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Article

THE SEARCH ENGINE ADVERTISING MARKET: LUCRATIVE SPACE OR TRADEMARK LIABILITY?

Jonathan J. Darrow[a1] Gerald R. Ferrera[aa1]

*224 I. Introduction

"Google [is] the world's most valuable online advertising agency disguised as a web-search engine . . . ."

- The Economist[1]

Even for those over the age of thirty, it is difficult to imagine life without the Internet. It pervades virtually every aspect of modern life, enabling us to conduct research, communicate with colleagues and friends, check the weather, make travel plans, purchase and sell products, and even file our taxes. This ubiquity and familiarity might easily lead one to assume that the Internet is mature and that any remaining Internet-based gains to society will be incremental.[2] Yet this is not necessarily the case. It is difficult to predict how and to what extent future technologies and business models will transform the Internet from its current state into a phenomenon that has an even greater impact on our daily lives than it does today.[3]

One company that has unrelentingly sought to harness the untapped potential of the Internet is Google. Google's core competency might be appropriately viewed as facilitating access to other people's information.[4] It does this most visibly via its Internet search engine, which indexes approximately eight billion ***225** web pages[5] and processes over 200 million searches per day.[6] Utilizing its expertise in Internet search technology, Google has begun to extend its ability to catalog and search from content already freely available on the web to content that is currently fixed in hard copy form, via Google Book Search.[7] This project has the potential to eventually make every extant book anywhere in the world full-text searchable via the web in a free and easy-to-use manner, accessible to everyone.[8] There is little doubt that, so long as copyright issues can be satisfactorily addressed, the Google Book Search project will constitute an enormous contribution to society through increased access to information. Moreover, it is easy to imagine how this project could be extended to other forms of print material, such as magazines, journal articles, and the like.

Information, of course, is not limited to textual material, and Google has not stopped there in its quest to link Internet users with the information they seek. Via its Google Earth service, users can "fly anywhere on Earth to view satellite imagery, maps, terrain, 3D buildings[,] and even explore galaxies in the Sky."[9] Another service, Google Images, bills itself as the "[t]he most comprehensive image search on the web."[10] Google News "aggregates headlines from more than 4,500 . . . news sources worldwide."[11] And YouTube, acquired by Google in 2006,[12] connects people with videos ranging from ballroom dance instruction to prime time television content.[13]

***226** Sometimes, Internet users are seeking more than just a web page full of information, but are using the Internet as a means of locating desired products or services which they may eventually purchase.[14] The ability to efficiently connect the world's buyers and sellers of both products and services is perhaps one of the most powerful and far reaching phenomena of the Internet as it exists today. It has enabled the successes of eBay, Craigslist, Amazon, and others and has provided a new marketing and distribution model for already-established large sellers, from BarnesAndNoble.com to Walmart.com.

It is here at the intersection of information and commerce that two worlds collide. While Google and other search engines are utilizing the Internet to lead consumers ever more efficiently to the products and services that they seek, the law already supports a longstanding mechanism for doing so: trademarks.[15] Trademark law and Internet search engines approach the task of connecting buyers and sellers very differently, and there are numerous points of distinction. Nevertheless, the conflict between these two competing market mechanisms was thrust into the national spotlight in 2007 when American Airlines sued Google for trademark infringement.[16] At issue was Google's AdWords program, which allows third parties to target advertisements to search engine users based on keywords entered by users into the Google search engine. The conflict intensified in 2004 when Google broadened the keywords that advertisers could purchase to include trademarked terms owned by third parties.[17] Because search advertising is the lifeblood of Google's revenue stream, accounting for nearly all of its revenues of over $16 billion per year,[18] Google is certain to vigorously defend the practice of selling trademarked keywords. While judicial decisions in related Internet trademark cases have been mixed, an analysis of the likely effect of Google's trademark policy on consumers, advertisers, trademark owners, and society at large ***227** suggests that the practice should not be summarily precluded. At the same time, the practice of using trademarked terms to trigger related advertisements should not be wholly beyond the reaches of trademark law, as some have suggested.[19]

This Article is divided into six parts: Part II provides a brief description of the search engine industry and Google's AdWords program, then sketches a framework of the basic laws of trademark infringement, trademark dilution, and unfair competition. Part III suggests that the underlying goals of trademark law, including the protection of consumers and the promotion of a fair and freely competitive market, should guide the resolution of the search engine advertising debate. Part IV offers several analogies for comparison to the search engine advertising issue. From traditional real estate to the yellow pages to recent high technology services offering product recommendations, each of these analogies provides insight into the validity of criticisms and accolades prompted by the practice of search engine advertising. Part V explains how the initial interest confusion doctrine has been overextended in the Internet context and posits a critical flaw in the seminal initial interest confusion case of Brookfield Communications v. West Coast Entertainment.[20] Drawing on the goals of trademark law, search engine advertising is distinguished from other online uses of trademarks, including metatags, pop-up advertisements, and domain names. The Article concludes in Part VI with recommendations for search engines and litigants and advocates for the judicial and legislative encouragement of search engine advertising while maintaining a watchful eye to guard against consumer confusion.

II. Trademark Law and Search Engine Advertising

A. Search Engines and AdWords

Google's search engine is by far the most popular search engine in the United States, capturing more than 55% of the market.[21] Moreover, the search engine market is both enormous and growing, with usage rates (as measured by number of ***228** searches conducted) rising by leaps and bounds.[22] That usage is increasing rapidly should come as no surprise as the amount of content on the Internet reaches prodigious levels. Indeed, the name "Google" originated in its mission "to organize a seemingly infinite amount of information on the web."[23] With so much information available, the ability to organize and efficiently locate the information one is seeking becomes critical.[24]

The popularity of search engines generally, and Google's search engine in particular, is no doubt also attributable to the fact that they are free to users. Yet no company can remain viable for long without some form of revenue, and as web users became accustomed to obtaining instant search results free of charge, search engines and other free content websites turned to online advertising to achieve profitability.[25]

At Google, online advertising evolved into two complementary programs designated as AdWords and AdSense.[26] With AdWords, businesses and others can create advertisements that will appear next to search results, in a section labeled "Sponsored Links," after a user enters one or more search terms.[27] Unlike television or radio advertisements, which traditionally cannot be targeted to individual customers' preferences and desires, search advertising allows for the making of an educated guess as to what the user is seeking and then displays advertisements that are intended to be responsive to that search.[28] Such targeting is ***229** made possible by the use of keywords to trigger advertisements. For example, if a user enters the search term "Johnson City Bicycle," the search engine might display advertisements for bicycle retailers in Johnson City, Tennessee. Desirable advertising space is limited, however,[29] and others may also want to display advertisements in response to the same keywords. For example, bicycle repair shops, social riding clubs, competitive racing organizations, or simply bicycle enthusiasts in the Johnson City area might all compete for the same keywords. Similar entities in Johnson City, New

York might also compete for these keywords. Advertisers must therefore bid on keywords, but Google prioritizes advertisements based not only on the price of the bid, but also on certain other factors aimed at increasing the relevance of the advertisement to the search performed.[30] While generic terms such as "bicycle" are not problematic, Google has since 2004 allowed advertisers to purchase trademarked terms,[31] such as "American Airlines." This has effectively compelled trademark owners to bid against their competitors for keywords that are identical or similar to their own trademarks.[32] Even if the trademark owner outbids its competitors and achieves premium placement at the top of the sponsored results section, third party advertisements can still appear below.[33]

B. Trademark Subject Matter and Infringement Claims

Trademark law enjoys a high-profile position in Internet marketing as online companies strategize the use of brand names that will identify the source of their ***230** goods and distinguish them from others. Congress passed the Lanham Act in 1946, establishing the current framework of federal trademark law.[34] The Act defines a trademark as a "word, name, symbol, or device, or any combination thereof . . . used . . . to identify and distinguish his or her goods . . . from those . . . sold by others and to indicate the source of the goods . . . ."[35] Online protection of trademarks is of vital importance because products and services sold by e-businesses are displayed to a global audience. Trademark owners want to be assured that online consumers are not mistakenly led to believe that another company with a confusingly similar name is in any way associated with the trademark owner's goods or services. A trademark infringement claim brought by a trademark owner whose trademark has been purchased by a third party via Google's AdWords program would be subject to traditional analysis under the Lanham Act.[36] The plaintiff must prove that (1) the searched trademark is valid and legally protectable, (2) the plaintiff has ownership of the trademark, (3) the plaintiff has used the mark in commerce, (4) the defendant used the mark in commerce, and (5) the defendant's use of the mark will create confusion concerning the origin of the goods or services.[37]

C. "Likelihood of Confusion": How "Likely" Must It Be?

"Likelihood of confusion" is a term of art in trademark law that is often the dispositive element and the "crucial issue" in a trademark infringement case.[38] Search engine advertising generally allows another company to use the searched name to bring up a sponsored link. For instance, in searching via Google for "hp," the sponsored link stating "Fix Hp Errors" appears that links to RegFix Pro, a software diagnostic company that is not affiliated with HP Computers. A consumer may be led to believe that Hewlett Packard has an affiliation with RegFix Pro based on its use of the mark "HP" contained within "Fix Hp Errors." Does this cause a "likelihood of confusion" sufficient to form the basis of a civil action for trademark infringement? How many consumers must be confused before an action will lie?

***231** Courts have ruled that "likelihood of confusion is synonymous with a probability of confusion, which is more than a mere possibility of confusion."[39] Distinguishing a "probability" from mere "possibility" can theoretically be accomplished by quantifying confusion as a percentage. Quantifying confusion through the use of consumer surveys is a common litigation technique.[40] What would be the statistical probability of viewing users of Google's search engine to find "hp" being confused into thinking the entity sponsoring the "Fix Hp Errors" link was affiliated with HP computers? Would a survey introduced by expert testimony that supports a "probability of likelihood of confusion" be conclusive evidence in a search advertising trademark infringement case?

