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WHENU.COM, INC. & GOOGLE INC.: PARSING TRADEMARK’S USE REQUIREMENT

By Alicia Gámez

Increasingly, internet businesses rely on online advertising as their primary revenue source. Recent litigation reveals inconsistent application of trademark law’s “use” requirement by courts in the keyword advertising context. While one court recently rejected defendant Google’s arguments that marks used only in computer code—invisible to the end user—could not constitute use under the Lanham Act, other courts addressed similar facts in the WhenU line of cases, but found no trademark use as a matter of law. This drastic variation in courts’ treatment of analogous facts results in disparate treatment of similarly situated defendants: WhenU can operate secure in the knowledge that its business model has been vindicated, while Google faces costly, fact-intensive litigation and the constant threat of additional lawsuits. Beyond the impact on these particular litigants, the legal uncertainty created by these inconsistent decisions stifles investment and innovation.

Trademark law grants owners limited rights; not every use of a protected mark is actionable. But traditional infringement analysis focuses on the multi-factor likelihood of confusion test, often paying scant attention to the logically prior question of whether the allegedly infringing activity constitutes a protected trademark use.

Where the dispute involves a counterfeited physical object—a good identified by a mark misappropriated by a competitor who passes off her
goods as those of the trademark owner—the use requirement typically warrants little analysis. In the keyword advertising context, the uses made by end users and advertising providers are less clearly within trademark owners’ exclusive province. Where a computer user enters a trademarked word into a search engine, her intent is unclear. She may intend to purchase the trademarked product, or she may be searching for product reviews, gripe sites, accessories, information, competitors, or something entirely different. When search engines generate revenue by delivering advertisements triggered by trademarked search terms, trademark owners contend their rights have been infringed, but the search engines argue that the use of trademarked terms is not a protected trademark use.

The Google and the WhenU cases present these competing interpretations of trademark doctrine in stark relief. This Note examines the WhenU.com and Google decisions. Both internet advertising firms were sued by trademark owners after selling targeted advertising triggered by end users searching with trademarked terms. Part I surveys the foundations of trademark policy and the resulting scope of trademark protection. Part II analyzes judicial interpretations of use under the Lanham Act in cases against WhenU.com and Google. Part III examines courts’ differing factual and legal analyses of trademark use and looks to a recent Supreme Court case for recommendations for future litigation. This Note suggests that courts should refocus on the limited uses protected by trademark law and require plaintiffs to make a preliminary showing that the uses in question are within the scope of trademark protection. Only then should courts analyze likelihood of confusion.

I. TRADEMARK PROTECTION: LEGAL BACKGROUND

In the Lanham Act, Congress enacted federal trademark protection pursuant to its authority under the Commerce Clause to regulate commerce. Section 1127 defines the terms “trademark” and “use in commerce.” Trademark infringement liability flows from both statutory and common law sources. Section 1114 establishes liability for the infringement of registered trademarks while § 1125(a)(1) creates liability for un-
registered trademarks. Congress amended trademark use requirements in the Trademark Revision Act of 1988, but the effects of these revisions are uncertain regarding infringement versus registration. Federal law contains no provisions for indirect or contributory liability for trademark infringement, but case law has drawn the contours of these doctrines.

A. Trademark Policy: An Instrument of Commerce

While the patent and copyright regimes find their constitutional grounding in Congress's power to "promote the progress of science and useful arts," the constitutional basis of trademark law derives from congressional authority to "regulate commerce." Not surprisingly, trademark law's policy incentives differ as well. Courts have recognized two fundamental social benefits derived from trademarks. First, a trademark, by associating a product with its source, reduces consumer search and decision costs by allowing accurate and reliable identification of a particular product or manufacturer in the market. Second, a trademark allows its owner to identify and distinguish his product from those of his competitors in the marketplace. If a competitor misleads consumers into purchasing his product by infringing a trademark, the efforts of both the mark owner and consumer are frustrated. Moreover, the benefits that trademarks bestow on mark owners and consumers contribute to competitive markets generally. As the Senate Committee on Patents stated, trademarks are "the essence of competition," because they allow a consumer to distinguish among competitors, thereby enabling competition.

13. Id. at cl. 3; United Drug Co. v. Theodore Rectanus Co., 248 U.S. 90, 98 (1918) ("[T]he power of Congress to legislate on [Trademark is] only such as arises from the authority to regulate commerce with foreign nations and among the several States and with the Indian tribes.").
15. Id. at 163-64. Though courts comment that trademarks "encourage the production of quality products," marks also encourage consistent quality (citing Qualitex, 514 U.S. at 164). By relying on a trademark, a consumer can easily locate and choose a "Toyota" or "Buick" standard of quality, rather than a "Rolls Royce" or "Yugo" standard. This differentiation reduces consumer search costs and producer self-identification.
16. Qualitex, 514 U.S. at 164.
A trademark grants its owner the limited right to use the mark as a "useful and valuable aid or instrument of commerce."\textsuperscript{18} Trademark law protects this commercial use, but does not offer absolute protection to all uses of a mark.\textsuperscript{19} As the Supreme Court explained, trademark law "does not confer a right to prohibit the use of the word or words. It is not a copyright. . . . A trade mark only gives to [sic] right to prohibit the use of it so far as to protect the owner's good will against the sale of another's product as his."\textsuperscript{20} Thus the use of a mark that is not in commerce is beyond Congress's authority to regulate, and a mark that is not used as a trademark does not fall within the Lanham Act's protections.

