

# The Developing U.S. Law Regarding the Invisible Use of the Trademarks of Others in Cyberspace

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## I. Introduction

The explosive growth of the Internet and the World Wide Web over the past fifteen years has enabled, and fueled, an entirely new phenomenon implicating trademark protection law—the ability to promote goods and services by using the trademarks of others, usually competitors, invisibly as part of the unseen data that is incorporated into every Internet Web site. Because of the introduction of this ability, trademark protection law has had to address new questions concerning whether the invisible use of trademarks belonging to others infringes the rights of those trademark owners. As discussed in more detail below, the answers to these questions are not obvious based on straightforward application of existing trademark law developed in the context of trademarks that are visible or at least perceived by one of the human senses. No legislative guidance from Congress has attempted to provide answers, and so the federal courts of the United States have had to work to generate the answers using the case-by-case decision making process that characterizes the workings of the judicial branch of the federal government.

Thus, the federal courts have been charged with working out whether, and if so, how, preexisting concepts of trademark law should be applied to these new ways of using trademarks, which some see as fair and beneficial to society and others see as a pernicious invasion of trademark owners' rights and commercial interests. In other words, the courts have had to determine whether new wine should be put in old bottles or whether new packaging should be created for it.

This is not a new task for the federal courts. A number of past technological innovations—the telephone, motion pictures, talking pictures, television, video cassette players, digital recording and computer file sharing, among others—have presented similar challenges in molding intellectual property protection to accommodate them. As discussed below, the process of accommodating invisible trademarks has taken several interesting twists and turns and inconsistent approaches among courts and is not yet finished. However, it is coming into sharper focus.

## II. Invisible Uses of Trademarks in Cyberspace

### A. Common Theme: No Perceived Use

Although there are always variations, and more variations will doubtless arise, there are three principal contexts in which the "invisible" use of trademarks of

others on the Internet arises. The common theme is that, although someone else's trademark is used, the Internet-user does not perceive any use of a trademark.

### B. Trademark Use in Metatags

Internet Web sites have nonvisual, electronic information associated with them known as "metatags" or "metadata." Among other uses, search engines comb through metadata to return search results to the user. The metadata can describe the subject matter of a Web site so that the site will be returned in the search when a user searches for that subject matter. For example, the operator of a Web site about Magna Carta would want to include terms in metadata such as Magna Carta, Runnymede, King John, and the like, so that the site would be returned when a user searched for those terms. If a Web site operator sells or promotes trademarked products or services via a Web site it would obviously be a good idea to put the trademark in the site's metadata. It might also seem a good idea to the operator to put competitors' trademarks in the metadata so that when a user searched for Web sites offering the competitors' products or services, the search results would present the site operator's goods or services as an alternative. For example, in theory ADIDAS might like to put NIKE in its metatags so that potential customers searching for "Nike" would also get a link to the ADIDAS Web site. For obvious reasons, Nike would cry foul.

### C. "Keyword" Use of Trademarks

As an alternative to Web site operators putting information in Web site metatags, search-engine operators can sell information as "keywords" to trigger the appearance of advertisements or additional search results in response to searches that include the purchased keyword. As a benign example, a search engine could sell the keyword "train rides" to the operator of a tourist railroad, which would cause an advertisement or a link for the tourist railroad to appear in the search results when a user searched for train rides. As a more potentially troublesome example, a business could purchase a competitor's trademark as a keyword. This would cause the search engine to display the business's Web site or an ad for its products when the user searched the competitor's trademark. It is up to the search-engine operator whether the material returned as a result of the keyword is or is not clearly distinguishable from the "genuine" search results, i.e., the results that would have been returned absent the keyword sale. It would also not be known whether the user in a given instance was searching specifically for the

trademark owner's goods or services or was interested in learning about alternative sources for the goods or services.

#### **D. Use of Trademarks to Trigger "Pop-Up" Ads**

Companies not operating search engines but nevertheless selling Internet advertising can use trademarks as triggers for advertising. Generally called "pop-up ads," this form of advertising is often generated by "free software" that the user downloads to his or her computer. The user often does not realize that the wonderful free software he or she is getting also includes pop-up ad generation. Really, the software is not "free," it is just advertiser-supported. In addition to doing whatever it does that the user wanted it for, the software monitors the user's Internet activity and generates a pop-up ad when triggered by use of a "keyword." Thus, FORD could purchase BUICK as a keyword from a pop-up advertising company and cause a pop-up ad for FORD to be generated when the user was looking for information about BUICK. Current technology allows the same ad to pop up again and again, seemingly following the user around the Internet. The theory is that the more the ad is viewed, the more likely the user is to purchase the good or service.

