff.com' containing, inter alia, a searchable entertainment database similar to 'MovieBuff.'" Understandably, Brookfield was unhappy. It sued West Coast Video, but failed to obtain preliminary injunctive relief from the district court. West Coast launched its web site at moviebuff.com.

Brookfield sought emergency relief from the Court of Appeals, which proved to be a decidedly more sympathetic forum than the district court. It granted an emergency motion for injunctive relief to block West Coast's moviebuff.com web site. The appeal was quickly decided, and Brookfield prevailed across the board. The court's analysis of the

183. See cases cited supra note 181.
184. Brookfield Communications, Inc. v. W. Coast Entm't, 174 F.3d 1036, 1041 (9th Cir. 1999).
185. See id.
186. See id. at 1042.
187. Id.
188. See id. at 1043.
189. See id.
190. See id.
191. It took the Court of Appeals less than five months from the filing of the notice of appeal to decide the case and issue a lengthy and detailed opinion. See id. at 1043-44.
192. See id. at 1066-76.
parties' respective rights to the trademark MovieBuff is unremarkable.\textsuperscript{193} The court found that Brookfield was the senior user of the mark.\textsuperscript{194} Therefore, the court further found—entirely correctly and unremarkably—that West Coast’s use of the domain name moviebuff.com, pointing to a website that sold products that directly competed with Brookfield’s products, infringed Brookfield’s rights in its use of the mark MovieBuff.\textsuperscript{195}

So far, so good. Had the opinion stopped there, it would have remained both obscure and uncontroversial. But the court boldly struck out into new doctrinal territory. In the latter part of its opinion, the court analyzed Brookfield’s claim that West Coast’s use of the MovieBuff mark in the “buried code” of its web site constituted trademark infringement.\textsuperscript{196} “[W]e conclude,” the court held, “that the Lanham Act bars West Coast from including in its metatags any term confusingly similar with Brookfield’s mark.”\textsuperscript{197} This is remarkable: Note that the web site under discussion in this section of the opinion is not West Coast’s website at moviebuff.com, but rather another web site it maintained at the plainly uninfringing domain name westcoastvideo.com.\textsuperscript{198} As the court put the issue: “Here, we must determine whether West Coast can use ‘MovieBuff’ or ‘moviebuff.com’ in the metatags of its web site at ‘westcoastvideo.com’ or at any other domain address other than ‘moviebuff.com’ (which we have determined that West Coast may not use).”\textsuperscript{199} What, however, did the court mean by “metatags”? The definition is crucial. “[M]etatags are HTML code not visible to Web users but used by search engines in determining which sites correspond to the keywords entered by a Web user.”\textsuperscript{200} To say it again—metatags, the court found, are not visible to web users.\textsuperscript{201}

How, then, can they function as trademarks or infringe trademarks (which, as we have seen, in terms of the use in commerce requirement and the signification function of marks, comes to the same thing)? I argue that they cannot. To hold otherwise would clash with the core

\begin{itemize}
\item \textsuperscript{193} See, e.g., id. at 1046-61.
\item \textsuperscript{194} See id. at 1053.
\item \textsuperscript{195} See id. at 1061.
\item \textsuperscript{196} See id. at 1061-66.
\item \textsuperscript{197} Id. at 1065.
\item \textsuperscript{198} See id. at 1062.
\item \textsuperscript{199} Id.
\item \textsuperscript{200} Id. at 1061-62 (emphasis added).
\item \textsuperscript{201} A reasonably computer-literate Internet user can, of course, cause metatags to be made visible, and can review them. This fact plays no role in the court’s analysis. Neither, to my knowledge, does it play any role in the analysis of metatags in other U.S. decisions pertaining to trademark law.
\end{itemize}
meaning of both the "use in commerce" requirement under the Lanham Act and the common law-rooted, deep structure of trademark law in general. But the court's blindness to the foundations of the law it is dealing with is complete. *Brookfield* betrays not a hint of awareness that the court's ruling turns trademark law upside down. The court stated that "West Coast's use of 'moviebuff.com' in metatags [of the westcoastvideo.com website] will still result in what is known as initial interest confusion." With this sentence, *Brookfield* elevated the hitherto rather obscure initial interest confusion doctrine to a position of prominence in Internet trademark law. But the court had it backwards, doctrinally and logically. Trademark use by the defendant—"use in commerce" in Lanham Act lingo—must be established before an analysis of the likelihood of confusion is even meaningful. It is the *Brookfield* court's cardinal mistake to disregard the trademark "use" requirement—a mistake that has bequeathed upon U.S. law the by-now infamous "Blockbuster Video" parable. That exercise in judicial

202. *Brookfield*, 74 F.3d at 1062. The court explains the initial interest confusion doctrine as follows:

Web surfers looking for Brookfield's "MovieBuff" products who are taken by a search engine to "westcoastvideo.com" [(parenthetically, reputable search engines do not "take" users to web sites—it always requires an affirmative act by the user to go so a web site from a list of search results)] will find a database similar enough to "MovieBuff" such that a sizeable number of consumers who were originally looking for Brookfield's product will simply decide to utilize West Coast's offerings instead. Although there is no source confusion in the sense that consumers know they are patronizing West Coast rather than Brookfield, there is nevertheless initial interest confusion in the sense that, by using [(the court provides no analysis of what "use" means in the metatag context)] "moviebuff.com" or "MovieBuff" to divert people looking for "MovieBuff" to its web site, West Coast improperly benefits from the goodwill that Brookfield developed in its mark.

Id. Apart from there being no trademark use because West Coast's metatags are hidden from the consumers' view, this is an accurate analysis of the initial interest confusion doctrine.

203. See id.

204. The Blockbuster parable, in full, states:

Using another's trademark in one's metatags is much like posting a sign with another's trademark in front of one's store. 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
storytelling has, as we shall see, wreaked havoc with trademark law on
the Internet, and the misguided doctrinal thinking it has engendered has
proved remarkably difficult to eradicate. Why? Because the court’s
metaphor was well integrated in the narrative of the opinion and appears
to flow naturally from the court’s premises. The falsity of those premises
was thereby effectively hidden.

Brookfield treated the question of liability on the basis of metatags
entirely separately from the question of domain name liability, and even
noted that this inquiry is “quite different” from the domain name
inquiry. Furthermore, as shown above, the court was also perfectly
aware that metatags are ordinarily not visible to consumers. The court
distinguished the two issues, and rather effectively so:

Although entering “MovieBuff” into a search engine is likely to bring
up a list including “westcoastvideo.com” if West Coast has included
that term in its metatags, the resulting confusion is not as great as
where West Coast uses the “moviebuff.com” domain name. First,
when the user inputs “MovieBuff” into an Internet search engine, the
list produced by the search engine is likely to include both West
Coast’s and Brookfield’s web sites. Thus, in scanning such list, the
Web user will often be able to find the particular web site he is
seeking. Moreover, even if the Web user chooses the web site
belonging to West Coast, he will see that the domain name of the web
site he selected is “westcoastvideo.com.” Since there is no confusion
resulting from the domain address, and since West Coast’s initial web
page prominently displays its own name, 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.

The domain name westcoastvideo.com was, as the court correctly
observed, not confusingly similar to any mark owned by Brookfield.
Moreover, the list of search results, created in response to a consumer
inquiry for the term “MovieBuff,” showed both West Coast’s and
Brookfield’s websites, and West Coast’s website prominently displayed
the West Coast name. Thus, the likelihood of consumer confusion was
small to nonexistent. Without the aid of the initial interest confusion
doctrine, then, liability could not be imposed (or, at a minimum, the

would be misappropriating West Coast’s acquired goodwill.

Id. at 1064.

205. Id. at 1062.

206. Id.

207. See id.

http://scholarlycommons.law.hofstra.edu/hlr/vol33/iss2/7
court would not be justified to impose a preliminary injunction on Brookfield).

Missing in all of this, however, is any discussion of the use West Coast was actually making of the MovieBuff trademark in terms of the "use in commerce" requirement under the Lanham Act. Instead, after drawing the above distinction, the court discussed the initial interest confusion doctrine and its applicability to the metatag situation, in great detail and to considerable effect.\textsuperscript{208} The court then undertook a thorough review of the main cases on initial interest confusion, including \textit{Mobil Oil Corp. v. Pegasus Petroleum Corp.}\textsuperscript{209} and \textit{Grotrian v. Steinway & Sons}\textsuperscript{210}—the Second Circuit precedents that first gave expression to the doctrine.\textsuperscript{211} That case review led up to the famous—or infamous—Blockbuster Video metaphor, by which the \textit{Brookfield} court sought to make the evils of trademark use in metatags palpable.

There is an irony here. All of the cases the court discussed in its initial interest confusion section, without exception (and even including the few cases the court cites that rejected the doctrine), dealt with situations where the defendant made use of the plaintiff’s marks or a confusingly similar term that was plainly visible to consumers. For example, in \textit{Grotrian}, the foundational case for initial interest confusion, the court found that the district court’s finding of willful infringement was strongly supported by, among other evidence, the

\begin{quote}
"obvious visual and audible similarity between ‘Steinway’ and ‘Steinweg’, which is enhanced when the German ‘veg’ is translated to the English ‘way.’ The probability of audible identity of the marks is virtually assured by plaintiff’s instructions to its dealers." Such finding is squarely supported by an advertising brochure published by Grotrian in which instructions were given to the English-speaking reader on how to pronounce “Grotrian-Steinweg”: “The name should be pronounced as shown phono-technically thus—GRO-TREE-AN SHTYNE-VAKE—the final letter K being soft or voiceless."\textsuperscript{212}
\end{quote}

In other words, the presentation of the defendant’s infringing mark to consumers’ senses of vision and hearing was at the heart of the \textit{Grotrian} decision. Obviously, this deliberately prominent use by the defendant of

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\textsuperscript{208} See id.
\textsuperscript{209} 818 F.2d 254 (2d Cir. 1987).
\textsuperscript{210} 523 F.2d 1331 (2d Cir. 1975).
\textsuperscript{211} See \textit{Brookfield}, 174 F.3d at 1062-64.
\textsuperscript{212} \textit{Grotrian}, 523 F.2d at 13-38 (citing the district court’s findings as related to the audible identity of the marks) (citations omitted) (emphasis omitted).
\end{flushright}
the infringing mark was the exact opposite of the covert use to which West Coast put the "MovieBuff" mark.\footnote{213}

The irony becomes even more pronounced once we reach the court's famed simile. The court's entire rhetorical edifice was centered on billboards—flashy signage, in other words, that people driving by on the highway are sure to notice. The first sentences give it all away.

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.\footnote{214}

What is the infringing conduct here? The putting up of a prominent sign using another party's mark. Potential consumers \textit{read} the sign and then


\footnote{214. \textit{Brookfield}, 174 F.3d at 1064.}}
act on the message they have received from it. This, of course, is the very epitome of trademark use, and thus (potentially, depending on the facts) of trademark infringement. The defendant in this scenario is literally using a “sign to the public,” as the Qualitex court put it, thus impermissibly trading off of the “commercial magnetism” of plaintiff’s mark.

Brookfield’s simile is substantially informed by Blockbuster Entertainment Group v. Laylco, Inc., a 1994 case from the Eastern District of Michigan. To appreciate the remarkable extent of Brookfield’s blindness, it pays to look a little closer at the Blockbuster decision. That decision—just like the others on which Brookfield relies to explain the initial interest confusion doctrine—is fully in keeping with traditionally accepted notions of trademark use. Since 1986, Blockbuster, “the world’s leading home video rental company” and the plaintiff in the lawsuit, “has continually used [its BLOCKBUSTER] marks and has spent millions of dollars in promoting its name.” The defendants, who are also in the video rental business, own three stores in the Detroit area that are named “Video Busters.” Blockbuster sued, alleging the name Video Busters infringed on the BLOCKBUSTER trademark. As the court correctly observed, “the issue in this case is the degree of likelihood that the name ‘Video Busters’ would attract potential customers based on the reputation built by Blockbuster.” As in Grotrian, the “use in commerce” requirement was obviously met in this case. To make this point even more clear, the Brookfield court itself emphasized the open and notorious way in which the defendant in Blockbuster used the allegedly infringing mark: the Blockbuster court found “trademark infringement where the defendant, a video rental store,

218. See id.
219. See cases cited supra note 213.
221. Id. at 508.
222. See id.
223. See id.
224. See id.
225. See id. at 513.
attracted customers' initial interest by using a sign confusingly [sic] to its competitor's . . . ."227

The Blockbuster defendant affirmatively used a sign to attract the interest of the public. In one form or another, so did every other defendant in every initial interest confusion case on which Brookfield relied.228 But the defendant in Brookfield did not, as far as the metatag issue is concerned.229 The metatags were readable by search engines. But machines are not susceptible to the "commercial magnetism," the "drawing power of a congenial symbol."230 They were not visible by consumers, as the court clearly stated.231

But if they are not visible—and since smell, sound and touch are not at issue here—then they cannot act as a "sign to the public"232 and communicate with consumers. This being true, metatags cannot act as trademarks, or, more precisely, they are not being "used in commerce," as the Lanham Act defines that term.233 The factual distinction between the metatags in Brookfield and the signage in Blockbuster is palpable and drastic.234 The court made nothing of it.

With Brookfield, the idea that a defendant's invisible—or more generally, imperceptible—use of the plaintiff's mark can support a finding of liability for trademark infringement became firmly entrenched in U.S. law. Brookfield cited a few precedents in support of its metatag theory, all from the district court level.235 "The few courts to consider whether the use of another's trademark in one's metatags constitutes trademark infringement have ruled in the affirmative."236 These

228. See cases cited supra note 213.
229. We know, because the court tells us, that the court is analyzing the metatag question entirely separately from the domain name question. See Brookfield, 174 F.3d at 1064. The domain name question in Brookfield is, of course, an easy and straightforward case of trademark infringement (once various complications concerning priority are resolved).
231. See Brookfield, 174 F.3d at 1061-62 n.23.
234. Professor Goldman provides the following analysis of Brookfield's billboard analogy: [T]he analogy makes an apples-to-oranges comparison. In the search engine context, keyword metatags act as a trigger to cause the display of filtering content, but the searcher never sees the text contained in the keyword metatags. In the billboard analogy, the billboard is the filtering content. Therefore, keyword metatags and billboards do not perform the same function.
235. See Brookfield, 174 F.3d at 1064-65.
236. Id. at 1064.
precedents, then, are—at least in part—the true originators of this wrongheaded development in trademark law.237 Calvin Designer238 is the earliest of the three. It is both exceedingly short and devoid of meaningful analysis. The facts were straightforward: “Defendants have used the marks PLAYBOY and PLAYMATE as part of their domain names on the Internet and used the marks PLAYMATE and PLAYBOY within Internet Web pages offered at the sites at Internet addresses www.playboyxxx.com and www.playmatelive.com, all without [plaintiff’s] authority.”239

This would appear to be a plain case of trademark infringement. That is exactly how the court treated it. The court found Playboy was likely to succeed on the merits and thus granted Playboy’s motion for a preliminary injunction.240 This is correct with regard to the trademark use requirement since the defendant’s use of Playboy’s marks in the defendant’s domain names and on its web site was prominently visible. But then the court, in its brief and entirely descriptive, rather than analytic, findings on likelihood of success, lumped the above facts together (in the same run-on sentence, no less) with a finding that defendants’ “repeated use of the PLAYBOY trademark in machine readable code in Defendants’ Internet Web pages, so that the PLAYBOY trademark is accessible to individuals or Internet search engines which attempt to access Plaintiff under Plaintiff’s PLAYBOY registered trademark.”241 This is unproblematic insofar as it pertains to the domain names and use of the mark on defendants’ web site. It is, however, very problematic with regard to the “machine readable code.” That use of Playboy’s mark was plainly not for human eyes. It should, therefore, have been incapable of establishing trademark use. Trademark use was, of course, already plainly established via the other conduct of the defendants. Thus, there was no need for the court to spend any analytic energy on tackling the possibly thorny question of whether “machine-readable code”242 can constitute trademark use. Unfortunately, Brookfield subsequently removed the phrase “repeated use of the PLAYBOY trademark in machine readable code in Defendants’ Internet

239. Id. at 1221.
240. Id.
241. Id. (emphasis added).
242. Id.
Web pages" from its factual context and utilized it to support the entirely different and unrelated—and nonsensical—proposition that a defendant's use of plaintiff's trademark solely in machine-readable code can constitute trademark infringement. The genie is out of the bottle, and no one has as yet been able to return it there.

The factual situation in *Asiafocus* was quite similar to that in *Calvin Designer*. The plaintiff once again was Playboy, and the trademarks at issue were PLAYBOY and PLAYMATE. The defendants not only "provided adult nude photos on the Web pages located at . . . ASIAN-PLAYMATES.COM and PLAYMATES-ASIAN.COM," but also used those trademarks "to promote the sale of goods and services including playing cards, calendars, wrist watches, and key chains . . . ." Moreover, there was at least some evidence of actual confusion. Undoubtedly, then, Playboy had a strong trademark infringement claim against these defendants. Given the plain visibility of domain names, using the facts as found by the court as the basis for imposing liability for trademark infringement is unproblematic. It seems clear that these defendants were bad actors bent on exploiting the goodwill of Playboy's marks.

