

## NOTES

# INTELLECTUAL PROPERTY LAW AND COMPETITIVE INTERNET ADVERTISING TECHNOLOGIES: WHY “LEGITIMATE” POP- UP ADVERTISING PRACTICES SHOULD BE PROTECTED

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### INTRODUCTION

Internet advertising has become a growing source of frustration for Internet users.<sup>1</sup> The main source of this frustration seems to stem from “spam,” or unsolicited “junk” e-mail advertisements.<sup>2</sup> The phrase “Internet advertising” immediately conjures up thoughts of closing annoying pop-up advertisements and sorting through countless unsolicited e-mail advertisements. These negative connotations often overshadow the increasing value of the Internet as a free, extensive source of information.<sup>3</sup> In fact, the Internet has created a more informed

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<sup>1</sup> Robyn Greenspan, *Spam: Always Annoying, Often Offensive*, CLICKZ STATS, at [http://www.clickz.com/stats/big\\_picture/applications/article.php/1301\\_3097351](http://www.clickz.com/stats/big_picture/applications/article.php/1301_3097351) (Oct. 22, 2003).

<sup>2</sup> Internet Education Foundation, *Guide to Internet Terms: A Glossary*, GETNETWISE, at <http://www.getnetwise.org/glossary> (last visited Jan. 7, 2005). A June 2003 survey of about 1,400 Internet users found that eleven percent of users received more than fifty spam messages per day and ten percent spend thirty minutes or more daily dealing with spam. See Greenspan, *supra* note 1. Only four percent of users have provided personal information requested in a spam message and only one percent have stated that they have given money in response to these messages. See *id.*

<sup>3</sup> In September, 2003, over 150 million Internet users in the United States spent more than 244 million minutes online. *Traffic Patterns of September 2003*, CLICKZ STATS, at [http://www.clickz.com/stats/big\\_picture/traffic\\_patterns/print.php/5931\\_3096631](http://www.clickz.com/stats/big_picture/traffic_patterns/print.php/5931_3096631) (Oct. 22, 2003).

consumer. Using their home computers, Internet consumers can quickly research comparable products and compare prices of several vendors before making a purchase.<sup>4</sup> In this way, the Internet has advanced consumer education and choice. Before the Internet, consumers looking for snow tires might peruse a few catalogs or travel to an automotive parts store to inquire about what types of tires were available. Their access to information about products would clearly be limited to the brands of tires sold in those catalogs or stores. Using the Internet, they can find information on every single manufacturer of snow tires, read product reviews of all competing brands, and find the best price among several retailers. While reading a review of one brand, they might see an ad directing them to information about a competing brand. This type of advertising exposes consumers to alternatives that they may not have considered. As such, advertising has played an integral part in making the Internet a valuable consumer tool.<sup>5</sup>

Advertisers, realizing the importance of reaching Internet consumers, have rushed onboard.<sup>6</sup> As a result, the attention of these educated consumers has become "valuable currency on the Internet."<sup>7</sup> Not surprisingly, the anonymity and ease of access of the Internet has spawned abuse by advertisers, including spam<sup>8</sup> and unsolicited pop-up advertisements.<sup>9</sup> However, legitimate Internet advertising supports and maintains the industry.<sup>10</sup> Many website operators and publishers provide free information and services and sell advertising to subsidize those efforts.<sup>11</sup> In

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<sup>4</sup> See Gregory Shea, *Trademarks and Keyword Banner Advertising*, 75 S. CAL. L. REV. 529, 529 (2002) (describing the Internet's value to consumers).

<sup>5</sup> See Kurt M. Saunders, *Confusion is the Key: A Trademark Law Analysis of Keyword Banner Advertising*, 71 FORDHAM L. REV. 543, 573 (2002) (stating that "the consumer is the ultimate beneficiary" of "nonconfusing and nondeceptive [Internet] advertising," and that competitive Internet advertising gives consumers more choices).

<sup>6</sup> See Erich D. Schiefelbine, Comment, *Stopping a Trojan Horse: Challenging Pop-up Advertisements and Embedded Software Schemes on the Internet Through Unfair Competition Laws*, 19 SANTA CLARA COMPUTER & HIGH TECH. L.J. 499, 500 (2003).

<sup>7</sup> Greenspan, *supra* note 1.

<sup>8</sup> See *supra* note 2.

<sup>9</sup> See Schiefelbine, *supra* note 6, at 500. While a solution to end these practices would be universally welcomed, this note does not presume to serve such a lofty goal.

<sup>10</sup> See *id.*

<sup>11</sup> See *id.*

order to attract potential advertisers, publishers must amass an audience that would be "valuable currency"<sup>12</sup> to Internet advertisers. To create this audience, an ad vendor must be able to deliver relevant messages to a targeted audience.<sup>13</sup> For example, an ad selling baseball memorabilia would perform better<sup>14</sup> on a baseball website than on a general sports website, and further, such an ad would probably yield poor results on a general news website.<sup>15</sup> Unfortunately, the prospect of increased ad revenues has created an Internet environment where users are inundated with advertising. As consumers have become savvier, they have learned to ignore it.<sup>16</sup> As a result, publishers and advertisers have faced the challenge of creating new and innovative online marketing solutions to attract and keep consumers' attention.<sup>17</sup>

Early advertising technology consisted of banner advertising.<sup>18</sup> Internet search engines<sup>19</sup> targeted ads by the keywords on which users searched. As the need for increased targeting developed, search engines created competitive keyword advertising and metatagging solutions for advertisers.<sup>20</sup> Other methods involved direct, opt-in e-mail marketing<sup>21</sup> and its

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<sup>12</sup> Greenspan, *supra* note 1.

<sup>13</sup> See Saunders, *supra* note 5, at 544 ("Targeted advertising is more profitable since advertisers are willing to pay more for each ad, knowing that it will be displayed to those consumers who are already interested in the product or service they sell.").

<sup>14</sup> This hypothetical advertiser selling baseball memorabilia would probably base the success of their campaign on their "cost-per-click," the amount of money spent on the advertising per each consumer who clicks the ad and visits their website, or "cost-per-action," the amount of money spent per each ultimate sale originating from the ad. See *Internet Marketing Dictionary*, MARKETINGTERMS.COM, at <http://www.marketingterms.com/dictionary/c/> (last visited Jan. 7, 2005).

<sup>15</sup> See, e.g., Saunders, *supra* note 5, at 544 n.7.

<sup>16</sup> See Jan Panero Benway & David M. Lane, *Banner Blindness: Web Searchers Often Miss "Obvious" Links*, INTERNETWORKING (Dec. 1998), at [http://www.internettg.org/newsletter/dec98/banner\\_blindness.html](http://www.internettg.org/newsletter/dec98/banner_blindness.html).

<sup>17</sup> See Jakob Nielsen, *Why Advertising Doesn't Work on the Web*, at <http://www.useit.com/alertbox/9709a.html> (Sept. 1, 1997).

<sup>18</sup> See Schiefelbine, *supra* note 6, at 500. A banner ad is a common graphical web advertising unit. *Internet Marketing Dictionary*, *supra* note 14.

<sup>19</sup> A search engine is a website that allows users to locate information on the Internet. Users enter keywords and the search engine generates search results that are relevant to those keywords. See *Guide to Internet Terms*, *supra* note 2.

<sup>20</sup> Competitive keyword advertising and metatags have been the subject of much litigation and will be discussed in detail. See *infra* notes 56–69 and accompanying text.

<sup>21</sup> Opt-in e-mail marketing is an advertising mechanism where providers obtain

dreaded illegitimate counterpart, spam.<sup>22</sup> A more recent technology is “pop-up” advertising. Pop-up ads spontaneously generate a new browser window containing an advertisement while a user is surfing the Internet.<sup>23</sup> These ads certainly seem to address the concerns that consumers have learned to ignore Internet advertising. Pop-up ads can literally “pop-up” and grab a user’s attention. The ads may even superimpose themselves on the website that the user is viewing.<sup>24</sup> However, this new technology has already become so universal that web surfers have begun to tune it out. In fact, there has been a backlash, as many users have found them frustrating because they must affirmatively close the pop-up windows if they are not interested.<sup>25</sup> Further, website operators complain that these pop-ups hurt their businesses by “railroading” users away from their websites to the advertiser’s site.<sup>26</sup>

The practices of one of the first pop-up advertising vendors, Gator Corporation, have been the subject of recent litigation.<sup>27</sup> The plaintiffs, owners and operators of Internet websites, have argued that Gator’s practice of causing pop-up ads to appear over their websites violates their intellectual property rights.<sup>28</sup> This Note evaluates existing trademark, unfair competition, and copyright standards and applies them to Gator’s pop-up advertising scheme. It also evaluates some of the earliest federal cases concerning pop-up advertising and their disparate outcomes.<sup>29</sup> Part I provides a background on pop-up technology

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the permission of the user before sending advertising. *See Guide to Internet Terms*, *supra* note 2; *Internet Marketing Dictionary*, *supra* note 14. The fact that the user has given permission differentiates it from spam.

<sup>22</sup> *See supra* note 2 and accompanying text.

<sup>23</sup> *See* Schiefelbine, *supra* note 6, at 500.

<sup>24</sup> *Id.* at 501–02.

<sup>25</sup> *See* Jon Swartz, *EarthLink Joins Movement to Kill Pop-up Ads*, USA TODAY, Aug. 19, 2002, at D3, available at [http://www.iab.net/news/pub\\_2002\\_08\\_19.asp](http://www.iab.net/news/pub_2002_08_19.asp).

<sup>26</sup> *See* Schiefelbine, *supra* note 6, at 500.

<sup>27</sup> *See infra* Part I.C.

<sup>28</sup> *See infra* Part I.C.

<sup>29</sup> *See* 1-800 CONTACTS, Inc. v. WhenU.com, 309 F. Supp. 2d 467, 467 (S.D.N.Y. 2003) (holding that the website owner established a likelihood of success on its trademark infringement claim, but failed to do so on its copyright claim); Wells Fargo & Co. v. WhenU.com, Inc., 293 F. Supp. 2d 734, 734 (E.D. Mich. 2003) (holding that the website owner did not establish a likelihood of success on either its trademark or copyright claims); U-Haul Int’l, Inc. v. WhenU.com, Inc., 279 F. Supp. 2d 723, 725 (E.D. Va. 2003) (holding that pop-up ads did not constitute trademark infringement or dilution, unfair competition, and copyright infringement). These cases involve the practices of WhenU.com, a pop-up vendor whose service is

and the issues raised in the recent Gator litigation. Part II evaluates the existing trademark infringement and dilution standards as applied to competitive search engine keywords and argues that legitimate pop-up advertising does not violate a website owner's trademark rights. Parts III and IV address unfair competition and copyright infringement respectively, and further posit that the nature of the Internet and the way consumers use it preclude a finding of unfair competition or copyright infringement.

