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Initial Interest Confusion and the Internet

With the increased e-commerce traffic generated by both Web-based and traditional brick-and-mortar businesses that operate a Web presence, businesses are constantly trying new methods to attract consumers to their sites.

Some marketing techniques, however, have involved trade names and the goodwill of competing businesses. In turn, a number of trademark owners have taken legal actions to protect their trademarks, invoking the doctrine of "initial interest confusion."

While many circuits have adopted initial interest confusion as a protection against trademark infringement, the doctrine's application to the Internet is still an evolving area, as courts have interpreted its original framework differently to resolve trademark disputes.

Initial Interest Confusion

Generally speaking, initial interest confusion is a type of presale confusion that takes place when a manufacturer improperly uses a trademark to create initial customer interest in a product, even if the customer realizes, prior to purchase, that the product was not actually manufactured by the trademark holder. *Gibson Guitar Corp. v. Paul Reed Smith Guitars, LP*, 423 F.3d 539, 549 (6th Cir. 2005).

Initial interest confusion in the context of the Internet stems from the unauthorized use of trademarks to divert Internet traffic, thereby capitalizing on a trademark holder's goodwill and diverting the consumer to the defendant's own Web site. *Australian Gold, Inc. v. Hatfield*, 436 F.3d 1228, 1239 (10th Cir. 2006).

Under such circumstances, there can be two results. First, a consumer may discover that the product or service is not the same as the one initially desired, but may still purchase another product or service from a different provider or Web site. Alternatively, if the consumer is not persuaded to purchase a competing



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product or service (or decides not to make a purchase at all), the initial interest confusion has nonetheless already occurred.

Regardless of whether a purchase has taken place, the competitor has captured the trademark holder's potential visitors or customers to the detriment of the trademark holder. Such behavior can create a cause of action for trademark infringement.¹

Search Engines, Optimizing Techniques

Given the sheer volume of data accessible on the Internet, search engines have been created to provide, among other things, a means for locating specific information.

In general, search engines allow users to request content fitting specific criteria using key words or phrases. After a query is entered, the search engine retrieves a list of relevant search results and references that the user can view and click on.

To compile their database of Web sites, search engines rely on programs called "spiders" that "crawl" the Internet by following links from site to site, indexing each one they visit.

Different search engines employ various criteria and algorithms to decide which sites should rank at or near the top of search results in response to a user query. These algorithms weigh various factors when ranking sites in their search results. Some of the factors included in this ranking process are: placement and content of the title tag;² keyword frequency; use of meta description tags;³ use of comment tags;⁴ and use of keywords in URL names. By paying close attention to these factors and others, a Web site can vastly improve its ranking, which in most cases, results in increased traffic.

'Brookfield v. West Coast'

The decision of the U.S. Court of Appeals for the Ninth Circuit in *Brookfield v. West Coast Communications*, 174 F.3d 1036 (9th Cir. 1999), was the first attempt to apply the initial interest confusion doctrine in the Internet world.

Brookfield and West Coast Communications were both in the business of selling compiled information to the entertainment industry. Brookfield owned the MovieBuff trademark and sold information from its Web site, MovieBuffOnline.com. West Coast Communications, a competitor, used the term moviebuff in its site's metatags. Metatags are "buried" code intended to describe the contents of a site and are hidden from the user's view. *1-800 Contacts, Inc. v. WhenU.com*, 309 F. Supp. 2d 467, 492, n.45 (S.D.N.Y. 2003).

Brookfield appealed the district court's denial of its motion for a preliminary injunction prohibiting West Coast from using terms confusingly similar to Brookfield's trademark "MovieBuff."

The Ninth Circuit subsequently held that West Coast's use of Brookfield's trademark in the metatag resulted in initial interest confusion, since the use of the term "Moviebuff" to divert users to West Coast's site allowed West Coast to improperly benefit from the goodwill that the plaintiff developed in its mark.

According to the court, this resulting initial interest confusion in the Internet context was actionable under the Lanham Act. The court stated that initial interest confusion would be found "even though no actual sale is finally completed as a result of the confusion." (citing *Dr. Seuss Enters. v. Penguin Books USA, Inc.*, 109 F.3d 1394, 1405 (9th Cir. 1997).

Following *Brookfield*, the doctrine of initial interest confusion to the Internet began to surface in other circuits, resulting in their respective decisions being situated along a continuum that currently ranges from a protective doctrine to a rejection of the doctrine's application.