Then the court reached the issue of invisible, machine-readable code, in which the defendants included Playboy's marks. The court stated:

The defendants have purposefully employed deceptive tactics to attract consumers to their Web site under the guise that their sites are sponsored by or somehow affiliated with [Playboy]. Specifically, the defendants embedded [Playboy's] trademarks "playboy" and "playmate" within the Web sites' computer source code which is visible to "search engines" that look for Web sites containing specific words or phrases specified by computer users. Thus, a consumer conducting a search for [Playboy]'s Web site by typing in the trademark "Playboy" or "Playmate" would receive a search engine-generated list which included the asian-playmates Web site. Through the defendants' willful deception, consumers have been misled into

243. *Id.*
244. *See* Brookfield Communications, Inc. v. W. Coast Entm't Corp., 174 F.3d 1036, 1064-65 (9th Cir. 1999).
246. *Id.* at *2.
247. *Id.* at *3.
248. *See* id. at *4.
249. *See* id. at *3.
believing the asian-playmates Web site is connected with, or somehow sponsored by, [Playboy].

In the context of the other facts as determined by the court, this analysis is quite plausible. When taken with defendants' unauthorized use of Playboy's marks in defendants' domain names and in connection with their sale of certain goods, their further use of these marks could reasonably have been taken as evidence of the defendants' intent and of the willfulness of their infringement. Moreover, as the Asiafocus court noted, the machine-readable code containing Playboy's trademarks helped place defendants' web site more prominently on a list of search results. If that web site were identified in the list of results by an infringing domain name, then the metatag use would have appeared to become part and parcel of an entire strategy of infringement containing visible and invisible elements. I see no reason to refrain from taking metatag use into account as secondary support for imposing liability (for example, by holding that metatag use supports a finding of intent to infringe) in a situation where the evidentiary foundation for the trademark claim consists of the defendant's open and notorious use of plaintiff's mark.

That is not how Brookfield read Asiafocus. In the hands of the Brookfield court, the metatag use by the defendants, of Playboy's marks in Asiafocus became the primary support of the trademark claim: When Playboy "sued [Asiafocus] for trademark infringement resulting from AsiaFocus's use of [Playboy's marks] in its HTML code, a district court granted judgment in Playboy's favor, reasoning that AsiaFocus intentionally misled viewers into believing that its Web site was connected with, or sponsored by, Playboy." Brookfield told the AsiaFocus story in severely truncated form. This lead to an equally severe distortion of trademark law.

Niton, the third case on which Brookfield relied, is quite different. There, the defendant not only used the plaintiff's marks in its invisible

250. Id. (citations omitted).
251. See infra text and accompanying notes 391-98, discussing one decision in which the Seventh Circuit understood metatag use along these lines, namely as "significant evidence of intent to confuse and mislead" in connection with defendant's otherwise open and notorious (that is, consumer-perceptible) use of plaintiff's trademark. Eli Lilly & Co. v. Natural Answers, Inc., 233 F.3d 456, 465 (7th Cir. 2000). That would seem to be a legitimate use for courts to make of such metatag use.
253. See Brookfield Communications, Inc. v. W. Coast Entm't Corp., 174 F.3d 1036, 1064 (9th Cir. 1999).
254. Id.
metatags (which the court called “META keywords”), but also used what the court called “META descriptions” of plaintiff’s web site. They are the short descriptions of web sites that appear in the lists of search results returned by search engines. They are, of course, highly visible to Internet users and are, in fact, routinely used to locate the appropriate web site from a long list of search results. The plaintiff found that a search for its own web site returned a result that was described as “home page of [plaintiff] Corporation,” but it pointed to defendant’s web site. The Brookfield court did remark on this “interesting twist” in Niton, but it nevertheless used Niton as plain support for its thesis that invisible metatag use can, by itself, constitute trademark infringement.

There is a difference in kind, I submit, between a case involving invisible metatag use that serves to propel a web site to a favorable placement in a search result list where the visible identification of that web site within the list, including its domain name, does not contain the plaintiff’s mark, and another case where metatag use leads to a search result identification that is overtly, that is, visibly to consumers, utilizing the plaintiff’s marks. These situations are entirely separate. In the second case, the defendant’s visible use of the plaintiff’s mark at the level of search results meets the requirements of trademark use under the Lanham Act and the common law of trademark infringement upon which it is based. In the first situation, these requirements are not met. The distinction is crucial, and until very recently, courts not only failed to draw it, but disregarded it with a vengeance.

C. The Evolution of the Law of the Horse

It took remarkably little time for the doctrine of trademark use to become distorted in the Internet context. The misapplication of the trademark use requirement can be traced back to the early cases

256. Id.
257. Id.
258. See id.
260. See id.
261. Even in the second case, it is not the invisible metatag use that is actionable. Only the visible use constitutes trademark infringement.
262. Formally understood to mean “use in commerce” under § 1127.
dealing with the Internet. In Intermatic v. Toeppen, the facts were such that a finding that the defendant, an early cybersquatter named Dennis Toeppen, used the plaintiff's mark in commerce would seem to be relatively unproblematic.\footnote{263}{See Intermatic Inc. v. Toeppen, 947 F. Supp. 1227, 1229-30 (N.D. Ill. 1996).} The mark at issue was INTERMATIC, valid and owned by plaintiff Intermatic, Inc.\footnote{264}{See id. at 1230.} Toeppen registered the domain name intermatic.com and pointed it to "a web page regarding a software program he was developing and intended to call 'Intermatic.'"\footnote{265}{Id. at 1232.} In other words, Toeppen—for a while, at least—\footnote{266}{When Intermatic complained, Toeppen substituted "a map of Champaign-Urbana, the community where Toeppen resides." Id. at 1232.} made prominently visible use of Intermatic's mark in his domain name and on his web site, all in conjunction with a product he was planning to offer. Since Toeppen never sold any software programs under that name,\footnote{267}{See id.} a question might arise under Buti whether his use was, in fact, trademark use under section 45 of the Lanham Act. But putting that little twist to one side, invisible use was plainly not the problem here. The court was somewhat imprecise when explaining this. As I have shown, the commerce requirement and the trademark use requirement are two rather different concepts grouped under the statutory phrase "use in commerce." The former focuses on Congress's power to regulate interstate commerce under the Commerce Clause, and the latter focuses on the use of a symbol in a way that allows consumers to associate it with a product or service. The Intermatic court conflated the two. Citing a passage from the Supreme Court's 1952 decision in Steele v. Bulova,\footnote{268}{See Steele v. Bulova Watch Co., 344 U.S. 280, 283-84 (1952).} that dealt with Congress's powers under the Commerce Clause,\footnote{269}{See Intermatic Inc., 947 F. Supp. at 1240.} the court held that the "use in commerce" requirement was met because Mr. Toeppen's conduct took place on the Internet, and hence, in interstate commerce.\footnote{270}{Id. at 1240.} "[T]he Court finds that use of the Internet is sufficient to meet the 'in commerce' requirement of the [Lanham] Act."\footnote{271}{No. 97 Civ. 0629 (KMW), 1997 WL 133313 (S.D.N.Y. Mar. 24, 1997).}

This substitution of the commerce inquiry for the trademark use inquiry had far-reaching consequences. Obviously, the former is far easier to meet than the latter and substantially extends the reach of the Lanham Act. Intermatic's analytic sloppiness blossomed into full-fledged error in Planned Parenthood v. Bucci.\footnote{271}{No. 97 Civ. 0629 (KMW), 1997 WL 133313 (S.D.N.Y. Mar. 24, 1997).} The facts of the case
are interesting. The Planned Parenthood Federation of America has owned the registered service mark PLANNED PARENTHOOD since 1955. As is universally known, Planned Parenthood is an exceedingly important source of resources concerning reproductive rights. Richard Bucci, the defendant, was an opponent of legalized abortion. In 1996, he registered the domain name plannedparenthood.com, pointing it to a web site containing partial reprints of an anti-abortion book entitled The Cost of Abortion. His purpose in doing so was "to reach a broader audience" and "to get people who are sympathetic to the proabortion position, [because] that's who you want to reach." Planned Parenthood sued, alleging trademark infringement and dilution under the Lanham Act, and moved for a preliminary injunction.

Mr. Bucci's first line of defense—and perhaps his best argument—was to claim "that his use of plaintiff's mark cannot be reached under the Lanham Act because it is non-commercial speech." The court, after specifically quoting the "use in commerce" requirement set forth in §§ 1114 and 1125(a), formulated the requisite test thus: "The 'use in commerce' requirement of the Lanham Act is a jurisdictional predicate to any law passed by Congress." As § 1127 plainly shows, this is radically incomplete. The court then held "that defendant's actions are 'in commerce' within the meaning of that term for jurisdictional purposes." Despite the court's misunderstanding of "in commerce" (Commerce Clause) and trademark use, the determination that defendant's activities took place in commerce for Commerce Clause purposes appears correct. Unfortunately, the court aggravated its mistake in a strange passage discussing the predicate requirements under § 1127, in which the court appeared to recognize for a moment that Commerce Clause use and trademark use are not the same thing under the Lanham

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272. The difference between service mark, trademark, and other statutorily recognized forms of marks such as certification marks or collective marks is mainly administrative; all such marks are equivalent in terms of basic requirements for validity and protectability against infringement. See 15 U.S.C. § 1127 (2004) ("The term 'mark' includes any trademark, service mark, collective mark, or certification mark.").
274. See id.
275. See id.
276. See id.
277. Id. at *2 (quoting Def.'s Mem. in Opp'n at 3).
278. Id.
279. See id. at *3.
280. Id.
281. Id.
282. Id. at *3.
Act, but then quickly again confused the two.\textsuperscript{283} The court noted that the requirements of § 1127 are “narrower” than those under the Commerce Clause,\textsuperscript{284} but nevertheless held that they were met here\textsuperscript{285} because defendant’s activities over the Internet occur everywhere that internet users may access his web site. . . . Second, defendant is “engaged in commerce” in connection with his web site due to his use of the Internet and his effect on plaintiff’s activities, because those activities constitute commerce within the meaning of § 1127, which defines “commerce” as “all commerce which may lawfully be regulated by Congress.”\textsuperscript{286}

In the next section of the opinion, the court finally discussed whether defendant was making use of Planned Parenthood’s mark “in connection with the . . . distribution or advertising of goods or services,”\textsuperscript{287} but the court did so under § 1114 rather than under § 1127 (which defines the “use in commerce requirement” for the Lanham Act in its entirety). Thus, the damage was done. The court’s conflation of the “in commerce” requirement and the trademark use requirement under § 1127 introduced—or, at a minimum, reinforced—a dangerously erroneous notion into trademark law, namely that trademark use, i.e., “use in commerce,” can be shown by reference to the Commerce Clause standard. In cases such as \textit{Bucci}, where the defendant makes open and prominently visible use of the plaintiff’s trademark (indeed, such visibility was precisely the intent of Mr. Bucci), this error does not tend to lead to a wrong outcome. But it does make trademark use easier to prove and, via an apt example of “doctrinal creep,”\textsuperscript{288} gives the courts that deal expressly with metatags, or other invisible code, useful language for holding that the trademark use requirement has been met in those cases, notwithstanding the fact that the \textit{Bucci} language will have been taken completely out of context.

The 1997 decision in \textit{Juno Online Services, L.P., v. Juno Lighting, Inc.},\textsuperscript{289} is an interesting decision that correctly applies the relevant

\textsuperscript{283} See id. at *3 n.7.

\textsuperscript{284} See id.

\textsuperscript{285} As a matter of outcome or result, the court may actually be right, but that is beside the point. What matters is the court’s oddly muddled § 1127 analysis.

\textsuperscript{286} \textit{Planned Parenthood Fed’n of Am., Inc.}, 1997 WL 133313 at *3.

\textsuperscript{287} Id. at *4 (quoting 15 U.S.C. § 1114 (2000)).

\textsuperscript{288} Lemley, \textit{Modern Lanham Act}, supra note 1, at 1698.

\textsuperscript{289} 979 F. Supp. 684 (N.D. Ill. 1997).
doctrinal principles. While Juno has been cited several times, it has unfortunately not been able to gain the more widespread acceptance that its outstanding treatment of the trademark use issue warrants. The decision was prevented from gaining broader recognition by the peculiar facts of the parties’ dispute. The conflict between the two Junos, pertaining to allegations of trademark infringement, was solely over the defendant Juno Lighting’s registration of the domain name, juno-online.com. Juno Lighting had registered that domain name but had done absolutely nothing else with it. Juno Lighting argued that this act of mere registration of juno-online.com did not constitute trademark use. The court agreed. It noted that “[t]he only factual allegation in the complaint relating to ‘use’ is that defendant might be ‘warehousing’ the domain name in hopes of reselling it or trading it to Juno Online.” The court correctly apprehended the use requirement under the Lanham Act. “To claim successfully a violation of Section 43(a), plaintiff must allege that defendant used the trademark in commerce... ‘Use in commerce’ is defined as ‘the bona fide use of a mark in the ordinary course of trade,’ and not made merely to reserve a right in a mark.” Under this test, the court held, Juno Lighting had not made “use in commerce” (i.e., trademark use) of the Juno trademark; thus, a Lanham Act claim could not be maintained against it.

The “use in commerce” requirement would only be fulfilled if defendant were to use the Internet... The mere “warehousing” of the domain name is not enough to find that defendant placed the mark on goods or “used or displayed [the mark] in the sale or advertising of services” as required. 15 U.S.C. § 1127. Since the complaint contains no factual allegation supporting an inference that defendant “used” the Internet, the court must dismiss [the Lanham Act count].

The fact that the defendant merely registered the domain name but had absolutely no Internet presence greatly narrowed the reach of the Juno decision. But a valuable lesson can still be learned from it. At a minimum, Juno shows that the set of situations where a defendant uses (understanding that term colloquially rather than statutorily) a plaintiff’s

292. See id. at 691.
293. Id.
295. Id. at 691-92 (citation omitted).
mark in an Internet-related context, thus perhaps meeting the "in
commerce" requirement, and where that (colloquial) use does not rise to
trademark use under the Lanham Act, is not empty. Later courts tend to
overlook this possibility. Situations such as Juno show that traditional
trademark law initially did not easily adapt to certain factual situations
arising in the then-novel online context. Just as domain name
warehousing may well not constitute trademark use—as the Juno court
held—certain domain name uses do not give rise to a likelihood of
confusion, even though the trademark use requirement may have been
met. As a result, crafty defendants may have managed to elude, or
threatened to elude, the grasp of trademark law altogether. This was an
important factor behind the passage of the ACPA.296

Lacking efficient remedies against apparent domain name abusers
in the days before the ACPA, several trademark owners attempted to
proceed against the registrar (as well as the registry) of domain names
directly. At the time, this entity was called Network Solutions, Inc., and
it united the registrar and registry functions for .com, .net, and .org top-
level domain names within itself.297 NSI quickly proved immune to legal
attacks. In fact, until 2003 it did not lose any case in which it was
accused of wrongdoing in connection with a domain name
registration.298 Lockheed Martin Corp. v. Network Solutions, Inc.299 is a
representative example of NSI’s consistent success in this regard. The
case also shows, similar to Juno, that at the margins courts were quite
able to apply the trademark use requirement stringently. It was the
Brookfield line of cases that marginalized the trademark use requirement
in the Internet context. Nevertheless, the doctrinal correctives,
marginalized though they may be, stand ready to be used to remedy
misdevelopments at the core.

The issue in Lockheed was as follows:

The issue presented by this litigation is whether NSI violated federal
trademark law by accepting registrations of Internet domain names that
are identical or similar to [Lockheed’s] SKUNK WORKS service
mark. Lockheed asserts that NSI directly infringed and diluted its mark
by accepting the registrations. Lockheed also asserts that NSI is liable

297. Today, registrars for .com, .net, and .org top-level domains are located all around the
globe. But this development postdates the passage of the ACPA in November 1999. Also, NSI—or
rather its successor, VeriSign—is still the only registry of .com, .net, .org, and .edu domain names
in the world.
298. The 2003 loss was based on an extraordinary and today anachronistic factual situation.
See Kremen v. Cohen, 337 F.3d 1024, 1026-28 (9th Cir. 2003).
as a contributory infringer because NSI did not comply with Lockheed's demands to cancel the registrations.\(^{300}\)

The court decided the issue by drawing a distinction between the use of domain names for "a non-trademark technical purpose, to designate a set of computers on the Internet, and for trademark purposes, to identify an Internet user who offers goods or services on the Internet."\(^{301}\)

This is an extraordinarily fruitful analytic distinction. It points the way to revising trademark doctrine more generally to differentiate between trademark and non-trademark uses on the Internet. *Lockheed* points to a way out of the *Brookfield* dilemma. Citing solely non-Internet cases, the *Lockheed* court announced the following principle: “Domain names, like trade names, do not act as trademarks when they are used merely to identify a business entity; in order to infringe they must be used to identify the source of goods or services.”\(^{302}\) The court contrasted its holding to that in *Bucci*.\(^{303}\) Here, the *Lockheed* court argued, nothing but the mere acceptance of domain name registrations was alleged against NSI.\(^{304}\) In *Bucci*, on the other hand, the defendant had “created a home page that uses plaintiff’s mark as its address, conveying the impression to Internet users that plaintiff is the sponsor of defendant’s web site.”\(^{305}\) This distinction carries the *Lockheed* decision. Finding that “NSI’s acceptance of the domain name registrations is connected only with the names’ technical function on the Internet to designate a set of computers,”\(^ {306}\) rather than “to the names’ trademark function to distinguish goods and services,”\(^ {307}\) the court held that trademark infringement claims could not be maintained against NSI in this situation because the basis for such claims, trademark use, was missing.\(^ {308}\)

Technical function and trademark use function are clearly separated. In this regard, *Lockheed* strongly evokes the analysis in *Interactive Products* and *Palmont Motor Werks*, the post-domain path cases.\(^{309}\)

Not even a month after *Lockheed* was decided, the same court—the district court for the Central District of California—issued another

\(^{300}\) Id. at 950.