## I. POP-UP TECHNOLOGY AND GATOR CORPORATION

### A. *An Explanation of Pop-up Technology and the Types of Pop-up Advertisements*

There are two general sources of pop-up ads on the Internet. The first is the host site, the website that the user is currently viewing, and the second is a third-party advertising server. An example of the first type would be a pop-up ad that appears while visiting an online book retailer. Such an ad might direct the user to the section of the retailer's website that features new releases or special promotions.<sup>30</sup> Further, this type of pop-up may consist of paid advertisements sold by the parent website to an outside advertiser. For example, a literary website that features a review of a new John Grisham novel may sell a pop-up ad to an online bookshop. A user reading the review could be prompted by the ad to purchase the book immediately at the advertiser's website. Generally, this type of pop-up advertising does not generate any obvious legal problems because the publisher and advertiser are all consenting participants in the process.<sup>31</sup>

A pop-up generated by a third-party ad server works differently. In this situation, a user downloads and installs

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substantially similar to that of Gator.

<sup>30</sup> Taking the goal of targeted advertising further, a previous customer at a book retailer, such as Amazon.com, may be shown new releases that are of interest to them based on their previous purchases. See Amazon.com, *Welcome*, at <http://www.amazon.com> (last visited Jan. 7, 2005).

<sup>31</sup> Nevertheless, this type of pop-up ad may cause public relations problems. For example, I-Village, a popular Internet women's content provider, stopped the practice of selling pop-up advertising on their website in response to a survey where ninety-three percent of their users described pop-ups as "the most 'frustrating' part of the Web." Swartz, *supra* note 25.

hidden advertising software onto their computer. This software, often called "Adware,"<sup>32</sup> allows advertisers to deliver advertising messages through pop-ups or other types of ad units.<sup>33</sup> Adware is often bundled with free downloadable software available on the Internet, and a user consents to receiving it in exchange for the free software.<sup>34</sup> Once installed, the Adware monitors the user's Internet viewing habits and allows advertisers to target users based on this data.<sup>35</sup> For example, an automobile manufacturer might approach an Adware vendor seeking to advertise to Internet users who are researching automobiles. The vendor could sell that manufacturer a pop-up ad that would appear to users who were visiting automobile websites. The manufacturer reaches consumers who are looking for information on automobiles, and the consumers receive information that might be useful to their research. The common justification for including Adware with free software is that it enables developers to recover their programming costs and keep the price of the software low or even free.<sup>36</sup> A criticism of Adware concerns a practice known as "Spyware," which is a type of Adware program that tracks a user's personal information and passes it to third parties without the user's permission.<sup>37</sup> One of the first companies to incorporate Adware with software downloads and use it to sell pop-up advertising is Gator Corporation.

### B. *The Gator Corporation*

The Gator Corporation, now called the Claria Corporation,<sup>38</sup> is a California-based Internet advertising company. It features

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<sup>32</sup> See *Adware*, WHATIS.COM, at [http://whatis.techtarget.com/definition/0,28989893,sid9\\_gci521293,00.html](http://whatis.techtarget.com/definition/0,28989893,sid9_gci521293,00.html) (last updated July 9, 2004) (defining adware as "any software application in which advertising banners are displayed while the program is running").

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

<sup>34</sup> See Schiefelbine, *supra* note 6, at 502. When downloading free software on the Internet, users must often agree to a user agreement. When Adware is bundled with the software, the user agreement typically contains a provision that the user accepts the installation of the Adware. This practice is criticized, because users typically do not read the dense language of software user agreements and do not know that Adware has been installed on their computers. *Id.*

<sup>35</sup> *See id.*

<sup>36</sup> *Adware*, *supra* note 32.

<sup>37</sup> *Id.*

<sup>38</sup> See Claria, *Corporate Overview*, at <http://www.claria.com/companyinfo/> (last

an advertising network known as the GAIN Network, which consists of tens of millions of consumers who have consented to receiving advertising messages based on their online behavior.<sup>39</sup> The network operates by providing free software applications to users in exchange for their permission to receive pop-up advertising from their advertisers.<sup>40</sup> An example of one of these software applications is the Gator eWallet.<sup>41</sup> This software stores a user's personal information, including passwords, addresses, and credit card numbers, in a fully secure application and allows users to fill out online forms automatically with a single click.<sup>42</sup> It is important to note that pop-up ads delivered by Gator display a "GAIN" label on them.<sup>43</sup> Therefore, Gator users are able to distinguish Gator ads from other pop-ups, such as those delivered by the site the user is currently viewing.<sup>44</sup>

Gator's business model is not new. In fact, it mirrors that of most Internet products and services. It provides a free, useful service and supports itself by selling advertising. It is innovative in the sense that it was one of the first to employ pop-up ads targeted to consumers' Internet browsing habits.<sup>45</sup> As discussed above, advertisers seek highly targeted advertising placements because they perform better.<sup>46</sup> Gator delivers this to its advertisers in two ways. First, the consumers that have downloaded Gator's software have consented to receive advertising.<sup>47</sup> This permission-based marketing is valuable to advertisers, because their ad will be shown to those consumers who know why they are receiving the ad and who have

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visited Jan. 7, 2005).

<sup>39</sup> *Id.*

<sup>40</sup> See GAIN Publishing, *Software*, at <http://www.gainpublishing.com/software/> (last visited Jan. 7, 2005). Perhaps in response to the litigation that is discussed in this Note, users may opt to download the software applications in "ad-free" versions for a price of \$30 per download. *Id.*

<sup>41</sup> *Id.* Other available software titles include Weatherscope, which provides easy access to local weather information, Precision Time, which automatically synchronizes a user's computer clock with the U.S. Atomic Clock, and Date Manager, a personal schedule and calendar. *Id.*

<sup>42</sup> *Id.*

<sup>43</sup> *Id.*

<sup>44</sup> See *supra* Part I.A.

<sup>45</sup> See *infra* Part I.C.

<sup>46</sup> See *supra* notes 12–15 and accompanying text.

<sup>47</sup> The GAIN Publishing website fully and clearly discloses that the Gator software products will occasionally deliver advertising messages to users. See GAIN Publishing, *supra* note 40.

affirmatively chosen to receive it. Therefore, they are more likely to be responsive to the ads.<sup>48</sup> Second, Gator is able to target consumers based on their web surfing habits and based on the website they are currently viewing.<sup>49</sup> This is extremely important to advertisers, because it enables them to minimize wasted ads that are shown to users who have no interest in their products. Advertisers can focus their ad campaigns to reach only those consumers who are within their target audience and in the mindset to buy their products.

Gator's products also benefit consumers in several ways. First, the software titles are available for free. Further, as with other Internet advertising, Gator enables users to become more educated because it provides information about relevant products and services.<sup>50</sup> Finally, the Adware software bundled with the free software enables Gator to provide advertising messages that are relevant to each user. Returning to the automobile example, a user who has been visiting many automotive websites in the past several weeks would likely welcome offers and specials from car manufacturers or dealers.

Gator provides another benefit to its advertisers in its ability to reach consumers at competitor's websites. For example, a user researching a Honda minivan at Honda's website may receive a pop-up advertising a Dodge minivan.<sup>51</sup> The obvious benefit to Dodge is that it is reaching a consumer who is interested in purchasing a minivan while that user is actively pursuing that interest.<sup>52</sup> This practice yields extremely good results.<sup>53</sup> However, Internet advertisers face a dilemma

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<sup>48</sup> See SETH GODIN, PERMISSION MARKETING 43 (1999). Mr. Godin, Vice-President of Direct Marketing at Yahoo!, states that "Permission Marketing . . . offers the consumer an opportunity to *volunteer* to be marketed to. By talking only to volunteers, Permission Marketing guarantees that consumers pay more attention to the marketing message." *Id.*

<sup>49</sup> Stefan Saroiu et al., *Measurement and Analysis of Spyware in a University Environment*, in PROCEEDINGS OF THE FIRST SYMPOSIUM ON NETWORKED SYSTEMS DESIGN AND IMPLEMENTATION, Mar. 29–31, 2004, at 3.1.

<sup>50</sup> See *supra* notes 4–5 and accompanying text for a discussion of how Internet advertising has created more educated consumers.

<sup>51</sup> See Stefanie Olsen, *Web Sites Prey on Rivals' Stores*, CNET NEWS.COM, Aug. 7, 2001, at <http://news.com.com/2100-1023-271196.html>. Ms. Olsen refers to this practice as getting "Gatored." *Id.*

<sup>52</sup> *Id.*

<sup>53</sup> See GAIN Publishing, *Advertise*, at <http://www.gainpublishing.com/advertise/> (last visited Jan. 7, 2005) (stating that over 1000 companies advertise on the GAIN Network and their campaigns often deliver performance that ranges from twenty to

with respect to this form of competitive pop-up advertising.<sup>54</sup> "On one hand, the exposure from pop-up ads is so substantial that most online businesses want to get involved. Yet on the other hand, those same online businesses do not like being the target of a competitor's hijack campaign."<sup>55</sup> This frustration has led to the recent litigation against Gator Corporation.

### *C. Recent Litigation Involving the Gator Corporation*

One of the first lawsuits raising the legality of competitive pop-up advertising was *WashingtonPost.Newsweek Interactive Co. v. Gator Corp.*,<sup>56</sup> which was recently resolved in a confidential settlement.<sup>57</sup> The case involved seven publishers including the Washington Post, the New York Times, and Dow Jones, who obtained a preliminary injunction against Gator prohibiting the company from displaying pop-up ads over the plaintiffs' websites.<sup>58</sup> In moving for the preliminary injunction, the plaintiffs stated that their successes as sellers of Internet advertising were due to their well-established news and content.<sup>59</sup> In contrast, "Gator Corp. is essentially a parasite on the web that free rides on the content of others"<sup>60</sup> because it does not sell advertising on its own site but sells advertising that

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forty percent better than traditional Internet banner advertising); *see also* Olsen, *supra* note 51 (noting comments by Scott Eagle, Chief Marketing Officer at Gator, who cited the extraordinarily high performance of Gator advertising campaigns when stating that "the proposition of reaching consumers when they are researching a product on a competitor's site is undoubtedly alluring because it can drive transactions"); *Traffic Patterns of September 2003*, *supra* note 3 (listing the Gator Network as one of the top ten Web properties with over thirty-four million users).

<sup>54</sup> *See* Olsen, *supra* note 51 (noting that marketers are "both drawn to and repelled by the practice of 'Gatoring'").