### **III. Differing Views on Whether Invisible Use of Trademarks of Others Infringes the Legitimate Rights of the Trademark Owner**

Obviously, trademark owners feel that others' use of their trademarks—even invisibly—to promote others' goods or services is abusive. Those who have a more global outlook are not so sure. There are two competing sets of policy considerations.

To trademark owners, and some others, invisible use of a competitor's trademark to attract attention to one's own goods or services in addition to the competitor's goods or services "free rides" on the substantial investment of time, effort and money that the trademark owner has made in establishing and building goodwill in the trademark. It effectively reaps where the competitor did not sow. It allows the competitor to divert the attention of those seeking a particular brand of goods or services, and, if not clearly presented as an alternative, may deceive the customer concerning the origin of the competitor's goods. It is akin to erecting a sign saying that the brand the user is seeking is available at a given location when, in fact, if the user shows up at that location, he will only be offered a competing brand.

To those concerned with broader policy implications and consumer welfare, invisible use of a competitor's trademark in the ways discussed above tends to provide the consumer with a greater range of choices for a product or service and may offer the consumer a better or cheaper alternative that he or she did not realize was available. This group would urge that these pro-con-

sumer aspects outweigh any unfairness to the trademark owner. They would argue that consumers who express online interest in a good or service by using a trademark may only be using the trademark as a shorthand way of referring to the good or service the trademark represents and are interested in getting information on all alternatives. They would also argue that the Internet presentation of "triggered" or "sponsored" alternative goods or services to the consumer is not functionally different from what occurs when a consumer enters a retail store looking for a specific brand and finds it on the shelf next to competing brands that may attract the consumer's attention and offer better value. To this group, as long as the information is not presented in a way that misleads the consumer into believing that the products or services come from the owner of the trademark they used in their search, the consumer is benefited and the practice should be permitted.

One leading commentator has noted the following in regard to trademarks sold as keywords:

[T]he portals and search engines are taking advantage of the drawing power and goodwill of these famous marks. The question is whether this activity is fair competition or whether it is a form of unfair free riding on the fame of well-known marks.<sup>1</sup>

As will become clear below, courts considering whether invisible use of trademarks is infringing will grapple with these competing considerations.

### **IV. The Two Types of Potential Infringers**

Trademark owners who wish to challenge the invisible use of their trademarks have proceeded in two directions.

Some have proceeded directly against the company using the trademark in metatags or purchasing the trademark as a keyword, on theories of direct trademark infringement. This approach, if successful, will, of course, stop only one competitor at a time.

Others have proceeded against the search-engine operator or pop-up advertising service that sells the trademark as a "keyword" or "trigger." The theories here include contributory infringement and inducing infringement. If successful, this approach will obviously achieve quicker, more effective results as it will halt the practice involved, not just individual users of it.

### **V. Development of U.S. Law on Invisible Trademarks**

#### **A. Use of Trademarks of Others in Web Site Metatags**

The first cases to consider invisible use of trademarks arose in the context of metatag use. Trademark

owners sued Web site operators alleging that use of the plaintiff's trademark in Web site metatags infringed the trademark. The first widely publicized decision was the Ninth Circuit's<sup>2</sup> decision in *Brookfield Communications, Inc. v. West Coast Entertainment Corp.*<sup>3</sup> In that case both parties offered competing computer software and database information concerning motion pictures and the movie industry. Brookfield Communications, which marketed its product under the trademark MOVIE BUFF, sought a preliminary injunction, inter alia, against West Coast Entertainment's use of that mark in the metatags of its Web site offering its competing product. The court reversed the lower court's denial of an injunction, finding that the metatag use of the trademark infringed Brookfield's MOVIE BUFF trademark. The court did not consider the issue of whether invisible metatag use constituted "use" for purposes of the Lanham Act,<sup>4</sup> the primary trademark law of the United States. As discussed below, this issue only later emerged as a key issue.