\(^{301}\) Id. at 956. The analogy to metatags and keywords is obvious.

\(^{302}\) Id.

\(^{303}\) See id. at 957.

\(^{304}\) See id. at 950, 957.

\(^{305}\) Id. at 957 (quoting Planned Parenthood Fed’n of Am. v. Bucci, No. 97 Civ. 0629, 1997 WL 133313, at *6 (S.D.N.Y. Mar. 24, 1997)).

\(^{306}\) *Lockheed*, 985 F. Supp. at 957.

\(^{307}\) Id. at 960; see also id. at 967.

\(^{308}\) See id. at 967.

\(^{309}\) See discussion supra notes 105-21 and accompanying text.
decision confirming the *Lockheed* principle and exonerating NSI from liability for trademark infringement or dilution.\(^{310}\) In *Academy of Motion Pictures Arts and Sciences v. Network Solutions, Inc.*,\(^{311}\) the Academy contended that NSI had violated its trademark right by accepting registrations for "domain names such as, *inter alia*, 'academyaward.com,' 'academy-awards.net,' 'academyawards.net,' 'the oscars.net,' and 'oscar.net,' to parties other than the Academy."\(^{312}\) The court rebuffed the Academy's claim. "The mere registering of a domain name [does not] constitute[] a use 'in commerce' [under Section 1127]."\(^{313}\)

At a minimum, *Academy* confirms what *Juno* anticipated, namely that there exists a set of Internet uses of trademarks that do not give rise to trademark claims because they do not constitute trademark use. To be sure, both *Lockheed* and *Academy* were decided upon evidence showing that no goods or services were offered by NSI in connection with the registration of the domain names. That, one can argue, is a very different proposition than the argument that invisible metatag and keyword use of trademarks should not give rise to Lanham Act liability, the central argument of this article. In the second situation, there is very much an offering of goods and services by the defendant, and the defendant avails itself of the plaintiff's mark precisely to foster its sales of its goods and services. Nevertheless, the trademark use requirement—which Supreme Court cases from *Amoskeag Manufacturing Co.*\(^{314}\) to *Theodore Rectanus*\(^{315}\) to *Mishawaka Rubber*\(^{316}\) to *Qualitex*\(^{317}\) have understood to mean a requirement that the trademark in question be in some way sensorily registered by the human perception of the consumer\(^{318}\)—is not met. However, this is not decisive here. What really matters is that judicial awareness existed all along, parallel, that is, to the *Brookfield* line of cases, that the concept of trademark use—rather than the concept

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311. *Id.* at 1278.

312. *Id.* at 1279.

313. *Id.* at 1279.


318. "[T]he aim [of a mark’s owner is]... to convey through the mark, in the minds of potential customers, the desirability of the commodity upon which it appears." *Mishawaka Rubber & Woolen Mfg. Co.*, 316 U.S. at 205 (emphasis added).
of "in commerce"—independently limits the application of the Lanham Act. As I said before, the set of Internet uses that fail to meet the test is not empty. I want to draw special attention to the clarity with which Lockheed and Academy were decided, and contrast this to the doctrinal befuddlement of cases such as Bucci. Sure, they address different factual problems. But they address the same doctrinal problem. And it is in this regard that Lockheed and Academy offer an antidote to the confusion that reigns in Bucci, Brookfield, and their progeny. As we shall see, this confusion comes to a head in the 2004 Playboy v. Netscape decision of the Ninth Circuit.

Playboy Enterprises is an organization that has been exceptionally productive of intellectual property disputes, and of rather influential court decisions resolving those disputes. We have already discussed several cases involving Playboy and its marks. The three substantive decisions in Playboy Enterprises, Inc. v. Welles, like other Playboy cases, have raised thorny doctrinal issues, particularly with regard to a peculiar innovation to trademark law created by the Ninth Circuit that is known by the label "nominative fair use." A detailed treatment of that judge-made doctrine is beyond the purview of the present article. Nevertheless, the Welles cases have also contributed substantially to the entrenchment of the Brookfield approach to metatags. The facts are these. Terri Welles, the defendant, began modeling for Playboy in 1980. She was the "Playmate Of The Month" in December 1980, the "Playmate Of The Year" in 1981, and appeared in thirteen issues of Playboy magazine and eighteen newsstand specials published by Playboy. Here is how this situation devolved into litigation:

On June 29, 1997, Ms. Welles opened a website, http://www.terriwelles.com, which includes photographs of herself and others (both nude and clothed), a fan club posting board, an autobiography section, and a listing of current events and personal appearances. The domain name for defendant's site is "terriwelles," the heading for the web site is "Terri Welles—Playmate of the Year 1981," and the title of the link page is "Terri Welles—Playboy Playmate of the Year 1981." Each of the pages uses "PMOY '81" as a repeating watermark in the background. [Most pages of the website expressly disclaim affiliation with Playboy.] Defendant uses the terms

319. See discussion of Juno, supra notes 289-96 and accompanying text.
320. See Playboy Enter., Inc. v. Welles, 78 F. Supp. 2d 1066 (S.D. Cal. 1999), rev'd in part by 279 F.3d 796 (9th Cir. 2002); Playboy Enter., Inc. v. Welles, 7 F. Supp. 2d 1098 (S.D. Cal. 1998), rev'd in part by 279 F.3d 796 (9th Cir. 2002) [hereinafter Welles I].
321. See Welles I, 7 F. Supp. 2d at 1100.
Playboy and Playmate along with other terms within the keywords section of the meta tags, which constitutes the internal index of the website used by some search engines.\(^\text{322}\) Playboy owns the trademarks PLAYBOY, PLAYMATE, PLAYMATE OF THE MONTH, and PLAYMATE OF THE YEAR, and claims trademark rights in the acronym PMOY.\(^\text{323}\) Despite initially supporting Ms. Welles's online ventures,\(^\text{324}\) Playboy later objected to them and sued Ms. Welles for trademark infringement and dilution and unfair competition under federal and California law.\(^\text{325}\)

The first Welles decision\(^\text{326}\) predated Brookfield by almost a year.\(^\text{327}\) The court was very concerned with questions of trademark use, but from a rather different angle than Brookfield.

The problem in this case is that the trademarks that defendant uses, and the manner in which she uses them, describe her and identify her. This raises a question in the court's mind of whether there is a "fair use" of these marks pursuant to 15 U.S.C §§ 1115(b)(4) and 1125(c)(4).\(^\text{328}\)

The court readily found that Ms. Welles's use of Playboy's marks to identify herself—truthfully—as a former "playmate of the year" was fair.\(^\text{329}\) In making this finding, however, the court made no differentiation between visible and invisible use by Ms. Welles of Playboy's marks.\(^\text{330}\) That is understandable, since the court's focus was on fair use rather than on any aspect of the "use in commerce" requirement,\(^\text{331}\) and since Ms. Welles plainly did use Playboy's marks in many highly visible forms (title of link page, heading of website, watermarks).\(^\text{332}\) But the court's lumping together of visible and invisible uses helped set the stage for the uncritical acceptance of the idea—as prevalent in today's trademark law as it is mistaken—that invisible

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322. Id. at 1100-01.
323. Id. at 1100.
324. Id. at 1101.
325. Id. at 1099-1100.
326. Id. at 1098.
327. See Brookfield Communications, Inc. v. W. Coast Entm't Corp., 174 F.3d 1036 (9th Cir. 1999) (dated April 22, 1999).
329. Welles I, 7 F. Supp. 2d at 1104.
330. See id.
331. Id. at 1103-04.
332. See id. at 1100.
metatag use is trademark use and hence can give rise to liability. Here is the court's analysis:

With respect to the meta tags, the court finds there to be no trademark infringement where defendant has used plaintiff's trademarks in good faith to index the content of her website. The meta tags are not visible to the websurfer although some search engines rely on these tags to help websurfers find certain websites. Much like the subject index of a card catalog, the meta tags give the websurfer using a search engine a clearer indication of the content of a website.\(^3\)

The court then concluded that this use—as well as the visible use of the Playboy marks—was fair because it truthfully identified the defendant.\(^3\) This lack of differentiation between visible and invisible use is particularly unfortunate in light of the court's powerful metaphor describing the function of metatags. Metatags, the court mused, are "like the subject index of a card catalog."\(^3\) This is a simile with some depth. Subject indices of card catalogs are, by their very nature intended to be viewed by the human eye. In that regard, a subject index and metatags are not like each other, since metatags are invisible. But this permits an a fortiori conclusion. Assume a library—or better yet, a commercial bookstore—with a card catalog that contains a section or subsection devoted to NASCAR racing, and further assume that the subject index for that section is the word NASCAR. NASCAR is, of course, a registered trademark owned by the National Association For Stock Car Auto Racing.\(^3\) Is the bookstore therefore prohibited from using NASCAR in its subject index? Hardly. Thus, it may be argued that, if the use of a trademark in the subject index of a card catalog, which is visible to the human eye, cannot support a trademark infringement claim (because use, the condition precedent for such a claim, is lacking), then the use of a trademark in metatags, which are not visible to the human eye, must a fortiori be precluded from supporting a trademark infringement claim. None of this, however, gets discussed in the 1998 Welles decision.

In that decision, the court denied Playboy's motion for a preliminary injunction against Terri Welles.\(^3\) A year and a half later,

\(^3\) Id. at 1104.
\(^3\) See id.
\(^3\) Id.
\(^3\) See, e.g., U.S. Trademark Registration No. 1054100 (issued Dec. 7, 1976). The number was issued to NASCAR for, among other things, "regulating, governing, sanctioning, and promoting stock car automobile racing." Id.
\(^3\) See Welles I, 7 F. Supp. 2d at 1105.
the same court granted summary judgment in Ms. Welles's favor. That decision is remarkable for the utterly explicit way in which it separates its factual and legal discussions of the "visible use of [Playboy's] trademarked terms: title or masthead, watermarks, and advertising banners" on the one hand, and "the non-visible title, meta code description and meta tag keywords" on the other. With regard to the visible use of Playboy's marks, the court held that Ms. Welles's use of those marks was fair, using the same rationale—albeit based on a greatly expanded discussion—as in the 1998 decision. The discussion is fairly standard stuff, concerned mainly with fair use and the nominative fair use sub-doctrine adopted (or rather, created) by the Ninth Circuit in its well-known New Kids On The Block opinion.

The section on Ms. Welles's invisible use of Playboy's marks focused on Brookfield, which had been issued by the Ninth Circuit only a few months before. The court emphasized that the uses of Playboy's marks discussed in this section were "not ordinarily viewed by users," but instead were "mostly used to provide additional information about a web page" so that search engines' automated web crawlers could "read" individual web pages by reading much of the text in the HTML source code and store in cyberspace memory the text they find on each page for the purpose of compiling and ranking search results. Despite expressly finding that the use of Playboy's marks discussed in this section was not ordinarily perceived by Internet users, the court in no way attempted to base any legal conclusions on what would, at a minimum, seem to qualify as a factual oddity that might raise a doctrinal eyebrow. Instead, the court concentrated its analytic energies on

338. See Playboy Enters., Inc. v. Welles, 78 F. Supp. 2d 1066, 1100 (S.D. Cal. 1999), rev'd in part by 279 F.3d 796 (9th Cir. 2002) [hereinafter Welles I].
339. Id. at 1076 (heading (a)) (emphasis added).
340. Id. at 1091 (heading (b)) (emphasis added).
341. See id. at 1078-91.
342. See Welles II, 78 F. Supp. 2d at 1075, 1079, 1089-90 (citing New Kids on the Block v. News Am. Publ'g, Inc., 971 F.2d 302 (9th Cir. 1992)). The problem with the Welles II court's analysis of nominative fair use is the extreme particularity of the fact situation in that case. It simply resists any attempt at universalization. Not many defendants are likely to find themselves in a situation where their self-identification almost inescapably requires them to use the plaintiff's trademark. Whatever the merits of the nominative fair use defense, its application in this case makes the finding of no liability for Ms. Welles's use of Playboy's marks in the metatags of her website useless as a limiting principle for delineating the outer boundaries of liability for metatag use.
343. See Welles II, 78 F. Supp. 2d at 1091-96.
344. Id. at 1092.
345. Id.
346. See id.
distinguishing the case at hand from *Brookfield*.

It did so in two steps. The court already determined that the fair use defense precluded liability for Ms. Welles’s visible uses of the Playboy marks. The court now observed that *Brookfield* “did not involve the use of the fair use defense within the metatags context.”

Noting that *Brookfield* expressly sought to avoid curtailing the fair use defense, the court applied the defense and then turned—as the paradoxical law of the Ninth Circuit controlling at the time forced it to do—to an examination of whether there was a likelihood of confusion. Noting that the applicable doctrine is initial interest confusion, and via a somewhat tortured analysis, the court distinguished the facts at hand from those in *Brookfield* and found that Playboy “has failed to raise a material issue of fact concerning the fair use of [Playboy’s] terms in [Ms. Welles’s] metatags.” Accordingly, the court granted summary judgment for defendants on all trademark claims.

The Ninth Circuit Court of Appeals reviewed the district court’s grant of summary judgment entirely under the nominative fair use doctrine. In a rather perfunctory analysis, the appellate court held that Ms. Welles’s use of Playboy’s marks in the metatags of her website constituted nominative fair use and thus did not give rise to liability for trademark infringement or dilution. In an aside, the court demonstrated that visibility—or lack thereof—of the metatag use played no role in its decision. The court observed, “[w]e note that our decision might differ if the metatags listed the trademarked term so repeatedly that Welles’ [sic] site would regularly appear above [Playboy’s] in searches for one of the trademarked terms.”

With *Welles II* and *III* confirming the direction taken by the *Brookfield* court, the issue of metatag liability is no longer genuinely

347. See id. at 1092-1096.
348. Id. at 1093 (emphasis in original).
349. “[W]e are not in any way restricting [the defendant’s] right to use terms in a manner which would constitute fair use under the Lanham Act.” *Brookfield Communications, Inc.*, v. W. Coast Entm’t Corp., 174 F.3d 1036, 1065 (9th Cir. 1999), quoted in *Welles II*, 78 F. Supp. 2d at 1093.
350. See *Welles II*, 78 F. Supp. 2d at 1092-93.
351. See id. at 1093-95.
352. See id. at 1094.
353. See id. at 1094-95.
354. Id. at 1096.
355. See id. at 1100.
356. See *Playboy Enters., Inc. v. Welles*, 279 F.3d 796, 801 (9th Cir. 2002).
357. See id. at 804-06.
358. Id. at 804.
open to debate in the courts. In factually unusual situations, however, courts have sometimes displayed a substantial sensitivity to the issues involved and, perhaps, in recognition of the need—never precisely articulated, though—to have a limiting principle in place to keep trademark liability from becoming hopelessly overbroad. A prime example is Bally Total Fitness Holding Corp. v. Faber, 29 F. Supp. 2d 1161 (C.D. Cal. 1998), a pre-Brookfield decision. In Bally, the court examined defendant Faber’s online use of Bally’s mark “in the context of consumer criticism.” The court affirmed Faber’s right to use Bally’s mark on his web site for purposes of such criticism. Moreover, the court held that since Faber had the right to criticize Bally online, Faber also had the right to use metatags to enable Internet users to find his website to view the criticism.

The [Internet] user may want to access [Bally’s] official Internet site to see how Bally sells itself. Likewise, the user may also want to be apprised of the opinions of others about Bally. This individual will be unable to locate sites containing outside commentary unless those sites include Bally’s marks in the machine readable code upon which search engines rely. Prohibiting Faber from using Bally’s name in the machine readable code would effectively isolate him from all but the most savvy Internet users.

By “machine readable code,” the Bally court meant metatags, as that term was understood in Brookfield and the Welles decisions.