B. "Trademarks," "Use in Commerce," and "Infringement"
Under the Lanham Act

Section 1127 defines a trademark as "any word, name, symbol, or device, or any combination thereof" that a person uses to indicate the source of goods and to identify and distinguish those goods from competing products.\textsuperscript{21} "Use in commerce" is the use of a mark in the ordinary course of trade,\textsuperscript{22} including placement of the mark in any manner on the goods, their containers, or their displays, tags, or labels \textit{and} the sale or the transport of the goods in commerce. Service marks are used in commerce when "used or displayed in the sale or advertising of services" \textit{and} the services are rendered in interstate or international commerce.\textsuperscript{23}

Section 1114(1) offers relief for the infringement of a registered mark, providing as follows:

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

\vspace{1em}
\textsuperscript{18} The Trademark Cases, 100 U.S. 82, 94-95 (1879).
\textsuperscript{19} Prestonettes, Inc. v. Coty, 264 U.S. 359, 368 (1924).
\textsuperscript{20} Id.
\textsuperscript{21} 15 U.S.C. § 1127 (2000). Section 1127 defines a "service mark" in substantially the same terms, as "any word, name, symbol . . ." that a person uses "to indicate the source of a service and to identify and distinguish the services of one person from the services of others." Id.
\textsuperscript{22} Id.
\textsuperscript{23} Id.
confusion, or to cause mistake, or to deceive . . . shall be liable in a civil action . . . .

Section 1125(a)(1) offers broader relief for the infringement of registered and unregistered marks:

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 . . . 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 . . . 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.

The infringement analysis under these two sections is typically identical. In short, to establish trademark infringement the plaintiff must demonstrate ownership of a valid mark entitled to protection under the Lanham Act, and use of the mark by the defendant “in commerce,” “in connection” with “any goods or services,” and without the plaintiff’s consent. To prove infringement, the plaintiff also must show that defendant’s use of that mark is “likely to cause confusion” as to the source, sponsorship, or approval of the defendant’s goods, services, or commercial activities.

C. Confusion Regarding the Meaning of Use in Commerce

The Trademark Law Revision Act of 1988 increased the degree of use required to obtain the benefits of trademark protection. This revision was aimed primarily at eliminating the practice of “token” trademark use by which businesses attempted to gain trademark protection without actually engaging in commerce. Though the plain language of the statute indi-
icates that the effect of the change is uniform throughout the Act, the effect of this revision remains the subject of debate. As one treatise describes:

‘Use in commerce’ appears throughout the Act, and is the benchmark for eligibility for the various benefits of the Act, such as registration, non-cancellation under Section 8, and renewal. When it appears in Sections 32(1) [§1114] or 43(a) [§1125] in connection with the actions of an infringer, however, it still establishes the jurisdictional test based on interstate conduct.

While Congress originally inserted the “in commerce” requirement to establish jurisdiction under the Commerce Clause, no statutory basis supports the notion that the use in commerce requirement “does not require the plaintiff to prove that the defendant was making bona fide use of the accused trademark in the ordinary course of business” for both registration and infringement. The use in commerce requirement is not merely a jurisdictional hook establishing Congress’s authority to regulate; this requirement materially limits the reach of the Lanham Act. Thus, a use that would fail to support a registration application should also fail to support an infringement action. Without use in commerce to trigger the Lanham Act’s protections, the questioned use falls beyond the scope of congressional power for the purposes of both registration and infringement.

32. Id.
33. U.S. CONST. art. I, § 8, cl. 3; see The Trademark Cases, 100 U.S. 82, 94-95 (1879).
34. 1 GILSON, supra note 10, § 3.02(8)(c) (stating that the new definition “does not change the law under under sections [1114(c)] and [1125(a)])”. Note that Gilson does not cite authority or explain why Congress’s redefinition of use in commerce might alter the term’s meaning in some parts of the Act while retaining the unaltered definition in others.
35. United Drug Co. v. Theodore Rectanus Co., 248 U.S. 90, 98 (1918) (“[T]he power of Congress to legislate on [trademark] being only such as arises from the authority to regulate commerce with foreign nations and among the several States and with the Indian tribes.”); The Trademark Cases, 100 U.S. 82, 93, 94-95 (1879) (“As the property in trade-marks and the right to their exclusive use rest on the laws of the States . . . the power of the Congress to legislate on the subject . . . must be found in the Constitution of the United States, which is the source of all powers that Congress can lawfully exercise.”).
36. See United Drug Co., 248 U.S. at 98. That a mark is not used in commerce for the purposes of either registration or infringement without the actual movement of goods in commerce mirrors trademark’s rule against assignment in gross, which prohibits the assignment of a mark independent of the underlying business. See 15 U.S.C. § 1060 (2000); United Drug Co., 248 U.S. at 97 (“There is no such thing as property in a trademark except as a right appurtenant to an established business or trade in connection with which the mark is employed.”).
37. See id.
D. Case Law Establishing Indirect and Contributory Infringement

Although the Lanham Act is silent as to contributory and vicarious infringement, courts have devised three bases for indirect trademark liability. First, the Supreme Court found contributory liability for unfair competition, a body of law closely related to trademark.\(^\text{38}\) Next, the Third Circuit imported common law concepts of agency, apparent authority, and vicarious liability to reach parties it found culpable.\(^\text{39}\) Finally, in the online context, the Ninth Circuit analogized to manufacturing and control of production processes to evaluate liability for indirect infringement.\(^\text{40}\)