Without deciding the "use" issue, the court found that the metatag use infringed the plaintiff's trademark by causing initial interest confusion. Although it found that consumers led to the defendant's Web site through the metatag would likely realize that it was not the plaintiff's Web site, they would still find there a database similar enough to the plaintiff's, "such that a sizeable number of consumers who were originally looking for Brookfield's product will simply decide to utilize West Coast's offering instead." Thus, "by using 'Movie-Buff' to divert people looking for 'Movie-Buff' to its Web site, West Coast improperly benefits from the goodwill that Brookfield developed in its mark."

In what has become an oft-quoted brick and mortar analogy, the court stated the following:

Using another's trademark in one's metatags is much like posting a sign with another's trademark in front of one's store. Suppose West Coast's competitor (let's call it "Blockbuster") puts up a billboard on a highway reading—"West Coast Video: 2 miles ahead at Exit 7"—where West Coast is really located at Exit 8 but Blockbuster is located at Exit 7. Customers looking for West Coast's store will pull off at Exit 7 and drive around looking for it. Unable to locate West Coast, but seeing the Blockbuster store right by the highway entrance, they may simply rent there. Even consumers who prefer West Coast may find it not worth the trouble to continue searching for West Coast since there is a Blockbuster right there. Customers are not confused in the narrow sense: they are fully aware that they are purchasing from Blockbuster and they have no rea-

son to believe the Blockbuster is related to, or in any way sponsored by, West Coast. Nevertheless, the fact that there is only initial interest consumer confusion does not alter the fact that Blockbuster would be misappropriating West Coast's acquired goodwill.<sup>5</sup>

Four years later, in *Horphag Research Ltd. v. Pellegrini*,<sup>6</sup> the Ninth Circuit again considered whether the use in metatags of a competitor's trademark was infringing. Without much analysis of whether the confusion was merely initial confusion or whether the consumer might actually purchase the defendant's product believing it was the plaintiff's, and with no consideration of whether invisible use was cognizable "use" under the Lanham Act, the court followed *Brookfield* and found infringement.

In 2006, the Tenth Circuit Court of Appeals<sup>7</sup> considered the metatag use of another's trademark in a slightly different context in *Australian Gold, Inc. v. Hatfield*.<sup>8</sup> In that case, the defendant was an unauthorized retailer of the plaintiff's indoor tanning lotions. The plaintiff sought to limit sellers of its products to its authorized retailers but the defendant managed to obtain genuine Australian Gold products through unauthorized channels and offer them on its Web site. The defendant used the plaintiff's trademark, among other ways, in its Web site's metatags. It did so, not only while it was offering the plaintiff's products on its Web site, but it also left the trademark in the metatags during certain periods when it was not offering the plaintiff's products on its site. The court affirmed the lower court's holding that the metatag use constituted infringement. Unfortunately, the court did not distinguish between the metatag use while the defendant sold the plaintiff's products and the metatag use while the defendant did not. It held that use during both periods was infringing.

Although the infringement finding with respect to metatag use while the defendant did not offer the plaintiff's products is merely a straightforward application of *Brookfield*, the court's lumping that together with periods during which the defendant did sell the plaintiff's products is troubling. If the defendant is offering the plaintiff's genuine products, even though as an unauthorized distributor, why should the defendant be barred from "advertising" that fact through metatag use? An Internet user searching the plaintiff's trademark presumably would want to find sites where genuine products could be purchased, whether or not the seller was an authorized distributor. Although the court noted that ordinarily a seller of genuine goods is allowed to use the trademark to advertise those goods, whether the trademark owner authorizes it or not, the court reasoned that the metatag use of the trademark somehow constituted a representation that the defendant was more than just a seller of the plaintiff's products, that it was an authorized distributor. There seems little to support that reasoning and little to support

the notion that metatag use of a trademark is anything more than the equivalent of print advertising that the plaintiff's products can be obtained at the defendant's Web site. To this extent, one could well conclude that the *Australian Gold* court reached the wrong result. And, as in *Brookfield*, no consideration was given to whether invisible use of trademarks constituted "use" under the Lanham Act.

In another 2006 case, *Tdata, Inc. v. Aircraft Technical Publishers*,<sup>9</sup> the court followed *Brookfield* in holding that use of a competitor's trademark invisibly in Web site metatags was trademark infringement because it was likely to cause initial interest confusion.

Thus, subject to consideration of the issue discussed below of whether the invisible use of trademarks constitutes Lanham Act "use," it seems fairly well established that metatag use of a competitor's trademark to attract attention to a Web site selling competitive products, or even the trademark owner's products, without the trademark owner's authorization, will be held to be trademark infringement.