<sup>55</sup> *See* Schiefelbine, *supra* note 6, at 504. Continuing with the minivan example, while Dodge's pop-up advertising campaign would likely yield strong results when targeted to users visiting Honda's minivan website, Honda could clearly be frustrated by the appearance of a competitor's advertisement directing users away from their site.

<sup>56</sup> No. CIV.A.02-909-A, 2002 WL 31356645, at \*1 (E.D. Va. July 16, 2002).

<sup>57</sup> *See* Stefanie Olsen, *Web Publishers Settle with Gator*, CNET NEWS.COM, Feb. 7, 2003, at <http://news.com.com/2100-1023-983870.html>.

<sup>58</sup> *Washingtonpost.Newsweek Interactive Co.*, 2002 WL 31356645, at \*1.

<sup>59</sup> Memorandum in Support of Plaintiffs' Motion for Preliminary Injunction at 1, *Gator* (No. CIV.A.02-909-A), available at [http://www.haledorr.com/files/upload/gator\\_motion.pdf](http://www.haledorr.com/files/upload/gator_motion.pdf) (last visited Jan. 7, 2005).

<sup>60</sup> *Id.* at 2.

appears above the plaintiffs' sites without permission.<sup>61</sup> The plaintiffs maintained that their websites were designed with great deliberation and care to maintain a certain "look and feel," and to encourage visitors to stay at the site and "delve into the content."<sup>62</sup> Further, each of the plaintiffs limited the number of authorized pop-up ads sold on their sites to give their users a better experience.<sup>63</sup> Finally, the plaintiffs contended that they had established standards as to what types of advertising were allowed on their websites,<sup>64</sup> and that Gator's practices had the potential to undermine these standards if consumers believed that the advertisements were delivered by the plaintiffs' websites.<sup>65</sup> The plaintiffs argued that Gator's practices constituted trademark infringement, unfair competition, and copyright infringement.<sup>66</sup>

Although this litigation was settled, Gator faces new legal disputes involving plaintiffs such as L.L. Bean, a catalog retailer, and Extended Stay America, a hotel chain.<sup>67</sup> Acknowledging the common legal and factual issues of whether Gator's product constitutes trademark or copyright infringement, the Judicial Panel on Multidistrict Litigation consolidated nine actions in which Gator was either the plaintiff or defendant and transferred them to the Northern District of Georgia.<sup>68</sup> Additionally, in a declaratory judgment action by Gator against L.L. Bean, the Ninth Circuit denied L.L. Bean's motion to dismiss for lack of subject matter jurisdiction and remanded the case to the District Court for the Northern District of California.<sup>69</sup> Neither action has been resolved.

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<sup>61</sup> *See id.*

<sup>62</sup> *See id.* at 6.

<sup>63</sup> *See id.*

<sup>64</sup> *See id.* This includes rejecting advertisements that may be offensive or inappropriate based on the content of a particular web page. *See id.* For example, an ad for a flight-training school would not be displayed with a story about September 11. *Id.* at 7.

<sup>65</sup> *See id.* at 14.

<sup>66</sup> *See id.* at 3.

<sup>67</sup> *See In re Gator Corp. Software Trademark & Copyright Litig.*, 259 F. Supp. 2d 1378, 1380–81 (J.P.M.L. 2003). The other parties include PriceGrabber.com, Inc., TigerDirect, Inc., United Parcel Service of America, Inc., Six Continents Hotels, Inc., and Lendingtree, Inc. *See id.*

<sup>68</sup> *See id.* at 1379–80.

<sup>69</sup> *See Gator.com Corp. v. L.L. Bean, Inc.*, 341 F.3d 1072, 1082 (9th Cir. 2003) (holding that L.L. Bean had sufficient contacts with California to support a finding of general jurisdiction).

## II. TRADEMARK INFRINGEMENT AND DILUTION

### A. Background on Competitive Keyword and Metatag Advertising Practices

Internet search engines, like many Internet websites, are supported by advertising revenue. Keyword advertising is a form of targeted Internet advertising on search engines where graphical or text ads are delivered based on a user's keyword searches.<sup>70</sup> Competitive keyword advertising involves targeting advertisements to appear when a user searches on a competitor's trademark.<sup>71</sup> For example, if Dodge included keyword advertising in its advertising plan, it would likely target ads on keywords such as "car" or "minivans." It may also purchase the keywords "Honda" or "Ford."

Metatags operate somewhat differently. Metatags are textual terms embedded in the programming of a web page.<sup>72</sup> They are not outwardly visible and do not interfere with the operation of the page.<sup>73</sup> Search engines provide their listings by sending out "spiders"<sup>74</sup> to catalog websites on the Internet by their content. These spiders keep track of the frequency and prominence of words on the page and use the results to rank the relevance of websites for keyword searches.<sup>75</sup> Therefore, a website programmer can incorporate metatags into the page to increase the site's ranking for specific keywords. An example would be Dodge embedding the terms "Honda" and "Ford" into the coding of their website so that Dodge might appear in the search results when a consumer searches on those terms. The

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<sup>70</sup> The strategy behind pop-ups and search engine keyword advertising is very similar. Both are geared towards reaching consumers while they are researching or shopping for a product that the advertiser provides. *See supra* note 49.

<sup>71</sup> *See* Saunders, *supra* note 5, at 545 (stating that "[s]ome advertisers . . . have purchased their competitors' trademarks as keywords so that their banner ads appear on the page displaying results from a search that used another's trademark as the query term").

<sup>72</sup> *See* Beth I.Z. Boland et al., "Initial Interest Confusion" and the Use of Metatags and Keyed Banner Ads in Internet Trademark Law, 45 BOSTON B. J. 6, 6 (2001) (stating that metatags "are found in the Hypertext Markup Language code (HTML) that web browsers read and process to produce a visible web page").

<sup>73</sup> *See id.*

<sup>74</sup> A "spider" is "[a] software program that 'crawls' the Web, searching and indexing Web pages to create a database that can be easily searched by a search engine." *Guide to Internet Terms*, *supra* note 2.

<sup>75</sup> *See id.*

obvious difference with metatags is that it is not necessarily advertising. The “advertiser” simply places them on its own site to manipulate search engine listings.

*B. Trademark Infringement: Initial Interest Confusion Analyzed*

Section 32 of the Lanham Act states that trademark infringement occurs when a party “use[s] in commerce . . . a registered mark in connection with the . . . 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.”<sup>76</sup> Similarly, Section 43 forbids acts that are “likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person.”<sup>77</sup> Therefore, in an infringement case, the plaintiff must show that the public is likely to suffer confusion about the source or sponsorship of the defendant’s product.<sup>78</sup>

1. Initial Interest Confusion

Recognizing that Internet advertising cases are different from standard trademark cases, the Ninth Circuit, in *Brookfield Communications, Inc. v. West Coast Entertainment Corp.*,<sup>79</sup> established the “initial interest confusion” test for metatags.<sup>80</sup> Brookfield was granted a preliminary injunction on its claim that West Coast had violated the Lanham Act by using

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<sup>76</sup> 15 U.S.C. § 1114(1) (2000).

<sup>77</sup> *Id.* § 1125(a).

<sup>78</sup> See *Brookfield Communications, Inc. v. West Coast Entm’t Corp.*, 174 F.3d 1036, 1053 (9th Cir. 1999). *Brookfield* is one of the most important cases dealing with competitive Internet advertising and has received heavy discussion in articles and commentaries. See, e.g., Boland, *supra* note 72, at 6–7; Melissa M. McGann, *Web Word War (WWW): A New Approach to Trademark Infringement and Unfair Competition Claims Under the Lanham Act in Brookfield Communications, Inc. v. West Coast Entertainment Corp.*, 7 VILL. SPORTS & ENT. L.J. 363 (2000); Rachel Jane Posner, *Manipulative Metatagging, Search Engine Baiting, and Initial Interest Confusion*, 33 COLUM. J.L. & SOC. PROBS. 439, 442–43 (2000); Saunders, *supra* note 5, at 553–54; Shea, *supra* note 4, at 539–41; David P. Collins, Case Note, *Internet Ambush, Using the Patent and Trademark Office to Shut Down a Competitor’s Domain-Name*, *Brookfield Communications Inc. v. West Coast Entertainment Corp.*, 4 CHAP. L. REV. 231 (2001).

<sup>79</sup> 174 F.3d 1036 (9th Cir. 1999).

<sup>80</sup> *Id.* at 1062.

Brookfield’s trademark “MovieBuff” in its website’s metatags.<sup>81</sup> Brookfield, a computer company, created computer software featuring a searchable database of entertainment-industry information called “MovieBuff” and held a registered trademark on that name.<sup>82</sup> West Coast, a large video rental chain, registered the domain name “moviebuff.com” and used the term in its metatags.<sup>83</sup> Domain names serve as a website’s address on the Internet.<sup>84</sup> Because they must be unique, domain names must be registered with Network Solutions, an organization that manages the distribution of domain names.<sup>85</sup> The court held that West Coast’s registration of the domain name, “moviebuff.com,” created a likelihood of confusion under the Lanham Act, and that its use of the mark in its metatags created initial interest confusion.<sup>86</sup>

While *Brookfield* applied the initial interest confusion test to metatags, it applied the more traditional *Sleekcraft*<sup>87</sup> factors to the domain name issue.<sup>88</sup> The *Sleekcraft* test consists of eight factors for determining whether the use of a trademark causes a likelihood of confusion.<sup>89</sup> A question arises whether a traditional

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<sup>81</sup> *Id.* at 1066–67.

<sup>82</sup> *Id.* at 1041–43.

<sup>83</sup> *Id.* at 1042.

<sup>84</sup> See *Guide to Internet Terms*, *supra* note 2.

<sup>85</sup> See *Brookfield*, 174 F.3d at 1044 (citing *Panavision Int’l, L.P. v. Toeppen*, 141 F.3d 1316, 1318–19 (9th Cir. 1998)). Network Solutions does not determine whether a registrant has a legal right to use a particular name. See *id.*

<sup>86</sup> See *id.* at 1066.

<sup>87</sup> See *AMF Inc. v. Sleekcraft Boats*, 599 F.2d 341, 348–49 (9th Cir. 1979) (holding that the defendant’s mark, “Sleekcraft,” was sufficiently similar to plaintiff’s mark, “Slickcraft,” to find a likelihood of confusion, where both parties manufactured recreational boats).

<sup>88</sup> See *Brookfield*, 174 F.3d at 1053–54.