1. A Manufacturer Who Induces Others to Pass Off a Product Can Be Contributorily Liable.

In 1924, the Supreme Court extended liability for unfair competition to manufacturers and distributors in *William R. Warner & Co. v. Eli Lilly & Co.*\(^\text{41}\) At issue was a chocolate-flavored medicinal compound.\(^\text{42}\) The plaintiff brought suit to enjoin the defendant’s manufacture and sale of compounds formulated with chocolate\(^\text{43}\) and to enjoin use of the name Quin-Coco, claiming that it infringed its trademark of Coco-Quinine.\(^\text{44}\) Evidence indicated that some of the defendant’s salesmen induced druggists to fill prescriptions with the imitation compound and that this substitution could occur without detection by the end purchaser.\(^\text{45}\) Though the druggists


\(^{39}\) See *AT&T Co. v. Winback & Conserve Program, Inc.*, 42 F.3d 1421, 1430-31 (3d Cir. 1994).

\(^{40}\) See *Lockheed Martin Corp. v. Network Solutions, Inc.*, 194 F.3d 980, 985 (9th Cir. 1999) (extending liability to online context by analogy to manufacturing context in *Inwood Labs., Inc. v. Ives Labs., Inc.*, 456 U.S. 844 (1982)).

\(^{41}\) 265 U.S. 526 (1924).

\(^{42}\) Id. at 527.

\(^{43}\) Id.

\(^{44}\) Id.

\(^{45}\) Id. at 530.
themselves were not deceived, the ultimate purchaser was. While the Supreme Court found no infringement of the mark or formula, it did find unfair competition in the defendant's passing off of its own product as that of the plaintiff. The Supreme Court reasoned that "[o]ne who induces another to commit a fraud and furnishes the means of consummating it is equally guilty and liable for the injury." Though an imitator may lawfully produce and distribute its product, the imitator must "make its own way in the field of open and fair competition." The imitator "cannot lawfully palm [the imitations] off on the public as the goods of his competitor." Thus, the Supreme Court held the manufacturer contributorily liable for unfair competition where its agents induced a third party to pass off its products as those of another.


In AT&T v. Winback & Conserve Program, the Third Circuit imported common law tort concepts of agency, apparent authority, and vicarious liability into § 1125(a). The plaintiff claimed that defendant "Winback's representatives brazenly and falsely represented Winback to be, or to be a division of, AT&T." The AT&T court determined that liability based on agency principles was appropriate, though not expressly authorized by the federal law. In doing so, the court explained that it was not "expanding the category of affirmative conduct proscribed," but merely deciding on "whose shoulders to place responsibility for conduct indisputably proscribed." The court thus held that the defendant could be vicariously liable for the misrepresentations by independent sales people used to solicit business.

46. Id.
47. Id. at 528.
48. Id. at 530-31.
49. Id. at 531-32.
50. Id. at 531.
52. AT&T Co., 42 F.3d at 1443.
53. Id. at 1433-34.
54. Id. at 1430-31.
55. Id. at 1431.
3. Knowingly Supplying a Product to a Trademark Infringer Extends Contributory Liability.

In 1982 the Supreme Court considered claims based on § 1114 and § 1125(a), in *Inwood Laboratories, Inc. v. Ives Laboratories, Inc.* and explicitly articulated the standard for contributory trademark infringement. The Court held that a manufacturer or distributor is contributorily liable for harm done by others, if it "intentionally induces another to infringe a trademark, or if it continues to supply its product to one whom it knows or has reason to know is engaging in trademark infringement."\(^{57}\)

The Ninth Circuit interpreted *Inwood Laboratories* in the context of online services in *Lockheed Martin Corp. v. Network Solutions, Inc.*\(^{58}\) Network Solutions was then the exclusive registrar of internet domain names.\(^{59}\) A party wishing to register a domain name would complete and submit Network Solution’s template over the internet.\(^{60}\) Ninety percent of applications were processed electronically; the remaining ten percent were reviewed by a Network Solutions employee.\(^{61}\) Review usually occurred if the registrant erred in filling out the template or applied for a domain name including a prohibited character string, such as obscene words or protected words like specific variations on the words Olympic, Red Cross, or NASA.\(^{62}\) Upon approval, Network Solutions would enter the domain name into its database with a corresponding address in order to route internet users to the registrant’s computer.\(^{63}\)

Lockheed owned "Skunk Works," a registered mark.\(^{64}\) Through Network Solutions, third parties registered domain name combinations that included variations on "skunk works."\(^{65}\) Lockheed filed suit claiming direct and contributory infringement, among other Lanham Act violations.\(^{66}\) Relying on *Inwood Laboratories*, Lockheed alleged that Network Solutions supplied a product to third parties with the knowledge that the product was being used to infringe the service mark.\(^{67}\)

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57. Id. at 854.
58. 194 F.3d 980 (9th Cir. 1999).
59. Id. at 982.
60. Id.
61. Id.
62. Id.
63. Id.
64. Id.
65. Id. at 983.
66. Id.
67. Id.
The Ninth Circuit held that Network Solutions was not contributorily liable as a matter of law. The court explained that the plaintiff in Inwood Laboratories stated a cause of action for contributory infringement by alleging that the defendant “continued to supply [the product] to pharmacists whom the petitioners knew were mislabeling generic drugs.” The court held that when weighing a contributory infringement claim where no “product” is at issue, the court should “consider the extent of control exercised by the defendant of the third party’s means of infringement.” The Ninth Circuit found that Network Solutions’s “translation service” did not exhibit the sort of “direct control and monitoring” required by Inwood Laboratories, and thus could not be held contributorily liable.