#### **B. Use of Others' Trademarks as "Keywords" and to Generate Advertising**

The appellate decision in *Playboy Enters., Inc. v. Netscape Communications Corp.*<sup>10</sup> was the first to consider whether the use of a competitor's trademark as a "keyword" to trigger banner advertisements was infringing. In that case, the defendant was the search-engine operator rather than the advertiser. The court reversed a grant of summary judgment for the search-engine operator and held that the plaintiff had raised an issue of fact concerning infringement so that a court could find infringement after a trial. The defendant search-engine operator displayed so-called "banner" ads across the top of its search-engine results. It required advertisers of adult-oriented entertainment to purchase a "keyword" list of over four hundred terms, including the plaintiff's trademarks "playboy" and "playmate." Accordingly, when a search-engine user entered either mark as a search term a banner ad for adult-oriented products or services other than those of Playboy would be displayed. The ads were sometimes confusingly labeled as to whether or not they were for Playboy's products and sometimes were not labeled at all. The ads also contained "click here" buttons that would take the user away from the search-results page to the Web site of one of the advertisers. Once there, it could become clear that it was not Playboy's Web site but the court found that the customer had already been diverted and was likely to get the adult-oriented products or services from the diverting site.

The court held that initial interest confusion was likely and so, following the rationale of *Brookfield*, the invisible keyword use of Playboy's trademark to divert business from Playboy was infringing. The court did not analyze whether the theory of liability against the search-

engine operator was direct infringement or contributory infringement but held that it was at least one or the other and so Playboy's case could proceed.

The most important aspect of the *Playboy* case is the concurring opinion of Judge Marsha Berzon, who expressed concern that *Brookfield* may have been wrongly decided or was being too expansively applied and might "one day, if not now, need to be reconsidered *en banc*." Judge Berzon's concurrence was the first judicial opinion to focus on the consumer benefit rationale for allowing invisible use of trademarks. She was able to agree with the majority because the banner ads in issue were confusing about who the advertiser was or did not specify who the advertiser was but merely invited the user to "click here." However, she expressed the following concern:

As applied to this case, *Brookfield* might suggest that there could be a Lanham Act violation *even if* the banner advertisements were clearly labeled, either by the advertiser or by the search engine.... So read, the metatag holding in *Brookfield* would expand the reach of initial interest confusion from situations in which a party is initially confused to situations in which a party is never confused.<sup>11</sup>

Judge Berzon continued by noting that there is "a big difference" between "hijacking a customer to another website by making the customer think he or she is visiting the trademark holder's website" and "just distracting a potential customer with another choice, when it is clear that it is a choice."<sup>12</sup> As did the court in *Brookfield* she turned to a brick-and-mortar example to support her point:

For example, consider the following scenario: I walk into Macy's and ask for the Calvin Klein section and am directed upstairs to the second floor. Once I get to the second floor, on my way to the Calvin Klein section, I notice a more prominently displayed line of Charter Club clothes, Macy's own brand, designed to appeal to the same people attracted by the style of Calvin Klein's latest line of clothes. Let's say I get diverted from my goal of reaching the Calvin Klein section, the Charter Club stuff looks good enough to me, and I purchase some Charter Club shirts instead. Has Charter Club or Macy's infringed Calvin Klein's trademark, simply by having another product more prominently displayed before one reaches the Klein line? Certainly not.<sup>13</sup>

Thus, the *Playboy* decision, specifically Judge Berzon's concurring opinion, represents an important judicial recognition that analysis of invisible trademark cases may

be headed down a slippery slope in a direction that gives too much recognition to the rights of trademark proprietors and not enough to consumer welfare. However, the Ninth Circuit has not yet reconsidered *Brookfield*.

Some judicial rethinking promptly followed Judge Berzon's expression of concern and may have led appellate courts to begin to consider the issue of whether invisible use of trademarks should be deemed trademark "use" at all. Lower courts that had considered whether invisible use of trademarks was "use" of trademarks in commerce for purposes of the Lanham Act reached differing results. Most of the cases involved software that generates pop-up ads, rather than search engine results, and were filed against WhenU.com, Inc., a leading pop-up ad company. Two early decisions, *U-Haul Int'l, Inc. v. WhenU.com, Inc.*,<sup>14</sup> and *Wells Fargo & Co. v. WhenU.com, Inc.*,<sup>15</sup> concluded, that invisible use was not "use," largely because the pop-up ad company did not use the trademarks to identify the source of its own goods or services and, indeed, did not display the trademarks at all.