<sup>89</sup> See *id.* (citing *Dr. Seuss Enters. v. Penguin Books USA, Inc.*, 109 F.3d 1394, 1404 (9th Cir. 1997)); *Sleekcraft*, 599 F.2d at 348–49. The *Sleekcraft* factors include:

(1) strength of the mark; (2) proximity of the goods; (3) similarity of the marks; (4) evidence of actual confusion; (5) marketing channels used; (6) type of goods and the degree of care likely to be exercised by the purchaser; (7) defendant’s intent in selecting the mark; and (8) likelihood of expansion of the product lines.

*Sleekcraft*, 599 F.2d at 348–49. Many circuits follow their own version of the test. See, e.g., *Polaroid Corp. v. Polarad Elecs. Corp.*, 287 F.2d 492, 495 (2d Cir. 1961). Note that the Plaintiffs referred to the Fourth Circuit’s test outlined in *Pizzeria Uno Corp. v. Temple*, 747 F.2d 1522, 1527 (4th Cir. 1984). See Memorandum in Support of Plaintiffs’ Motion for Preliminary Injunction at 20, *Washingtonpost.Newsweek Interactive Co. v. Gator Corp.*, No. CIV.A. 02-909-A, 2002 WL 31356645 (E.D. Va. July 16, 2002), available at [http://www.haledorr.com/files/upload/gator\\_motion.pdf](http://www.haledorr.com/files/upload/gator_motion.pdf)

*Sleekcraft* analysis or an initial interest confusion analysis should be used with respect to pop-up advertising. Because keyword advertising and Gator's pop-up advertising serve a function similar to that of metatags, they should be analyzed under the initial interest confusion test.<sup>90</sup> First, the nature of domain name registration is that only one party may own and use a particular domain name. In contrast, keyword ads and pop-ups, like metatags, are open to use by any number of parties.<sup>91</sup> Further, a domain name is the unique identifier for a party's website and is closely tied to that party's brand and name,<sup>92</sup> making a traditional trademark analysis appropriate. Keywords and pop-ups, like metatags, are generated by descriptive terms used by multiple parties to promote their websites. Therefore, the initial interest test is properly applied to keyword advertising and pop-ups, as it is with metatags. Nevertheless, Gator's practices withstand both the initial interest confusion test and the traditional *Sleekcraft* factors test.<sup>93</sup>

Initial interest confusion allows a finding of likelihood of confusion regardless of whether the consumer's confusion results in a sale.<sup>94</sup> In *Brookfield*, the Ninth Circuit based its holding that initial interest confusion existed on the following brick-and-mortar analogy.<sup>95</sup> Blockbuster puts up a road sign reading "West Coast Video: 2 miles ahead at Exit 7," but West Coast's store is really at Exit 8.<sup>96</sup> West Coast consumers may take Exit 7 and become frustrated when they cannot find it. Seeing a Blockbuster, they may decide to rent there instead.<sup>97</sup> While customers are not confused that they are purchasing from Blockbuster, their initial confusion causes harm to West Coast.<sup>98</sup> However, this analogy is distinguishable from the practice of competitive keyword advertising and Gator's pop-up ads.

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(last visited Jan. 7, 2005). The factors are essentially the same.

<sup>90</sup> See Schiefelbine, *supra* note 6, at 511 (noting that Adware combines metatag and search engine technology into one).

<sup>91</sup> See *Brookfield*, 174 F.3d at 1044–45.

<sup>92</sup> *Id.*

<sup>93</sup> For an analysis of the *Sleekcraft* factors applied to Gator, see *infra* Part II.C.

<sup>94</sup> 3 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION 23:6 (4th ed. 1997).

<sup>95</sup> See *Brookfield*, 174 F.3d at 1064.

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

<sup>97</sup> *Id.*

<sup>98</sup> *Id.*

## 2. Initial Interest Confusion Applied to Competitive Keyword Advertising and Gator's Pop-up Practices

In the Blockbuster example, the alleged infringer posted a billboard that included West Coast's name. With keyword advertising, the advertisements do not mention the plaintiff's name; rather, they clearly describe the advertiser's own product. Returning to the Dodge example,<sup>99</sup> a user who searches on the keyword "Honda" would see an ad for Dodge. However, that ad would not mention Honda. It would simply describe Dodge's product or offer. The consumer knows that clicking on the ad will take him or her to the Dodge website.

If Dodge chose to use Gator's pop-ups when a user was browsing Honda's website, we find a similar result. The ad is clearly for Dodge and does not mention Honda. Consumers know that clicking on the ad will take them to the Dodge website. Furthermore, Gator pop-ups clearly display a label showing that it is a GAIN ad.<sup>100</sup> In fact, Gator users have explicitly consented to receiving advertising from the GAIN network.<sup>101</sup> Therefore, with both keywords and pop-ups, consumers do not face the initial confusion or frustration faced in the Ninth Circuit's brick-and-mortar analogy.

Additionally, a consumer exiting at Exit 7 chooses Blockbuster to avoid the burden of searching for West Coast. This frustration and confusion does not exist on the Internet. First, the Internet affords consumers a wealth of information extremely quickly. Consumers are not limited to one choice. With keyword advertising, consumers peruse the search results and decide which option to follow. Furthermore, searches on "Honda" will likely yield results containing several links to Honda's website.<sup>102</sup> Consumers who are exclusively searching for Honda will easily find their desired destination. With a Gator pop-up, a user browsing Honda's website who is not interested in the Dodge ad can simply close the pop-up window. Finally, for either a keyword ad or a pop-up, if consumers accidentally click on a Dodge ad placement, they do not face the

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<sup>99</sup> See *supra* notes 51–52 and accompanying text.

<sup>100</sup> See *supra* note 43 and accompanying text.

<sup>101</sup> See *supra* note 47 and accompanying text.

<sup>102</sup> Xuan-Thao N. Nguyen, *Should It Be a Free for All? The Challenge of Extending Trade Dress Protection to the Look and Feel of Web Sites in the Evolving Internet*, 49 AM. U. L. REV. 1233, 1244 (2000).

burden of the Blockbuster example. They can simply hit the "back" button on their Internet browser.<sup>103</sup> These conveniences of the Internet make most brick-and-mortar analogies inapplicable.<sup>104</sup> Finally, in *Brookfield*, the analogy was more appropriate because the metatagged pages were created and hosted by the plaintiff's competitor, just as Blockbuster placed the inaccurate road sign.<sup>105</sup> The search engine and Gator are third-party publishers, not Honda's direct competitor.

In *Playboy Enterprises, Inc. v. Netscape Communications Corp.*,<sup>106</sup> the court also distinguished this analogy with respect to competitive search engine keyword advertising.<sup>107</sup> In *Netscape*, Playboy was denied a preliminary injunction for a search engine's sale of the terms "playboy" and "playmate" to a competing advertiser.<sup>108</sup> The court presented the alternate analogy of a sign that reads "Fast Food Burgers" to a well-known fast food restaurant.<sup>109</sup> Consumers pull off the highway to find a sign next to the restaurant that reads "Better Burgers: 1 Block Further."<sup>110</sup> The owner of the land on which both the competitor's sign and the restaurant sit should not be liable to the restaurant for diverting the consumer.<sup>111</sup> While Gator does not "own" the user's computer screen like a search engine owns the content of its own site, it has the user's permission to display ads.<sup>112</sup> Gator is placing a "sign" to its users presenting them with an alternative choice. It should not be liable to a plaintiff if users, based on the information provided by Gator, choose the alternative.

Consumers searching on the term "Honda" or viewing Honda's website are very likely to be searching for products similar to Honda, and expect to find alternatives. A more appropriate analogy is as follows. A consumer asks a pharmacist

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<sup>103</sup> Collins, *supra* note 78, at 265.

<sup>104</sup> See *Bihari v. Gross*, 119 F. Supp. 2d 309, 320–21 (S.D.N.Y. 2000) (holding that metatags did not create initial interest confusion); Collins, *supra* note 78, at 261–64.

<sup>105</sup> *Brookfield Communications, Inc. v. West Coast Entm't Corp.*, 174 F.3d 1036, 1042 (9th Cir. 1999).

<sup>106</sup> 55 F. Supp. 2d 1070 (C.D. Cal. 1999), *aff'd*, 202 F.3d 278 (9th Cir. 1999).

<sup>107</sup> *Id.* at 1074–75.

<sup>108</sup> *Id.* at 1072, 1076.

<sup>109</sup> *Id.* at 1075.

<sup>110</sup> *Id.*

<sup>111</sup> *Id.*

<sup>112</sup> See *supra* note 47 and accompanying text.

for Tylenol and is directed to a display shelf containing not only Tylenol, but also every available headache remedy. This customer may have been looking specifically for Tylenol or for headache remedies in general. In either case, she finds what she needs. If she chooses a competitor's product, it is not because she thinks it is connected to Tylenol. Rather, she makes the choice from the alternatives presented.<sup>113</sup> Similarly, users searching on "Honda" may be searching for Honda cars specifically or may want to see the alternatives. They get both; there will be links to Honda on the first page, as well as several alternatives. If they are viewing Honda's website, they can choose to close the Gator pop-up or choose to click on the Dodge ad. If they choose Dodge, they do so not because they are confused that Dodge is connected to Honda, but because they are enticed by the alternative.<sup>114</sup>

With great foresight, the Ninth Circuit established the initial interest confusion test for Internet applications, as many traditional trademark principles are inappropriate.<sup>115</sup> A clear example of initial interest confusion would be where the ad placements deceptively said, "Click here for Honda" but led to Dodge's website. However, legitimate competitive advertising, including search engine keywords and Gator's pop-up ads, does not satisfy the test for infringement.

### C. Trademark Infringement: Sleekcraft Factors Applied

As stated in the previous section, while the initial interest confusion test is the more appropriate analysis for pop-up advertising, Gator's practices also withstand the more traditional "likelihood of confusion" analysis outlined in *Sleekcraft*. The *Sleekcraft* factors include:

- (1) strength of the mark;
- (2) proximity of the goods;
- (3) similarity of the marks;
- (4) evidence of actual confusion;
- (5) marketing channels used;
- (6) type of goods and the degree of care likely to be exercised by the purchaser;
- (7) defendant's

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<sup>113</sup> See Saunders, *supra* note 5, at 573 (comparing keyword banner advertising to a store locating its "own generic products next to branded products on the same shelf").

<sup>114</sup> *Id.* at 573-74.