Surveys can be a useful method in pre-trial discovery in a search engine advertising case where reasonable people may differ regarding the likelihood of confusion between the searched name and the sponsored advertisement. Clearly, where there is no possibility of confusion, there is no likelihood of confusion.[41] Survey evidence is not conclusive and is "only one factor to be considered in the overall determination of likelihood of confusion."[42] Although a market survey is not required to prove a claim of trademark infringement, courts have generally ruled that failure to offer a survey may allow an inference of no likelihood of confusion.[43]

In an advertising search and trademark infringement case, a trademark owner following best practices should conduct a market survey to determine the probability of consumer confusion in viewing a sponsored advertisement that appears next to its posted listing.[44] Scholars have pointed out that most keyword ***232** and metatag cases to date have been decided without the benefit of a complete evidentiary record as to confusion.[45] The limited research that is available suggests that consumers are less savvy about the sponsorship of search results than advertisers or Google might like to admit.[46] Still, even where the survey indicates that most consumers are likely to be confused into thinking that there is an affiliation between the searched company and the advertiser, there is generally ample opportunity for the defendant to dispute the trustworthiness of the survey.[47]

The question of what percentage of probable confusion is necessary to constitute a “likelihood of confusion” based on prior decisions indicates a rather vast spread among the courts. For example, a 6% confusion rate is an “insufficient level of . . . confusion” to support a trademark infringement claim,[48] and generally “survey evidence clearly favors the defendant when it demonstrates a level of confusion much below ten percent.”[49] Still, there is no specific threshold percentage that will constitute an automatic finding of “likelihood of confusion” and courts are likely to differ when determining thresholds.[50] One federal court ruled that a confusion rate of 39% “substantially exceed[ed] a rate we . . . previously found [to be] sufficient evidence of actual confusion [(11%)].”[51]

Decisional law on the percentage of consumers required to support a finding of confusion should alert defense counsel to the potential liability exposure of a sponsored advertisement using a trademark confusingly similar to the searched name. Considering the millions of online users daily engaged in Google searches, a relatively low percentage of consumer confusion may still affect the searched ***233** company’s national market and could favor a plaintiff’s finding. The Eighth Circuit, for example, ruled that only 11% of a national market of millions of confused consumers is a “large number.”[52] Given Google’s 55% market share of the United States Internet search market,[53] its advertising marketplace likely consists of at least tens of millions of users, some percentage of whom may be unsophisticated viewers confused by the sponsored advertisement sufficient to create a likelihood of confusion.

D. Trademark Dilution and Search Engine Advertising

The theory of trademark dilution predates the Internet and allows owners of famous and distinctive marks to control the use of their mark by others even where no likelihood of confusion exists, such as where the alleged infringer is in a completely separate market. It has its origin in a 1927 Harvard Law Review article where the author’s concern was with “the gradual whittling away or dispersion of the identity and hold upon the public mind of the mark or name by its use upon non-competing goods.”[54] In 1947, Massachusetts enacted the first state statute protecting trademarks from dilution.[55] Since then, about half of the states have enacted anti-dilution statutes to protect famous trademarks from being tarnished or blurred by non-competing companies using an identical or confusingly similar trade name.[56] In 1995, Congress passed the Federal Trademark Dilution Act (FTDA), amending the Trademark Act of 1946 and providing owners of “famous” marks with a federal cause of action based upon “another person’s commercial use . . . of a mark or trade name, if such use begins after the mark becomes famous and causes dilution of the distinctive quality of the mark.”[57]

1. Famous Trademarks

The federal dilution statute provides several non-exclusive factors that guide the determination of whether a mark is distinctive and famous and therefore eligible for protection against dilution:

> ***234** (i) The duration, extent, and geographic reach of advertising and publicity of the mark, whether advertised or publicized by the owner or third parties. (ii) The amount, volume, and geographic extent of sales of goods or services offered under the mark. (iii) The extent of actual recognition of the mark. (iv) Whether the mark was registered . . . .[58]

The Trademark Dilution Revision Act of 2006 (TDRA)[59] made substantial changes and needed clarifications to the FTDA.[60] The TDRA clarified that the meaning of “famous” is narrower than some courts had previously interpreted it to be.[61] Now, only trademarks that are “widely recognized by the general consuming public” possess the requisite degree of recognition to qualify as “famous.”[62] The Second Circuit’s pre-TDRA interpretation of “famous” therefore turned out to be prescient. In 2001, the court examined the legislative history of the FTDA and concluded that the examples of famous marks provided therein were all “household words throughout the United States” for at least several decades.[63]

It is interesting to note that the legislative narrowing of the meaning of “famous” in the TDRA came two years after Google revised its trademark policy to allow for the sale of trademarked keywords. To the extent that Google’s policy was on uncertain legal footing at the time of its announcement, it is less so now. The multitude of trademark owners whose marks are not “widely recognized by the general consuming public” will be precluded from advancing a dilution theory based on keyword sales of those marks. On the other hand, the most sought-after keywords may frequently be those that meet the new statutory fame threshold. ***235** "American Airlines," for example, would certainly meet even this narrowed definition. Moreover, the TDRA made clear that descriptive terms that have acquired secondary meaning, such as "American Airlines," are included within the reach of dilution law.[64]

2. What is Trademark Dilution?

In Ty Inc. v. Perryman, Judge Posner answered this question by stating that there are three possible relevant concerns.[65] First, with dilution by blurring, "consumer search costs will rise if a trademark becomes associated with a variety of unrelated products. . . . [In that case c]onsumers will have to think harder . . . to recognize the name as the name of the [original source represented by the trademark]."[66] Consider the application of this theory to a search advertising case where a non-competing company--for example, a tennis ball manufacturer--purchases the keyword "HP" so that when a customer types "HP" into the Google search engine, an advertisement for tennis balls appears. Would the famous searched trademark be blurred? Would the appearance of tennis ball advertisements subsequent to the entry of "HP" into the query box eventually cause consumers to have to "think harder" to recognize the name "HP"? This seems unlikely unless the term "HP" also appears in the advertisement. In that case, however, the plaintiff could bring an ordinary trademark action on the basis of a likelihood of confusion.[67]

Second, dilution by tarnishment occurs where, due to "the inveterate tendency of the human mind to proceed by association, every time [consumers] think of the [trademark] their image of the [trademark owner] will be tarnished by association ***236** of the word with the [tarnishing mark owner]."[68] For example, a defendant's use of the mark "King VelVeeda" on a website that contained pornographic materials was held to tarnish Kraft's famous "Velveeta" trademark despite the absence of a likelihood of confusion.[69] Tarnishment, as with dilution in general, can be held to occur even where the consumer would not mistakenly believe that there is an affiliation between the alleged infringer and the trademark owner.[70] In the search advertising context, this means that even a non-competing advertiser may be held liable for dilution of a famous mark.

Third, it is possible that dilution may occur without blurring or tarnishment.[71] Judge Posner's theory of such dilution is based on "someone . . . taking a free ride on the investment of the trademark owner."[72] The non-competing sponsored advertiser, by using another's trademark as a keyword trigger for an advertisement, is free riding on the popularity of that mark. However, free riding on another's trademark, popularity, or goodwill is not necessarily illegal, even when such free riding results in harm to the trademark owner.[73]

The fact that free riding is, without more, not inherently illegal may help to explain why Congress explicitly adopted Posner's tarnishment and blurring categories when it enacted the TDRA,[74] but did not adopt his free riding rationale. Instead, Congress decided to carve out exclusions as to what is not actionable in an action for dilution by blurring.[75] Free riding is still an important consideration in general trademark law,[76] but its relationship to dilution law is less certain.

*237 III. Goals of Trademark Law: Does Search Engine Advertising Measure Up?

A. An Efficient Market: Trademark Law Benefits Consumers and Producers

"The fundamental purpose of a trademark is to reduce consumer search costs by providing a concise and unequivocal identifier of the particular source of particular goods."[77] For example, the average customer contemplating the purchase of a laptop might find it quite difficult to evaluate a given computer absent the presence of trademarks: a Compaq logo, an Intel Centrino sticker, and a Windows Vista symbol all assist the customer in quickly associating the particular computer with her past experiences and knowledge, as well as with the general reputation of the companies associated with those marks. Where two marks are confusingly similar, consumers might inadvertently purchase a product bearing one mark when intending to purchase the other. This could lead both to consumer dissatisfaction and damage to the reputation of the trademark owner. Thus, the "likelihood of confusion" standard reduces consumer search costs and promotes market efficiency by allowing trademark owners to enjoin the use of confusingly similar marks. This helps to preserve the meaning of a given mark and at the same time ensures that consumers are able to distinguish one mark from another.

Although the likelihood of confusion standard often forms the centerpiece of trademark infringement actions,[78] consumers are by no means the only intended beneficiaries of trademark law.[79] Trademark owners also benefit as the likelihood of confusion standard "helps assure a producer that it (and not an imitating competitor) will reap the financial, reputation-related rewards associated with a desirable product."[80] Other goals exist as well, including the encouragement of the production of quality products[81] and general economic efficiency.[82]

***238 B. Google's Search Engine Benefits Both Consumers and Producers**

One might approach the keyword trademark infringement issue by asking whether judicial decisions have correctly interpreted the law to date and proposing how courts should decide keyword cases in the future. Many scholars, for example, have grappled with the controversy over the technical meaning of "use in commerce" in the Lanham Act and its application in the Internet context.[83] This is not surprising, given the variety of cases providing varying interpretations of the phrase. One school of thought proposes that selling a trademarked term is not a "use in commerce" and therefore does not implicate the Lanham Act because the mark is not being used to identify the source of the goods or services.[84] Those opposing this view suggest that "use in commerce" is implicated any time a mark is used "in connection with the sale, offering for sale, distribution, or advertising" of goods or services.[85] Ultimately, however, the more important question focuses on what the law should be, rather than how to interpret the law as it currently exists. Stated another way, congressional action, as well as judicial action, must be scrutinized, and proposals for change made if necessary. A fundamental inquiry in this regard is whether keyword advertising does more to advance or more to inhibit the goals of trademark law.