In *U-Haul*, the court focused on the Lanham Act's definition of "used in commerce" to bolster its conclusion. Under that definition, a mark is "used in commerce" in connection with goods when the mark is "placed in any manner on the goods or their containers or the displays associated therewith or on the tags or labels affixed thereto...or on the documents associated with the goods or their sale."<sup>16</sup> A mark is "used in commerce" in connection with services when the mark is "used or displayed in the sale or advertising of services and the services are rendered in commerce."<sup>17</sup> As we will shortly see, this definition may have been ripped out of context and was never intended to apply to whether a trademark was "used in commerce" for purposes of infringing it.

The *Wells Fargo* court also relied on the Lanham Act's definition of "use in commerce" and reinforced its conclusion that invisible trademark use to trigger pop-up ads was not "use," by applying that definition to the Lanham Act's infringement section which forbids "use in commerce...of a registered mark in connection with the sale, offering for sale, distribution or advertising" of goods or services.<sup>18</sup> The former definition, however, was likely intended to apply to use for purposes of trademark registration, not for purposes of infringement.

Two trial court decisions rendered after those cases reached an opposite conclusion: *1-800 Contacts, Inc. v. WhenU.com, Inc.*<sup>19</sup>; and *Government Employees Insurance Co. v. Google, Inc.*<sup>20</sup> These courts used a more flexible definition of "used in commerce," reasoning that a trademark is "used" when it is used to trigger a pop-up ad or as a keyword to trigger a sponsored link.

The first decision to reach the appellate level was *1-800 Contacts, Inc.* In 2005, the Second Circuit<sup>21</sup> reversed the district court's decision. The court essentially agreed with the reasoning of *U-Haul* and *Wells Fargo* in applying

the definition of "use in commerce" found in Section 45 of the Lanham Act to the phrase "use in commerce" found in the infringement sections of the Lanham Act (i.e., Sections 32 and 43(a)) and so held that there was no use of a trademark. The court also seemed to reject the proposition that "invisible" use of a trademark that is never seen by anyone but is just used by computer software could be "use in commerce" for any purpose. According to the court:

A company's internal utilization of a trademark in a way that does not communicate it to the public is analogous to a[n] 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.<sup>22</sup>

Concerns similar to those expressed in Judge Berzon's concurring opinion in *Brookfield* clearly influenced the Second Circuit's decision in *1-800 Contacts, Inc.* After purporting to distinguish *Brookfield* and *Playboy*, by asserting that WhenU.com's conduct was different, the court states in a footnote that "[w]e note that in distinguishing *Brookfield* [and] *Playboy*...we do not necessarily endorse their holdings."<sup>23</sup>

District courts in other circuits largely declined to follow the Second Circuit's *1-800 Contacts, Inc.* decision.<sup>24</sup> The Eleventh Circuit<sup>25</sup> Court of Appeals also declined to follow the decision, noting that, "to the extent the *1-800 Contacts* court based its 'use' analysis on the fact that the defendant did not display the plaintiff's trademark, we think the Second Circuit's analysis is questionable."<sup>26</sup>

Thus, in March 2009, the district court in *Hearts on Fire*<sup>27</sup> stated that "[a]t present, the Second Circuit stands alone in holding that the purchase of a competitor's trademark to trigger internet advertising does not constitute a use for the purposes of the Lanham Act."<sup>28</sup> This split of case authority was troublesome. It meant that the same widely used Internet business practices would potentially constitute trademark infringement in most of the country but would be perfectly legal in the Second Circuit.

The Second Circuit addressed the problem the following month in *Rescuecom Corp. v. Google Inc.*,<sup>29</sup> decided on 3 April 2009. *Rescuecom* was a trademark infringement suit by a trademark owner against Google, a search-engine operator, for selling *Rescuecom*'s trademark to a competitor as a keyword. The court below had dismissed the case for failure to state a claim, in the belief that *1-800 Contacts, Inc.*, mandated dismissal because there was no "use in commerce" of the plaintiff's trademark. Recognizing the importance of the case and apparently struggling with

how to craft an opinion straightening out the situation without expressly overruling *1-800 Contacts*, the Second Circuit took a full year to issue its decision. The court reversed the dismissal of the case, finding that trademark “use in commerce” had been adequately alleged, and marginalized *1-800 Contacts* almost to the point of limiting it to its facts.