II. USE OF TRADEMARK BY INTERNET ADVERTISERS: THE WHENU AND GOOGLE CASES

Precedent is divided regarding the use of a trademark by online advertisers. The WhenU courts found that, because keying and selling trademarked terms for competitive advertising is not a use within the scope of trademark protection, WhenU cannot infringe. In contrast, the GEICO court found, on comparable facts, that defendant Google did make a protected trademark use of GEICO’s marks “by allowing advertisers to pay to have their ads appear next to the organic listings that result when the

68. Id. at 987. In contrast, one commentator has interpreted Lockheed as meaning that “the Ninth Circuit specified that the Inwood standard applied only to goods and not to services.” Note, Making Your Mark on Google, 18 HARV. J. L. & TECH. 479, 484 (2005).

69. Lockheed, 194 F.3d at 984 (citing Inwood Labs, 456 U.S. at 855) (brackets in original).

70. Id. (citing Fonovisa, Inc. v. Cherry Auction, Inc., 76 F.3d 259 (9th Cir. 1996) and Hard Rock Cafe Licensing Corp. v. Concession Servs., Inc., 955 F.2d 1143, 1148-49 (7th Cir. 1992)).

71. Id. at 985 (citing the district court’s finding that “[w]hile the landlord of a flea market might reasonably be expected to monitor the merchandise sold on his premises, [Network Solutions] cannot reasonably be expected to monitor the Internet.”).

marks are entered as search terms." Section A will discuss the *WhenU* line of cases; Section B will discuss the *Google* litigation.

**A. Pop-up Advertising: WhenU’s Internal, Nonpublic Use Is Not a Trademark Use or a Use in Commerce**

WhenU distributes a software program called SaveNow, typically bundled with other programs. SaveNow uses a directory of phrases, web addresses, and keyword algorithms to look for matches between the computer user’s web browsing activity and its own database of terms, web addresses, or content. When SaveNow finds a match, it triggers a pop-up ad from an advertiser. This pop-up ad usually appears in a window in front of the other windows on the computer screen. The computer user must either close or move the pop-up ad to view the underlying windows. Several businesses have objected to the inclusion of their web addresses or trademarks in SaveNow’s directory and have brought suit.


In the first of this series of cases, U-Haul filed a complaint against WhenU alleging various Lanham Act violations. U-Haul alleged that the simultaneous appearance of WhenU’s ads and U-Haul’s website and logo was a “use in commerce,” as was WhenU’s use of the mark “U-Haul” to trigger pop-up advertisements. The court held WhenU’s uses of U-Haul’s marks noninfringing because U-Haul “fail[ed] to show how a pop-up advertisement appearing in a separate window on an individual’s computer obstructing U-Haul’s advertisement is a ‘use’ of U-Haul’s trademarks in commerce.”


77. *Id.* at 725-26.

78. *Id.* at 726.

79. *Id.*

80. *Id.*

81. *Id.* at 727.

82. *Id.*
The court provided four reasons for not finding use in commerce. First, WhenU did not frame its advertisements within U-Haul’s website, but displayed the ads in a separate pop-up window. Second, the simultaneous appearance of both trademarks does not constitute a “use.” Third, WhenU’s inclusion of U-Haul’s URL in its software program’s directory is not a “use” under the Lanham Act: “WhenU does not place the U-Haul trademarks in commerce; the SaveNow program merely uses the U-Haul URL and ‘U-Haul.’” The court cited the Lockheed Martin district court for the premise that “domain names, like trade names, do not act as trademarks when they are used to identify a business entity; in order to infringe they must be used to identify the source of goods or services.” The use at issue was not a trademark infringement because WhenU merely uses the marks for a “pure machine-linking function” and in no way advertises or promotes U-Haul’s web address or any other U-Haul trademark. Finally, the U-Haul court found that WhenU’s pop-up ads do not interact with U-Haul’s computer servers or systems, WhenU’s program does not interfere with the use of U-Haul’s website by its customers, and that WhenU’s program is a consumer-installed program.

2. Wells Fargo & Co. v. WhenU.com, Inc.

In Wells Fargo & Co. v. WhenU.com, Inc., the court held that WhenU did not “use” Wells Fargo’s marks “in commerce” within the meaning of federal trademark law. The court held that WhenU’s inclusion of a trademarked URL in a directory was not a protected trademark “use.” The carefully reasoned opinion held that WhenU does not hinder

83. Id.
84. Id. at 728 (describing the simultaneous display as comparative advertising because “[a] use of a rival’s mark that does not engender confusion about origin or quality is permissible” (citing August Storck K.G. v. Nabisco, Inc., 59 F.3d 616, 618 (7th Cir. 1995))).
85. U-Haul, 279 F. Supp. 2d at 728. Note, however, that the court comments that “WhenU does not sell the U-Haul URL to its customers. Nor, does WhenU display the U-Haul URL or words ‘U-Haul’ to the computer user when the ad pops-up.” Id.
86. Id. (citing Lockheed Martin Corp. v. Network Solutions, Inc., 985 F. Supp. 949, 956 (C.D. Cal. 1997)).
87. Id.
88. Id. at 728-29 (addressing issues presented by People for the Ethical Treatment of Animals v. Doughney, 263 F.3d 359 (4th Cir. 2001), where the court found that the cybersquatting defendant prevented users from downloading or using PETA’s goods or services and that this interference is a use in commerce).
90. Id. at 769.
91. Id. at 757.
access to or frame Wells Fargo’s website. The court found that WhenU’s actions are legitimate comparative advertising and that the inclusion of trademark names in the directory is not a use in commerce. WhenU’s actions do not constitute a trademark use under the Lanham Act, “because WhenU does not use any of the plaintiffs’ trademarks to indicate anything about the source of the products and services it advertises.”