Keyword advertising has the potential to significantly lower consumer search costs. Unlike most forms of advertising, search advertising provides information to consumers at a time when they are actively seeking it.[86] Moreover, maximizing the relevance of keyword advertisements to consumer searches is a goal shared by all parties--advertisers, search engine users, and Google. Advertisers seek to target those customers who are most likely to buy their product or service. Google earns ***239** revenue only when a user clicks on an advertisement,[87] and so has an interest in ensuring that the most relevant advertisements appear prominently and are not obscured by a multitude of irrelevant advertisements. The revenue incentive is no doubt a factor in Google's advertisement ranking system, which bases advertisement placement both on the price advertisers are willing to pay per click and also on other relevance factors such as historic click-through rates.[88] Relevance in the search advertising context stands in sharp contrast to relevance in the context of unsolicited commercial e-mail (spam) where, due to the low costs of sending spam, advertisers may be able to profit even where response rates (a proxy for relevance) are less than 0.0001%.[89]

Evidence that search engine users find sponsored links responsive to their inquiries can be found in click through rates that sometimes exceed 10%,[90] compared to an average 2% redemption rate for traditional coupons.[91] Unlike traditional forms of advertising, where measuring effectiveness can be difficult, measuring consumer response to online advertisements is relatively easy.[92] In light of its measurable effectiveness, the fact that businesses continue to devote billions of dollars annually to search engine marketing is significant evidence of the advertisements' relevance in the minds of consumers.[93] Since search engine advertisers will, in the long term, only be willing to pay for that which is cost effective, and consumers will only make purchases to the extent that desired ***240** product offerings are presented, the revenue derived by Google is a fair approximation of the added benefit enjoyed by consumers.

From the business perspective, it is revealing that eBay favored Google's decision to allow the sale of trademarked keywords because it meant that many sellers could "drive potential buyers to specific listings."[94] The Economist expressed similar sentiments when it lauded the Internet for making advertising less wasteful (i.e., by increasing the relevance of advertisements to consumers).[95] The article noted that advertisers are willing to pay twenty-five times as much per search customer than they would pay per viewer in traditional media,[96] suggesting a twenty-five-fold improvement in efficiency.

In short, search engine advertising is a case where market forces can be expected to produce a favorable result with relatively little regulation.[97] Irrelevant advertisements will tend to drop in placement while relevant advertisements will be featured more prominently. Costs per click vary, but a price of $0.50 per click would not be out of the ordinary.[98] Because these costs are non-negligible, advertisements that bring consumers to an irrelevant landing page will take a toll on the company's bottom line.

Of course, click through rates do not directly measure relevance, and there is a real possibility of abuse. For example, advertisements might attempt to drive traffic by making false or misleading claims, by omitting material information, or by containing information wholly unrelated to the landing page. However, not only would this impose per-click costs on the advertiser, but various laws (including certain provisions of the Lanham Act) are available to combat unfair or deceptive practices.[99] In short, the search advertising industry is one where the free market, combined with existing laws, can be expected to produce a desirable result. While neither the free market nor regulation can achieve perfection, it would be ***241** anomalous if trademark law could be used to prevent accurate and relevant information from being efficiently delivered to customers.[100]

C. Unfair Competition

While search engine advertising may be beneficial to both consumers and advertisers, this does not necessarily mean that it is fair to the trademark owner or should be legal. To borrow an example from the counterfeiting context, consumers may well know that the $5 Rolex watch they are buying is not genuine. By the fact that the market transaction occurred, we know that both the consumer and the seller perceive themselves to be better off.[101] Nevertheless, the law condemns such knock-offs.[102] The effect of search engine advertising on the trademark owner and notions of unfair competition must therefore also be considered.

The law of unfair competition is the foundation of our traditional trademark law.[103] Fair competition has its source in the early English common law and has as its "basic premise . . . the assumption that the pressures of competitive rivalry tend to keep prices down at the lowest level at which a seller can enjoy a reasonable profit and still remain viable."[104] Unfair competition is relevant to keyword searches, as the advertiser whose advertisement is triggered by the use of a trademark (or a confusingly similar mark) will argue that it is engaged in fair competition. It has been held that "'unfair competition' consists in selling goods by means which shock judicial sensibilities."[105] It would be hard to imagine that a marketing strategy using sponsored advertisements on a search engine violates fair dealing in the marketplace to the extent sufficient to "shock judicial sensibilities," especially if the product or service was offered at a discounted price relative to the searched mark and clearly labeled so as not to cause consumer confusion. Such ***242** sponsored advertisements foster competition and thus constitute the very essence of a free market.[106]

Competitive practices must be evaluated in their full context, including fairness and whether social utility is created or destroyed by the practice.[107] Social utility is created when search engine users are able to engage in online comparative shopping. Sponsored advertisements proffer competitive alternatives to trademark owners' own offerings and are a contemporary example of fair competition that protects and informs online consumers. For example, suppose a customer is searching for a generic version of a drug whose patent has expired but whose trade name remains in common use. A blanket prohibition on using trademarks as keywords would mean that a user typing "generic Zocor" into a search engine might not be presented with relevant advertisements.[108] Instead, the consumer might have to search using the term "simvastatin," the generic name for the active pharmaceutical ingredient in Zocor. Such a rule would penalize less sophisticated consumers who are unaware of Zocor's generic name and could increase search costs for all consumers by reducing the number and combinations of terms that produce the most relevant results.[109] Consumers could, of course, research a drug to discover its generic name. In this case however, to adapt Judge Posner's words to a slightly different context, consumers would have to "think harder" to come up with appropriate search terms.[110]

IV. Fitting the Proverbial Square Peg into a Round Hole: Analogies Bring Clarity to the Debate

Asking whether the selling of a trademarked term as a search engine keyword constitutes a trademark "use" is akin to trying to fit the proverbial square peg into a round hole: the question doesn't fit well.[111] Rather than attempting to provide a ***243** comprehensive resolution to the "use" debate, this article proposes that the focus of the debate should be on the larger practical and policy ramifications of the debate's outcome, not on textual technicalities or Congress's intent as it was expressed prior to the advent of the Internet and search advertising.

Professor David Franklyn has convincingly argued that "while American dilution law purports to be about preventing dilutive harm, it really is about preventing free-riding on famous marks."[112] Keyword sales may or may not involve famous marks. Where famous marks are sold, trademark owners are likely to include a dilution claim in their complaint.[113] Even where marks are not famous or dilution is not alleged, judicial concern over free riding is likely to be a factor.[114] Indeed, discussions of free riding have already surfaced in keyword and related cases to date.[115] The free riding problem is therefore deserving of closer examination. Analogous traditional and high technology examples involving free riding will also be presented for comparison.

A. The Free Riding Problem

While free competition demands that consumers have the greatest possible access to information and the ability to choose freely among alternatives, it is easy to understand why trademark owners bristle at the thought of competitors using their trademarks to garner attention and profits. After all, the trademark may have been created after much expense, deliberation, and even professional assistance.[116] ***244** The trademark owner may have devoted months to coining an original and creative trademark term. To then stand idly by and watch Google sell the trademarked term to competitors so they can more effectively market their product and service offerings would be, to say the least, unnerving.

Yet this is the stage onto which the trademark owner has voluntarily entered, and "large expenditure[s] of money [and effort do] not in [themselves] create legally protectable rights."[117] By creating a trademark and promoting it to the world until it has meaning to consumers, the trademark owner has injected a new term, and a more nuanced means of communication, into the vernacular.[118] To convey meaning is the very nature and purpose of trademarks.[119] It is this same ability to convey meaning that underlies the great irony of trademark law--that too much success can bring ruin through genericide.[120] Even terms that have retained trademark protection may be included in the dictionary once their usage in language has become sufficiently pervasive.[121]

The mere fact that a trademark is known to and used by the public by no means suggests that a given use does not constitute trademark infringement. To the contrary, famous marks receive even greater protection than non-famous marks,[122] and the level of protection accorded non-famous marks varies in proportion to the degree of recognition by the relevant public.[123] Moreover, trademark holders can point to authority acknowledging that the "'stimulant' effect of a distinctive and well-known mark is a 'powerful selling tool' that deserves legal protection."[124] ***245** Nor can it be seriously disputed that third parties, by benefiting from the goodwill and recognition established through the effort and expense of the trademark holder, are engaged in free riding. How, then, can one distinguish trademark use that constitutes illegal free riding from trademark use that is fair competition notwithstanding the existence of free riding? The following analogies are offered for consideration.

B. Traditional Marketing Channels: Real Estate, Yellow Pages, and Supermarkets

Trademark owners claim that competitors who buy trademarked keywords from a search engine are attempting to divert customers who might otherwise have patronized the trademark owner.[125] This is undoubtedly true. Businesses, of course, routinely attempt to attract competitors' customers.[126] The purported difference is that, in the case of keyword advertising, the businesses are using the competitor's trademark to do so. Such a practice, it is argued, is unfair.[127] To the contrary, the practice of businesses trading on the goodwill of competitor's trademarks to divert customers is a legal, age-old practice.[128] For example, a motorist might exit an interstate highway after viewing a billboard that says "McDonald's EXIT 12." Trademark law does not prohibit Plain Jane's Burgers from constructing a site immediately next to McDonald's and announcing its presence with a large sign,[129] despite the obvious result: some percentage of motorists originally intending to patronize McDonald's as a result of viewing McDonald's trademark on the highway billboard will instead decide to visit Plain Jane's Burgers. By purchasing the adjoining land, Plain Jane's Burgers has paid for the right to appear next to McDonald's.