This is a holding with deep resonances in the First Amendment and with regard to the right to engage in comparative advertising. Metatags, the court said, serve a crucial informative function because they make retrieval of information via search engines possible. Consumers have a legitimate interest in retrieving information about companies. In many cases, the most efficient way for a consumer to access the information will be to use the company’s name or trademark as a search term. If third parties are categorically prohibited from using others’ trademarks as

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359. 29 F. Supp. 2d 1161 (C.D. Cal. 1998).
360. Id. at 1165.
361. See id.
362. See id.
363. Id.
364. The court explained metatags in the following terms:

The machine readable code is the hidden part of the Internet upon which search engines rely to find sites that contain content which the individual user wishes to locate. The basic mechanics is that the web page designer places certain keywords in an unreadable portion of the web page that tells the search engines what is on a particular page.

Id. at 1165 n.3.
search terms, they will be effectively isolated from ordinary users, and consumers will not be able to benefit from potentially relevant information. Here, at any rate, is an outer limit to the ability of a plaintiff to stop a defendant’s use of the plaintiff’s marks in the metatags of the defendant’s website. The courts might have developed the rudimentary thought in *Bally* into a broader right to gather information for both First Amendment and comparative advertising (or better: comparative shopping) purposes. Informational rights have a basis in constitutional law. In *Red Lion Broadcasting Co. v. FCC*, for example, the Supreme Court held that consumers of broadcast offerings have a strong right to receive a full spectrum of information.\(^{365}\) *Bally*’s analysis is resonant of the reasoning in *Red Lion*.

The *Bally* principle has not developed beyond the truism that uses of trademarks that qualify as criticism or parody enjoy First Amendment protection and therefore are immunized from Lanham Act liability. In particular, the courts have not differentiated between visible and invisible uses even with regard to uses protected under the First Amendment. For example, apart from *Bally*, there is no well-formed body of caselaw holding that parodists or critics are permitted to use trademarks as metatags in order to draw consumers to their sites. By analogy, such a First Amendment principle—opaquely hinted at in *Bally*—might have given rise to an analogous principle for comparative advertising, or, more precisely, a principle holding that a competitor’s invisible metatag use for the purpose of achieving favorable search engine placement is, absent any visible use of the marks in question, a legitimate exercise in competition that is not only condoned but welcomed in a capitalist system.

Instead, the judicial misapprehensions continue unabated. In *SNA, Inc. v. Array*,\(^{366}\) the court endorsed a specious distinction first hinted at in *Welles I*. In *Welles I*, the court held that Terri Welles had used Playboy’s marks in her metatags “in good faith to index the content of her website.”\(^{367}\) The *SNA* court rejected a defense along these lines.

> [D]efendants intentionally use plaintiffs’ mark [in the metatags of their web site] to lure internet users to their site instead of SNA’s official site. This is true whether the meta tagging is visible or hidden in the code, and no matter what the [defendants’] website’s domain name

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365. See 395 U.S. 367, 390 (1969) (finding that the public has the important right “to receive suitable access to social, political, esthetic, moral and other ideas and experiences”).


367. Playboy Enters., Inc. v. Welles, 7 F. Supp. 2d 1098, 1104 (S.D. Cal. 1998), rev’d in part by 279 F.3d 796 (9th Cir. 2002).
is... [In contrast to the mere indexing in Welles I], based on the repetitious usage and the evidence of defendants’ general intent to harm plaintiffs, the court cannot find that this use is a similar good faith effort simply to index the content of the website; instead, it is a bad faith effort to confuse internet users that is likely to succeed. Defendants’ meta tagging will thus be enjoined.  

SNA marks the point at which the doctrine of metatag liability becomes fully entrenched. With SNA, the ability of consumers to perceive the use of the symbol in question becomes an irrelevant criterion. SNA is remarkable only for the explicitness with which the court announces that irrelevancy. Many other courts signed on to the Brookfield principles. The language and analysis employed by the courts is becoming noticeably routine. In New York State Society of Certified Public Accountants v. Eric Louis Associates, Inc., the court quickly rejected the defendant’s argument that their use of plaintiff’s marks in the metatags of their web site did not, for various reasons, create actionable likelihood of confusion. Relying on Bucci and Brookfield, the court held that “[d]efendant’s use of the ‘nysscpa.com’ domain name and the ‘NYSSCPA’ meta-tag caused a likelihood of confusion because it created initial interest confusion.” At this point in the development of the case law, such a finding did not need, and did not receive, a particularly extended analysis. Judicial creativity is at a low ebb.  

Yet, strangely, despite all this entrenchment a noticeable equilibrium somehow continues to elude the courts. The judges continue to be beset by confusion, and continue to struggle with basic legal concepts. OBH, Inc. v. Spotlight Magazine decided in 2000 is a good example. The court explained that “use in commerce” is “simply a jurisdictional predicate to any law passed by Congress under the Commerce Clause.” As discussed above, this is flat wrong. OBH then discussed the requirement of § 1114 that the defendant’s allegedly infringing term be used “in connection with” the distribution or advertising of goods or services,” a requirement that is coextensive with the trademark use requirement of § 1127. But the court disposed
of it by relying on a principle first introduced into trademark law by
Bucci and further developed in Jews for Jesus v. Brodsky.\footnote{377} That
principle is that the “in connection with” requirement of § 1114 “is not
only met by use of the mark in connection with goods or services
distributed or advertised by the alleged infringer; \emph{it may also be met by}
\emph{use in connection with the goods or services distributed by the}
\emph{trademark holder.”}\footnote{378} Put another way, use made \emph{by the plaintiff}, rather
than by the defendant, can be imputed to the defendant, thus—via this
legal fiction—satisfying the requirement that \emph{the defendant}, in order to
incur liability, has engaged in trademark use.

Notice that this form of argument is structurally analogous to the
“implicit labeling” doctrine invented by the Ninth Circuit in \emph{Playboy v.
Netscape Communications Corp.} \footnote{379} Just like implicit labeling, this
argument permits application of the Lanham Act based on a showing of
constructive use. In \emph{Playboy v. Netscape Communications Corp.}, the
constructive use was supplied by consumers’ implicit labeling of
defendant’s unbranded banner ads; in \emph{OBH}, the constructive use was
 supplied by the plaintiff’s use of its own mark. The absurdity of the
principle is plain. Once other parties (the plaintiff, consumers, who
else?) can stand in for the defendant to supply statutorily required use \emph{by the defendant} of the mark in question, trademark law becomes near-
limitless. This is Internet law—Law of the Horse—\emph{par excellence};
constructive trademark use does not exist in the bricks-and-mortar
world. And rightly so. Constructive use obviates trademark use, the core
limitation of trademark law, altogether.

\emph{OBH’s} mistake with regard to the “use in commerce” requirement
is repeated in \emph{Trade Media Holdings, Ltd., v. Huang & Associates}. \footnote{380}
The case exemplifies the efficacy of misunderstanding “in commerce”
and “use in commerce” for broadening trademark infringement liability.
Quoting \emph{Bucci}, the court found that “[t]he ‘use in commerce’
requirement was meant to be a jurisdictional predicate with a ‘sweeping
reach.’ . . . The nature of the Internet indicates that establishing a typical
home page on the Internet, for access to all users, would satisfy the
Lanham Act’s ‘in commerce’ requirement.” \footnote{381} This kind of obliteration

378. \emph{OBH}, 86 F. Supp. 2d at 186 (emphasis added).
379. See \emph{Playboy Enters., Inc., v. Netscape Communications Corp.}, 354 F.3d 1020, 1033 (9th
    Cir. 2004).
381. \emph{id.} (citation and internal quotation marks omitted) (quoting Planned Parenthood Fed’n of
of the “use in commerce” requirement, together with broad liability for metatag use, broadens the reach of the Lanham Act far beyond what is reasonable for the proper and efficient functioning of trademark law on the Internet. A recent example, from the Seventh Circuit, is Promatek Industries, Ltd. v. Equitrac Corp. Promatek is the purest embodiment of the Brookfield doctrine, and perhaps the most characteristic flowering of the mutant species of trademark doctrine that has held sway over the Internet. It is the simplicity of its facts that gives the case its representative significance. Here is the court’s recitation of the facts:

Promatek and Equitrac are competitors in selling cost-recovery equipment. Equitrac’s marketing department advised its web designer that certain words and phrases should be used as metatags for Equitrac’s website. In response, the web designer placed the term “Copitrack” in the contents of Equitrac’s website as a metatag. Promatek holds the trademark for Copitrak, and once it learned of Equitrac’s use of the term Copitrack in the metatag, it brought suit. After learning of Promatek’s suit, Equitrac contacted all of the search engines known to it and requested that they remove any link between the term Copitrack and Equitrac’s website. Equitrac also removed the Copitrack metatag from its website.

Despite these remedial measures, Promatek pressed on with the suit and obtained a preliminary injunction. The injunction directed Equitrac to place the following disclaimer on its website: “If you were directed to this site through the term ‘Copitrack,’ that is in error as there is no affiliation between Equitrac and that term. The mark ‘Copitrak’ is a registered trademark of Promatek Industries, Ltd., which can be found at www.promatek.com or www.copitrak.com.” The court adopted the Brookfield rationale hook, line and sinker. It conceptualized the harm as a “misappropriation of Promatek’s goodwill” and reasoned that “by Equitrac’s placing the term Copitrack in its metatag, consumers are

382. 300 F.3d 808 (7th Cir. 2002).
383. This is a paraphrase of the Supreme Court’s recent decision in Dastar, in which the Court abrogated the Ninth Circuit’s transformation of trademark law into a “species of mutant copyright law.” See Dastar Corp. v. Twentieth Century Fox Film Corp., 539 U.S. 23, 34 (2003); see also supra note 4.
384. Promatek Indus., Ltd., 300 F.3d at 810-11 (footnote omitted). Amusingly, this is actually a misspelling of Promatek’s trademark, which is properly spelled COPITRAK. Defendant Equitrac admitted it made a mistake and actually meant to use the properly spelled trademark in its metatags. See id. at 812.
385. Id. at 811.
386. See id. at 812-13.
387. Id.
diverted to its website and Equitrac reaps the goodwill Promatek
developed in the Copitrak mark. Curiously, unlike in Brookfield, it is
not clear from the Promatek decision whether the allegedly infringing
metatags used by defendant Equitrac are visible to consumers or not.
The court pointed out that both “description” and “keyword” metatags
were at issue in the case. “Description” metatags are that part of a web
site’s code which contains the short descriptor of the web site that is
visible when the web site is listed as part of a list of search results on
search engines such as Yahoo or Google. There can be no doubt, of
course, that unauthorized use of another party’s trademarks to describe
one’s web site to consumers meets the “use in commerce” requirement
and may constitute trademark infringement. We all routinely read and
rely on these short descriptors to gain a sense of the content of a given
website. So insofar as Promatek addressed “description” metatags, its
conclusions would be unquestionably correct. But that is less than clear.
The court appears to address both “description” and “keyword”
metatags. “Keyword” metatags are the invisible metatags familiar from
Brookfield and associated decisions. A differentiation between visible
and invisible use is not attempted. Promatek, then, is the rare case where
liability is imposed based solely on metatag use. In all other cases
discussed so far, the metatag use was accompanied by overt uses that, by
themselves, were arguably able to meet the trademark use requirement.

One court at least tried to take a different approach. In Eli Lilly &
Co. v. Natural Answers, Inc., the Court of Appeals for the Seventh
Circuit developed the idea that metatag use might be an apt indicator of
an intent to infringe in a situation where infringement has otherwise
been shown via overt use of the plaintiff’s mark in the defendant’s
domain name, web site, or visible meta descriptors. More generally,
metatag use might be seen as a secondary instrumentality of an
infringement established with other facts, and hence used to confirm the
imposition of liability and perhaps justify a finding of willfulness and
thus a statutory enhancement of the damages award. Perhaps ironically,
Eli Lilly was decided two years prior to Promatek Industries, Ltd., in
which the court managed to negate the potential doctrinal advance that
Eli Lilly might have signaled. In Eli Lilly, the defendant had marketed an

388. Id. at 812.
389. See id. at 810 n.1.
390. See, e.g., Lastowka, supra note 35, at 846.
391. See Promatek Indus., Ltd., 300 F.3d at 810 n.1.
392. 233 F.3d 456 (7th Cir. 2000).
393. See id. at 460, 465-66.
herbal "mood elevator" under the mark HERBROZAC via defendant's web site. The court held that the HERBROZAC mark infringed Eli Lilly's famous PROZAC mark. Beyond the infringing name of defendant's product, defendant's web site included the mark PROZAC in its metatags. The court observed that "Natural Answers' Web site does not visibly mention PROZAC or Lilly." The court's use of this fact is interesting. "Natural Answers' use of the 'Prozac' metatag . . . is significant evidence of intent to confuse and mislead." This conclusion—rather different from the initial interest confusion approach practiced by other courts—is supported by citations to Brookfield and NYSCCPA, which the court reads as predominantly intent and bad faith cases. The Seventh Circuit's approach was novel, and certainly much more true to the letter and spirit of trademark law than the Brookfield approach. But it did not mark a decisive break with that line of precedent, and, as Promatek conclusively shows, it did not make a noticeable impression on the subsequent development of the law.

D. Pinnacle and Revolution: The Recent Keyword Cases

The metatag cases I have discussed so far tended to be factually mixed—the defendants used the plaintiffs' marks not only in the buried code of their web sites, but also in at least some of their domain names, visibly on their web sites, or on other products. This open and notorious use makes the courts' findings that the defendants had engaged in trademark infringement (or likelihood of prevailing on the merits in the preliminary injunction cases) unremarkable and essentially correct. I speculate that it was this overall plausibility of the plaintiffs' complaints, the fact that these complaints were at least in part justifiable under traditional trademark doctrine, that permitted the courts—or perhaps one should say, misled the courts—to regard metatag use with a doctrinally uncritical eye and develop it as a separate infringement offense. What we have here, then, is a conceptual lumping together of disparate facts, a failure of differentiation, helped along, no doubt, by the novelty (for judges, at least) of the virtual environment of the Internet, and by a powerful desire to impose law and order, preserve doctrinal normalcy, and not be bedazzled before the self-proclaimed utopia of this

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394. See id. at 460.
395. See id. at 465-66.
396. Id. at 460.
397. Id. at 464.
398. Id. at 465.
399. See id.
revolutionary technology. As one court memorably put it, in a different context:

Some of the evidence in this case strongly suggests that some companies operating in the area of the Internet may have a misconception that, because their technology is somewhat novel, they are somehow immune from the ordinary application of laws of the United States, including copyright law. They need to understand that the law's domain knows no such limits.\textsuperscript{400}

But this desire to carry on with business as usual, to avoid permitting an enclave not reached by law, led to a detrimental mutation in the basic principles of trademark law. Only now are the courts reaching the point of sufficient familiarity with the Internet, and only now are the doctrinal mis-developments starting to produce sufficiently paradoxical consequences for the courts to start to have serious second thoughts. But we need a wholesale adjustment of the law to weed out the perversions of doctrine caused by the radical novelty of the Internet; we need to return to the solid roots of an essentially healthy body of law.

Several recent cases bring the matter to a head and neatly sum up the issue. All involve keyword-linked advertising. Their outcomes are disparate. In \textit{Playboy Enterprises, Inc. v. Netscape Communications Corp.},\textsuperscript{401} the Ninth Circuit imposed liability on Netscape's use of trademarks in lists for keyed banner advertisements. The decision relied heavily on the initial interest confusion doctrine.\textsuperscript{402} In her fascinating concurrence, Judge Berzon voiced her dismay at the near-automatic functioning of that doctrine in permitting findings of trademark infringement.\textsuperscript{403} But the \textit{en banc} review of \textit{Brookfield}, the leading case applying the initial interest confusion doctrine to the Internet, does not have much of a chance to produce a reasonable revision of trademark doctrine in this area if the problem is not properly conceptualized.

A movement toward clarification comes from the three WhenU.com cases. By virtue of its business model, WhenU.com provokes substantial thought among at least some courts about the trademark use requirement.\textsuperscript{404} WhenU.com provides pop-up advertisements whose content is customized depending on what search

\begin{footnotes}
\item \textsuperscript{400} UMG Recordings, Inc., v. MP3.com, Inc., 00 Civ. 472, 2000 U.S. Dist. LEXIS 13293, at *18 (S.D.N.Y. Sept. 6, 2000).
\item \textsuperscript{401} 354 F.3d 1020, 1030 (9th Cir. 2004).
\item \textsuperscript{402} See \textit{id.} at 1024-26.
\item \textsuperscript{403} See \textit{id.} at 1034-36 (Berzon, J., concurring).
\item \textsuperscript{404} Once again, empirical developments are openly driving the evolution of the law—but this time, hopefully, in the right direction.
\end{footnotes}
terms a computer user types into his or her search engine. WhenU.com’s program correlates such search terms with product categories and causes an appropriate pop-up (or pop-under, as the case may be) to appear on the user’s computer screen. The legal problems for WhenU.com have their origin in the fact that some of the search terms that cause WhenU.com’s program to bring up pop-up ads are trademarks owned by third parties. In other words, a search for “United Airlines” may cause the WhenU.com program to put forth a pop-up ad for American Airlines.