3. 1-800 Contacts, Inc. v. WhenU.com, Inc.

In the most recent case, 1-800 Contacts, Inc. v. WhenU.com, Inc., the Second Circuit reversed the district court and held that WhenU.com’s keyword directory and pop-up ads do not constitute use of 1-800’s mark under the Lanham Act. The lower court held that WhenU used the marks in two ways: by causing pop-up ads to appear when SaveNow users attempted to access the plaintiff’s website and by including the plaintiff’s URL in the SaveNow directory. WhenU argued that use “in connection with the services” requires “use as a trademark to identify or distinguish products or services.” The 1-800 Contacts I court ignored the Wells Fargo and U-Haul decisions, noting that it was not bound by their findings. Instead the court stated that the question was not whether the use was sufficient to establish a valid mark and found that the Polaroid factors weighed heavily in favor of a showing of both source identification and initial interest confusion.

Reversing the lower court, the 1-800 Contacts II decision corroborated the earlier holdings in Wells Fargo and U-Haul. The court held that WhenU’s use of plaintiff’s URL in a directory inaccessible to the computer user and the public presented no danger of confusion.

92. Id. at 758-59.
93. Id. at 761-62.
94. Id. at 762-63.
95. Id. at 762.
96. 414 F.3d 400, 403 (2d Cir. 2005).
98. 1-800 Contacts II, 414 F.3d at 403.
100. Id.
103. Id. at 490 n.43.
104. Id.
105. Id. at 504.
107. 1-800 Contacts II, 414 F.3d at 409.
used plaintiff’s URL as a functional component in the directory, but made no use of plaintiff’s mark. In reaching its decision, the 1-800 Contacts II court reasoned that:

[a] company’s internal utilization of a trademark in a way that does not communicate it to the public is analogous to a [sic] individual’s private thoughts about a trademark. Such conduct simply does not violate the Lanham Act, which is concerned with the use of trademarks in connection with the sale of goods or services in a manner likely to lead to consumer confusion as to the source of such goods or services.

By claiming unauthorized use and likelihood of confusion, plaintiff attempted to “bootstrap[] a finding of use.” The 1-800 Contacts court held that a proper infringement analysis requires trademark use as a threshold matter, distinct from the likelihood of confusion. B. Keyword Advertising: Sale of Keywords is a Use in Commerce

In GEICO v. Google Inc. and Google Inc. v. American Blind & Wallpaper Factory, Inc., the court addressed Google’s keyword advertising program. Google’s search engine returns results in response to users’ search terms using a complex algorithm. These results are called “organic listings.” Search terms, including trademarks, trigger the display of ads, or “sponsored links,” as well. Google’s AdWords program allows advertisers to bid for the privilege of having their ads appear in response to particular search terms.

108. Id.
109. Id.
110. Id. at 412.
111. Id.
112. No. 1:04cv507, 2005 U.S. Dist. LEXIS 18642, at *1 (E.D. Va. Aug. 8, 2005) [hereinafter GEICO II]; 330 F. Supp. 2d 700 (E.D. Va. 2004) [hereinafter GEICO I]. A single court issued both the GEICO I and GEICO II opinions; GEICO II expands upon the findings in GEICO I. Accordingly, this Note will refer to the court as the GEICO court and the opinions as GEICO I and GEICO II.
116. Id. at *6-*7.
118. Id.
1. **GEICO v. Google Inc.**

GEICO filed suit against Google, claiming direct, contributory, and vicarious trademark infringement.\(^{119}\) GEICO alleged that by selling the trademark "GEICO" and "GEICO DIRECT" as keywords to advertisers, Google directly violated the Lanham Act creating a likelihood of confusion as to the source, affiliation or sponsorship of the sponsored links.\(^{120}\) Further, GEICO claimed Google contributed to infringement by third parties by knowingly encouraging advertisers to use GEICO’s marks in the heading or text of their ads in a manner that is likely to confuse consumers.\(^{121}\)

The *GEICO* court\(^{122}\) held that Google’s AdWords program does "use GEICO’s mark for purposes of the Lanham Act, although not necessarily improperly."\(^{123}\) The court held that allowing advertisers to pay for their ads to appear next to organic listings that result when the marks are entered as search terms is a use under the Lanham Act.\(^{124}\) Further, the *GEICO* court rejected Google’s contention that the use of marks as invisible "computer coding" is not a Lanham Act use, holding that such a use was "in commerce" and "in connection with the sale, offering for sale, distribution, or advertising of goods and services."\(^{125}\)

The court emphasized that this use, without more, does not establish trademark infringement; the plaintiff must further prove that the disputed use results in a likelihood of confusion.\(^{126}\) Where the marks were used only in coding and did not appear among the AdWord search results, the court held that there was no likelihood of confusion and no infringement of the trademark.\(^{127}\) The plaintiff, however, did establish a likelihood of

120. *Id.* at *7-*8,
121. *Id.* at *8.
123. *Id.* at *2 n.1.
124. *Id.* at *11.
125. *Id.*
126. *Id.* at *11-*12.
127. *Id.* at *26.
confusion in those instances in which GEICO's trademark appeared in the heading or text of the AdWord results.128