<sup>115</sup> See Brookfield Communications, Inc. v. West Coast Entm't Corp., 174 F.3d 1036, 1062-64 (9th Cir. 1999); *Netscape*, 55 F. Supp. 2d at 1074.

intent in selecting the mark; and (8) likelihood of expansion of the product lines.<sup>116</sup>

The facts of each case will determine the importance of each factor.<sup>117</sup> In *GoTo.com, Inc. v. The Walt Disney Co.*,<sup>118</sup> the court held that the most important factors for the Internet are the similarity of the marks, the relatedness of the goods, and the marketing channels used.<sup>119</sup> The court found a likelihood of confusion because Disney's logo for its Go Network was "overwhelmingly similar" to GoTo.com's logo.<sup>120</sup> The plaintiffs in the Gator case argued that, "Because Gator Corp is using the exact marks, services, facilities or devices of the Plaintiffs and is intentionally placing their pop-up advertisements directly on Plaintiffs' websites, the only open issue . . . is the issue of confusion."<sup>121</sup> However, it seems that these factors may apply between the plaintiff and the advertiser, but not with a third-party publisher, like a search engine or Gator.

Using the "Honda" search engine analogy,<sup>122</sup> the factors would be more applicable if Honda were suing a competing car manufacturer named "Hondo" or something similar. Honda does not compete with search engines or Gator. Nevertheless, the factors seem to favor Gator. Gator's use was always as plain text; it never displayed plaintiffs' fonts or logos in the pop-ups.<sup>123</sup> Further, Gator cannot use trademarks, like "Honda®," to target its ads, only words.<sup>124</sup> In *Brookfield*, the use was more dubious, because the parties were competitors and their products were extremely similar.<sup>125</sup> Conversely, Gator is not a competitor of the plaintiffs; it does not provide news or content, nor does it sell

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<sup>116</sup> *AMF Inc. v. Sleekcraft Boats*, 599 F.2d 341, 348–49 (9th Cir. 1979); *see also Pizzeria Uno Corp. v. Temple*, 747 F.2d 1522, 1527 (4th Cir. 1984); *Polaroid Corp. v. Polarad Elecs. Corp.*, 287 F.2d 492, 495 (2d Cir. 1961); *supra* note 89.

<sup>117</sup> *See Brookfield*, 174 F.3d at 1054.

<sup>118</sup> 202 F.3d 1199 (9th Cir. 2000) (granting an injunction to GoTo.com because Disney's Go Network logo was similar to GoTo's logo).

<sup>119</sup> *Id.* at 1205.

<sup>120</sup> *Id.* at 1206.

<sup>121</sup> Memorandum in Support of Plaintiffs' Motion for Preliminary Injunction at 20, *Washingtonpost.Newsweek Interactive Co. v. Gator Corp.*, No. CIV.A.02-909-A, 2002 WL 31356645 (E.D. Va. July 16, 2002), *available at* [http://www.haledorr.com/files/upload/gator\\_motion.pdf](http://www.haledorr.com/files/upload/gator_motion.pdf) (last visited Jan. 7, 2005).

<sup>122</sup> *See supra* notes 51–52 and accompanying text.

<sup>123</sup> *See Playboy Enters., Inc. v. Netscape Communications Corp.*, 55 F. Supp. 2d 1070, 1079 (C.D. Cal. 1999), *aff'd*, 202 F.3d 278 (9th Cir. 1999).

<sup>124</sup> *See id.*

<sup>125</sup> *Id.* at 1074–75.

products. Although neither the Lanham Act nor the *Sleekcraft* factors require the parties to be competitors,<sup>126</sup> the cases finding a likelihood of confusion have generally involved competitors.<sup>127</sup> In *Pizzeria Uno Corp. v. Temple*,<sup>128</sup> despite the fact that both parties were restaurants and that trademark infringement was found, the court denied relief to the plaintiff because of the lack of actual competition between the parties in defendant’s geographical area.<sup>129</sup> Even though Gator sells advertising and uses the Internet as a marketing channel, the business models are entirely different.<sup>130</sup> Its cursory use of the plaintiffs’ names is never seen by the consumer, and the plaintiffs’ marks never appear in the ads, providing less possibility of confusion.

The other applicable factors also fail. “[T]he plaintiff must show confusion of a significant number of prospective purchasers.”<sup>131</sup> A lack of evidence of confusion may support an inference that there is no likelihood of confusion.<sup>132</sup> The plaintiffs’ surveys discussed users’ reactions to pop-up advertisements in general, stating that sixty-six percent of the respondents believed that “pop-up advertisements are sponsored by or authorized by the website in which they appear.”<sup>133</sup> However, general pop-up advertisements and Gator’s product are different. A Gator pop-up clearly displays its origin as a GAIN advertisement.<sup>134</sup> In addition, Gator users have consented to receive advertisements from Gator.<sup>135</sup> Therefore, a Gator user

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<sup>126</sup> See 15 U.S.C. §§ 1114(1), 1125(a) (2000); *AMF Inc. v. Sleekcraft Boats*, 599 F.2d 341, 348–49 (9th Cir. 1979).

<sup>127</sup> See, e.g., *GoTo.com, Inc. v. Walt Disney Co.*, 202 F.3d 1199, 1203, 1207 (9th Cir. 2000) (both parties provided internet search engine and directory services); *Brookfield Communications, Inc. v. West Coast Entm’t Corp.*, 174 F.3d 1036, 1041–42 (9th Cir. 1999) (both parties were involved in the movie business); *Sleekcraft*, 599 F.2d at 346 (both parties manufactured recreational boats); *Netscape*, 55 F. Supp. 2d at 1079 (finding no likelihood of confusion where the parties were not direct competitors).

<sup>128</sup> 747 F.2d 1522 (4th Cir. 1984).

<sup>129</sup> *Id.* at 1524.

<sup>130</sup> See *supra* notes 59–63 and accompanying text.

<sup>131</sup> *Netscape*, 55 F. Supp. 2d at 1083.

<sup>132</sup> *Id.*

<sup>133</sup> Memorandum in Support of Plaintiffs’ Motion for Preliminary Injunction at 21, *Washingtonpost.Newsweek Interactive Co. v. Gator Corp.*, No. CIV.A.02-909-A, 2002 WL 31356645 (E.D. Va. July 16, 2002), available at [http://www.haledorr.com/files/upload/gator\\_motion.pdf](http://www.haledorr.com/files/upload/gator_motion.pdf) (last visited Jan. 7, 2005).

<sup>134</sup> See *supra* note 43 and accompanying text.

<sup>135</sup> See *supra* note 47 and accompanying text.

should know that Gator is the source of the ad and would not believe that it is related to the plaintiffs.

Although the level of care exerted by users is subject to the standard of the least sophisticated consumer,<sup>136</sup> even the greenest Internet users exert a high degree of care—they do not blindly click on ads. In *1-800 CONTACTS, Inc. v. WhenU.com*,<sup>137</sup> the court found a likelihood of confusion, yet admitted that Internet shoppers are sophisticated users who are discriminate in their shopping<sup>138</sup> and that Internet shoppers are not “passive couch-potato consumers.”<sup>139</sup> Users peruse the pop-up ad before clicking.

Finally, Gator did not intend to confuse users. Like the “Better Burgers” sign, Gator provides users with a legitimate and relevant alternative.<sup>140</sup> Likelihood of confusion may be found if Gator had presented users with confusing ads using the plaintiffs’ actual marks and logos. However, Gator has never done so. It simply presents ads clearly depicting their origin and promoting legitimate alternatives to the plaintiffs’ websites and services.<sup>141</sup>

#### *D. Trademark Infringement: Use in Commerce*

Three recent District Court cases involving pop-up ads have turned on the element of use in commerce.<sup>142</sup> These cases involved a defendant, WhenU.com, who provides a pop-up service that is virtually identical to that of Gator.<sup>143</sup> In *Wells Fargo & Co. v. WhenU.com* and *U-Haul International, Inc. v. WhenU.com*, the District Courts for the Eastern District of Michigan and the Eastern District of Virginia, respectively, found that pop-up ads did not constitute use in commerce,<sup>144</sup>

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<sup>136</sup> *GoTo.com, Inc. v. Walt Disney Co.*, 202 F.3d 1199, 1209 (9th Cir. 2000).

<sup>137</sup> 309 F. Supp. 2d 467 (S.D.N.Y. 2003).

<sup>138</sup> *See id.* at 502–03 (stating that internet shoppers have a specific product in mind when they go online and have the ability to navigate the internet to get what they want).

<sup>139</sup> *Id.* at 502.

<sup>140</sup> *See Playboy Enters., Inc. v. Netscape Communications Corp.*, 55 F. Supp. 2d 1070, 1075 (C.D. Cal. 1999), *aff'd*, 202 F.3d 278 (9th Cir. 1999).

<sup>141</sup> *See supra* notes 43–44 and accompanying text.

<sup>142</sup> *See 1-800 CONTACTS, Inc.*, 309 F. Supp. 2d at 488–89; *Wells Fargo & Co. v. WhenU.com*, 293 F. Supp. 2d 734, 757–64 (E.D. Mich. 2003); *U-Haul Int'l, Inc. v. WhenU.com*, 279 F. Supp. 2d 723, 727–29 (E.D. Va. 2003).

<sup>143</sup> *See U-Haul*, 279 F. Supp. 2d at 725–26.

<sup>144</sup> *See Wells Fargo*, 293 F. Supp. 2d at 734; *U-Haul Int'l*, 279 F. Supp. 2d at

while the District Court for Southern District of New York found the opposite.<sup>145</sup>

In order to establish trademark infringement, a plaintiff must prove:

- (1) that it possesses a mark;
- (2) that the defendant used the mark;
- (3) that the defendant's use of the mark occurred "in commerce";
- (4) that the defendant used the mark "in connection with the sale, offering for sale, distribution, or advertising" of goods or services;
- and (5) that the defendant used the mark in a manner likely to confuse consumers.<sup>146</sup>

In *U-Haul*, the plaintiff argued that when the pop-up ads appeared over its website, the defendant formed "a single visual presentation as part of U-Haul's website,"<sup>147</sup> constituting a use in commerce. The court found this reasoning "untenable,"<sup>148</sup> because the pop-up ad appears in a separate window<sup>149</sup> on the user's screen. Each program that a consumer is using is contained in a separate window, and users may have several windows open at the same time.<sup>150</sup> For example, a user might have an e-mail application running while viewing a website. If a new e-mail message arrives, a new window might automatically "pop-up" above the website the user is viewing.<sup>151</sup> Pop-up ads are no different.<sup>152</sup> "[T]he user controls the computer display the moment the . . . ad pops up" because the user has chosen to download and install the ad software.<sup>153</sup>

The court also found that using the plaintiff's URL<sup>154</sup> to target pop-up ads based on user's preferences did not constitute

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<sup>145</sup> See *1-800 CONTACTS, Inc.*, 309 F. Supp. 2d at 488-90 (explaining that defendants have "used" plaintiff's mark in commerce).

<sup>146</sup> *People for the Ethical Treatment of Animals v. Doughney*, 263 F.3d 359, 364 (4th Cir. 2001) (citing 15 U.S.C. §§ 1114, 1125(a) (2000)).