***246** Similar customer diversions involve other traditional advertising venues. A customer perusing the yellow pages to locate the nearest Monroe Muffler, for example, might observe an advertisement for Mack's Muffler immediately adjacent on the page and decide to obtain service there instead. Alternately, the customer might use the white pages to obtain the address of Monroe Muffler. As the customer approaches Monroe Muffler, she observes Mack's Muffler across the street with a sign announcing "LOWEST PRICE GUARANTEED," and decides to obtain service there. As in the fast food example above, both the trademark owner's goodwill and the competitor's paid-for strategic location played a role in diverting a customer originally interested in the trademark owner to a competitor. Yet this practice is not illegal.[130] On the Internet, there is no "strategic location" in which competitors can position themselves in order to provide a customer who is seeking a trademark owner with an opportunity to comparison shop. Keyword advertising provides this valuable customer service[131] and is the closest online equivalent to a physical location.[132]

An absolute prohibition on diverting customers based on a trademark owners' goodwill would lead to undesirable and even absurd results. Supermarkets, for example, would have to disperse similar products throughout the store so as not to run afoul of trademark law by enabling the diversion of customers from one product to its competing and closely placed counterparts.[133] Similarly, food courts could not exist at shopping malls. Instead, each food establishment would have to be spaced as far apart as possible so as not to divert customers seeking a particular trademarked restaurant. Indeed, the existence of the malls themselves would be threatened, since surely customers intending to patronize one retailer are at least occasionally "diverted" by the nearby presence of competitors.[134]

*247 C. High Technology Examples: OnStar, ChaCha, Amazon, and Cinematch

The use of competitors' trademarks to divert customers can be observed in high technology contexts as well. For example, OnStar allows users to make hands-free calls from their automobiles to a private information service.[135] Subscribers can press a button to be connected to a live representative who can make recommendations about nearby restaurants, hotels, and other services.[136] A subscriber asking an agent for a Hilton hotel might be informed that the nearest Hilton is seven miles away, but that a Marriott is just one mile away. Is Marriott (or OnStar) violating Hilton's trademark rights? What if the Marriott pays OnStar a fee each time it makes a favorable recommendation?

This situation is similar to a lower technology example proposed in FragranceNet.com, Inc. v. FragranceX.com, Inc.[137] In FragranceNet, the court described the familiar scenario of a restaurant server confronted with a request for Coca-Cola (e.g., "Do you have Coke?").[138] Rather than responding with a "yes" or simply bringing a Coke, the server might respond with a list of alternatives (e.g., "We have Coke, Diet Coke, Pepsi, Sprite, and Ginger Ale.").[139] The FragranceNet court pointed out that such a listing of alternatives does not constitute trademark passing off.[140]

Providing the missing link in the analogy between automated search engines and live recommendations is a service provided by Indiana-based ChaCha Search, Inc. (ChaCha). ChaCha allows cellular telephone users to text questions on virtually any subject to independent contractors, called "ChaCha Guides," who will provide an answer by reply text within minutes.[141] ChaCha Guides are required to be able to cite any information provided to a particular website,[142] making the service a hybrid of a traditional live information service and an Internet search engine. Apparently considering search engines to be in the same competitive ***248** space, the ChaCha service promotes itself as "much more helpful . . . than typical computer-driven search engines."[143] It borders on the impertinent to posit that trademark law might limit the ability of a ChaCha Guide to provide relevant information if the text question contains a trademarked keyword.

The use of trademarks as part of a process for recommending competing products and services can, of course, be completely automated. Amazon shoppers, for example, will find that upon making a product selection, they will be advised that "Customers Who Bought [the product selected] Also Bought [the following items]."[144] If the recommended items include products by competitors, this means that one entity is benefiting from the goodwill of another via a referral from an online information aggregator. Amazon, of course, may be hoping that the customer will purchase additional products rather than substitute one product for another. Even so, given that the suggested products are presented prior to purchase, diversion from one product to another in at least some cases is nearly certain to occur. As one judge noted, Amazon's practice is unlikely to violate the law.[145]

Finally, Netflix's Cinematch software makes movie recommendations based upon a user's rating of twenty or more films.[146] Although the recommendations are based on the user's evaluation of specific movie titles (some of which may be protected as trademarks[147]) and likely influence the user's future viewing decisions, such a tailoring of product recommendations to potential customers does not offend principles of trademark law.

Where an OnStar or ChaCha representative uses a trademark in rendering advice, she is merely engaged in a conversation to which trademark laws simply do not reach.[148] Services such as Cinematch, Amazon's recommendations-- and yes, ***249** search engines--are appropriately viewed as a type of automated conversation. Rather than a human being evaluating input from a consumer and providing relevant information, software is performing this function. An interpretation of the law that approves traditional human responses to consumer queries while condemning automated ones is not only inconsistent and unnecessary but also inhibits the further development of a promising technology that is already leading to a more efficient marketplace.

Because search engine advertising is the automated equivalent of a traditional information service, restricting the responses a search engine may provide has free speech implications.[149] In this context, the law must be concerned both about overprotection of trademarks as well as under-protection. If not, "we run the risk of trademark owners being able to lock up large portions of our shared language."[150] After acknowledging these free speech concerns in Moseley, a unanimous Supreme Court held that insufficient evidence of dilution had been introduced.[151] These same concerns underlie the rule that generic terms cannot be trademarked and explain why trademarked terms that become generic may be canceled.[152] In the words of the

Supreme Court, so long as a mark "is used in a way that does not deceive the public [there is] no such sanctity in the word as to prevent its being used to tell the truth."[153] Despite Congress's disapproval of Moseley as expressed in the Trademark Dilution Revision Act, free speech concerns will no doubt continue to play an important role in balancing the rights of trademark owners with the rights of others.

D. Product Placement

Search engine advertising is most frequently analogized to product placement. Judge Berzon, in her oft-cited concurrence in Playboy Enterprises v. Netscape Communications Corp., provided the following example:

> ***250** [S]uppose a customer walks into a bookstore and asks for Playboy magazine and is then directed to the adult magazine section, where he or she sees Penthouse or Hustler up front on the rack while Playboy is buried in back. One would not say that Penthouse or Hustler had violated Playboy's trademark. This conclusion holds true even if Hustler paid the store owner to put its magazines in front of Playboy's.[154]

Scholars[155] and courts[156] have also analogized keyword advertising to asking a store clerk for a branded product and being directed to an aisle where generic products compete with the trademarked product. Where a retailer establishes its own website, the analogy is quite close, and courts have used it to guide their reasoning. In Hamzik v. Zale Corp., Zales sold jewelry online at Zales.com, which contained a search feature where users could enter search terms such as the plaintiff's trademarked term "The Dating Ring."[157] The defendant had also purchased the term "dating rings" as a keyword on various search engines, including Google.[158] The Hamzik court, interestingly, drew a distinction between the use of a trademark on a retailer's own site and the retailer's purchase of the trademark as a keyword for search engines such as Google and Yahoo![159] With respect to trademark use on defendant's internal website, the court unequivocally stated: "Case law makes it clear that merely displaying alternative products in response to a computer search on a tradename is not a Lanham Act use."[160] The provision of competing products in response to an online search was "[a]kin to . . . vendors . . . seek[ing] specific 'product placement' in retail stores precisely to capitalize on their competitors' name recognition."[161] In contrast, the purchase of keywords on third party search engines was "in a state of flux," though the Hamzik court agreed with those cases holding that there would be no Lanham Act "use" for the simple purchase of a keyword.[162]

***251 E. Fair Use**

Trademark law has never conferred absolute control over a mark to the mark owner.[163] For example, a competitor may sell imitations of unpatented expensive perfumes and inform customers that they have intentionally copied the trademarked product.[164] Alternately, a competitor may make no effort to copy a trademarked product, but simply invite consumers to compare its product to the trademarked product.[165] A television network may flash the trademarked term "Boston Marathon" on viewers' television screens to promote its broadcasting of the event, despite the fact that the trademark owner had not authorized the station to do so.[166] More generally, the Lanham Act includes a fair use defense that allows the use of registered marks "otherwise than as a mark" where the mark is "used fairly and in good faith only to describe . . . goods or services."[167]

Although clearly not contemplated by the drafters of the fair use provision, use of a trademark as a search engine keyword logically fits into the statute's language. If displaying a trademark on a television screen where it is clearly visible to the viewing public[168] constitutes use "otherwise than as a mark," the invisible use of a mark as a keyword seems to be even further removed from ordinary use as a mark. Furthermore, the use of trademarked keywords by competitors selling similar products can be thought of as descriptive of the competitors' products. The fact that the trademark does not even appear only makes a stronger case for fair use, save if the trademark's absence or other circumstances cause confusion.

A leading case on trademark fair use is New Kids on the Block v. News America Publishing, Inc., in which USA Today conducted a poll where fans could vote for their favorite member of the New Kids by calling into a 900 number.[169] Each call cost fifty cents.[170] As with the keyword cases, the plaintiffs in New Kids ***252** alleged that the unauthorized use of their mark implied an affiliation between the plaintiffs and the defendant.[171] The court acknowledged that false claims of affiliation would give rise to a trademark claim, but stated that trademark protection "does not extend to rendering newspaper articles, conversations, polls[,] and comparative advertising impossible."[172] The court then turned to the argument that USA Today had free ridden on the goodwill of the New Kids and diverted customers that would otherwise have spent their limited resources on the New Kids offerings, including a New Kids 900 number.[173] The court described the argument as "not entirely implausible," but ultimately rejected it, stating that although "the New Kids have a limited property right in their name, that right does not entitle them to control their fans' use of their own money."[174] So long as there was no deception or confusion as to affiliation, fans were free to choose how they wanted to spend their money. As in New Kids, search advertising involves the unabashed free riding on others' trademarks, without permission, in order to compete with the trademark owner in a way that is likely to divert limited resources that might otherwise have been enjoyed by the trademark owner. Yet, as in New Kids, this does not violate the spirit or letter of trademark law so long as consumers are not likely to be deceived as to source, affiliation, or sponsorship.[175]

V. The Legal Status of Search Engine Advertising

A. Initial Interest Confusion

Traditionally, to prevail in an infringement action, a trademark owner must prove that the defendant's use of the trademark is likely to mislead or confuse consumers as to the source of the products or services.[176] For example, a plaintiff might be able to show that an appreciable number of consumers purchasing defendant's products which bear marks confusingly similar to plaintiff's mark mistakenly believe that the product they purchased came from the plaintiff, rather than from the defendant. The challenge to this theory in search advertising cases is that the trademark is being used not to consummate the sale or deceive the consumer into mistaking the origin of the product being sold, but is instead being used to bring the consumer to a competitor's website. Once at that website, any ***253** confusion as to source may well be dispelled by the absence of plaintiff's marks and the clear presence of defendant's marks.[177]