In *Google Inc. v. American Blind & Wallpaper Factory, Inc.*,129 Google sought declaratory judgment that its AdWords program does not infringe American Blind's trademarks.130 In response, American Blind filed counter claims alleging that Google infringed its marks, including "American Blind," "American Blinds," and "Americanblinds.com," by selling these marks as keywords to American Blind's competitors.131 American Blind claimed that, when competitors considered purchasing the term "American Blind," Google encouraged those competitors to purchase other iterations of the marks through its AdWords Keyword Suggestions feature.132 American Blinds claimed that Google sold "the possibility of intercepting American Blind's potential customers" by causing confusion as to sponsorship, authorization, or source of the links, allowing Google and its advertisers to profit from harm caused to American Blind's sales, reputation, customer relationships, and marks.133

Reviewing the case law on trademark use on the internet, the *American Blind* court refused to dismiss the case "in light of the uncertain state of the law."134 Like *GEICO*, *American Blind* was decided before the Second Circuit reversed the injunction in *1-800 Contacts*.135 *American Blind*, therefore, reflects the unsettled state of trademark law on this issue.136

III. ANALYSIS: RESOLVING THE DIVIDE

The *WhenU* line of cases correctly interprets trademark law's use requirement. By holding that invisible, software coding cannot constitute a trademark use for the purposes of the Lanham Act, the *WhenU* courts bring clarity and uniformity to use in trademark. In reaching its conclusion, the *1-800 Contacts v. WhenU.com* court distinguished its analysis from that in *GEICO* on both the facts and the law. Although *WhenU* and Google's business models differ, these factual distinctions cannot justify

128. *Id.*
130. *Id.* at 1386.
131. *Id.* at 1387.
132. *Id.*
133. *Id.* at 1387-88.
134. *Id.* at 1391.
135. *Id.* at 1390 n.17.
136. *Id.* at 1391
their markedly dissimilar treatment. As a matter of law neither WhenU nor Google make a protected use of the plaintiffs’ marks.

A. Varying Factual and Legal Analysis

In reaching its conclusion, the 1-800 Contacts II court distinguished the WhenU facts from those in GEICO.\(^\text{137}\) The court observed that, unlike Google, WhenU did not disclose the proprietary contents of the SaveNow directory to its advertising clients nor did it permit clients to purchase specific keywords to add to the directory.\(^\text{138}\) Rather, the WhenU courts focused on the fact that WhenU’s “advertisements are displayed according to the product category in which the consumer is interested,”\(^\text{139}\) or on the fact that “WhenU does not disclose the proprietary contents of the SaveNow directory to its advertising clients nor does it permit these clients to request or purchase specified keywords to add to the directory.”\(^\text{140}\)

In contrast, the GEICO court held that Google used trademarks in commerce by selling to advertisers the ability to display targeted ads alongside organic listings in response to user input.\(^\text{141}\) This is an exceptionally fine distinction to draw between WhenU and Google since both offer directories of keywords for sale to advertisers.

The WhenU courts correctly understood the questioned use as “pure machine-linking function”\(^\text{142}\) and “analogous to a [sic] individual’s private thoughts about a trademark.”\(^\text{143}\) The GEICO court incorrectly rejected Google’s argument that “the marks were used only in . . . computer coding and that such an invisible process could not constitute use under the Act.”\(^\text{144}\) These courts reached deeply opposed conclusions regarding whether the sale of keyword ad services is a use relevant to a claim of trademark infringement. Since both WhenU and Google sell such services in a manner that remains imperceptible to end users, their inconsistent treatment is difficult to justify.


\(^\text{138.}\) 1-800 Contacts II, 414 F.3d at 409.


\(^\text{140.}\) 1-800 Contacts II, 414 F.3d at 409.


\(^\text{143.}\) 1-800 Contacts II, 414 F.3d at 409.

The *When U* and Google lines of cases differ in their legal analysis as well. The *1-800 Contacts II* court distinguished its analysis explaining that the *GEICO* analysis put the "cart before the horse" by basing the prior finding of a protected trademark use on the finding that the disputed use created a likelihood of confusion.¹⁴⁵ The *1-800 Contacts* court stated that use, in commerce, and likelihood of confusion are three distinct elements of a trademark infringement claim, but use must be decided as a threshold matter.¹⁴⁶ While any number of activities may occur in commerce or create a likelihood of confusion, such activity is not actionable absent the use of a trademark under the Lanham Act.¹⁴⁷

B. The *When U* Courts' Analysis Avoids Confusion Apparent in Precedent.

To reach the proper decision, the *When U* courts struggled against a background of confused precedent.¹⁴⁸ Underlying this confusion is the emphasis courts and scholars have placed on the "likelihood of confusion" analysis, with very little focus on what type of use is at issue. One influential treatise refers to the "likelihood of confusion" analysis as the "key-stone of infringement."¹⁴⁹ Indeed, courts often move directly from the analysis of whether a valid mark exists to the "likelihood of confusion" analysis, entirely bypassing the use requirement.¹⁵⁰

This inattention to the fundamental uses protected by trademark leaves courts straining for language to allow disputed uses that, in fact, are non-trademark uses. For example, the court in *New Kids on the Block v. News America Publishing, Inc.*, surveyed descriptive, referential, and comparative advertising uses of marks.¹⁵¹ Referring to these as "nominative use[s]"