<sup>147</sup> *U-Haul*, 279 F. Supp. 2d at 727.

<sup>148</sup> *Id.*

<sup>149</sup> See *id.* In the Microsoft Windows operating system, "the computer 'desktop' functions as a multitasking environment in which numerous software 'applications,' such as spreadsheets, word processing programs, Internet browsing software, e-mail software and instant messaging software, may all run simultaneously." *Wells Fargo*, 293 F. Supp. 2d at 741.

<sup>150</sup> *U-Haul*, 279 F. Supp. 2d at 728.

<sup>151</sup> See *id.*

<sup>152</sup> See *id.* at 729.

<sup>153</sup> *Id.*

<sup>154</sup> See *Guide to Internet Terms*, *supra* note 2 (defining URL, Uniform Resource Locator, as the website's address on the Internet).

use under the Lanham Act.<sup>155</sup> The court stated that WhenU simply used the plaintiff's marks for the "pure machine-linking function" and did not use the plaintiff's marks to identify the source of its goods or services.<sup>156</sup> Additionally, the pop-up ads never display the plaintiff's marks.<sup>157</sup> Given the similarities between Gator and WhenU, Gator's practices should withstand the same analysis.

In *1-800 CONTACTS*, the court specifically disagreed with *U-Haul* and found that WhenU did use the plaintiff's marks in commerce.<sup>158</sup> It is important to note that Gator's practice differs slightly from that of WhenU. WhenU did not sell the plaintiff's URL to its advertisers.<sup>159</sup> However, Gator has sold targeted ads based on specific URLs.<sup>160</sup> So it is possible to argue that Gator did use the plaintiffs' marks in commerce. Nevertheless, this minimal use should further be protected as nominative fair use in comparative advertising.

#### *E. Trademark Infringement: Nominative Fair Use in Comparative Advertising*

*New Kids on the Block v. News American Publishing, Inc.*,<sup>161</sup> stated that "competitors may use a rival's trademark in advertising and other channels of communication if the use is not false or misleading."<sup>162</sup> In *New Kids*, the defendants, two national newspapers, used the name of the musical group, "New Kids on the Block," to conduct polls as to which member was the most popular.<sup>163</sup> The court explained that this use is protected "[b]ecause it does not implicate the source-identification function that is the purpose of trademark . . . . [S]uch use is fair because it does not imply sponsorship or endorsement by the trademark holder."<sup>164</sup> The defendants merely used the mark to truthfully identify the group and not to imply endorsement.<sup>165</sup> In *Playboy*

<sup>155</sup> See *U-haul*, 279 F. Supp. 2d at 728.

<sup>156</sup> See *id.*

<sup>157</sup> See *id.*; see also *infra* Part II.E.

<sup>158</sup> *1-800 CONTACTS, Inc. v. WhenU.com*, 309 F. Supp. 2d 467, 490 n.43 (S.D.N.Y. 2003).

<sup>159</sup> *U-Haul*, 279 F. Supp. 2d at 728.

<sup>160</sup> See *supra* notes 47-49 and accompanying text.

<sup>161</sup> 971 F.2d 302 (9th Cir. 1992).

<sup>162</sup> *Id.* at 307.

<sup>163</sup> See *id.* at 304.

<sup>164</sup> *Id.* at 308.

<sup>165</sup> *Id.*

*Enterprises, Inc., v. Welles*,<sup>166</sup> the court did not find infringement because Ms. Welles, an ex-Playboy model, used the plaintiff's marks nominatively in her headlines, banner ads, and metatags to describe and promote herself.<sup>167</sup> In a nominative or fair use case, the *Sleekcraft* test<sup>168</sup> is inapplicable because the defendant is using a term identical to the plaintiff's mark. In comparing identical terms, the factors will always point to a finding of confusion.<sup>169</sup> Therefore, the court adopted the three-factor *New Kids* test: (1) the product is "not readily identifiable without use of the trademark"; (2) the mark is used only "as is reasonably necessary to identify the product or service"; and (3) "the user must do nothing that would . . . suggest sponsorship or endorsement" by the owner.<sup>170</sup>

In the case of keyword advertising, search engines use the plaintiffs' names to present consumers with comparable alternatives.<sup>171</sup> If a user were performing a search for "moderately priced, stylish watches," she might search on the term, "Swatch Watch." It is unreasonable to type in "moderately priced, stylish watches" as a search, just as it is unreasonable for a user to refer to the "Chicago Bulls" as "the professional basketball team from Chicago" to avoid using the trademark.<sup>172</sup> Similarly, Gator uses the URL of the website that a user is viewing to display ads from advertisers that might provide relevant products and services.<sup>173</sup>

In both keywords and pop-up advertising situations, the plaintiff's name, font, and logo are not used in any actual ads. Therefore, it is only used as is reasonably necessary. For keyword ads, the use is not misleading as to source or sponsorship because the keyword ad placements are clear and descriptive. An ad for Dodge appearing on a search for "Honda" would only mention Dodge, and a user would know that clicking

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<sup>166</sup> 279 F.3d 796 (9th Cir. 2002).

<sup>167</sup> *Id.* at 801–02.

<sup>168</sup> See *supra* note 89 and accompanying text.

<sup>169</sup> See *supra* note 89; see also *Playboy Enters., Inc. v. Netscape Communications Corp.*, 55 F. Supp. 2d 1070, 1085–86 (C.D. Cal. 1999), *aff'd*, 202 F.3d 278 (9th Cir. 1999).

<sup>170</sup> *New Kids*, 971 F.2d at 308.

<sup>171</sup> See *supra* notes 70, 71 and accompanying text.

<sup>172</sup> *New Kids*, 971 F.2d. at 306.

<sup>173</sup> See *supra* notes 45–49 and accompanying text.

on the ad would take the user to Dodge's website.<sup>174</sup> Likewise, a Dodge pop-up ad appearing on Honda's website would simply present users with the choice of visiting Dodge's website. It would not mention Honda. Furthermore, Gator's pop-up ads clearly indicate its source as a GAIN advertisement.<sup>175</sup> Therefore, there is no confusion as to source or sponsorship.

Gator's pop-ups and "[k]eyword . . . ads triggered by trademarks as search terms should be considered a privileged form of comparative advertising when they allow a firm to offer an alternative product or service in competition with that of a competitor."<sup>176</sup> The brief use of the term provides consumers with more options, educates them as to a wider variety of products, and promotes competition between companies.<sup>177</sup> Consequently, Gator's use of the plaintiffs' website addresses to deliver non-confusing and non-deceptive advertising is nominative fair use and should be protected.<sup>178</sup> The court in *U-Haul* stated:

Such comparative advertising does not violate trademark law, even when the advertising makes use of a competitor's trademark. . . . [T]he appearance of [pop-up] ads on a user's computer screen at the same time as the [plaintiff's] page is a result of how applications operate in the Windows environment and does not consist of 'use' pursuant to the Lanham Act.<sup>179</sup>

### *F. Trademark Dilution*

#### 1. Trademark Dilution: Blurring and Tarnishment

The Federal Trademark Dilution Act states that "[t]he owner of a famous mark shall be entitled . . . to an injunction against another person's commercial use in commerce of a mark or trade name, if such use begins after the mark has become famous and causes dilution of the distinctive quality of the mark . . . ."<sup>180</sup> Dilution is "the lessening of the capacity of a

<sup>174</sup> See *supra* notes 99–101 and accompanying text.

<sup>175</sup> See *supra* note 43 and accompanying text.

<sup>176</sup> Saunders, *supra* note 5, at 573.

<sup>177</sup> See *id.*

<sup>178</sup> See *id.*

<sup>179</sup> *U-Haul Int'l, Inc. v. WhenU.com*, 279 F. Supp. 2d 723, 728 (E.D. Va. 2003).

<sup>180</sup> 15 U.S.C. § 1125(e) (2000).

famous mark to identify and distinguish goods or services . . . ."<sup>181</sup>

To establish trademark dilution, plaintiffs must show that the defendant (1) "made use of a . . . mark . . . to evoke in . . . consumers a mental association of the two that (2) has caused (3) actual economic harm to the famous mark's economic value by lessening its former selling power as an advertising agent for its goods and services."<sup>182</sup> A showing of actual dilution is required.<sup>183</sup> Dilution includes blurring or tarnishment.<sup>184</sup>

Blurring occurs when a defendant uses a plaintiff's trademark to identify products or services other than that of the plaintiff.<sup>185</sup> The ability of the plaintiff's mark to identify and distinguish its product may be "diluted" by the defendant's use, even if no confusion as to the source or sponsorship has occurred.<sup>186</sup> In *Netscape*, the court found there was no blurring, because the plaintiff did not prove that the use of the search engine keywords "cause[d] any severance of the association between plaintiff and its marks . . . ."<sup>187</sup> Examples of blurring include "DuPont shoes" or "Kodak pianos."<sup>188</sup> These examples illustrate how dilution can fragment a trademark's ability to identify the owner.

Tarnishment occurs when the use of a mark diminishes the associations attached to it.<sup>189</sup> In *Netscape*, the court held that Playboy failed to show the defendant's use harmed its marks.<sup>190</sup> The court concluded that Playboy itself is associated with adult entertainment, so any harm from an ad depicting more explicit sexual material is not enough for dilution.<sup>191</sup>

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<sup>181</sup> *Id.* § 1127.

<sup>182</sup> *Playboy Enters., Inc. v. Netscape Communications Corp.*, 55 F. Supp. 2d 1070, 1075 (C.D. Cal. 1999) (citing *Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Utah Div. of Travel Dev.*, 170 F.3d 449, 461 (4th Cir. 1999)), *aff'd*, 202 F.3d 278 (9th Cir. 1999).

<sup>183</sup> *Moseley v. V Secret Catalogue, Inc.*, 537 U.S. 418, 433 (2003); *see generally* Vadim Vapnyar, *Moseley v. V Secret Catalogue, Inc.: Redefining the Scope of the Federal Trademark Dilution Act*, 77 ST. JOHN'S L. REV. 675 (2003).

<sup>184</sup> *See Moseley*, 537 U.S. at 430.

<sup>185</sup> *See MCCARTHY*, *supra* note 94, § 24:68.

<sup>186</sup> *Id.*

<sup>187</sup> *Netscape*, 55 F. Supp. 2d at 1075.

<sup>188</sup> *Saunders*, *supra* note 5, at 550.

<sup>189</sup> *See MCCARTHY*, *supra* note 94, § 24:104.

<sup>190</sup> *See Netscape*, 55 F. Supp. 2d at 1075-76.