Despite the fact that consumers are not likely to be confused at the point of sale, the Ninth Circuit has reasoned that the use of another's mark to divert consumers to a competitor's website is itself a wrong in need of a remedy, and adopted the initial interest confusion doctrine from the offline world to provide a means of redress. In the case of Brookfield Communications v. West Coast Entertainment, the court addressed the scenario where a competitor used marks confusingly similar to plaintiff's trademarks as metatags to draw traffic to its site.[178] Metatags are pieces of code not visible to users that are associated with a site and that, at the time, were "used by search engines in determining which sites correspond to the keywords entered by a Web user."[179] The Brookfield court held that the use of a trademark in a metatag diverts customers and allows the defendant to "improperly benefit[] from the goodwill" of the plaintiff.[180] The court held that this practice constituted initial interest confusion[181] and instructed the lower court to enter a preliminary injunction against the invisible use of the marks as metatags.[182]

Numerous cases were cited by the Brookfield court to support its application of the initial interest confusion doctrine in the metatag context.[183] However, the court acknowledged that in the case at bar "it [would be] difficult to say that a consumer is likely to be confused."[184] In contrast, tracing the cited cases to their origins reveals that either actual confusion or likely confusion was present.[185] The first case cited by Brookfield in support of its application of the initial interest ***254** confusion doctrine was Dr. Seuss Enterprises, L.P. v. Penguin Books USA,[186] which in turn cited Mobil Oil Corp. v. Pegasus Petroleum Corp.[187] The Second Circuit in Mobil Oil, however, noted that there was evidence of actual confusion[188] between Mobil's flying horse trademark and the defendant's name "Pegasus." The circuit court quoted the district court's conclusion that a "strong probability that prospective purchasers of defendant's product will equate or translate Mobil's symbol for 'Pegasus' and vice versa."[189] Thus, the relevant issue was not merely that customers would be diverted based upon the goodwill of the trademark owner. The court found that the defendant's use of the mark was likely to cause confusion, even if that confusion was resolved prior to purchase.[190]

Similarly, in Dr. Seuss, the Ninth Circuit implied that consumers might actually be confused, noting the defendant's use of "the Cat's stove-pipe hat or the confusingly similar title ['The Cat NOT in the Hat!'] to capture initial consumer attention, even though no actual sale is finally completed as a result of the confusion, may be still an infringement."[191] Similarly, in the earlier Second Circuit case of Grotrian, Helfferich, Schulz, Th. Steinweg Nachf. v. Steinway & Sons, also relied on in Brookfield, the court quoted with approval the district court's statement that the defendant was attempting to "to imitate and palm off his products as those of another"[192] and that there was "a deliberate intent to lead prospective purchasers to believe that there is some connection between [the plaintiff and defendant]."[193]

Other cases cited by the Brookfield court are similarly distinguishable. In Blockbuster Entertainment Group v. Laylco, Inc., the district court for the Eastern District of Michigan found that "some unwitting customers might enter a Video Busters store thinking it is somehow connected to Blockbuster" though they would "probably . . . realize shortly that Video Busters is not related to Blockbuster."[194] Thus, some customers were expected to be initially confused as to source, not merely diverted without confusion. Moreover, in Blockbuster, evidence of actual ***255** confusion was introduced ranging from 13.8% to 22.2%.[195] The Seventh Circuit case of Forum Corp. of North America v. Forum Ltd., cited by the Brookfield court, also involved actual confusion.[196]

In essence, by ignoring the fact that there was no source confusion, the Ninth Circuit in Brookfield broke with its own precedent that "the only legally relevant function of a trademark is to impart information as to the source or sponsorship of the product"[197] and also with the general principal that "[t]rademark law prohibits the unauthorized use of . . . a mark . . . only where doing so creates a 'likelihood of confusion' about who produces the goods or provides the service in question."[198] These general principles derive from the language of the Lanham Act itself, which specifically creates ordinary trademark liability for registered marks only where confusion, mistake, or deception is likely.[199]

This is not to suggest that search engine advertising is wholly beyond the reach of trademark law, as some courts have held in finding no "use in commerce." As mentioned above, little research has shed light on the extent of consumer confusion with respect to search-based advertisements.[200] If consumers are indeed confused by them--for example, if they are unable to distinguish between organic results and paid advertisements, or if they mistakenly assume an affiliation where none exists--the law must afford the trademark owner some mechanism for remedying the situation.[201] It may well be that Google should more clearly delineate between paid and organic results by, for example, using different fonts, more discernable shading, or simply a label that is more understandable than "Sponsored Links."

*256 B. Distinguishing Search Advertising from Metatags: Brookfield Analogy Inapplicable to Search Advertising Cases

Scholars and courts have frequently criticized Brookfield,[202] and in particular its now famous analogy between using a trademark in a metatag and posting a sign with another's trademark in front of one's store. The analogy was presented as follows:

Suppose West Coast's competitor (let's call it "Blockbuster") puts up a billboard on a highway reading--"West Coast Video: 2 miles ahead at Exit 7"-- where West Coast is really located at Exit 8 but Blockbuster is located at Exit 7. Customers looking for West Coast's store will pull off at Exit 7 and drive around looking for it. Unable to locate West Coast, but seeing the Blockbuster store right by the highway entrance, they may simply rent there. Even consumers who prefer West Coast may find it not worth the trouble to continue searching for West Coast since there is a Blockbuster right there. Customers are not confused in the narrow sense: they are fully aware that they are purchasing from Blockbuster and they have no reason to believe that Blockbuster is related to, or in any way sponsored by, West Coast. Nevertheless, the fact that there is only initial consumer confusion does not alter the fact that Blockbuster would be misappropriating West Coast's acquired goodwill.[203]

Whatever the merits of the analogy to the Brookfield case itself, it is inapplicable in the search advertising context. The analogy describes a defendant who has made an unambiguously false statement of fact that causes consumers to believe they are traveling to one site when they are in fact traveling to another. That is, consumers are at best confused and at worst making decisions based on a falsehood conceived in bad faith. It is possible that search advertising might mislead the consumer into clicking on one link, believing that it will lead to the site of the trademark owner. If this is the case, trademark law should not be precluded from correcting the confusion.[204]

However, if the issue is mere diversion rather than confusion, search advertising is more closely analogous to locating a West Coast store next to a Blockbuster store, not posting a sign on the highway.[205] Consumers typing "Blockbuster" into a search engine may well be seeking a video store generally and ***257** not "Blockbuster" as such.[206] Even where consumers are initially seeking the trademarked company, research indicates that 25-30% of consumers searching for a trademarked term "will follow up their request by searching for a competitive brand."[207]

To extend the analogy further, the reality of real estate in most cases makes it impractical for one business to completely block a competitor's store from the view of potential customers. West Coast could not, for example, build a giant dome-shaped store and place it over Blockbuster's store, completely obscuring the latter from the view of potential customers. If this were possible, and competitors did so, it would not seem right if the law afforded no remedy. Similarly, if competitors in the online world render a trademark owner's site difficult to find (whether through the use of trademarks or otherwise), there must be some remedy.[208]

Brookfield has been described as the "leading case" on the issue of metatag trademark infringement[209] and is frequently cited in search advertising decisions, but there is a critical factual distinction between the use of trademarks as metatags and their use in search engine advertising: the metatags in Brookfield had been designed to affect the organic results,[210] whereas in search advertising cases the trademarks are used to display advertisements alongside the organic search results. ***258** This distinction has important practical and legal implications. Where organic results are affected, consumers may be more likely to assume an affiliation between the trademark owner and the competitor's site. Moreover, to the extent that an unlimited number of sites might incorporate trademark metatags to optimize their websites for search engine rank, the trademark owner's site might have to expend effort to even appear on the first screen of results.[211] This could lead to actual confusion and, more importantly, increase consumer search costs.[212]

In contrast, search engine advertising does not affect the organic results, but merely places advertisements next to those results. Presenting two or more options on a single page could lower consumer search costs.[213] Moreover, search engine advertising contains a built-in mechanism for filtering out irrelevant links, in that advertisers must pay for each user click. There is thus an incentive to ensure that the landing page is relevant to the user.[214] Only those firms that offer something valuable to consumers will find it worthwhile to continue to pay for the terms.[215] If consumers don't find the landing page relevant enough, the advertiser will incur costs without generating revenue. In contrast, there is no per-click cost to incorporating a competitor's metatag into a website, and therefore no market force exists to dissuade abuse.

C. Distinguishing Search Advertising from Pop-Up Advertisements

Applying the search cost paradigm in the pop-up advertisement context suggests that the use of trademarks to trigger pop-up advertisements should be restricted. Unlike the search advertising context, where search engine users might use a trademark to search for a general category of products, visitors to a particular website are more likely to have already made a choice about what website they would like to visit. Where pop-up advertisements overlay the website, they interfere with the ability of users to pursue choices they have already made.

***259** We disagree with the scholars[216] and courts[217] who have dismissed the costs of closing pop-up advertisements (or, in the case of metatags, "hitting the back button") as de minimis, or who more generally have suggested that the costs of diversion on the Internet are so small as to be inconsequential. Searching the Internet can be a time-intensive process, particularly where server or connection speeds are slow. Failing to apply sensible limits to those who interfere with a user's perusal of a website or who deceitfully lure a user to a website entails real costs and, if left unchecked, has the potential to turn the Internet's "information superhighway" into a carnival-style hall of mirrors.

D. Distinguishing Search Advertising from Domain Names

It has been observed that the Anti-Cybersquatting Consumer Protection Act (ACPA)[218] is a departure from the principle that likelihood of confusion is required to sustain a trademark infringement action.[219] Yet the ACPA is easily explained by reference to the trademark goal of reducing consumer search costs.[220] A consumer who types "www.PETA.org" into an Internet browser address bar likely expects to arrive at the website of the organization People for the Ethical Treatment of ***260** Animals, and not a website entitled "People Eating Tasty Animals."[221] If competitors' (or unrelated entities') trademarks could be used without restriction in domain names and metatags, this could allow the Internet to sink into chaos, dramatically increasing search costs and striking at the core of what the Internet does best--facilitating access to information. Even where there is no confusion and where the website in question does not seek profit, such domain name practices undermine the trademark law goal of lowering search costs.