Several trademark owners did not relish such immediacy and proximity of competition. After all, it is quite conceivable that a potential customer of United Airlines might, upon seeing a better fare on the pop-up ad for American, decide to save money and fly American, despite his or her initial intent to purchase a ticket from United (such intent being evidenced by the Internet search using the term “United Airlines” that originated the pop-up ad by American). In late 2003, the U.S. courts issued three lengthy and thoughtful opinions in lawsuits challenging WhenU.com’s use of trademarks to deliver relevant pop-up ads. WhenU prevailed twice and lost once.405

1. The WhenU Cases

WhenU is in a line of business called, perhaps euphemistically, “contextual marketing.”407 “WhenU’s proprietary software allows WhenU to deliver contextually relevant advertising at the moment the consumer demonstrates an interest in the product or service, without any knowledge of the consumer’s past history or personal characteristics.”408 The U-Haul court described the situation in grittier terms:


406. Finally, in 2004, Google failed to prevail on a Rule 12(b)(6) motion to dismiss GEICO’s trademark infringement claims against it. The suit was based on Google’s sale of the GEICO trademark as a keyword. See GEICO v. Google, Inc. 330 F. Supp. 2d 700, 701-02 (E.D. Va. 2004). Relying on U-Haul and Wells Fargo, Google argued that GEICO had failed to allege trademark use. Accepting all of GEICO’s allegations as true, the court disagreed. Id. at 704. In so doing, the court stated that 1-800 Contacts and Playboy were “better reasoned.” Id. at 703. However, the court provided little independent substantive analysis of the trademark use issue. See id. at 703-04. On December 15, 2004, the court granted Google’s motion for summary judgment on the ground that GEICO had not brought forth evidence that using trademarks as keywords for sponsored advertising causes consumer confusion. See Diane Duhaime, GEICO vs. Google and Overture Trademark Lawsuit, MONDAQ BUS. BRIEFING, Dec. 21, 2004, available at 2004 WLNR 14490493. To date, the court has not issued a written opinion on its summary judgment ruling.


408. Id.
This case is an attempt by a trademark owner and copyright holder to limit annoying pop-up advertising from blotting out its website on the individual computer user’s screen. The average computer user who conducts a web search for the U-Haul website would expect the U-Haul website to appear on their computer screen; however, in this case, the computer screen fills with the advertisement of a U-Haul competitor. The user must then click and close the pop-up advertisement window in order to get to their destination, the U-Haul website.409

That description is slightly imprecise. As is well known, a Windows-based environment permits the opening and/or display of multiple windows at the same time.410 WhenU’s programs providing pop-up ads are based on this feature of the dominant computing environment. The pop-up ads do not actually “fill” the entire screen of a computer user, and they do not have to be closed in order for the target website to be visible. Instead, WhenU utilizes three formats of “contextualized” advertisement:

(1) a small format “pop-up” window that typically appears flush to the bottom right-hand corner of the consumer’s desktop; (2) a larger “pop-under” window that appears behind some or all of the browser windows that the consumer is viewing; (3) a horizontal “panoramic” window that runs along the bottom of the user’s computer screen. Regardless of the format used, the WhenU Window is a distinct, separate window . . . .411

How does an ordinary computer user end up with WhenU’s proprietary software on his or her computer? After all, the court in U-Haul was surely correct in opining that most people find pop-up advertisements “annoying.” WhenU offers two kinds of software, called “Save” and “SaveNow.” They function identically, but are distributed in slightly different ways and under different conditions. Both Save and SaveNow are “typically download[ed] in return for obtaining a free software application.”412 Software bundled with Save can often be obtained for a premium without the Save program.413 But once the (free) software bundled with Save is installed on the user’s computer, Save can be removed only by also removing the free software with which it was

410. See, e.g., Wells Fargo, 293 F. Supp. 2d at 742-43.
411. Id. at 745.
412. Id. at 739.
413. See id.
bundled. In contrast, SaveNow, while also typically obtained as a bundle, can be removed by itself and separately from the associated software. Downloading the SaveNow program requires users to assent (by clicking) to a license agreement that explains the way SaveNow operates.

WhenU launched its services in early 2001. Since then, it has delivered “online marketing for more than four hundred advertisers, including such well-known companies as Bank of America, Citibank, Verizon, JPMorgan Chase, Panasonic, Cingular Wireless, Merck, and ING Bank.” WhenU uses a directory of terms to link a user’s browsing activity to categories of goods and services, for which it then provides pop-up ads. That directory is sizeable. “As of July 1, 2003, the Directory contained approximately 32,000 URLs and URL fragments, 29,000 search terms and 1,200 keyword algorithms. . . . The Directory categorizes these elements into various categories in much the same way as a local Yellow Pages indexes businesses into categories.” The Wells Fargo court gives the following description of how a computer user’s browsing activity interacts with WhenU’s directory to cause WhenU’s Save or SaveNow program to produce a competitive pop-up advertisement:

As a participating consumer browses the internet, the SaveNow software studies the user’s browsing activity and compares it against the elements contained in the Directory. Simultaneously, the SaveNow software determines whether: (a) any of those elements are associated with a category in the Directory, and (b) whether those categories are associated with particular advertisements. If the software finds a match, it identifies the associated product or service category, determines whether appropriate ads are available to be displayed, and, if so, selects an ad based on the system’s priority rules, subject to internal frequency limitations. . . . Thus, if a consumer were to enter [www.wellsfargo.com] into the address box in an open browser window or conduct a search using a search engine by typing in the words “Wells Fargo,” SaveNow would detect that activity and scan the proprietary directory for a match to a WhenU category such as “finance.mortgage.” . . . [Finally,] WhenU sells advertising to advertisers on the basis of sales categories, which are grouped into certain product and service categories. . . . [And] WhenU does not

414. Id. at 740.
415. Id. at 739-40.
416. See id. at 738.
417. Id.
418. Id. at 743 (citation omitted).
guarantee advertisers that their advertisements will appear when participating consumers access content from a particular website.419

We have, then, a fairly coherent description of WhenU’s business model. Develop a directory of commercially significant terms used by consumers during their internet browsing activities (regardless of whether these terms occur as URLs, parts of URLs, search terms, keywords, or other); make that directory part of software that links the terms to commercial categories; get companies to subscribe to WhenU’s services and become WhenU advertisers; display pop-up (or pop-under, or banner) advertisements for WhenU advertisers for goods or services that are related to those the consumer—as indicated by the terms the consumer is using—is probably looking for.420

Wherein, then, lies the trademark infringement? Well—some of the terms in WhenU’s directory are trademarks. A consumer typing, for example, “Nike” into her search engine or “nike.com” into her browser’s address window may be presented with a pop-up ad for Adidas or Reebok. Or, less hypothetically, “when a user types in ‘1800contacts.com,’ the URL for Plaintiff’s website, the SaveNow software recognizes that the user is interested in the eye-care category, and retrieves from an Internet server a pop-up advertisement from that category.”421 Quite obviously, some trademark owners do not relish having consumers who go looking for their specific offerings (as evidenced by consumers’ use of their trademarks as search or address terms) confronted with their direct competitors’ offerings. Because the link between the (presumptively) searched-for companies and their competitors’ pop-up ads is the formers’ trademarks contained in WhenU’s directory, a claim for trademark infringement against WhenU is thought to exist. As the U-Haul court put it, “this detour in the user’s web search seems like a siphon-off of a business opportunity.”422

As it happens, though, competition is a fact of life in a market economy. Trademark law not only recognizes this fact, but is instrumental in fostering competition by increasing and facilitating

419. Id. at 743-45. “Participating consumer” is a misleading term; the court refers to a computer user whose computer happens to be storing the Save or SaveNow program. See id. at 743.

420. WhenU presents consumers with pop-up ads for competitors of its own advertisers. Wells Fargo & Co., 293 F. Supp. 2d at 745. In other words, WhenU advertisers do not enjoy immunity from the enhanced competition caused by WhenU’s services.


consumer choices.\footnote{It does that by intervening to preserve and strengthen the recognition value of certain symbols on which consumers can rely, or which they can use as a proxy, in aid of choosing desirable products, or products from a source from which they have previously made satisfactory purchases.\footnote{Those who poach upon the “commercial magnetism of [the congenial] symbol[s]" used by others to hawk their wares can and should be stopped under the law. But the “poaching” that Justice Frankfurter so rightly identified as the gravamen of the tortious act committed by an infringer is a limited concept. It does not encompass legitimate competition.}

What is legitimate competition under the Lanham Act? The answer requires us to revisit the structure of trademark law, discussed earlier. The Lanham Act evaluates behavior via a set of concentric circles.\footnote{Noncommercial activity falls into the outermost circle and is irrelevant altogether. Insofar as an activity is commercial, Congress may generally regulate it under the Commerce Clause. This constitutes the next circle. Since we are here discussing economically competitive behavior, that requirement is satisfied. But inhabiting the second circle does not yet permit an inference of Lanham Act liability. For that liability to attach, there has to be trademark use by the defendant of the relevant symbol.\footnote{If so, the defendant’s conduct falls within the third concentric circle, and liability may attach if the additional requirements of no fair use and likelihood of confusion are satisfied (and, it goes without saying, if the plaintiff has valid trademark rights).}

Let us examine the use WhenU is making of the trademarks in question in its directory, and let us see whether regarding such use as “trademark use” under the Lanham Act leads to a coherent theory of trademark infringement. The salient fact about WhenU’s use is that no consumer—and no one except an experienced hacker who deliberately takes apart the WhenU software to get at the directory—ever sees the directory, or any of the terms of which it is composed. Specifically, when a consumer types a trademark contained in the WhenU directory into a search engine or browser address window, and WhenU’s software, executing the job for which it was designed, presents that consumer with a pop-up ad of a competitor of the trademark’s owner, then the process by which the pop-up ad is created, or, better perhaps, correlated to the

\begin{itemize}
\item \footnote{See LANDES & POSNER, ECONOMIC STRUCTURE, supra note 6, at 167-68.}
\item \footnote{Id. at 167.}
\item \footnote{Mishawaka Rubber & Woolen Mfg. Co. v. S.S. Kresge Co., 316 U.S. 203, 205 (1942).}
\item \footnote{See discussion supra Part II.C.1.}
\item \footnote{Of course, the plaintiff also must have used its mark to have rights in it in the first place.}
\end{itemize}
consumer’s search activities as demonstrated by his or her use of search terms, is entirely opaque and mysterious to the ordinary consumer unfamiliar with the WhenU business model.\footnote{See 1-800 Contacts, Inc., v. WhenU.com, 309 F. Supp. 2d 467, 480 (S.D.N.Y. 2003).} No ordinary member of the public can be expected to have an understanding of how those oddly appropriate and pertinent advertisements are created. Their appropriateness, parenthetically, arises only from their content, that is, the relatedness of the goods and services to those the consumer was seeking in the first place. They are \emph{not} branded with any of the trademarks the consumer used in her initial search. On the contrary, they are conspicuously branded only with the competitor’s marks.\footnote{See, e.g., Wells Fargo & Co. v. WhenU.com, Inc., 293 F. Supp. 2d 734, 745-46 (E.D. Mich. 2003). Note that the banner ads in \emph{Playboy} are unbranded. See Playboy Enters., Inc., v. Netscape Communications Corp., 354 F.3d 1020, 1025 n.16 (9th Cir. 2004).} In other words, the consumer is faced with an online world where a deliberate search for Nike shoes will bring to light not only purveyors of those shoes, but also purveyors of Reeboks and the like. Other than using the Nike trademark as an indicator for the consumer’s apparent interest in a certain kind of shoe, WhenU would contend that its program does not take advantage of that trademark in any way.

WhenU indubitably \emph{does} use the Nike trademark in the following way. The mark serves as a proxy to show to an agent in the background—WhenU, via its Save or SaveNow program—that a certain consumer has evidenced a possible interest in purchasing sneakers. Not generic sneakers, but those of a specific company. What does the agent in the background do? It exploits that interest in a specific sneaker brand to shove related brands into the consumer’s face. This is, by any colloquial standard, a commercial exploitation of the Nike brand by WhenU. More precisely, it is an exploitation of the informational content of the consumer’s use of the Nike brand in browsing the Internet, where that informational content is taken (reasonably, it would seem) as an indicator of interest in the kinds of products offered under that brand. Why, then, should there be any doubt that such plain commercial exploitation of a well-known brand can in principle be actionable under trademark law? Assume consumers are confused by the pop-up ads in the way that the Lanham Act understands confusion. In other words, assume consumers believe—if only for a short period of time—that the pop-up ads or the products advertised in them are somehow put out by or associated with or authorized by the owner of the original mark the consumer used to conduct her search. Suppose I look for Nike shoes. In addition to a list of search results for web sites where I can buy Nike
shoes, I get a pop-up advertisement for Reebok shoes. "Hmm," I think, "I didn’t know those guys were related." They must be, though (I might naively assume), because why else would I be getting Reebok stuff in response to a Nike search? I click on the Reebok ad (because it’s there), like what I see, and make a purchase. Now Nike has lost a sale. But once I click and am taken to a Reebok site to look around, I am probably perfectly aware that Reebok and Nike haven’t suddenly merged. I know I am dealing with a competitor. No matter. Trademark law has the initial interest confusion doctrine, which permits imposition of liability for pre-sale confusion that is dispelled well prior to a sale actually taking place.430 This is how the courts handle such situations and capture infringers in situations where consumer confusion is short-lived, if not downright ephemeral.

Note that we are now talking about confusion, which is quite inevitable. Confusion becomes quite naturally the gravamen of the kind of thumbnail analysis of the WhenU situation that I just performed. Trademark law, however, contains doctrinal constraints that must not be neglected. From our previous analysis we know that the trademark use inquiry precedes the confusion inquiry. If there is no trademark use, there can be no Lanham Act liability, making confusion irrelevant. Many courts, however, appear to have applied the principle that use of a trademark invisible to consumers is actionable if confusion—most often conceptualized as initial interest confusion—results. Many of these cases are Internet-related, and we examined them previously. What is it about the Internet that brings about this short-circuiting? Outside the Internet, a situation where a defendant “uses” (in a trademark sense) a plaintiff’s mark in a way that completely eludes the visual or aural perception of consumers, but where that “use” nevertheless constitutes a predicate act for trademark infringement, is inconceivable. There is, quite simply, no case in U.S. law imposing trademark liability in a situation where the consumer does not know that the defendant made any use of the plaintiff’s marks, or, put differently, where the consumer does not see, hear, or otherwise perceive in some form the defendant’s use of the plaintiff’s mark (or of the term alleged to cause confusion).

Let’s go back to the statute for a moment. As we have seen, it is actionable under the Lanham Act to use in commerce either a “reproduction, counterfeit, copy, or colorable imitation of a registered mark in connection with the sale, offering for sale, distribution, or

430. See Brookfield Communications, Inc. v. W. Coast Entm’t Corp., 174 F.3d 1036, 1062-63 (9th Cir. 1999).
advertising of any goods or services on or in connection with which such use is likely to cause confusion,” or “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, which is likely to cause confusion.” It is the “reproduction, counterfeit, copy, or colorable imitation” of the registered mark, or the “word, term, name, symbol, or device” with regard to an unregistered mark, that has to cause the confusion in order for Lanham Act liability to attach. In order to do that, the allegedly infringing term must be available in some form for sensory perception by the consumer. There is no grand body of precedent on this “sensory perception of the infringing term by the consumer” requirement. The reason for this judicial silence is straightforward. The “sensory perception” requirement is utterly understood and obvious in the bricks-and-mortar world. It is a foundational but generally unstated premise of all trademark law. Sensory perception is the very essence of the trademark use requirement codified in §1127, but it is so deeply embedded in the very concept of what a trademark is that courts dealing with non-Internet cases do not think of explaining it in any conscious detail. In an odd but typical wrinkle, then, the Internet knocks the unstated limiting principle out from under this foundational requirement and offers up for debate—and for imposition of liability—conduct that traditionally no one, not even a hyper-aggressive and litigation-happy trademark owner, thought of as even potentially subject to Lanham Act liability.

WhenU performs an invisible correlation between a product the consumer seeks and a product the consumer, if confronted with it at the moment of seeking the other one, might actually prefer over the one the consumer seeks. It is a favorite sport of courts and commentators to come up with analogies for online phenomena in order to render them somewhat more accessible to experience and sensibilities trained in a very different world. I would like to try one here. What, if anything, does WhenU’s correlation of (ostensibly) sought product with competitive product via invisible, nay imperceptible, use of the sought product’s trademark analogize to in the bricks-and-mortar world?