To marginalize *1-800 Contacts*, the court reasoned that in that case the plaintiff had not alleged that the defendant used its trademark *at all* because the pop-up ad was triggered not by the trademark, but by the plaintiff’s Internet domain name. The court made clear in a footnote that a Web site domain name *can* be a trademark. However, the *1-800 Contacts* decision was correct because “[t]he question whether the plaintiff’s website address was an unregistered trademark was never properly before the *1-800* court because the plaintiff did not claim that it used its Web site address as a trademark.”<sup>30</sup>

The *Rescuecom* court further bolstered its thinly veiled rejection of *1-800 Contacts* by reasoning that, in *Rescuecom*, Google’s Keyword Selection Tool presented an actual visual display of the trademark to advertisers seeking to purchase it and Google displayed the mark to advertisers visually on other occasions. Thus, according to the court, “Google’s utilization of *Rescuecom*’s mark fits literally within the terms” of Section 45 of the Lanham Act. This reasoning enabled the court to avoid rendering any holding on the issue of whether the definition in Section 45 was intended to apply to the infringement sections of the Lanham Act.

However, the court followed its opinion with a lengthy appendix “on the meaning of ‘use in commerce’ in Sections 32 and 43 of the Lanham Act.”<sup>31</sup> The appendix concludes that the definition in Section 45 was not intended to apply to Sections 32 and 43, the infringement provisions, so the *U-Haul* and *Wells Fargo* cases were wrongly decided. One may conclude that the appendix was originally intended to be part of the opinion, but was rendered unnecessary to the holding when the court decided to conclude that the Section 45 definition was, in fact, satisfied. The court decided to move the material to an appendix to illuminate what it viewed as the faulty reasoning of those two early cases.

The *Rescuecom* decision effectively brought the Second Circuit into harmony with the rest of the country on the issue of whether “invisible” trademark use could be use in commerce for purposes of the Lanham Act. However, the court was careful to note that, in vacating the district court’s dismissal of the case on the pleadings, it was expressing no view on whether *Rescuecom* could prove a Lanham Act violation, and particularly whether anything Google did was likely to confuse consumers.

Thus, *Rescuecom* for all intents and purposes closed the book on the “use in commerce” issue and redirected the focus of “invisible” trademark use cases to consider-

ation of whether the use of the competitor’s trademark was likely to cause confusion.

### C. The Current Focus on Likelihood of Confusion

As Judge Berzon had already realized in *Playboy*, the real policy issue in the debate over the “invisible” use of others’ trademarks is whether consumers are confused and therefore harmed or not confused and therefore benefited by additional marketplace choices. Put simply, if material generated by keywords is adequately differentiated from “natural” search results on search-return pages to let the consumer know what it is—for example by terming such material “sponsored links” or placing it in a separate column—then confusion is doubtful. If, on the other hand, the consumer is unable to tell one from the other, then confusion is likely.

The focus on confusion as the key to whether the Lanham Act is violated has only just begun. The first reported decision to consider the issue, *Rosetta Stone Ltd. v. Google Inc.*,<sup>32</sup> found no confusion and granted summary judgment for Google. The case involved a direct challenge to Google’s practice of selling *Rosetta Stone*’s trademark to advertisers as a keyword. *Rosetta Stone* sells proprietary language-learning software. The advertisers either sold competing brands or counterfeit *Rosetta Stone* software. In finding that no reasonable trier of fact could find a likelihood of confusion, the court considered primarily three factors. First, it concluded that Google had no intent to confuse consumers. Second, it found that *Rosetta Stone*’s evidence of supposed actual confusion was not sufficient to raise a material issue of fact. In particular, the court noted that all of *Rosetta Stone*’s confusion witnesses testified that in purchasing counterfeit software they knew that they were not purchasing it directly from *Rosetta Stone*. Thus, they were not confused by the sponsored links but by the confusing nature of the Web sites from which they purchased. Finally, the court found that the sophisticated nature of the customer base, and the price of the product (approximately \$250 to \$500) indicated that consumer confusion was unlikely.