For those courts that have recognized the doctrine of initial interest confusion on the Internet, the popular and well-established *Polaroid* test,⁵ or a substantially similar one, remains the principal balancing test for determining whether a likelihood of confusion exists in the marketplace, warranting

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a finding of trademark infringement.⁶ Ultimately, it is how each specific court fits the initial interest doctrine within the existing trademark infringement analysis that has created different approaches among the circuits.

When analyzing initial interest confusion, the Second Circuit has cautioned that the *Polaroid* factors are not always dispositive of a finding of such confusion and courts consider other variables, as well as the unique facts of each case in evaluating likelihood of confusion factors. See, e.g., *Streetwise Maps, Inc. v. VanDam, Inc.*, 159 F.3d 739 (2d Cir. 1998).

'Savin'

In *Savin Corp. v. The Savin Group*, 391 F.3d 439, 462 (2d Cir. 2004), cert. denied, 126 S. Ct. 116 (2005), a case involving companies with similar domain names, the appellate court affirmed the district court's approach in treating initial interest confusion as another factor in the likelihood of confusion analysis, even though the plaintiff did not directly challenge this issue on appeal.

In applying the doctrine with a more limited scope than *Brookfield*, the Second Circuit requires "a showing of intentional deception" before allowing initial interest confusion to be applied in an Internet case.

Such evidence is necessary because, as the court believed, consumers diverted on the Internet can more readily get "back on track" than those navigating the physical marketplace. The court further concluded that the plaintiff had failed to raise a triable issue of fact with regard to a likelihood of confusion or intentional deception between the domain names.

In *Interstellar Starship Services, Ltd. v. Epix, Inc.*, 304 F.3d, 936 (9th Cir. 2002), which, like *Savin*, involved disputed domain names, the Ninth Circuit further clarified its *Brookfield* analysis of Internet initial confusion.

As *Interstellar* indicates, the Ninth Circuit evaluates the likelihood of confusion, including initial interest confusion, using the *Sleekcraft* factors,⁷ a test that essentially mirrors the *Polaroid* test. With respect to Web-based trademark cases, however, the court requires that three factors, which it refers to as the "Internet trilogy" be given greater weight. These factors are: (1) the similarity of the marks; (2) the relatedness of the goods or services; and (3) the parties' simultaneous use of the Web as a marketing channel.

In *Tdata Inc. v. Aircraft Technical Publishers*, 411 F. Supp. 2d 901 (S.D. Ohio 2006), a case decided earlier this year, the dispute between the parties involved alleged patent and trademark infringement in two different district courts that were eventually consolidated.

With respect to the trademark matter, Aircraft Technical Publishers (ATP) claimed that Tdata had improperly used three of its trademarks as metatags or title tags on one or more of Tdata's sites in the programming code of the sites and without providing proper registration designation, which draws potential ATP customers to Tdata's sites.

The Tdata district court stated that the Sixth Circuit has noted the existence of initial interest

confusion most recently in *Gibson Guitar Corporation v. Paul Reed Smith Guitars, LP*, 423 F.3d 539 (6th Cir. 2005), and has left the door open for applying the doctrine in Internet cases, but has yet to explicitly do so.

Given this unsettled jurisprudence within its circuit, the district court took the opportunity to apply initial interest confusion doctrine in the realm of Internet metatag cases.

Unlike the Second Circuit, which uses initial interest confusion as a separate factor, and the Ninth Circuit, which relies upon an "Internet trinity," the district court here treated initial interest confusion as a "substitute for evidence of actual confusion, using the Sixth Circuit's eight-factor likelihood of confusion test."⁸ Ultimately, the court granted summary judgment to ATP on its trademark claims.

In 'Savin,' a case involving companies with similar domain names, the appellate court affirmed an approach in treating initial interest confusion as another factor in the likelihood of confusion analysis, even though the plaintiff did not directly challenge this issue on appeal.

'Australian Gold'

Finally, in a case also decided earlier this year, the Tenth Circuit, in *Australian Gold, Inc. v. Hatfield*, 436 F.3d 1228 (10th Cir. 2006), affirmed a jury's finding of likelihood of confusion in a case involving the Internet.

The court found that the defendants had created initial interest confusion by, among other things, using the plaintiffs' trademarks for their sun-tanning lotions and products as metatags on its Web site.

Although the plaintiffs did not offer any direct evidence of actual confusion, the court recognized that no single factor was dispositive under the Tenth Circuit's six-prong test⁹ used to determine likelihood of confusion.