433. Professor Lessig has famously analyzed the regulatory effects of the structure of cyberspace. See generally LAWRENCE LESSIG, CODE AND OTHER LAWS OF CYBERSPACE (1999). Chapter One of that book is entitled “Code Is Law.” Id. at 3. The phenomenon I describe might be summarized as “Code Enables Law”—to a hitherto unimagined degree.
434. See generally Mark A. Lemley, Place and Cyberspace, 91 CAL. L. REV. 521 (2003) (analyzing courts’ attempts to conceptualize the Internet via metaphor).
Nothing so much as the manager of a supermarket who puts competitive products on the same or adjacent shelves. How does that manager—or, more generally, the person or persons who develop use plans of supermarkets to maximize sales—know to put the Kellogg Raisin Bran next to the Post Raisin Bran? How come different brands of soup or soap or bread or frozen pizza or ice cream or peanut butter are always grouped together in grocery stores? Because in the brain of the store manager, or (more visibly, actually) in the written store layout plans of modern supermarkets, the competing brands are correlated and grouped. The manager thinks “Kellogg” and, from the proprietary directory of brand names stored either in her mind’s memory banks or the equally proprietary layout plan for the supermarket, correlates “Post” or “Nabisco,” causing her to group them together on the shelves. The consumer does not see that list, of course. The list’s invisibility does not depend on its existence only in the mind of an individual store manager or as a written plan for a store or an entire chain of stores (the latter alternative would make it available to many store employees, but not ordinarily to customers). From the consumer’s perspective, it makes no difference. The consumer walks into the store intending to purchase Kellogg’s Frosted Flakes. Having located the relevant aisle, the consumer scans the offerings for Kellogg’s Frosted Flakes. His gaze happens on the analogous cereal marketed by Post—and for some reason, he finds Post’s product more appealing. He chooses Post. Plainly, a sale that, judging by the consumer’s initial intent and attitude, should have gone to Kellogg has been diverted.  

Trademark infringement? Of course not. It can’t be. That would be the death of our system of competitive product offerings, which is crucial for the functioning of our market economy, by permitting “trademark holders [to assert] a generalized right to control

435. Rajzer, supra note 35, at 462-63 (setting forth a similar supermarket analogy but concluding, without further analysis, that “[o]ne would definitely not consider a suit for trademark infringement or dilution in that scenario”). Judge Berzon, in her concurrence in Playboy, makes use of a similar analogy. See Playboy Enters., Inc., v. Netscape Communications Corp., 354 F.3d 1020, 1035 (9th Cir. 2004). But she does not link it to the trademark use requirement, instead remaining mired in an initial interest confusion analysis. See id. Others have likewise availed themselves of this analogy, but, like Judge Berzon, have not drawn the correct doctrinal conclusions. See, e.g., Shea, supra note 35, at 554 (using the supermarket analogy to support an argument about consumer expectations and, hence, likelihood of confusion).

436. This statement is, of course, based on Landes’s and Posner’s famous argument that the economic value of trademarks lies in “the saving in consumers’ search costs made possible by the information that the trademark conveys or embodies about the quality of the firm’s brand.” LANDES & POSNER, ECONOMIC STRUCTURE, supra note 6, at 168.
language . . . " If my (perfectly un-)hypothetical situation were to give rise to a claim for trademark infringement, it would likewise be trademark infringement for the Toyota dealer to perceive a Honda dealership with a vacant lot next door, correlate the trademark Honda with the directory of relevant terms in her mind, figure out that Honda cars are being offered, purchase the vacant lot next door, and open a Toyota dealership for the express purpose of funneling customers from the Honda dealership to the Toyota dealership.438

Why is that not trademark infringement? Because the Toyota dealer makes no use of the Honda trademark.439 It is for this reason that WhenU-like cases do not exist in the traditional bricks-and-mortar world that used to be the sum total of our living environment. But the Internet changed things and opened up avenues of imposing liability that no one thought existed. What does the Internet add here that was not present in our grocery story or car dealership hypotheticals? Instant reaction to consumer desires. In the grocery store, the goods sit on the shelf. They don’t reshuffle themselves based on where a consumer is looking. Neither do the car dealerships.440 Moreover, the consumer knows exactly what to expect. Everyone who goes to a grocery store knows that he or she will be bombarded with advertisements for competing products. I, for one, find it difficult to stay on task and come out of the store with what I originally intended to buy when I walked in. But the law expects me to be able to live with that challenge.

With regard to the Internet, one might argue, the situation is different. A consumer logging on to find a specific product intends to get

437. Dogan & Lemley, supra note 32, at 809.
438. Dogan and Lemley list the following hypotheticals along the same lines:
   Makers of telephone directories are not liable for putting all the ads for taxi services together on the same page. In-house marketing surveyors aren’t liable for asking people what they think of a competitor’s brand-name product. Magazines are not liable for selling advertisements that relate to the content of their special issues, even when that content involves trademark owners. Gas stations and restaurants are not liable for locating across the street from an established competitor, trading on the attraction the established company has created or benefiting from the size of the sign the established company has put up. Individuals are not liable for their use of a trademark in conversation, even in an inaccurate or misleading way (referring to a Puffs brand facial tissue as a “Kleenex,” or a competing cola as a “Coke,” for example). Generic drug manufacturers are not liable for placing their drugs near their brand-name equivalents on drug store shelves, and the stores are not liable for accepting the placement. Id. at 809-10.
439. The situation would, of course, be different if the Post brand frosted flakes had a confusingly similar imitation of the Kellogg trademark imprinted on them, or if the Toyota dealer next door were to put up Honda signage. But that is precisely what we are not talking about here.
440. But even if they did, that would not be trademark infringement.
exactly that product. That’s why she logged on in the first place. Therefore, the unasked-for presentation of competing goods is a deception of the consumer who knows what he wants and simply wants to obtain it. This argument is doctrinally flawed because it does not answer the question of how to satisfy the trademark use requirement. It is also flawed as a matter of policy because it misperceives the nature of the Internet. As the Supreme Court in Reno v. ACLU441 recognized quite clearly, the Internet is not a new medium, but an extension of human reality.442 The Court’s realization, which came rather early on in the judiciary’s engagement with the phenomenon of virtual reality, is truer today than it ever was. As we all can plainly see, the Internet partakes of all the messiness, the unruliness, the petty annoyances, and distractions posed by human reality. Why? Because we live on the Internet: we do business on it, learn and study on it, express our opinions on it, shop on it, date on it, chat and gossip on it, gamble on it, have sex on it. Any expectation that the Internet would somehow spare us the seemingly ever-present commercialism of modern American life is totally unfounded,443 and as unreasonable with regard to cyberspace as it would be with regard to a suburban strip mall. If we have to endure miles of competing signage when driving to the car dealership from which we have resolved to purchase a vehicle (with the attendant risk, of course, that our resolve may weaken and we may end up visiting the competitor’s shop instead), then we also have to endure the online equivalent of that unrelenting advertisement pressure. Contextualized advertising and metatag use, then, is nothing more than code’s approximation—or better: reconstitution—of modern commercial reality.444 Whatever heightened sensitivity we may have to these online impositions and annoyances is merely a result of our technological naiveté, a product of the comparative novelty of the Internet. It is certainly not worth destroying trademark law over a quixotic desire to

442. See id. at 885 (describing the “dramatic expansion of this new marketplace of ideas”); see also id. at 853 (comparing the Internet “from the readers’ viewpoint, to both a vast library including millions of readily available and indexed publications and a sprawling mall offering goods and services, [and] [f]rom the publishers’ point of view, [to] a vast platform from which to address and hear from a worldwide audience of millions of readers, viewers, researchers, and buyers”).
444. See LESSIG, supra note 433, at 153-54, 198 (“As the rules that govern real space compete, cyberspace increasingly wins out.”).
preserve an innocence from commercialism that, in fact, has long been lost.

Back to trademark use. Perhaps surprisingly, given prior courts’ obtuseness on the issue, the courts in U-Haul and Wells Fargo made trademark use the linchpin of their rulings. In both cases, the courts found no trademark use and thus, necessarily, no infringement. In U-Haul, defendant WhenU prevailed on summary judgment. The court observed, correctly, that “[a] fundamental prerequisite for claims of trademark infringement . . . and of unfair competition [under the Lanham Act] . . . is proof that the defendant used one of the plaintiff’s protected marks in commerce,” and noted that the statutory test for meeting that prerequisite is set forth in section 45. U-Haul argued that WhenU made statutory use in commerce of the U-HAUL mark because: (1) the pop-up ad appeared on the same computer screen as U-Haul’s web site; (2) because of the triggering of the pop-up ad via the WhenU directory (which contains the U-Haul mark); and (3) because the pop-up ads “interfere[] with the use of U-Haul’s web site by its customers and dealers.” The court decisively rejected U-Haul’s arguments. First, the court held pop-up ads are not part of a “single visual presentation as part of U-Haul’s website” for the simple reason that the Microsoft Windows environment permits having several windows of different sizes open at the same time. In other words, the pop-up ads do not “frame” U-Haul’s site. Second, the simultaneous appearance of the U-Haul web site and the pop-up window (which is branded with the trademark of U-Haul’s competitor, but NOT with U-Haul’s trademark) constitutes comparative advertising. Third, the use of the U-HAUL trademark in the directory of the WhenU software does not constitute Lanham Act use. Fourth, since WhenU’s software “does not interact with U-Haul’s computer servers,” and since users consciously decide to install the SaveNow program, the pop-up ads “do not interfere with the use of U-Haul’s web site by its customers and dealers.”

The court’s first argument depended heavily on taking the desktop metaphor of the graphics-based Microsoft windows operating

446. See id. at 727-28.
447. Id. at 728.
448. Id. at 727-28.
449. Id. at 727.
450. See id. at 728.
451. See id.
452. Id. at 728.
environment seriously. To give U-Haul’s claim even a shadow of validity, one must refer to the phenomenon of framing. There are relatively few cases that deal with that phenomenon. Framing is ordinarily understood to occur when a second web site is opened inside the visual frame created by the first web site presenting a “smoothly integrated” whole to the Internet user that leaves the impression that he or she is, in fact, still “located” on the first web site.

In the WhenU situation, the facts are reversed. It is obviously not U-Haul who is causing the pop-up ad to appear simultaneously with the U-Haul web site. Not only is there a lack of smooth visual integration of the web site and the pop-up, but on the contrary there is sharp visual differentiation, in particular via the clear branding of the pop-up ad. The court understood all this quite well:

[U-Haul’s] argument is that WhenU’s ads appear as a single visual presentation as part of U-Haul’s website. This position, however, is untenable. When a WhenU ad appears on a user’s computer screen, it opens in a WhenU-branded window that is separate and distinct from the window in which the U-Haul website appears. . . . It is important to note that in the Microsoft Windows environment, each program that the user launches generally appears on a separate window on the user’s computer screen. In addition, the computer user may have multiple windows open at once; and in many instances, a separate window may pop-up on the user’s screen notifying the user of an event: incoming e-mail, completion of a task by the computer, an appointment, etc.454

This refutation of the framing claim also resolved the court’s second and fourth arguments (comparative advertising and interference with U-Haul’s website). Although they led to the correct result (i.e., no liability on WhenU’s part), arguments two and four, as applied by the court, are confused and doctrinally mistaken. They reflect the profound befuddlement the courts have experienced in this particular corner of trademark doctrine. Argument two, the comparative advertising issue, misses the mark entirely. Comparative advertising is a species of fair use. Competitors are permitted to compare their wares to those of their competitors. The U-Haul court quoted Diversified Marketing, Inc. v. Estee Lauder, Inc.,455 for the correct—but irrelevant—proposition that it was lawful comparative advertising for the defendant to use the slogan

"If you like ESTEE LAUDER . . . You'll love BEAUTY USA"456 on the defendant’s product packaging and point of sale advertising. In fact, comparative advertising is such an important engine of commerce and competition that the FTC has long taken the position that “[i]ndustry codes which restrain comparative advertising . . . are subject to challenge by the Federal Trade Commission.”457 Desirable though it may be, comparative advertising was not at issue in the WhenU situation at all. By definition, comparative advertising pertains to situations where one party refers to the goods of another to compare them with the first party’s goods—overtly and prominently so. Comparative advertising, then, is all about one party using another party’s mark. “A use of a rival’s mark that does not engender confusion about origin or quality is . . . permissible.”458 But that is precisely not what WhenU is doing, and neither is it what the parties whose pop-up ads WhenU is launching are doing. No one is making comparative statements, least of all WhenU. All that is happening is that party A’s offerings appear in immediate vicinity to party B’s comparable goods. But neither party A nor party B are drawing express comparisons to the other’s goods, and neither is mentioning the trademarks under which the other’s goods are being sold.

One might argue that the immediate “physical” (to accept the three-dimensionality metaphor) juxtaposition of party B’s goods to party A’s goods in response to an inquiry geared—by hypothesis—to party A’s goods constitutes constructive comparative advertising. However, there is no statutory or case law support for that proposition. To do so, would push the law of comparative advertising decidedly too far and would bring, at least potentially, within the purview of the trademark laws conduct that they have never been held to reach. In particular, physically adjacent groupings of related goods in supermarkets, malls, and any other commercial context—done, among other things, to facilitate comparisons—would then also become subject to a comparative advertising analysis. That is unnecessary, and precisely the kind of thing that the trademark use requirement is meant to forestall.459

Comparative advertising, then, must be ruled out as a ground for finding trademark use, and thus providing a foundation on which to

459. By saying that, I may be begging the question because I am in the process of examining the contours of the trademark use requirement. Suffice it to say, then, that the use requirement as traditionally understood and deeply rooted in common-law trademark doctrine does not provide for such situations to come within the purview of trademark use, constructive or otherwise.
build a case for liability. The *U-Haul* court’s fourth argument that interference by the defendant with the plaintiff’s web page can constitute use by the defendant of plaintiff’s mark fares no better.\(^{460}\) This argument does not hold water because it comes out of a number of rather confused Internet cases in which the courts had a very hard time constructing liability against defendants whom the judges plainly viewed as acting in bad faith.\(^ {461}\) In those cases, the defendants openly used the plaintiffs’ marks in the defendants’ domain name, but ran web sites that were quite clearly noncommercial in nature. The courts surmised that defendants’ use of such domain names was likely to hinder consumer access to the plaintiffs’ own web site and held that the defendants had used the marks in question “in commerce.” That rule plainly has no relevance to the *WhenU* situation. No one is disputing that *WhenU*’s conduct occurs in commerce for Commerce Clause purposes.\(^ {462}\) Moreover, “*WhenU* is not cybersquatting on *U-Haul*’s trademark which serves as its domain name on the Internet. Nor is a computer user taken to a *WhenU* website when the user searches for *U-Haul*’s domain name.”\(^ {463}\) In other words, there is no interference, and the *U-Haul* court was correct in quickly rejecting this argument.


The Federal Trade Commission (FTC) is responsible for the enforcement of the Federal Trade Commission Act. The FTC is the primary government agency responsible for regulation of Internet commerce and advertising. The goals of the act are to promote commercial competition and protect the public from unfair, deceptive acts, or practices in the advertising and marketing of goods and services. More specifically, 15 U.S.C. § 45 prohibits ‘[u]nfair methods of competition in or affecting commerce, and unfair or deceptive acts or practices in or affecting commerce.’ The role and effect of unauthorized pop-up advertisements will most likely trigger FTC involvement. The FTC regulates deceptive acts and practices without reference to a particular medium of dissemination. Therefore, United States Internet regulation is well within its jurisdiction. Regulating online advertising and marketing has generally been considered one of the FTC’s roles.

Id. (footnotes omitted); see also F.T.C. v. Pantron I Corp., 33 F.3d 1088, 1095 (9th Cir. 1999) (“The Federal Trade Commission brought this suit pursuant to sections 5(a) and 12 of the Federal Trade Commission Act, 15 U.S.C. §§ 45(a), 52. Section 5(a) of the Act declares unlawful ‘unfair or deceptive acts or practices in or affecting commerce’ and empowers the Commission to prevent such acts or practices. 15 U.S.C. § 45(a)(1) & (2). Section 12 of the Act is specifically directed to false advertising.”).

This leaves the argument that defendant's conduct did not constitute trademark use. It is the only argument based on anyone actually doing something with the plaintiff's trademark. Whether that something amounts to trademark use is, of course, the question at issue. But at least the question now focuses on what is actually happening with the plaintiff's mark. The argument is that WhenU's inclusion of the U-HAUL trademark in the WhenU directory constitutes trademark use, thus permitting the analysis to progress to the confusion inquiry, and ultimately to the potential imposition of liability. The U-Haul court did not waste much time disposing of the use argument. The court found that WhenU's use of U-Haul's trademark was a "'pure machine-linking function'... and in no way advertised or promoted U-Haul's web address or any other U-Haul trademark." 464 In other words, what decided the question for the U-Haul court was the absence of any open display by WhenU of U-Haul's mark to the consumer to advertise or promote goods or services. In other words, the criteria of section 45 are not even remotely met. This finding obviates U-Haul's entire case.