The problems caused by the use of others' trademarks in domain names are not similarly present in the search advertising context. The critical distinction is that rather than interfering with the trademark owner's ability to communicate via the Internet or making more arduous the consumer's effort to find the trademark owner, search advertising presents a choice alongside the trademark owner's own offerings.

E. Second Circuit Virtually Alone in Finding No Trademark "Use"

The Second Circuit has summarily dispensed with suits brought by trademark holders against search engines and advertisers for the invisible use of their mark to trigger advertisements.[222] The seminal case in the Second Circuit is the 2005 decision of 1-800 Contacts, Inc. v. WhenU.com, Inc.[223] WhenU, an Internet marketing company, used proprietary software to monitor a computer user's Internet activity.[224] The software employed a database of over 60,000 terms, including the 1-800 Contacts web address, in order to match pop-up advertisements to a computer user's activity.[225] WhenU customers were not able to purchase specific keywords, nor were they guaranteed that their advertisements would appear when a customer visited a particular website.[226] The court held that "[a] company's internal utilization of a trademark in a way that does not communicate it to the public is analogous to an individual's private thoughts about a trademark" and that "[s]uch conduct simply does not violate the Lanham Act."[227]

Although 1-800 Contacts dealt with the use of trademarks to trigger pop-up advertisements, lower courts in the circuit have consistently extended this precedent ***261** to search advertising and metatags cases.[228] For example, in S&L Vitamins, Inc. v. Australian Gold, Inc., the district court for the Eastern District of New York held that no trademark use had occurred when a defendant "purchas[ed] keywords and sponsored links and us[ed] [the plaintiff's marks] in its metadata."[229] The court granted summary judgment to the defendant on this issue.[230] Federal courts throughout New York have ruled similarly in a number of other cases.[231]

Only two courts outside of the Second Circuit have held that invisible use does not constitute trademark use.[232] Both of these cases were brought against WhenU.com, the same company involved in 1-800 Contacts. This suggests that WhenU's business model is perceived by the courts to be distinguishable from other invisible uses, where trademark "use" has consistently been found.

F. Invisible Use Constitutes Trademark Use in All Other Circuits

All other circuits having considered the "use" issue have concluded that invisible use can implicate the Lanham Act.[233] However, while plaintiffs bringing suits in those circuits will, therefore, frequently be able to overcome a defendant's summary judgment motion that merely alleges no trademark use, it is far from certain that keyword sales could ever result in liability where there is no confusion as to source or sponsorship, save in the Ninth Circuit under Brookfield.

One illustrative example is the Eleventh Circuit case of North American Medical Corp. v. Axiom Worldwide, Inc., in which the defendant Axiom had ***262** included the plaintiff's trademarked terms in the metatags to its website.[234] When a computer user performed a Google search, the defendant's website was listed as the second most relevant organic search result. Relying on the plain meaning of the statute,[235] the court flatly rejected the Second Circuit's view that a use not visible to the public does not constitute a use in commerce.[236] At the same time, the court noted criticisms of Brookfield's application of the initial interest confusion doctrine and explicitly sidestepped the issue because it was unnecessary to the analysis--in Axiom, the plaintiffs were able to demonstrate "a likelihood of actual source confusion."[237] Thus, the court left open the possibility that search engine advertising, which does not lead to confusion, might be a legitimate practice.[238]

In another case, the defendant had purchased plaintiff's trademark term "JG Wentworth" as a keyword in the Google AdWords program.[239] While defendant's advertisements appeared in the Sponsored Links section in response to a user's search for "JG Wentworth," neither the advertisements nor the links displayed the trademarks to consumers.[240] While the court found the purchase of a trademarked term via the AdWords program constituted a trademark use,[241] it dismissed the complaint "[b]ecause no reasonable factfinder could find a likelihood of confusion" where the advertisements were "separate and distinct" from the organic results.[242]

Google itself has also appeared in court as a defendant as a result of its AdWords program.[243] In GEICO v. Google, Inc. the Eastern District of Virginia held that Google's sale of trademarked terms in connection with advertising constituted a trademark use and denied Google's motion to dismiss.[244] However, it declined to directly address either the fair use or the likelihood of confusion issues, noting that such "fact-specific issues [are] not properly resolved through a motion to dismiss."[245] It therefore reserved the question as to whether such use constituted ***263** illegal free riding or fair competition, and the parties thereafter settled their dispute.[246]

VI. Recommendations

While the authors could find no reported case in which liability has been imposed for the invisible use of trademarked keywords, a substantial degree of uncertainty remains regarding whether and to what extent the purchase, sale, or use of such keywords violates the Lanham Act. At the same time, the decisions reported to date do provide some guidance. The Second Circuit position that invisible use does not implicate the Lanham Act should be noted by plaintiffs and defendants alike, and appropriate forum choices made when possible. Similarly, the Ninth Circuit position that initial interest confusion is actionable even in the absence of any likely confusion may be equally outcome-determinative and should be noted by litigants. Future plaintiffs may also want to carefully consider their choice of defendant. Google has deep pockets and generates almost all of its revenue from keyword sales. It is therefore likely to prove a tenacious and formidable opponent in any litigation. Defendant advertisers may be more willing to settle or may mount a less vigorous defense. For their part, advertisers should avoid including a trademarked term in the text of Sponsored Link advertisements unless its use is clearly a fair one, such as those indicated in the cases addressing comparative advertising.

The reported decisions also provide some useful insights for Google and other search engines to consider. Given that the sale of keywords is generally subject to ordinary Lanham Act scrutiny (with special considerations in the Second and Ninth Circuits), search engines like Google might consider steps likely to reduce or avoid consumer confusion. For example, Google might convert the "Sponsored Links" label itself into a clickable link that brings users to an explanation of the Sponsored Links section. The landing page could explain that entries in the Sponsored Links section are advertisements triggered by the search terms entered and that, where search entries include trademarked terms, the advertisements are not necessarily affiliated with or sponsored by the company whose trademark was included in the search.

Google may also want to reconsider its placement of a Sponsored Links section above the organic results. This section of the Sponsored Links area appears shaded in a peach color, while Sponsored Links in the right hand column of Google results pages appear with the same background as the organic results. Given that the care of the purchaser must be considered in determining a likelihood of ***264** confusion,[247] and that users may perform Google searches rapidly, the failure of Google to render its Sponsored Links in either a consistent color (e.g., peach) or a consistent location (e.g., at the right) distinguishable from the organic results could lead to consumer confusion. More importantly, Google's manner of displaying search results and Sponsored Links may raise consumer search costs and thus offend an underlying rationale of trademark law. Stated another way, where search engines display sponsored advertisements more prominently than organic results, the comparative advertising analogy begins to lose its force, and the practice treads dangerously close to deception.

In the absence of congressional action, Courts should continue to apply traditional trademark law in the Internet context. Thus, the initial interest confusion doctrine should reestablish a connection to its roots, which were based on a likelihood of actual confusion, in contrast to a mere likelihood of diversion.[248] Trademark infringement should be found when, and only when, the source identification function of a trademark is implicated. At the same time, the evaluation of whether a given trademark use implicates the trademark's source identification function must be conducted broadly rather than formalistically, so that even invisible use can constitute trademark infringement in appropriate circumstances. To suggest that some uses affecting interstate commerce and likely causing consumer confusion are beyond the reach of the Lanham Act due to a constrained definition of "use" wrongly juxtaposes a pedantic and hyper-technical statutory reading with the Lanham Act's expansive goals.[249]

Ideally, courts would not need to delve into this emerging area of law without statutory guidance. The nontraditional nature of trademark use in the search advertising context suggests the appropriateness of legislative action in creating a new framework for the evaluation of this new type of infringement claim. A new subsection (F) could be added to § 1114(2),[250] creating a safe harbor for search ***265** engines that sell trademarked keywords, provided that they: (i) display advertisements distinct from, and no more prominently than, organic results; (ii) clearly label the advertisements as such; (iii) include an easily accessible disclaimer clarifying that advertisements may or may not be affiliated with persons, if any, owning rights in a searched term; (iv) have no knowledge that the advertiser's trademark use or its related advertisements are intended to cause source confusion, mistake, or deception; and (v) do not unfairly discriminate as to which keywords may be purchased or who may purchase them. Furthermore, the dilution exemptions[251] should be amended with a new subsection (D) that clarifies that the sale of a trademarked term shall not be actionable as dilution by blurring or dilution by tarnishment so long as the safe harbor requirements described above are met. Because search engine owners may face secondary liability claims in addition to claims of direct infringement, Congress should extend these safe harbors to secondary liability claims in order to allow breathing room for this developing technology. More generally, Congress should amend the Lanham Act to clarify that, for the purposes of infringement actions, "use in commerce" encompasses the full reach of Congress's constitutional authority and is not a separate and distinct hurdle for plaintiffs to overcome.

VII. Conclusion

At its core, trademark law seeks to promote competition, not inhibit it.[252] Trademark law is not intended to promote monopolies, but only to protect a business's goodwill and reputation. If a consumer is presented with the option of choosing between a brand the consumer knows and one that the consumer may not know, and the consumer willingly and knowingly chooses the latter, trademark law should not restrict this freedom of choice. That is the essence of competition. Moreover, comparative advertising in the form of search advertising provides, or has the potential to provide, tremendous benefits to both consumers and businesses.

At the same time, the fact that an activity occurs online is no justification for disregarding established rules of law and policy, and a fine line exists between free competition and unfair competition. As in the past, the courts and Congress must intercede when competition misleads, causes confusion, or increases search costs.[253] Search engine advertising is not exempt from these problems,[254] and the law must allow for appropriate corrective action.

***266** Trademark holders are understandably upset at the increased ease of competition and the more level Internet playing field where emerging brands can compete alongside established ones. However, a more vigorously competitive marketplace is not a market failure in need of correction. To the contrary, by facilitating access to information and promoting competition, the Internet can--and is--revolutionizing the way consumers and businesses buy and sell products, in a way that brings tremendous benefits to society as a whole. Indeed, it is hard to imagine a mechanism with greater potential than the Internet for realizing Adam Smith's vision of a freely competitive market place.[255] If courts or the law are too generous to trademark owners in suits against search engines, society risks not the whittling away of the identity of a mark, but the gradual whittling away of free competition and free communication, two foundational principles deeply ingrained in the American culture.