<sup>191</sup> *See id.*

## 2. Trademark Dilution applied to Gator

In the Gator case, the plaintiffs stated that “Gator Corp.’s pop-up advertising scheme has the effect of blurring the . . . Plaintiffs’ trademarks and thereby diluting the marks’ ability to identify Plaintiffs as a source of goods or services.”<sup>192</sup> Additionally, they posited that “the nature of certain of Gator Corp.’s advertisers and the pop-up advertisements displayed by Gator Corp. have the effect of tarnishing the . . . Plaintiffs’ trademarks and thereby diluting the distinctive quality of the . . . Plaintiffs’ famous marks.”<sup>193</sup>

The plaintiffs argued that the Gator ads diluted their marks in several ways. First, the pop-ups “undermined their ability to control the content that appears on their own Web site,”<sup>194</sup> allowing Gator to change the “look and feel” of their website.<sup>195</sup> Secondly, the Plaintiffs stated that “they had lost control over the frequency of pop-up ads,”<sup>196</sup> which diminished their goodwill by annoying visitors to their websites.<sup>197</sup> Finally, they argued that “the content of the pop-up advertisements could potentially clash with their Web pages in ways that were offensive to consumers.”<sup>198</sup> Commentators have stated that

[B]y displaying unwholesome and inferior products next to famous marks, businesses using Adware usurp the power of the mark holder to control the way a mark is used and displayed. . . . Therefore, plaintiffs whose Web sites are covered by material they cannot control . . . should be afforded redress under [federal trademark dilution laws].<sup>199</sup>

The weakness of this argument is its assumption that when a consumer visits one of the plaintiff’s websites, that plaintiff owns that user’s entire computer screen at that time. This assumption has been called the “single advertisement” theory.<sup>200</sup>

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<sup>192</sup> Complaint at 32, *Washingtonpost.Newsweek Interactive Co. v. Gator Corp.*, No.02-909-A, 2002 U.S. Dist. LEXIS 20881 (E.D. Va. Sept. 17, 2002).

<sup>193</sup> *Id.*

<sup>194</sup> Schiefelbine, *supra* note 6, at 519.

<sup>195</sup> *Id.*

<sup>196</sup> *Id.*

<sup>197</sup> *See supra* note 31.

<sup>198</sup> Schiefelbine, *supra* note 6, at 519; *see also supra* note 64.

<sup>199</sup> Schiefelbine, *supra* note 6, at 520.

<sup>200</sup> *Id.* at 507. This theory is based on the presumption that a consumer’s computer screen should be viewed as a single advertisement. *See id.* at 507–08. Therefore, because Gator’s pop-up appears above the plaintiffs’ underlying websites, Gator used and infringed on the plaintiffs’ intellectual property in some way. *See id.*

However, Internet users do not necessarily do only one thing at a time. They may have several programs running concurrently. They could be checking their e-mail in one window on their screen, and viewing several other websites in other windows. It is even possible to view the websites of two competitors side-by-side in adjacent windows.

This undermines the plaintiffs' dilution argument in two ways. First, because the plaintiffs do not own a user's whole computer screen, they cannot argue that they have "lost control" over the look and feel of their website or over the frequency of pop-up ads.<sup>201</sup> Gator does not change the content of the plaintiffs' websites. It simply displays a pop-up ad. Additionally, other applications that a user is running may also interfere with the look and feel of their websites. Does this mean that the plaintiffs should be able to prevent the user from running other applications on their computer or viewing other websites while they are at the plaintiffs' websites? Gator users know that they will receive Gator pop-ups. These pop-ups are clearly labeled as "GAIN" ads. Therefore, if there is any bad will towards one of these pop-ups, the bad will would be directed at Gator, not the plaintiffs. Also, because the user makes no connection between the pop-up ad and the plaintiffs' website, it cannot blur or tarnish the plaintiffs' marks.

### III. UNFAIR COMPETITION

Section 43(a) of the Lanham Act prohibits the use of any word, term, name, symbol, or device . . . or any false designation of origin . . . which . . . is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person . . .<sup>202</sup>

Unfair competition under Section 43(a) "prohibits a broader range of conduct than a claim for trademark infringement under Section 32."<sup>203</sup> It involves "deceptive marketing [or] appropriation of intangible trade values."<sup>204</sup>

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<sup>201</sup> Gator argued that because more than one window could be open on a screen at a time, plaintiff did not own the user's whole computer screen. *See id.* at 508.

<sup>202</sup> 15 U.S.C. § 1125(a)(1) (2000).

<sup>203</sup> Memorandum in Support of Plaintiffs' Motion for Preliminary Injunction at 22, *Washingtonpost.Newsweek Interactive Co. v. Gator Corp.*, No. CIV.A.02-909-A,

The plaintiffs state that "Section 43(a) is written as if it had Gator Corp.'s pop-up advertising scheme in mind."<sup>205</sup> The plaintiffs' unfair competition argument is short and states simply that because survey results show that users are confused as to the source of pop-up ads, Gator is liable for engaging in unfair competition.<sup>206</sup> However, even a commentator supporting the plaintiffs' position seems to find this argument flawed.<sup>207</sup>

The issue skirted by the plaintiffs is whether Gator's Adware is included in the term, "device" under the statute.<sup>208</sup> Gator argued that it merely included other types of symbols used as source identifiers.<sup>209</sup> In his comments on the *Gator* case, Mr. Schiefelbine explored trade dress as a source identifier.<sup>210</sup> He established that trade dress source identifiers bear two qualities. First, they do not use language in their source-identifying function, and second, "they somehow appeal to the senses."<sup>211</sup> He concluded that "Gator's scheme appeals to none of the consumer's senses, so it cannot be a 'device' used as a source identifier."<sup>212</sup>

Again, in response to the plaintiffs' argument, Gator's users are not confused as to the source or association, as the ads are clearly labeled,<sup>213</sup> and the users have consented to receive ads from Gator.<sup>214</sup> Therefore, Gator is not engaged in unfair competition.

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2002 WL 31356645, (E.D. Va. July 16, 2002), available at [http://www.haledorr.com/files/upload/gator\\_motion.pdf](http://www.haledorr.com/files/upload/gator_motion.pdf) (last visited Jan. 7, 2005).

<sup>204</sup> RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 1(a) (1995).

<sup>205</sup> Memorandum in Support of Plaintiffs' Motion for Preliminary Injunction at 22, *Gator* (No. CIV.A.02-909-A), available at [http://www.haledorr.com/pdf/gator\\_motion](http://www.haledorr.com/pdf/gator_motion) (last visited Jan. 7, 2005).

<sup>206</sup> See *id.*

<sup>207</sup> See Schiefelbine, *supra* note 6, at 515–17 (identifying Gator's scheme as not qualifying as a device under the statute).

<sup>208</sup> *Id.* at 516.

<sup>209</sup> *Id.*; see Opposition to Plaintiffs' Motion for Preliminary Injunction at 17–18, *Gator* (No. CIV.A.02-909-A).

<sup>210</sup> See Schiefelbine, *supra* note 6, at 516–17 (describing trade dress broadly as source identifiers that take total image into account, including color combinations and packaging).

<sup>211</sup> *Id.* at 517.

<sup>212</sup> *Id.*

<sup>213</sup> See *supra* note 43 and accompanying text.

<sup>214</sup> See *supra* note 47 and accompanying text.

## IV. COPYRIGHT INFRINGEMENT

The Copyright Act provides that the owner of a copyright has the exclusive right "to display the copyrighted work publicly"<sup>215</sup> and "to prepare derivative works based upon the copyrighted work."<sup>216</sup> Violators of these exclusive rights may be liable for direct infringement.<sup>217</sup> Those who, "with knowledge of the infringing activity, induce[], cause[] or materially contribute[] to the infringing conduct of another" may be liable for contributory infringement.<sup>218</sup>

The plaintiffs contended that Gator was both a direct and contributory infringer.<sup>219</sup> They argued that Gator's pop-ups constituted direct infringement because ads are displayed over the content of the plaintiffs' websites.<sup>220</sup> They further argued that the ads constitute contributory infringement because Gator contributes to consumers initiating the Gator software on their computers, which results in an alteration of the plaintiffs' websites.<sup>221</sup>

*A. Plaintiffs' Right to Exclusive Public Display*

In arguing that Gator's practices infringed on the plaintiffs' exclusive public-display right, the plaintiffs stated that they grant consumers a license to use and display the site.<sup>222</sup> This license prohibits the alteration of the site or its appearance.<sup>223</sup> Exceeding the terms of the license constitutes copyright

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<sup>215</sup> 17 U.S.C. § 106(5) (2000).

<sup>216</sup> *Id.* § 106(2).

<sup>217</sup> *Id.* § 501(a).

<sup>218</sup> *ALS Scan, Inc. v. RemarQ Cmty., Inc.*, 239 F.3d 619, 621 n.1 (4th Cir. 2001) (quoting *Gershwin Publ'g Corp. v. Columbia Artists Mgmt., Inc.*, 443 F.2d 1159, 1162 (2d Cir. 1971)).

<sup>219</sup> Memorandum in Support of Plaintiffs' Motion for Preliminary Injunction at 23, *Washingtonpost.Newsweek Interactive Co. v. Gator Corp.*, No. CIV.A.02-909-A, 2002 WL 31356645 (E.D. Va. July 16, 2002), available at [http://www.haledorr.com/files/upload/gator\\_motion.pdf](http://www.haledorr.com/files/upload/gator_motion.pdf) (last visited Jan. 7, 2005).

<sup>220</sup> *Id.*

<sup>221</sup> *Id.* It is interesting to note that the plaintiffs state that Gator's actions constituted contributory infringement by contributing to the consumer's infringement in installing and using of Gator's Adware on their own computers. It seems that a stronger argument for the plaintiffs would have been to tie Gator's alleged contributory infringement to the actions of Gator's advertisers, who are paying to promote their businesses in pop-ups appearing on the plaintiffs' websites.

<sup>222</sup> *Id.* at 24.

<sup>223</sup> *Id.*

infringement.<sup>224</sup> The plaintiffs argued that Gator's pop-ups alter the plaintiffs' pages by covering up a portion of each page.<sup>225</sup>

This argument lacks merit.<sup>226</sup> Gator does not alter the plaintiffs' websites; it simply displays an ad above it.<sup>227</sup> Further, the plaintiffs' argument incorrectly assumes that the plaintiffs own or have exclusive right to a consumer's computer screen when that consumer is browsing their website.<sup>228</sup> As discussed earlier in Part II.F.2, Internet users do not necessarily do only one thing at a time. In fact, the consumers have a huge degree of control over how they view a website. They may view it full screen, or they may minimize the window so that it is only visible in a portion of the screen. They may have other applications running on their own computer that are permanently displayed over their Internet browser windows, such as a clock or software that enables them to listen to music while they browse. All of these other activities prevent website publishers from displaying their copyrighted work in the full manner they intended it to appear.<sup>229</sup> Even in *1-800 CONTACTS, Inc.*, where trademark infringement was found, the court refused to find copyright infringement.<sup>230</sup> The court stated:

For this Court to hold that computer users are limited in their use of Plaintiff's website to viewing the website without any obstructing windows or programs would be to subject countless computer users and software developers to liability for copyright infringement and contributory copyright infringement, since the modern computer environment in which Plaintiff's website exists allows users to obscure, cover, and

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<sup>224</sup> *MacLean Assocs., Inc. v. Mercer-Meidinger-Hansen, Inc.*, 952 F.2d 769, 779 (3d Cir. 1991) (holding that exceeding the terms of a software license constituted copyright infringement).