The Wells Fargo court came to the same conclusion, but reached it via a somewhat less straightforward analysis. Similar to U-Haul, the plaintiffs in Wells Fargo argued that WhenU made trademark use of the WELLS FARGO mark by hindering consumer access to Wells Fargo's web site, by positioning the pop-up ads in close proximity to the WELLS FARGO mark, and by using the mark to trigger the pop-up ads in the first place. 465 The Wells Fargo court started the use section of its opinion with a brief but pointed reminder of the nature of the case and the legal requirements of trademark use. The court reasoned:

[Under §§ 1114(1)(a) and 1127, t]here can be no liability under the Lanham Act absent the use of a trademark in a way that identifies the products and services being advertised by the defendant... Plaintiffs' trademarks do not appear in WhenU ads or coupons. The only trademarks that appear in a WhenU ad are WhenU's own marks and the marks of its advertisers... Thus, this is not the "usual trademark case" where "the defendant is using a mark to identify its goods that is similar to the plaintiff's trademark." 466

For reasons analogous to those set forth in the U-Haul decision, the Wells Fargo court rejected the plaintiffs' arguments. As in U-Haul, the

464. Id. at 728 (citing Lockheed Martin Corp. v. Network Solutions, 985 F. Supp. 2d 949, 956 (C.D. Cal. 1997)).
466. Id. at 757-58 (citations omitted).
court found that the WhenU-triggered pop-up ads did not constitute actionable framing of the plaintiff's website because the visual presentation of the pop-up ads was not smoothly and seamlessly integrated with the plaintiff's website, as those terms were understood in *Hard Rock Café v. Morton.* On the contrary, the appearance of the pop-up ads on the user's screen on top of the underlying Wells Fargo web site showed these were "two distinct sources of material."

Like *U-Haul*, however, the *Wells Fargo* court fell into the trap of conceptualizing the pop-up ads as "a form of comparative advertising." The court put forth a clear and crisp definition of comparative advertising. That definition should have tipped the court off to the obvious fact that in the WhenU situation, no comparative advertising is in fact taking place. "Comparative advertisements may therefore make use of competitors' trademarks even if the advertiser reaps the benefit of the product recognition engendered by the owner's popularization, through expensive advertising, of the mark." Once again, the confusion over the meaning of trademark use revealed itself in the court's adoption of the comparative advertising argument. Plainly, the court intended its comparative advertising argument to *aid* WhenU and to remove the possibility of liability. In doing so, however, it assumed implicitly that some sort of consumer-perceptible use of Wells Fargo's mark by WhenU was taking place. But that was simply not the case with regard to WhenU's conduct, as the court itself made clear. The permission granted to the parties to "make use of competitors' trademarks even if the advertiser reaps the benefit of the product recognition engendered by the owner's popularization" was therefore inapposite. The contrast to *August Storck K.G. v. Nabisco, Inc.* was therefore instructive in this regard. As summarized by the *Wells Fargo* Court, the *August Storck K.G.* court ruled "that the simultaneous presentation of the plaintiff's trademarks on the defendant's packaging was lawful competitive advertising." However, in the *Wells Fargo* case, there was no "simultaneous presentation" of

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469. *Id.*
470. *Id.* (quoting Anti-Monopoly, Inc. v. Gen. Mills Fun Group, 611 F.2d 296, 301 n.2 (9th Cir. 1979)).
472. *Id.* at 761 (quoting Anti-Monopoly, Inc., 611 F.2d at 301 n.2).
473. 59 F.3d 616 (7th Cir. 1995).
plaintiffs' mark on anything put out by WhenU, and the doctrine of comparative advertisement was inapplicable.

*Wells Fargo* also rejected the plaintiffs' argument that the pop-up ads somehow impeded consumer access to the plaintiffs' websites. Instead of challenging the premise on which the “use through impediment” cases are based, the court distinguished them by pointing out that “[p]laintiffs present no evidence to suggest that consumers are unable to reach their sites as a result of the simultaneous appearance of WhenU's advertisements on their computer screens.” That is, of course, true. But just like in *U-Haul*, this careful distinguishing of *Planned Parenthood*, OBH, and PETA amounted to an implicit endorsement of the confused view expressed in those cases that defendant's impeding of consumer access to the plaintiff's web site can by itself constitute trademark use under section 45 of the Lanham Act.

Which brings us to the claim that use of plaintiffs' marks in WhenU's directory constitutes use of those marks in commerce under the Lanham Act. The *Wells Fargo* court's analysis of this issue was somewhat more confused than that of *U-Haul*. While it reached the correct result, it betrayed the wrongheaded state of the law in this area. The court's dispositive argument was strongly tinged with misplaced considerations of fair use, nominative fair use, and comparative advertising.

The advertisement that is displayed does not bear the plaintiffs' trademarks. To the contrary, it bears WhenU's marks and branding as well as those of the advertiser. Thus, the SaveNow software only uses URLs to identify the website itself, just like one would have to use the word “Macy's” to describe the Macy's department store.

This does not constitute the “use” of any trademark belonging to plaintiffs, as that term is used in the Lanham Act, because WhenU

475. See *Wells Fargo & Co.*, 293 F. Supp. 2d at 759.


478. That differential in judicial treatment is surprising, since the *U-Haul* court granted summary judgment to defendants, while the *Wells Fargo* court merely denied the plaintiffs' motion for entry of a preliminary injunction.
does not use any of the plaintiffs' trademarks to indicate anything about the source of the products and services it advertises.\textsuperscript{479}

More important than whether one "would have to use the word 'Macy's' to describe the Macy's department store" was the fact that it is of the very essence of the SaveNow program that it operates covertly. The consumer never sees the directory linking the consumer's browsing terms with the relevant pop-up ads, meaning WhenU never engages in any kind of display to consumers of plaintiffs' marks. The court recognized this, and to that extent, its analysis was entirely correct. That should have ended the inquiry.

Unfortunately, we get more analysis. That is only in small part the fault of the \textit{Wells Fargo} court, and largely the responsibility of previous courts, which have muddled the trademark use requirement beyond recognition. In the passage quoted above, the court surmised that plaintiffs' trademarks were necessary to identify plaintiffs' websites. This approach carries with it more than a whiff of the Ninth Circuit's "nominative fair use" doctrine.\textsuperscript{480} The basic idea underlying that doctrine is that a party should be allowed to refer to a well-known commercial product or organization by the name that everybody knows it under, rather than having to use a circuitous, confusing, and unclear description.\textsuperscript{481} When describing the Chicago Bulls, for example, one should be allowed to call them by their name (which is, of course, protected under trademark law), rather than laboriously calling them "the professional basketball team from Chicago."\textsuperscript{482} As it happens, the Ninth Circuit recently introduced severe logical and doctrinal problems into the doctrine.\textsuperscript{483} But regardless of the doctrine's current viability, it should not have been considered in the evaluation of WhenU's conduct. As all the cases employing the nominative fair use doctrine make clear, the doctrine applies in situations where the defendant makes public use—that is, use visible or otherwise perceptible by the public—of the plaintiff's mark. That is emphatically not the case with regard to WhenU. Thus, any application of the nominative fair use doctrine to the WhenU situation must be rejected. The court opened the door slightly to this possibility. That door should be quickly closed.

\begin{thebibliography}{9}
\bibitem{479} \textit{Wells Fargo & Co.}, 293 F. Supp. 2d at 762.
\bibitem{480} See \textit{Playboy Enters., Inc. v. Welles}, 279 F.3d 796, 801 (9th Cir. 2002).
\bibitem{481} See discussion of \textit{Playboy Enterprises, Inc. v. Welles}, supra notes 321-59.
\bibitem{482} See, e.g., \textit{New Kids on the Block v. News Am. Publ'g}, 971 F.2d 302, 306 (9th Cir. 1992).
\end{thebibliography}
The *Wells Fargo* court faced, of course, the troubling question of what to do with the metatag cases.\(^484\) How to distinguish *Brookfield*?\(^485\) As I have shown, it is doctrinally and logically impossible to do so. Metatags and keywords have the same function and do not permit any differential doctrinal treatment. Thus, it is impossible for the holdings in both *Wells Fargo* and *Brookfield* to be correct. One of them must be false. The *Wells Fargo* court managed, just barely, to gloss over this contradiction. It did so by waging a battle of the analogies. We have previously examined the famous *Brookfield* "Blockbuster billboard" simile.\(^486\) Recall that the basic infirmity of that simile was the assumed—but in the case of metatags wrongly assumed—visibility or perceptibility of the signs or billboards on which the analogy was based. The district court in *Playboy v. Netscape*,\(^487\) seeking to avoid imposition of liability for Netscape's keyword advertising activities, came up with its own counter-analogy (set forth below). That counter-analogy is a fine creative writing exercise, but it missed entirely the fundamental infirmity of *Brookfield*. Just like the *Brookfield* court, the district court in *Playboy* simply assumed away the question of visibility altogether.

*Wells Fargo*, without any analysis, simply announced that it liked the *Playboy* story better than the *Brookfield* story. "The *Playboy* court's analogy presents a closer scenario to the present case than that used in *Brookfield*, and it supports the conclusion that the inclusion of plaintiffs' marks in defendant's Directory is not a use in commerce."\(^488\) *Wells Fargo*'s acceptance of the *Playboy* analogy over *Brookfield* obviously accomplished something the court found itself compelled to do: distinguish on-point precedent going the other way. But in truth, the *Playboy* analogy was just as ill-taken as that of *Brookfield* because it missed the visibility issue altogether. On the contrary, it was based entirely on the idea that the use of the marks in question was plainly visible to any member of the public:

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

\(^484\) *Wells Fargo & Co.*, 293 F. Supp. 2d at 762-63.

\(^485\) *Brookfield Communications, Inc. v. W. Coast Entm't*, 174 F.3d 1036 (9th Cir. 1999).

\(^486\) See supra note 214 and accompanying text.


\(^488\) *Wells Fargo & Co.*, 293 F. Supp. 2d at 764.
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 be liable to the burger restaurant for diverting the driver? 489

The central fact about keywords and metatags is that they are not seen by the ordinary consumer (the pop-up ads are, of course, seen by consumers, but they do not bear plaintiff’s mark). To analyze this situation on the basis of a simile that is entirely vision- and perception-oriented is illogical, counterproductive, and just plain wrong. Ironically, then, the Playboy analogy (if it were true to the facts of the case and thus had any validity, which it emphatically does not), refuted the central assertion of the district court in Playboy, which was that keyword advertising does not constitute trademark use. Wells Fargo, as noted, did not expressly seek to resolve these difficulties; it merely sidestepped them. But the overall holding of Wells Fargo, and the fundamental analysis employed by the court, not only refuted Brookfield and its progeny but also did away with the need for the contorted analysis and strained metaphorization of the kind employed in Playboy.

But WhenU was not consistently successful in defeating the trademark infringement claims launched against it. In 1-800 Contacts, the plaintiff obtained a preliminary injunction against WhenU and its co-defendant, Vision Direct, Inc. 490 With one important exception, the facts were identical to those in U-Haul and Wells Fargo. That exception was the presence of WhenU’s co-defendant. Vision Direct was a direct competitor of the plaintiff. 491 It maintained a web site at the domain name www.1800Contacts.com, thus incorporating the plaintiff’s trademark at issue in the case. 492 Vision Direct was also a customer of WhenU, so that a Vision Direct pop-up ad may appear on a consumer’s computer screen in response to a search for plaintiff’s mark. 493 The presence of Vision Direct may have influenced the court. Vision Direct was a cybersquatter, as the court correctly found, 494 because it used plaintiff’s trademark as its domain name. Moreover, Vision Direct’s domain name was creatively misspelled via insertion of the additional “www,” permitting the court—again correctly—to conclude that Vision Direct had acted with bad faith for purposes of the Anti-Cybersquatting

491. See id. at 474.
492. See id. at 474, 496 & n.52.
493. See id. at 489.
494. See id. at 506.
Consumer Protection Act. Given that Vision Direct and the plaintiff were competitors, Vision Direct was also, and obviously, infringing plaintiff's trademark. Strangely, the court did not directly comment on this plain fact in its trademark infringement analysis; instead, the court based its (preliminary) finding of trademark infringement exclusively on WhenU's use of plaintiff's mark in its directory of terms.

One suspects the court may have been tempted by the presence of one clear infringer among the defendants to be sympathetic to extending liability to the second party as well. But that is not quite what's going on. Instead, the court flatly rejected WhenU's arguments. WhenU's argument, supported by a cite to Lone Star Steakhouse v. Longhorn Steaks, that "use in commerce" of a mark requires actually displaying the mark to consumers, was countered by the court as follows:

\[E\]ven if this Court were to find that the standard for "use" required to establish a valid service mark is the same as the standard for "use" in the infringement context, ... WhenU.com is doing far more than merely "displaying" Plaintiff's mark. WhenU's advertisements are delivered to a SaveNow user when the user directly accesses Plaintiff's website—thus allowing Defendant Vision Direct to profit from the goodwill and reputation in Plaintiff's website that led the user to access Plaintiff's website in the first place.

This is true enough in a way—WhenU does far more than merely display the plaintiff's mark. But WhenU's "use" is different in kind from trademark use. Since display is a necessary condition for trademark use, and hence for finding trademark infringement, the "far more" must remain irrelevant as long as that condition is not met. The court, however, disagreed. Not on any precise statutory grounds, but quite clearly on the basis of the normative notion that a consumer who specifically wishes to reach plaintiff's website should not have to contend with competing advertisements. "[B]y causing pop-up advertisements to appear when SaveNow users have specifically attempted to find or access Plaintiff's website [by typing 1-800 Contacts into a search engine], Defendants are 'using' Plaintiff's marks that appear on Plaintiff's website."

495. See id.
496. See generally id. at 488-505 (describing what "uses" are likely to cause confusion and, therefore, lead to liability under the Lanham Act).
497. 106 F.3d 355 (11th Cir. 1997).
498. 1-800 Contacts, Inc., 309 F. Supp. 2d at 489-90. The identity in principle of those standards is part of the central thesis of this article. See discussion supra at Part II.C.
499. Id. at 489.
The court, then, implemented its normative vision of the Internet via a notion of constructive use. The court's argument went something like this. Consumers specifically attempted to access plaintiff's site based on remembering and using the plaintiff's trademark. Hence, defendants' delivery of competing pop-up ads in response to consumers' use of that trademark became inextricably linked with such use so that consumers' use became defendants' use. I have already shown that this inference is unjustified. What is it, though, that motivated the court to make it in the first place? I think it was the discrepancy, the clash, between consumers' specific attempt to reach plaintiff—the court emphasizes that specificity twice—and the diversion of consumers' attention via the pop-up ads from their specific goal to a competing one. As discussed above, the preservation of the purity of consumers' initial purchasing goals and intentions is not something in which U.S. law is interested. Otherwise every supermarket would have to stop advertising competing offers for the same goods, and to display competing goods in a way that invites comparison and brand shopping, under the rationale that they might cause a consumer who has already made up his mind to buy, say, Breyer's vanilla ice cream to purchase Dean's vanilla ice cream instead. This, of course, is wildly economically inefficient, and in fact antithetical to the very notion of robust competition. Thus, the court was unlikely to have meant to reach it in such global fashion. More likely, the court was driven by a normative view of the Internet. Is the Internet a specialized medium, a pristine, rarefied and efficient data retrieval system, that allows users to access information without the distractions, noise, confusion, annoyances, and complexities of the "real world," or is it rather an extension of that real world, quite different no doubt in many important ways, but ultimately embodying and reflecting all the messiness and disorderliness with which human affairs tend to be saddled? If the former, then it may at least be understandable (although still not doctrinally justifiable) that a court wishes to use a roughly applicable statute such as the Lanham Act and twist it a bit to stop wanton intrusions into user convenience and wanton distraction of user goals. If the latter, then doctrinal distortions of the kind found in the 1-800 Contacts decision are utterly without basis not only in law, but also in policy.