¹⁴⁵. *1-800 Contacts II*, 414 F.3d at 411-12.
¹⁴⁶. *Id.* at 412.
¹⁴⁷. *Id.*
¹⁴⁸. See People for the Ethical Treatment of Animals v. Doughney, 263 F.3d 359, 365 (4th Cir. 2001) (holding that preventing viewers from reaching plaintiff's website or diverting viewers from plaintiff's website is a "use"); Brookfield Commc'ns, Inc. v. W. Coast Entm't Corp., 174 F.3d 1036, 1066 (9th Cir. 1999) (granting preliminary injunctive relief based on the finding that the use of marks as "metatags" violates trademark law because it creates "initial interest confusion"). The *Brookfield* court considered "use in commerce" only to establish the seniority between the marks. *Brookfield Commc'ns*, 174 F.3d at 1050-53. The *Brookfield* court did not consider the specific type of use at issue, but did hold that the metatags did not constitute a fair use under the Lanham Act. *Id.* at 1065-66.
¹⁵⁰. See *Brookfield Commc'ns*, 174 F.3d at 1053; Lindy Pen Co. v. Bic Pen Corp., 725 F.2d 1240, 1243 (9th Cir. 1984).
¹⁵¹. 971 F.2d 302, 306-08 (9th Cir. 1992).
the court found they were best understood as "non-trademark use[s] of a mark." Unfortunately, the court then analogized this non-trademark use to the Supreme Court decision in *Sony Corp. v Universal City Studios, Inc.*, which held that private recording of copyrighted works for the purposes of "time-shifting" is a permitted use under copyright law. The *New Kids on the Block* court held that nominative use of a trademark "lies outside the strictures of trademark law," just as the home recording of "television shows for private home use does not implicate the copyright holder’s exclusive right to reproduction."

This analogy is problematic on two fronts. First, home recording does implicate the copyright holder’s exclusive right to reproduce, but *Sony* established home recording as a fair use, a technical infringement that is nonetheless exempt from liability. Second, unlike a copyright fair use, non-trademark use of a mark is simply beyond the scope of the limited protections created by trademark law. Thus, no "fair use" exception is necessary where the statute does not grant the mark holder exclusive rights to all uses. Instead of simply recognizing that nominative uses are indeed "outside the strictures of trademark law" and therefore not subject to the mark owner’s control, the *New Kids on the Block* court created a three-part, "nominative fair use defense" that a defendant must meet to have its nominative use excused.

This language of "fair use" is inapposite to trademark law. "Fair use" implies first that the trademark owner in fact has exclusive rights to the use in question but that the law permits defendant’s use of the mark. However, the Lanham Act does not convey to an owner the exclusive rights to use the mark, as a patent grants the exclusive right to practice an invention, or as copyright grants exclusive rights to copy and distribute a work. Rather, trademark conveys rights more limited in scope that protect only source identification uses of a mark.

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152. *Id.* at 307-08.
154. 971 F.2d at 307 (referring to *Sony*, 464 U.S. at 447-51).
155. *Id.* at 307-08 (referring to *Sony*, 464 U.S. at 447-51).
156. *Sony*, 464 U.S. at 454-55 ("[W]e must conclude that this record amply supports the... conclusion that home time-shifting is fair use.").
157. *Id.* at 308.
158. See 35 U.S.C. § 154(a) (2000) ("Every patent shall... grant to the patentee... the right to exclude others from making, using, offering for sale, or selling the invention... ").
159. See Prestonettes, Inc. v. Coty, 264 U.S. 359, 368 (1924); United Drug Co. v. Theodore Rectanus Co., 248 U.S. 90, 97-98 (1918); The Trademark Cases, 100 U.S. 82,
By focusing on a defendant's claim to "fair use" rather than the trademark owner's claim to protection for the particular use in question turns the law on its head. Many, if not most uses, of a mark are not protected. The Lanham Act does not limit the public's right to these unprotected "uses." Thus, courts should require that a plaintiff demonstrate that the challenged use is one within the statutory protection of trademark law before beginning the likelihood of confusion inquiry or requiring the defendant to demonstrate the availability of an affirmative defense.

In *KP Permanent Make-Up, Inc. v. Lasting Impressions I, Inc.*, the Supreme Court indicated that a similar procedure is appropriate where a plaintiff claims infringement of an incontestable mark and defendant claims an affirmative defense. The Court held that the plaintiff must show likelihood of confusion as part of its prima facie case under 15 U.S.C. § 1115(b), and that the defendant has no independent burden of negating "the likelihood of any confusion in raising the affirmative defense that a term is used descriptively, not as a mark, fairly, and in good faith." Importantly, the Supreme Court held that a risk of confusion does not rule out fair use, overruling cases holding that a likelihood of confusion is inconsistent with a fair use defense. Of the three overturned

93-94 (1879); see also 17 U.S.C. § 106 (describing exclusive rights granted by copyright).

160. *See New Kids on the Block*, 971 F.2d at 308; *The Trademark Cases*, 100 U.S. at 92. While patent and copyright grant their owners broader rights than are granted to trademark owners, these broader grants are subject to many limitations. See 35 U.S.C. § 101 (defining patentable inventions); 35 U.S.C. § 102 (requiring novelty); 35 U.S.C. § 103 (requiring non-obviousness); 35 U.S.C. § 112 (requiring adequate description and disclosure); 35 U.S.C. § 154(b) (limiting the patent term to 20 years); see also 17 U.S.C. § 102 (describing the subject matter of copyright, requiring original works of authorship, fixed in a tangible medium, and limiting copyright protection from extending to any idea, process, system, method of operation, concept, principle, or discovery); 17 U.S.C. §§ 107-112 (describing limitations on exclusive rights); 17 U.S.C. § 302 (describing the duration of copyrights for works created on or after January 1, 1978).