<sup>225</sup> *See New York Times Co. v. Tasini*, 533 U.S. 483, 499 (2001) (stating that in evaluating copyright infringement claims, a court must view the work "as presented to, and perceptible by, the user").

<sup>226</sup> Interestingly, Mr. Schiefelbine's comment supporting the plaintiffs' arguments does not address the plaintiffs' copyright infringement arguments. *See Schiefelbine, supra* note 6, at 506-14.

<sup>227</sup> *See 1-800 CONTACTS, Inc. v. WhenU.com*, 309 F. Supp. 2d 467, 485 (S.D.N.Y. 2003).

<sup>228</sup> *See supra* Part II.F.2.

<sup>229</sup> *See Memorandum in Support of Plaintiffs' Motion for Preliminary Injunction at 25, Washingtonpost.Newsweek Interactive Co. v. Gator Corp.*, No. CIV.A.02-909-A, 2002 WL 31356645 (E.D. Va. July 16, 2002), available at [http://www.haledorr.com/files/upload/gator\\_motion.pdf](http://www.haledorr.com/files/upload/gator_motion.pdf) (last visited Jan. 7, 2005).

<sup>230</sup> *1-800 CONTACTS*, 309 F. Supp. 2d at 488, 504-05.

change the appearance of browser windows containing Plaintiff's website.<sup>231</sup>

Quite simply, Internet website publishers must realize how little control they really have over consumers' computer screens. Further, to view the plaintiffs' websites as intended, users can simply close the pop-up window and the website remains on their screen unaltered.

It seems almost unthinkable to suggest that the plaintiffs should be able to retain full control over what a user chooses to view on his or her computer screen. This notion would be analogous to a television network requiring home audiences to focus their attention solely on the program in its entirety without other distractions of the consumers own choosing, such as reading a magazine or a book. Additionally, many new televisions have a screen-in-screen option that allows consumers to browse other channels while watching a program. Similarly, Gator users allow Gator to show them advertising in exchange for free software. They have chosen to allow Gator to deliver advertisements to them, and as such, they have chosen what should appear on their screens.

#### *B. Plaintiffs' Right to Prepare Derivative Works Based on the Copyrighted Work*

The plaintiffs argued that Gator's pop-ups create modified versions of the plaintiffs' websites.<sup>232</sup> Additions, deletions, or edits of copyrighted work can result in a derivative work.<sup>233</sup> The plaintiffs focused on *National Bank of Commerce v. Shaklee Corp.*,<sup>234</sup> where the court found copyright infringement when a distributor of a book added promotional messages and artwork to

<sup>231</sup> *Id.* at 485.

<sup>232</sup> Memorandum in Support of Plaintiffs' Motion for Preliminary Injunction at 25, *Gator* (No. CIV.A.02-909-A), available at [http://www.haledorr.com/files/upload/gator\\_motion.pdf](http://www.haledorr.com/files/upload/gator_motion.pdf) (last visited Jan. 7, 2005).

<sup>233</sup> *Id.* at 25–26 (citing *WGN Cont'l Broad. Co. v. United Video, Inc.*, 693 F.2d 622, 626 (7th Cir. 1982) (holding deletion of text from cable retransmission of television program infringed copyright); *Gilliam v. Am. Broad. Cos.*, 538 F.2d 14, 21 (2d Cir. 1976) (“[U]nauthorized editing of the underlying work . . . would constitute an infringement of the copyright in that work similar to any other use of a work that exceeded the license granted by the proprietor of the copyright”); *Nat'l Bank of Commerce v. Shaklee Corp.*, 503 F. Supp. 533, 544 (W.D. Tex. 1980) (holding the addition of unauthorized advertisements to the text of a book constituted infringement).

<sup>234</sup> *Nat'l Bank of Commerce*, 503 F. Supp. at 533.

the book before delivering them.<sup>235</sup> The plaintiffs argued that this is “legally indistinguishable” from Gator’s pop-up advertising,<sup>236</sup> and just as in *National Bank of Commerce*, Gator added promotional messages to the plaintiffs’ websites and deprived them of the right to control “the context and manner in which [the copyrighted] work is presented.”<sup>237</sup> In *U-Haul*, the court found that pop-up ads are not sufficiently permanent to satisfy the statute,<sup>238</sup> making *National Bank of Commerce* inapplicable to pop-up advertising.<sup>239</sup>

This claim seems even weaker than the right to exclusive display argument. Gator’s pop-up ads are clearly distinguishable from *National Bank of Commerce* in that their ads are not permanent. Copyright protection is limited to “original works of authorship *fixed* in any tangible medium of expression.”<sup>240</sup> Further, a work is fixed when it is “sufficiently permanent or stable to permit it to be perceived, reproduced, or otherwise communicated for a period of more than transitory duration.”<sup>241</sup> Gator’s ads do not alter the underlying website. Defendant’s “pop-up ads may ‘obscure’ or ‘cover’ a portion of Plaintiff’s website – but they do not ‘change’ the website.”<sup>242</sup> Again, if pop-ups were viewed as changing the underlying website, creating a derivative work, “then *any* action by a computer user that produced a computer window . . . that altered the screen appearance, . . . however slight, would require Plaintiff’s permission.”<sup>243</sup> A user can simply close the window if they are not interested. Gator’s ads are clearly not akin to a distributor adding messages and artwork to a book.

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<sup>235</sup> *Id.* at 544.

<sup>236</sup> Memorandum in Support of Plaintiffs’ Motion for Preliminary Injunction at 26, *Gator* (No. CIV.A.02-909-A), available at [http://www.haledorr.com/files/upload/gator\\_motion.pdf](http://www.haledorr.com/files/upload/gator_motion.pdf) (last visited Jan. 7, 2005).

<sup>237</sup> *Id.* (quoting *Nat’l Bank of Commerce*, 503 F. Supp. at 544).

<sup>238</sup> *U-Haul Int’l, Inc. v. WhenU.com*, 279 F. Supp. 2d 723, 731 (E.D. Va. 2003) (stating that pop-ups are a “transitory occurrence” and may not be exactly duplicated).

<sup>239</sup> *1-800 CONTACTS, Inc. v. WhenU.com*, 309 F. Supp. 2d 467, 487 n.40 (S.D.N.Y. 2003).

<sup>240</sup> 17 U.S.C. § 102 (2000) (emphasis added).

<sup>241</sup> *Id.* § 101.

<sup>242</sup> *1-800 CONTACTS*, 309 F. Supp. 2d at 487.

<sup>243</sup> *Id.*

## CONCLUSION

The arguments against Gator's pop-up advertising seem to suffer from a misunderstanding of Gator's practices and technology and the way consumers use the Internet. Advertising, despite its negative connotations, plays an important role in promoting efficiency, competition, and education for consumers.<sup>244</sup> As Internet consumers have grown savvier, Internet advertisers have struggled to capture and keep consumers' attention. In response, Internet advertising has been developing at a furious pace, from simple banner ads to competitive keyword advertising and metatags, and finally, to pop-up advertising. This progression is necessary for advertising-supported Internet companies to survive and to continue to provide the wealth of free information and services that make the Internet a valuable tool for consumers. Gator Corp. has legitimately attempted to serve advertisers by creating an advertising solution that performs extremely well despite the dwindling performance of older Internet advertising techniques. Likewise, it serves consumers by obtaining their permission before delivering pop-up ads and by providing free, useful software for their receptiveness.

Likelihood of confusion is the critical issue for trademark infringement. The main issue is whether users are confused as to the source or affiliation of the pop-up advertising to the underlying website. Gator's pop-ups do not create confusion because they clearly identify all of their pop-ups with a label showing that they originated from Gator. Additionally, like Internet keyword advertising, the advertisements themselves do not create confusion. The ads do not contain any references to the plaintiffs' website underneath. Internet users are savvy enough to know that clicking on the ad will take them away from

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<sup>244</sup> Justice Blackmun stated:

Advertising, however tasteless and excessive it sometimes may seem, is nonetheless, dissemination of information as to who is producing and selling what product, for what reason, and at what price. So long as we preserve a predominantly free enterprise economy, the allocation of our resources in large measure will be made through numerous private economic decisions. It is a matter of public interest that those decisions, in the aggregate be intelligent and well informed. To this end, the free flow of commercial information is indispensable.

Virginia State Bd. of Pharmacy v. Virginia Citizens Consumer Council, 425 U.S. 748, 765 (1976).

the underlying website to the advertiser's website. When they click on the ad, they are affirmatively making a choice, based on the alternative presented to them by Gator, to follow the link in the pop-up because they are enticed by the advertisement. Further, if Gator's pop-ups do raise a plaintiff's trademark rights, the practice should be protected as nominative fair use in comparative advertising because the brief use of the plaintiff's mark educates consumers as to alternatives and promotes competition.

Likewise, pop-up advertising does not dilute the plaintiffs' marks. There is no blurring, because Gator users are aware of the source of the pop-ups and why they are receiving them. They do not make any association between the ad and the website below. Further, website publishers do not own the entire user experience. Consumers maintain the ultimate control of what appears on their screen, and Gator users have chosen to receive pop-ups. For a similar reason, Gator's pop-ups do not constitute copyright infringement, because Gator is not altering the plaintiffs' right to display its websites. The plaintiffs retain full control of their own websites, while the consumer controls how and how much of it he or she wants to see.

As the District Courts have reached different conclusions in the earliest pop-up cases, appellate courts must take care not to misunderstand the technology or issues involved. It is important to distinguish Gator and other legitimate advertising companies, who innovate and take steps to gain consumer permission before delivering ads, from the bad apples that give Internet advertising a bad name. Holding companies like Gator liable under these intellectual property principles would discourage competition and harm consumers. Internet publishers will struggle to survive, because they will be precluded from pursuing the only advertising techniques and technologies that remain successful. If these advertising-supported publishers cannot successfully sell advertising, they may no longer be able to provide the free services and conveniences upon which the public has come to rely.