Unlike other circuits, the Fourth Circuit, in *Lamparello v. Falwell*, 420 F.3d 309 (4th Cir. 2005), explicitly stated that it has "never adopted the initial interest confusion theory, but has followed a very different mode of analysis, requiring courts to determine whether a likelihood of confusion exists by examining the allegedly infringing use in the context in which it is seen by the ordinary consumer."

In *Lamparello*, the defendant created a gripe site criticizing the plaintiff trademark holder. The court rejected the plaintiff's argument that the site created a likelihood of confusion, holding that the plaintiff did not profit financially from the site and even if the court were to adopt the initial interest confusion doctrine (at least in this case), it would not alter the outcome.

According to the court, "when an alleged infringer does not compete with the markholder for sales, some initial confusion will not likely facilitate free riding on the goodwill of another work or otherwise harm the user claiming infringement."

Conclusion

The circuit courts do not agree on how to interpret the initial interest confusion doctrine to the Internet.

As technology continues to advance, it is likely that the doctrine will be shaped by the evolving technology. While past cases largely centered their analysis on the use of Web site metatags, new technology and methods employed by search engines in determining site rankings may affect future courts' reasoning, particularly as the level of consumer sophistication increases and further adapts to the e-commerce environment.

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1. As at least one court has stated, "even if the consumer quickly becomes aware of the source's actual identity, or where no actual sale results, there is nonetheless damage to the trademark. This damage can manifest itself in three ways: (i) the original diversion of the prospective customer's interest to a source that he or she erroneously believes is authorized; (ii) the potential consequent effect of that diversion on the customer's ultimate decision whether to purchase caused by an erroneous impression that two sources of a product may be associated; and (iii) the initial credibility that a would-be buyer may accord to the infringer's product—customer consideration that otherwise may be unwarranted and that may be built on the strength of the protected mark, reputation and goodwill." See *BigStar Entertainment, Inc. v. Next Big Star, Inc.*, 105 F. Supp. 2d 185 (S.D.N.Y. 2000).

2. A title tag is "an HTML tag used to define the text in the top line of a Web browser, also used by many search engines as the title of search listings." See http://www.marketingterms.com/dictionary/title_tag (last visited Aug. 28, 2006).

3. The meta description tag describes "a site's content, giving search engines' spiders an accurate summary filled with multiple keywords." <http://www.searchengines.com/metadescription.html> (last visited Aug. 28, 2006).

4. An HTML comment tag "marks some html as a comment rather than displaying it in a browser. It is notable in relation to search engines because search engines have been known to index comment based text." http://www.webmasterworld.com/glossary/comment_tag.htm (last visited Aug. 28, 2006).

5. Traditionally, whether a mark is likely to cause confusion is determined by the familiar eight-factor test set forth in *Polaroid Corp. v. Polarad Elecs. Corp.*, 287 F.2d 492, 495 (2d Cir.), cert. denied, 368 U.S. 820, 82 S. Ct. 36, 7 L. Ed. 2d 25 (1961):

- 1) the strength of Plaintiff's Mark;
- 2) the similarity between the plaintiff's and defendant's marks;
- 3) proximity of the parties' services;
- 4) the likelihood that one party will "bridge the gap" into the other's product line;
- 5) the existence of actual confusion between the marks;
- 6) the good faith of the Defendant in using the mark;
- 7) the quality of the Defendant's services;
- 8) the sophistication of the consumers.

6. See e.g., *800-JR Cigar, Inc. v. GoTo.com*, 2006 U.S. Dist. LEXIS 48279 (D.N.J. July 13, 2006). Most recently, one district court has also embraced initial interest confusion in the Internet context as a violation of the Lanham Act, requiring an analysis of the facts on a case-by-case basis against applicable factors. See *800-JR Cigar, Inc. v. GoTo.com*, 2006 U.S. Dist. LEXIS 48279 (D.N.J. July 13, 2006).

7. See *AMF Inc. v. Sleekcraft Boats*, 599 F.2d 341, 346 (9th Cir. 1979) for a thorough discussion of these factors.

8. See *Frisch's Rests., Inc. v. Elby's Big Boy of Steubenville, Inc.*, 670 F.2d 642, 648 (6th Cir. 1982) for a thorough discussion of these factors.

9. See *Sally Beauty Co. v. Beautyco, Inc.*, 304 F. 3d 964 (10th Cir. 2002) for a thorough discussion of these factors.

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