163. *KP Permanent II*, 543 U.S. at 116. The Court cited three cases finding that a likelihood of confusion determines the type of use a defendant can claim, expressly overruling the lower courts in: (1) *KP Permanent Make-Up, Inc. v. Lasting Impression I, Inc.*, 328 F.3d 1061, 1072 (9th Cir. 2003) [hereinafter *KP Permanent I*] (likelihood of confusion bars the fair use defense); (2) *PACCAR, Inc. v. TeleScan Techs., L.L.C.*, 319 F.3d 243, 256 (6th Cir. 2003) (stating that "a finding of a likelihood of confusion forecloses a fair use defense"); and (3) *Zatarains, Inc. v. Oak Grove Smokehouse, Inc.*, 698 F.2d 786,
cases two allowed the likelihood of confusion analysis to determine the type of use at issue rather than examining use independently. In contrast, all three cases cited by the Supreme Court, holding that a likelihood of confusion does not bar fair use, engage in separate analyses of the use in question. While this correlation is not dispositive, it suggests that a distinct analysis of trademark use helps courts arrive at coherent outcomes.

If “[a]ctual use is the *sine qua non* of enforceable trademark rights” for the purpose of reserving a trademark, it is stands to reason that the same actual trademark use should be required to determine infringement, as the plain language of the statute indicates. As new uses for marks arise, courts should hew closely to the purpose of trademark law—to grant limited, exclusive, source-identifying, commercial rights for the purpose

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796 (5th Cir. 1983) (stating that alleged infringers were free to use words contained in a trademark “in their ordinary, descriptive sense, so long as such use [did] not tend to confuse customers as to the source of the goods”).

164. *See PACCAR, Inc.*, 319 F.3d at 249 (moving directly into the likelihood of confusion analysis); *KP Permanent I*, 328 F.3d at 1067 (bypassing the use analysis stating, “[o]nce the trademark holder shows that it has a protectable interest, the holder must show that the alleged infringer’s use of the mark ‘is likely to cause confusion, or to cause mistake, or to deceive’”); *Zatarains, Inc.*, 698 F.2d at 790-94, 796 (discussing the trademark classification of the plaintiff’s mark and holding that the defendants were “entitled to the fair use of the [term] to describe their product”).

165. *KP Permanent II*, 543 U.S. at 116. The court cited three cases finding no incompatibility with a likelihood of confusion and fair use. Cosmetically Sealed Indus., Inc. v. Chesebrough-Pond’s USA Co., 125 F.3d 28, 30-31 (2d Cir. 1997) (stating that the fair use defense may succeed even if there is likelihood of confusion); Shakespeare Co. v. Silstar Corp. of Am., Inc., 110 F.3d 234, 243 (4th Cir. 1997) (“[A] determination of likely confusion [does not] preclud[e] considering the fairness of use.”); Sunmark, Inc. v. Ocean Spray Cranberries, Inc., 64 F.3d 1055, 1059 (7th Cir. 1995) (finding that likelihood of confusion did not preclude the fair use defense).

166. *See Cosmetically Sealed Indus.*, 125 F.3d at 30 (holding the “challenged [mark] . . . is a clear instance of a non-trademark use of words in their descriptive sense”); *Shakespeare Co.*, 110 F.3d at 243 (holding the “use of [the mark] was to take advantage of its functional and descriptive aspects” and that defendant sought “in good faith and not as a means of source-identification, to use a functional feature of a product”); *Sunmark, Inc.*, 64 F.3d at 1058 (“The initial question is whether [the defendant] used Sunmark’s mark at all.”).

167. 1 GILSON, *supra* note 10, § 3.02(1).

168. *See* 15 U.S.C. § 1127 (defining a “use in commerce” as a “bona fide use of a mark in the ordinary course of trade . . . . [A] mark shall be deemed to be in use in commerce . . . on services when it is used or displayed in the sale or advertising of services and the services are rendered in commerce . . . .”); 15 U.S.C. § 1051(a)(1) (“The owner of a trademark used in commerce may request registration of its trademark . . . .”); 15 U.S.C. §§ 1114(a), 1125(a)(1) (providing that infringement requires a “use in commerce” which is likely to cause confusion).
of aiding consumers, and facilitating competition. Where a new use arises, if the use does not implicate the source-identifying function of a mark, the use is not one the trademark owner should control. This careful attention to the elements of trademark ownership clarifies the limit of the trademark owner’s rights, frees the public and the market of an obstacle to competition, and encourages innovation that benefits the economy and public interest. To do otherwise nullifies the express statutory limits of trademark rights.

IV. CONCLUSION

By holding that invisible software coding cannot constitute a protected trademark use, the WhenU courts bring clarity, structure, and uniformity to use in trademark. Courts should follow the WhenU example and examine use as a distinct element of trademark infringement, requiring the plaintiff to show that the use in question is a trademark use deserving of protection. Use of a mark should constitute infringement only if it makes a protected trademark use of a mark in commerce and causes a “likelihood of confusion.”

169. New Kids on the Block v. News America Publ’g, Inc., 971 F.2d 302, 308 (9th Cir. 1992).