The *Rosetta Stone* decision did not really focus on what types of differentiation between sponsored and natural search results are best suited to avoid confusion. It thus gives little guidance to search-engine operators and other users of “invisible” trademarks. Hopefully future decisions will be more helpful.

## VI. Conclusion

As detailed above, the process of working out how existing United States trademark laws should be applied to the new phenomenon of “invisible” trademark use on the Internet has been less than smooth and has taken several twists and turns. It seems, however, that courts have now begun to focus on what should really be the decisive issue: whether a particular “invisible” use is likely to confuse an appreciable number of consumers.

## Endnotes

1. J. Thomas McCarthy, McCarthy on Trademarks & Unfair Competition § 25:70.1 (2004).
2. The United States Court of Appeals for the Ninth Circuit is one of twelve regional federal appellate courts established in the United States' federal court system. The Ninth Circuit covers California and a large portion of the western United States.
3. 174 F.3d 1036, 1064 (9th Cir. 1999).
4. 15 U.S.C. § 1051 *et seq.*
5. *Brookfield Communications v. West Coast Entertainment*, note 3 *supra*, at 1064.
6. 337 F.3d 1036 (9th Cir. 2003).
7. The Tenth Circuit covers the central western part of the United States.
8. 436 F.3d 1228 (10th Cir. 2006).
9. 411 F. Supp. 2d 901 (S.D. Ohio 2006).
10. 354 F.3d 1020 (9th Cir. 2004).
11. *Id.* at 1034 (emphasis in original).
12. *Id.* at 1035 (emphasis in original).
13. *Id.*
14. 279 F. Supp. 2d 723 (E.D. Va. 2003).
15. 293 F. Supp. 2d 734 (E.D. Mich. 2003).
16. *U-Haul*, note 14 *supra*, at 727; Lanham Act § 45, 15 U.S.C. § 1127.
17. *Id.*
18. Lanham Act § 32, 15 U.S.C. § 1114(1)(a).
19. 309 F. Supp. 2d 467 (S.D.N.Y. 2003), *rev'd*, 414 F.3d 400 (2d Cir.), *cert. denied*, 546 U.S. 1033 (2005).
20. 330 F. Supp. 2d 700 (E.D. Va. 2004).
21. The United States Court of Appeals for the Second Circuit covers the states of New York, Connecticut and Vermont.
22. *1-800 Contacts, Inc.*, n. 19 *supra*, 441 F.3d at 409.
23. See *Playboy*, note 10 *supra*, 354 F.3d at 1034-36 (Berzon, C.J., concurring, noting disagreement with holding in *Brookfield*).
24. Under the United States' federal court system, decisions of a Circuit Court of Appeals are binding precedent only within the circuit. Accordingly, only district courts in New York, Connecticut and Vermont were bound to follow *1-800 Contacts, Inc. E.g., Hearts on Fire Co., LLC v. Blue Nile, Inc.*, 603 F. Supp. 2d 274 (D. Mass. 2009); *Market America v. Optihealth Prods., Inc.*, 2008 WL 5069802 (M.D.N.C. 21 Nov. 2008); *Boston Duck Tours, LP v. Super Duck Tours, LLC*, 527 F. Supp. 2d 205 (D. Mass. 5 Dec. 2007); *Rhino Sports, Inc. v. Sport Court, Inc.*, 2007 WL 1302745 (D. Ariz. 2 May 2007); *Google Inc. v. Am. Blind & Wallpaper Factory, Inc.*, 2007 U.S. Dist LEXIS 32450 (N.D. Cal. 18 Apr. 2007); *Edina Realty, Inc. v. TheMLSOnline.com*, 80 U.S.P.Q. 1039 (D. Minn. 2006); *800-JR Cigar, Inc. v. GoTo.com, Inc.*, 437 F. Supp. 2d 273 (D.N.J. 2006).
25. The Eleventh Circuit includes a number of Southeastern states.
26. *North Am. Med. Corp. v. Axion Worldwide, Inc.*, 522 F.3d 1211, 1219 (11th Cir. 2008).
27. *Hearts on Fire Co., LLC v. Blue Nile, Inc.*, 603 F. Supp. 2d 274 (D. Mass. 2009).
28. *Id.* at 281.
29. 562 F.3d 123 (2d Cir. 2009).
30. *Id.* at 128, n. 3.
31. *Id.* at 131.
32. 2010 WL 3063152 (E.D. Va. 3 Aug. 2010).

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