500. See supra notes 434-44 and accompanying text.
501. See supra 309 F. Supp. 2d at 489.
2. The Ninth Circuit's Decision in *Playboy v. Netscape*^{502}

The doctrine of constructive use comes into its own in the Ninth Circuit's 2004 decision in *Playboy v. Netscape*. As previously discussed, in this decision the court reversed the district court's grant of summary judgment in favor of the defendants, holding that "[g]enuine issues of material fact exist as to [Playboy's] trademark infringement and dilution claims."^{503} Compared to the exhaustive analyses in *U-Haul*, *Wells Fargo* and *1-800 Contacts*, the appellate decision in *Playboy v. Netscape* is quite abbreviated. The question of trademark use, determinative here as much as in the WhenU cases, was almost entirely sidelined. The court expressly took it up only with respect to the dilution claim, and only to resolve it via the "implicit labeling" doctrine.^{504} That judicial invention constitutes an express acceptance of the notion of constructive use into the heart of trademark law. For all the reasons I have already discussed, that is contrary to both the doctrine and the purpose of trademark law. But despite this serious distortion of proper trademark doctrine, or perhaps exactly because of it, the Ninth Circuit's decision is very useful. It demonstrates the dangerous consequences of cutting a body of law loose from its doctrinal moorings, and of removing foundational restrictions on the applicability of a law, causing a sudden and uncontrolled—and unsupported—broadening of its reach. Playboy presented the case to the court entirely within *Brookfield*’s analytic framework, and that was the way in which the Ninth Circuit Court of Appeals analyzed it.^{505} "[Playboy's] theory strongly resembles the theory adopted by this court in [Brookfield] . . . ."^{506} In other words, just as in *Brookfield*, the question of trademark use played next to no role in the court's analysis, and all the emphasis was placed on the likelihood of confusion prong of the trademark infringement inquiry. Given this approach, it is unsurprising that initial interest confusion quickly took analytic center stage. The absence of any overt use by the defendants of Playboy's trademarks was readily conceded by the court. The court characterized the facts of the case as "a situation in which defendants display competitors' unlabeled banner advertisements, with no label or

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502. See *Playboy Enters., Inc., v. Netscape Communications Corp.*, 354 F.3d 1020 (9th Cir. 2004).
503. *Id.* at 1034.
504. *Id.* at 1033.
505. *Id.* at 1025.
506. *Id.*
overt comparison to [Playboy], after Internet users type in [Playboy’s] trademarks." The court’s theory of liability is most familiar:

In this case, [Playboy] claims that defendants, in conjunction with advertisers, have misappropriated the goodwill of [Playboy’s] marks by leading Internet users to competitors’ websites just as West Coast video misappropriated the goodwill of Brookfield’s mark. Some consumers, initially seeking [Playboy’s] sites, may initially believe that unlabeled banner advertisements are links to [Playboy’s] sites or to sites affiliated with [Playboy]. Once they follow the instructions to “click here,” and they access the site, they may well realize that they are not at a [Playboy]-sponsored site. However, they may be perfectly happy to remain on the competitor’s site, just as the Brookfield court surmised that some searchers initially seeking Brookfield’s site would happily remain on West Coast’s site. The Internet user will have reached the site because of defendants’ use of [Playboy’s] mark. Such use is actionable.

“Such use”? What use? Answer: the use of Playboy’s marks within the list of over 400 adult search terms that causes other adult companies’ banner ads to appear when a user performs an Internet search with one of those terms. With trademark use understood so broadly that consumers never actually have to see defendants’ allegedly confusing mark, and with the initial interest confusion doctrine so sensitized as to pick up on—and make actionable—any possible fleeting distraction of a consumer interested in Product A by Product B, trademark law is now poised to eliminate, in cyberspace, practices that are beyond a shadow of a doubt legitimate in the “real world.”

Judge Berzon, in her concurrence, declared herself deeply perturbed by this apparently uncontrolled expansion of trademark infringement liability. Her critique, however, focused on the initial interest confusion doctrine and on the need to rein it in. Despite remarking that the metatags at issue in Brookfield “are part of the HTML code of a web page, and therefore are invisible to internet users,” the judge did not criticize the trademark use presumption applied in that case and in Playboy. Nevertheless, her concurrence succeeded in pointing out that the law as developed, in the Brookfield line of cases,
lead to consequences that are facially unacceptable outside of cyberspace. She offered the following hypothetical:

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.\(^\text{512}\)

The judge was, of course, quite right that there was no trademark infringement here. I argue exactly the same thing, using an analogous hypothetical.\(^\text{513}\) But our reasons for declining to find liability are quite different. In Judge Berzon’s view, the reason there should be no liability in this situation had everything to do with an overextension of initial interest confusion.\(^\text{514}\) Her hypothetical, though, did not bear this out. Without seeming to realize it, she put together a most effective trademark use argument. In Judge Berzon’s perfectly realistic hypothetical, no one except for Calvin Klein uses the Calvin Klein mark. Therefore, trademark law does not apply to Macy’s or Charter Club’s conduct. Whatever the parties’ conduct may otherwise be, and whatever laws may regulate it, it does not fall within the purview of the Lanham Act. Unfortunately, the judge conceptualized her criticism as directed against \textit{Brookfield}’s application of the initial interest confusion doctrine.\(^\text{515}\) Sure, \textit{Brookfield} is incoherent, but not because of an overbroad application of initial interest confusion, but rather because the confusion analysis as a whole lacks any foundation in trademark law. Judge Berzon’s call for \textit{en banc} reconsideration of \textit{Brookfield} is therefore perfectly justified and, in fact, extremely timely, but that review stands a chance of success—that is, a chance of coherently resolving the doctrinal muddle that Judge Berzon so acutely perceived—only if the court clearly realizes that the problem at the root of \textit{Brookfield} is the absence of trademark use by the defendant in the

\(^{512}\) \textit{Id.} at 1035.

\(^{513}\) \textit{See supra} notes 434-40 and accompanying text.

\(^{514}\) \textit{See} 354 F.3d at 1035.

\(^{515}\) \textit{Id.} ("I simply cannot understand the broad principle set forth in \textit{Brookfield}.")
metatag context. The "insupportable rule," as Judge Berzon put it, of Brookfield's initial interest confusion and its near-limitless reach can be changed only by attacking the root cause.

E. Phone Numbers and Trademark Use: Putting the Horse out of its Misery

Some of the most instructive language on the trademark use requirement in the context of a defendant's alleged infringement to come out of the federal court was occasioned by vanity telephone numbers. Vanity telephone numbers are phone numbers that translate into easily remembered monikers or trademarks via telephone key pad. In each of these situations, the plaintiff alleged that defendant's use of a telephone number that translates into plaintiff's trademark constituted trademark infringement. Remarkably, and in great contrast to the metatag cases, success has proved largely elusive for these plaintiffs. Here, more than in any other area of trademark law, the courts have insisted upon rigorous proof that the defendants activities constituted trademark use under § 1127. These cases flatly refute the doctrine of implicit labeling created by the Ninth Circuit in its 2004 decision in Playboy v. Netscape. Properly understood and broadly applied, they are the perfect antidote to trademark law's current ailment. Here is why. When consumers dial a vanity number, it stands to reason that the vast majority of them had plaintiffs' mark in mind since that is how they probably remembered the number. Recall the Ninth Circuit's argument: "According to [Playboy's] evidence, in the minds of consumers, defendants implicitly label the goods of [Playboy's] competitors with its marks." Therefore, if implicit labeling and constructive trademark use exist, they must exist in that situation. If dialing a vanity phone number isn't implicit labeling, nothing is. But the courts deciding the vanity number cases evidenced no

516. Id. at 1036.
519. See Playboy Enters., Inc., v. Netscape Communications Corp., 354 F.3d 1020, 1033 (9th Cir. 2004).
520. Id. at 1033 (emphasis added).
interest in such constructive use theories. Instead, they stubbornly insisted upon proof of trademark use of the allegedly infringing mark by the defendants themselves. That is the correct viewpoint, and the doctrinal nail in the coffin of the Brookfield/1-800 Contacts/Playboy aberration. 521

The leading case is Holiday Inns. The plaintiff, Holiday Inns, Inc., had owned the HOLIDAY INN trademark since the early 1950s. 522 Holiday Inns also owned trademark rights in the vanity telephone number 1-800-HOLIDAY, used "to secure reservations or to obtain information about lodging facilities... [although the] telephone number [was not] officially registered as a trademark." 523 The actual phone number used by Holiday Inns was 1-800-465-4329. The defendants, aware of the widespread "phenomenon of misdialed vanity numbers," 524 acquired the phone number 1-800-405-4329 525 for the "sole purpose... [of] intercept[ing] calls from misdialed customers who were attempting to reach Holiday Inns." 526 Defendants offered travel agency services at the phone number. 527 Defendants' substitution of "405" for Holiday Inn's "465" was based on their observations that customers frequently misdial "the number '0' (zero) for the letter 'O.'" 528 Defendants' strategy succeeded rather well, and they "reaped benefits in direct proportion to Holiday Inns's efforts at marketing 1-800-HOLIDAY for securing reservations." 529 Registering the "405" telephone number, accepting phone calls at that number, and offering travel agency services to consumers were the only activities engaged in by defendants with regard to the "405" number. 530 In particular, defendants never used the

521. See supra notes 105-21 and accompanying text (discussing post-domain path cases). In their analysis and critique of the keyword cases, Professors Dogan and Lemley focus on the difference between direct and contributory infringement, criticizing courts' imposition of "liability [in Playboy and 1-800 Contacts] against parties that neither used the trademark as a brand for their own products, nor satisfied the rigorous standard for contributory liability." Dogan & Lemley, supra note 32, at 780. Under my approach, this distinction is moot because applying the trademark use requirement is the necessary and sufficient reason for rejecting liability in both the metatag and the keyword contexts, regardless of whether the alleged infringement is conceptualized as direct or contributory.

522. See Holiday Inns, 86 F.3d at 620.
523. Id.
524. Id. at 621.
525. Id. at 620.
526. Id. at 621 (internal quotation marks omitted).
527. See id. at 621-22 & n.2. Defendants also clearly disclaimed any association with Holiday Inns to anyone dialing the "405" number. Id.
528. Id. at 621.
529. Id.
530. See id. at 623-24.
HOLIDAY INN or the 1-800-HOLIDAY marks owned by the plaintiff, and they never advertised the "405" number.\textsuperscript{531}

Nevertheless, the district court took a dim view of defendants' activities. Quite explicitly jettisoning the literal requirements of the Lanham Act, the district court held defendants liable for infringing Holiday Inns's trademark:

The defendants derive benefit \textit{solely} from Holiday Inns' reputation. In fact, defendants have no independent reputation. The consumer is not even aware of defendants' existence until after he has misdialed Holiday Inns' vanity number. If not for Holiday Inns spending millions of dollars on advertising each year, defendants would have no service whatsoever to provide to the consumer. For the defendants to be able to reap profits based solely on the advertising efforts and expenditures of others \textit{seems to be a clear violation of the spirit, if not the letter, of the Lanham Act.}\textsuperscript{532}

Defendants, in other words, are the perfect parasites. Their commercial existence is predicated in its entirety on living off of Holiday Inns's goodwill. If not this, then, precisely what does trademark law prohibit? The Sixth Circuit Court of Appeals's answer is clear. The Lanham Act is a law with precise requirements; it demands more than proto-moralistic condemnation. As postulated in the case and as conceded by defendants,\textsuperscript{533} Holiday Inns's trademark at issue is 1-800-HOLIDAY. It is not the number string 1-800-465-4329. Holiday Inns has no rights, and claims no rights, in that number string.\textsuperscript{534} Accordingly, it has no rights in defendant's "405" number string, either. "We conclude that although Holiday Inns owns trademark rights in its vanity number 1-800-HOLIDAY, it cannot claim such rights in the 405 number."\textsuperscript{535} Thus, "[t]he defendants in this case never \textit{used} Holiday Inns's trademark nor any facsimile of Holiday Inns's marks."\textsuperscript{536} Without trademark use, however, a finding of trademark infringement is foreclosed. "[T]he defendants' use of a protected mark or their use of a misleading representation is a \textit{prerequisite} to the finding of a Lanham

\textsuperscript{531} See \textit{id.} at 623.
\textsuperscript{533} See \textit{Holiday Inns, Inc.}, 86 F.3d at 623 n.5.
\textsuperscript{534} \textit{See id.} at 625.
\textsuperscript{535} \textit{Id.}
\textsuperscript{536} \textit{Id.}
Act violation. Absent such a finding, the eight-factor test [to determine likelihood of confusion] is irrelevant."

This holding crystallizes the correct, and universally applicable, rule of trademark law. The rule is simplicity itself. Conduct that does not involve trademark use of a term or symbol does not invoke trademark law at all. The Holiday Inns case was decided on this fundamental rule. This was confirmed when the court distinguished two prior vanity number cases, Dial-a-Mattress and American Airlines, Inc., in which the defendants had advertised their slight variations on the plaintiffs' vanity numbers independently as vanity numbers themselves (i.e., they had promoted the verbal translation of their number strings).

Since in both cases—as in the Holiday Inns case itself—it was that verbal translation, rather than the number string itself, which constituted the trademark in question. The defendants in Dial-a-Mattress and American Airlines, Inc. had in fact made actual trademark use of plaintiffs' marks. It was precisely that use which was absent in the Holiday Inns case, thus preempting the application of the Lanham Act to defendants' acts.

Holiday Inns has been followed several times in cases with analogous fact patterns. The most important of these cases is DaimlerChrysler AG v. Bloom, in which the Eighth Circuit fully endorsed the Holiday Inns rule. The facts in both cases were nearly identical. The Eighth Circuit, perhaps even more clearly than the Sixth in Holiday Inns, emphasized the statutory universality of the "use in commerce" requirement, noting that it is a necessary element in section 32 (trademark infringement), 43(a) (false advertising) and 43(c) (dilution), and expressly drawing attention to the definition of "use in commerce" in section 45. The court rejected the notion that defendants' intent could serve to establish trademark use. The test must work the other way, the court reasoned: intent becomes relevant only

537. Id. at 626.
540. See Holiday Inns, 86 F.3d at 624.
541. Id. at 624-26.
543. 315 F.3d 932, 938 (8th Cir. 2003) ("Holiday Inns is virtually indistinguishable from the present case, and we find it persuasive.").
544. Id. at 936.

http://scholarlycommons.law.hofstra.edu/hlr/vol33/iss2/7
after trademark use is independently established. The court quoted *U-Haul Int'l, Inc.* for the decisive proposition that "this court cannot look to the defendants' intent as a ground for a § 1125 violation, but must first find an actual use of the mark or use of a misleading representation." The court also rejected plaintiff's contention that the number string at issue in the case—1-800-637-2333—had become synonymous in the minds of consumers with plaintiff's MERCEDES trademark. Referring to the facts in *Panavision v. Toeppen*, the court made a strong distinction between that defendant's open and visible use of the PANAVISION trademark in the domain name www.panavision.com on the one hand and the attenuated relationship between a set of numbers and a verbal trademark on the other hand. Accordingly, the court concluded "that the licensing of a toll-free telephone number, without more, is not a 'use' within the meaning of the Lanham Act, even where one possible alphanumeric translation of such number might spell out a protected mark." The fundamental principle affirmed here is, of course, the same as in *Holiday Inns*, namely the indispensability of trademark use for imposing Lanham Act liability. But the Eighth Circuit goes a bit farther. It relies on what trademark use actually is. In order to meet the requirement, consumers must perceive the mark itself (or a confusingly similar term or symbol). Consumer perception of a symbol, such as a telephone number, that is capable of being translated into the mark, is insufficient. Consumer perception, the gravamen of trademark use, must be actual. Constructive consumer perception, and hence constructive trademark use, is an oxymoron. On this principle founders the entire body of law imposing liability for invisible metatag and keyword use.

**IV. CONCLUSION**

U.S. trademark law is a regime based on use and consumer perception. By its very structure, it does not create, and is inimical to, "property rights in gross." This fundamental structure of trademark law has been under sustained attack by the courts for several years. Under the pressures exerted on intellectual property law generally by the
Internet and the new ways of infringing and violating such rights to which the Internet gave rise, the concept of trademark use has become expanded far beyond its traditional confines. This has led to a drastic broadening of the purview of the Lanham Act. As I have shown, many courts have felt that such a broadening was necessary in order to stem the apparent tide of infringement. And it is quite clear, and by and large undisputed in the courts, that some broadening of trademark liability was necessary to combat specific new evils made possible by the Internet. An obvious example is domain names and the phenomenon of cybersquatting. The Anti-Cybersquatting Consumer Protection Act, a specific statutory provision, highly tailored to eliminate cybersquatting—or at the least to give trademark owners an effective weapon in their ongoing battle against ever-creative cybersquatters—has turned out to be efficacious and, apart from some egregious but isolated examples, not overly broad. In particular, it has not given rise to what Professor Lemley has fortuitously called "doctrinal creep," but instead has by and large stayed strictly within its statutory confines. Yet the misinterpretation of the trademark use requirement—or more accurately, the flat-out disregard of that requirement—has given rise to a veritable cottage industry among the courts, an entire line of cases that are wrongly decided, that impose trademark infringement liability where none exists, and that, in the process, have made a hash of certain originally useful judicially created sub-doctrines that are by now so over-expansive as to be almost silly. The chief example is the initial interest confusion doctrine, which has evolved into a highly effective means of imposing Lanham Act liability in the Internet context, but which makes the imposition of liability so easy and almost inevitable in certain situations that judges have begun to wonder aloud how such a thing can be and how some limits can be imposed.

The disintegration of trademark law has gone too far. Trademark use must become once again a mandatory element of all trademark claims. The courts must stop disregarding this foundational premise of trademark law. There ought to be no liability for invisible keyword and metatag use of another’s trademarks. The metatag cases—Brookfield and its ilk—were wrongly decided as a matter of black-letter law. Once this is understood, the complicated problems posed by the recent keyword advertising cases become doctrinally manageable, and initial interest confusion—boosted by the demise of the use requirement into a doctrine

552. Lemley, Modern Lanham Act, supra note 1, at 1698.
of almost limitless efficacy—recedes to the proper and humble place it used to inhabit prior to the rise of the Internet.