Footnotes

a1 Assistant Professor of Business Law, Plymouth State University; Harvard University (LL.M. candidate 2009), Duke University (J.D.), Boston College (M.B.A.), Cornell University (B.S.).

aa1 Gregory H. Adamian Professor of Law, Bentley College; Executive Director of the Bentley Global Cyberlaw Center, New England School of Law (J.D.), Bentley College (M.S.T.), Boston College (B.S.).

1 Internet Advertising: The Ultimate Marketing Machine, Economist, July 6, 2006, at 61, available at http:// www.economist.com/business/displaystory.cfm?story_id=7138905 [hereinafter The Ultimate Marketing Machine].

2 See, e.g., Charles B. Vincent, Note, Cybersmear II: Blogging and the Corporate Rematch Against John Doe Version 2.006, 31 Del. J. Corp. L. 987, 989 (2006) (noting that e-commerce is reaching the mature phase of the business cycle); Michael S. Vogel, Unmasking "John Doe" Defendants: The Case Against Excessive Hand-Wringing Over Legal Standards, 83 Or. L. Rev. 795, 815 (2004) (stating that the Internet has developed into a mature technology in under a decade).

3 See R. Anthony Reese, The Problems of Judging Young Technologies: A Comment on Sony, Tort Doctrines, and the Puzzle of Peer-to-Peer, 55 Case W. Res. L. Rev. 877, 889-90 (2005) (arguing that even the creators of a technology often cannot predict how it will evolve).

4 Google describes its mission: "To organize the world's information and make it universally accessible and useful." Google, Why Google?, http:// www.google.com/enterprise/whygoogle.html (last visited Oct. 5, 2008).

5 Thomas J. Watson, Blogging in Today's Electronic Age, Wis. Law., Dec. 2007, at 29, 31 (2007) ("[G]oogle indexes more than eight billion Web pages."); Company Spotlight: Google, Inc., Datamonitor, Nov. 2007, at 233 (Google "indexed up to 16 billion web pages in 2006."); John S. Sieman, Comment, Using the Implied License to Inject Common Sense into Digital Copyright, 85 N.C. L. Rev. 885, 890 (2007).

6 Thomas L. Friedman, Is Google God?, NYTimes.com, June 29, 2003, http://query.nytimes.com/gst/fullpage.html?res=9C05E0D8163AF93AA15755C0A9659C8B63.

7 Google Book Search, http://books.google.com/ (last visited May 7, 2008); Press Release, Google Inc., Google Checks Out Library Books (Dec. 14, 2004), available at http://www.google.com/press/pressrel/print_library.html (noting Google's "effort to make offline information searchable online").

8 Google Book Search, History of Google Book Search, http:// books.google.com/googlebooks/newsviews/history.html (last visited Sept. 24, 2008) (noting the original vision was to enable "people everywhere ... to search through all of the world's books" and that Google has considered the challenges in scanning books written in 430 different languages).

9 Google Earth, http://earth.google.com/ (last visited Oct. 10, 2008).

10 Google Image Search, http://images.google.com/ (last visited Oct. 10, 2008).

11 Google News, About Google News, http://news.google.com/intl/en_ us/about_google_news.html (last visited Oct. 20, 2008).

12 Miguel Helft, Numbers Are Out on How Rich the YouTube Deal Was, NYTimes.com, Feb. 8, 2007, http:// www.nytimes.com/2007/02/08/technology/08google.htm.

13 See YouTube, http://www.youtube.com/ (last visited Oct. 10, 2008).

14 See Stephanie Olsen, Google Plans Trademark Gambit, CNET News, Apr. 13, 2004, http://news.cnet.com/Google-plans-trademark-gambit/2100-1038_3-5190324.html ("[W]eb search is one of the primary ways that people find products and services.").

15 See The Ultimate Marketing Machine, supra note 1 ("[B]rands are still 'the ultimate navigation device ....'" (quoting Rishad Tobaccowala)); Lee Wilson, The Trademark Guide: A Friendly Handbook to Protecting and Profiting from Trademarks 2 (2d ed. 2004) ("Consumers use trademarks to help them find the particular products and services they want.").

16 Complaint, Am. Airlines, Inc. v. Google, Inc., No. 4-07CV-487-A (N.D. Tex. Aug. 16, 2007). Although the parties settled in July 2008, the conflict is far from over. See Linda Rosencrance, American Airlines Drops Trademark Lawsuit Against Google: Companies Say They Have Mutually Resolved the Claims, Computerworld, July 22, 2008, http:// www.computerworld.com/action/article.do? command=viewArticleBasic&articleId=911048.

17 Pamela Parker, Google Shifts Trademark Policy, ClickZ Network, Apr. 13, 2004, http://www.clickz.com/showPage.html?page=3339581.

18 Google Inc., Annual Report for the Period Ended December 31, 2007 (Form 10-K), at 36 (2008); Google Inc., Quarterly Report for the Period Ended March 31, 2008 (Form 10-Q) 21 (2008) ("Advertising revenues made up 98% of our revenues for the three months ended March 31, 2008....").

19 See, e.g., 1-800 Contacts, Inc. v. WhenU.com, Inc., 414 F.3d 400, 409 (2d Cir. 2005) ("A company's internal utilization of a trademark in a way that does not communicate it to the public is analogous to a individual's private thoughts about a trademark. Such conduct simply does not violate the Lanham Act...."); Merck & Co. v. Mediplan Health Consulting, Inc., 431 F. Supp. 2d 425, 427 (S.D.N.Y. 2006) ("[I]nternal use of the keyword 'Zocor' [as a search keyword that triggers an advertisement] is not use of the mark in the trademark sense."); Alicia Gámez, Note, WhenU.com, Inc. & Google Inc.: Parsing Trademark's Use Requirement, 21 Berkeley Tech. L.J. 403, 418 (2006) (arguing that "invisible, [sic] software coding cannot constitute a trademark use for the purposes of the Lanham Act").

[20] Brookfield Commc'ns, Inc. v. W. Coast Entm't Corp., 174 F.3d 1036 (9th Cir. 1999).

[21] Suzy Bausch, Nielsen//Netratings Announces February U.S. Search Share Rankings, Nielsen//NetRatings, Mar. 20, 2007, http://www.nielsen-netratings.com/pr/pr_070320.pdf. Yahoo!'s competing search engine is a distant second at just over 20%. Id.

[22] Dan Nystedt, Search Engine Traffic Soars, PCWorld, Feb. 13, 2006, http://www.pcworld.com/article/124688/search_engine_traffic_soars.html; see also Robert Weisman, Searching for Microsoft's Future, Boston Globe, Feb. 8, 2008, available at http:// www.boston.com/business/technology/articles/2008/02/08/searching_for_microsofts_future/ ("[S]earch has emerged as the biggest prize on the internet....").

[23] Google, Corporate Information, http:// www.google.com/corporate/history.html (last visited Sept. 25, 2008).

[24] So much information is available via the Internet that one commentator has analogized information to "pollution" that has little value if not effectively sorted. See Frank Pasquale, Copyright in an Era of Information Overload: Toward the Privileging of Categorizers, 60 Vand. L. Rev. 135, 140 (2007).

[25] See Gámez, supra note 19, at 403. The model is similar to that pioneered in the radio broadcast industry in the 1920s and in the television broadcast industry two decades later. See Richard Jackson Harris, A Cognitive Psychology of Mass Communication 94 (4th ed. 2004).

[26] This article treats only Google's Adwords program. Google AdSense, a complementary program allowing for the placement of advertisements on third party websites, provides revenue for the hosting website (as well as for Google) and an additional venue for advertisers. See Google AdSense, Learn About Google AdSense, https://www.google.com/adsense/login/en_US/?gsessionid=bdbXUWmp6Bc (last visited Oct. 25, 2008). Rather than being triggered based on keyword searches entered by users, the advertisements are keyed to the website content. Id.

[27] See Google AdWords, Learn About AdWords, https:// adwords.google.com/select/Login (last visited Oct. 25, 2008).

[28] Google, Google Advertising, http://www.google.ca/ads/indepth.html (last visited Oct. 21, 2008) ("Keywords are the advertiser's window into the customer's thinking....").

[29] Research indicates that the majority of users do not look beyond the first page of search engine results before clicking on a link. iProspect Search Engine User Behavior Study, iProspect, Apr. 2006, at 5, http:// www.iprospect.com/premiumPDFs/WhitePaper_2006_SearchEngineUserBehavior.pdf; Leslie Marable, False Oracles: Consumer Reaction to Learning the Truth About How Search Engines Work, CONSUMER REPORTS WEBWATCH, June 30, 2003, at 5, http://www.consumerwebwatch.org/pdfs/false-oracles.pdf.

[30] See Google AdWords, How Are Ads Ranked?, http:// adwords.google.com/support/bin/answer.py?answer=6111 ("A keyword-targeted ad is ranked on a search result page based on the matched keyword's cost-per-click (CPC) bid and Quality Score."); Anthony Mitchell, Search Advertising Campaign Management, E-Commerce Times, June 27, 2007, http:// www.ecommercetimes.com/story/58033.html.

[31] Google, Inc., Registration Statement (Form S-1), at 10 (Apr. 29, 2004) ("[W]e have recently revised our trademark policy in the U.S. and Canada. Under our new policy, we no longer disable ads due to selection by our advertisers of trademarks as keyword triggers for the ads.").

[32] American Airlines alleges as much in its complaint. See Complaint at ¶ 170, Am. Airlines, Inc. v. Google, Inc., No. 4-07CV-487-A (N.D. Tex. Aug. 16, 2007). Of course, entries related to trademark owners' websites may still appear in the natural or organic

results section without the need for bidding. See infra note 211.

33 See Complaint at ¶ 83, Am. Airlines, Inc. v. Google, Inc., No. 4-07CV-487-A (N.D. Tex. Aug. 16, 2007) ("[T]hird-party advertiser Sponsored Links often appear... above or immediately below, Sponsored Links to genuine American Airlines websites.").

34 Trademark Act of 1946, Pub. L. No. 79-489, 60 Stat. 427 (codified as amended at 15 U.S.C. §§1051-1127 (2006)).

35 15 U.S.C. §1127 (2006).

36 See, e.g., Buying for the Home, LLC v. Humble Abode, LLC, 459 F. Supp. 2d 310 (D.N.J. 2006); Rescuecom Corp. v. Google, Inc., 456 F. Supp. 2d 393 (N.D.N.Y. 2006).

37 See Buying for the Home, 459 F. Supp. 2d at 318; see also Merck & Co. v. Mediplan Health Consulting, Inc., 425 F. Supp. 2d 402, 410-11 (S.D.N.Y. 2006) ("To prevail on a trademark infringement claim... a plaintiff must first show that it owns a valid mark entitled to protection under the statute that the defendant used in commerce, without the plaintiff's consent and in connection with the sale or advertising of goods or services. The plaintiff must then show that the defendant's use of the mark 'is likely to cause consumers confusion as to the origin or sponsorship of the defendant's goods."' (citations omitted)).

38 Savin Corp. v. Savin Group, 391 F.3d 439, 456 (2d Cir. 2004).

39 Westchester Media v. PRL USA Holdings, Inc., 214 F.3d 658, 663-64 (5th Cir. 2000).

40 Restatement (Third) of Unfair Competition §23 cmt. c (1995) ("[S]urveys ...[are] useful but not indispensable."); see also E. & J. Gallo Winery v. Gallo Cattle Co., 967 F.2d 1280 (9th Cir. 1992). See generally Jacob Jacoby & Amy H. Handlin, Non-Probability Sampling Designs for Litigation Surveys, 81 Trademark Rep. 169 (1991) (providing "perspective and guidance for future evaluations of sampling designs in survey evidence").

41 J.M. Huber Corp. v. Lowery Wellheads, Inc., 778 F.2d 1467, 1471 (10th Cir. 1985).

42 Helene Curtis Indus., Inc. v. Suave Shoe Corp., 13 U.S.P.Q.2d (BNA) 1618, 1626 (T.T.A.B. 1989); see also Tools USA & Equip. Co. v. Champ Frame Straightening Equip., Inc., 87 F.3d 654, 661 (4th Cir. 1996) ("[S]urveys are not required to prove likelihood of confusion.") (quotations omitted).

43 Merriam-Webster, Inc. v. Random House, Inc., 35 F.3d 65, 72 (2d Cir. 1994); Cairns v. Franklin Mint Co., 24 F. Supp. 2d 1013, 1041 (C.D. Cal. 1998). See generally Sandra Edelman, Failure to Conduct a Survey in Trademark Infringement Cases: A Critique of the Adverse Inference, 90 Trademark Rep. 746 (2000) (concluding that "the absence of survey evidence should be deemed a negative factor in the overall likelihood of confusion analysis only at a trial on the merits or at the summary judgment stage and only where the plaintiff has not presented significant evidence of 'real' actual confusion in the market place and a survey was logistically feasible at reasonable cost").

44 A survey could provide evidence of confusion and thereby help to establish a necessary element of a trademark infringement claim.

45 See, e.g., Jacob Jacoby & Mark Sableman, Keyword-Based Advertising: Filling in Factual Voids (GEICO v. Google), 97 Trademark Rep. 681, 681 (2007) (noting a "lack of evidence on the key factual issues" in keyword cases); Jonathan Moskin, Virtual Trademark Use--The Parallel World of Keyword Ads, 98 Trademark Rep. 873, 907 (2008) ("[V]irtually none of the reported decisions to date have been based on solid empirical evidence[with respect to the extent to which consumers are deceived or misled] ....").

46 Marable, supra note 29, at 23 ("[P]articipants unanimously believed paid search links were too tough to recognize on many sites ...."); Jórgen J. Wouters, Still in Search of Disclosure: Reevaluating How Search Engines Explain the Presence of Advertising in Search Results, Consumer Reports WebWatch, June 9, 2005, http://www.consumerwebwatch.org/pdfs/search-engine-disclosure.pdf; see also Paul L. Bonewitz, Beyond Confusion: Reexamining Trademark Law's Goals in the World of Online Advertising, 81 St. John's L. Rev. 899, 908 (2007) ("Consumer understanding of the distinction between organic results and sponsored links is low.").

47 See, e.g., Carl Karcher Enters. v. Stars Rests. Corp., 35 U.S.P.Q.2d (BNA) 1125, 1132 (T.T.A.B. 1995) (considering the Applicant's use of testimony by the president of marketing research company to counter the Respondent's use of survey evidence).

48 Tyco Indus., Inc. v. Lego Sys., Inc., 5 U.S.P.Q.2d (BNA) 1023, 1045 (D.N.J. 1987).

49 Sara Lee Corp. v. Kayser-Roth Corp., 81 F.3d 455, 467 n.15 (4th Cir. 1996).

50 See Richard L. Kirkpatrick, Likelihood of Confusion in Trademark Law §7.10.6 n.226 (12th ed. 2004) (collecting cases where specific percentages of confusion were found to constitute a "likelihood of confusion").

51 Gateway Inc. v. Companion Prods., Inc., 384 F.3d 503, 510 (8th Cir. 2004).

52 Humble Oil & Ref. Co. v. Am. Oil Co., 405 F.2d 803, 817 (8th Cir. 1969).

53 Bausch, supra note 21.

54 Frank I. Schechter, The Rational Basis of Trademark Protection, 40 Harv. L. Rev. 813, 825 (1927).

55 See Moseley v. V Secret Catalogue, Inc., 537 U.S. 418, 430 (2003) (citing Mass. Acts 300, ch. 307 (1947)).

56 Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Utah Div. of Travel Dev., 170 F.3d 449, 454 (4th Cir. 1999). See generally Model State Trademark Act (1964) (which influenced many state anti-dilution statutes).

57 Federal Trademark Dilution Act of 1995, Pub. L. No. 104-98, §3, 109 Stat. 985, 985 (1996) (codified as amended at 15 U.S.C. §1125(c)(1) (2006)).

58 15 U.S.C. §1125(c)(2) (2006).

59 Trademark Dilution Revision Act of 2006, Pub. L. No. 109-312, 120 Stat. 1730 (codified in scattered sections of 15 U.S.C.).

60 At a House hearing, a member of the International Trademark Association testified: "[D]ilution law in the United States is moving in every direction except...forward.... The lack of clarity in the law and the splits in the various circuits are resulting in forum shopping and unnecessarily costly lawsuits.... [A] revision in dilution law is needed." H.R. Rep. No. 109-023, at 6 (2005), citing Trademark Dilution Revision Act of 2005: Hearing on H.R. 683 Before the H. Subcomm. on Courts, the Internet, and Intellectual Property and the H. Comm. on the Judiciary, 109th Cong. at 5 (2005) (statement of Anne Gundelfinger, President, International Trademark Association), available at http://www.inta.org/index.php?option=com_content&task=view&id=704&Itemid=152&getcontent=3.
H.R. Rep. No.109-023, at 5 (2005).

61 See, e.g., Times Mirror Magazines, Inc. v. Las Vegas Sports News, L.L.C., 212 F.3d 157, 164 (3d Cir. 2000) ("We are persuaded that a mark not famous to the general public is nevertheless entitled to protection from dilution...."); Syndicate Sales, Inc. v. Hampshire Paper Corp., 192 F.3d 633, 640-41 (7th Cir. 1999) (stating that limited protection may be available under the FTDA to marks that are "highly distinctive only to a select class or group of purchasers" (quoting Restatement (Third) of Unfair Competition §125 cmt. e (1995))).

62 15 U.S.C. §1125(c)(2)(A).

63 TCPIP Holding Co. v. Haar Commc'ns, Inc., 244 F.3d 88, 99 (2d Cir. 2001); see also 4 J. Thomas McCarthy, McCarthy on Trademarks & Unfair Competition §24:100 (4th ed. 2008) ("To be 'famous' and thus eligible for the special protection afforded against dilution, the mark must have a degree of strength and renown more than merely being strong for the purposes of applying the likelihood of confusion test.").

64 See 15 U.S.C. §1125(c)(1) (stating that descriptive marks that have acquired distinctiveness are eligible for dilution protection). Whether dilution applied only to inherently distinctive trademarks or also to those with that were descriptive but had acquired distinctiveness (secondary meaning) was not clear prior to the TDRA. See, e.g., N.Y. Stock Exch., Inc. v. N.Y., N.Y. Hotel LLC, 293 F.3d 550, 557 (2d Cir. 2002) (adopting the rule that trademarks lacking inherent distinctiveness "cannot qualify for the protection of the Dilution Act"); TCPIP Holding Co., 244 F.3d at 97 (noting the ambiguous statutory language).

65 Ty Inc. v. Perryman, 306 F.3d 509, 511 (7th Cir. 2002).

66 Id.

67 To focus the discussion, this article does not address search advertising cases where the trademark appears in the advertisement itself. In such a case, ordinary likelihood of confusion principles would apply. See Hamzik v. Zale Corp., No. 3:06-cv-1300, 2007 WL 1174863, at *3 (N.D.N.Y. Apr. 19, 2007) (declining to grant defendant's motion to dismiss where the trademarked keywords appeared in the defendant's advertisements themselves). For a discussion of contributory trademark liability in the online context, see Noelle L. Stanley, Balancing Trademarks and Copyrights: A Better Way to Approach Initial Interest Confusion and Contributory Liability in the Internet Context, 4 Seton Hall Circuit Rev. 223 (2007); Gregory C. Walsh, Internet Service Provider Liability for Contributory Trademark Infringement After Gucci, 2002 Duke L. & Tech. Rev. 25 (2002).

68 Ty Inc., 306 F.3d at 511.

69 Kraft Foods Holdings, Inc. v. Helm, 205 F. Supp. 2d 942, 956 (N.D. Ill. 2002).

70 Id. at 948 ("Section 45 of the Lanham Act defines 'dilution' as 'the lessening of the capacity of a famous mark to identify and distinguish goods or services, regardless of the presence or absence of competition between [the marks] or likelihood of confusion."' (quoting 15 U.S.C. §1127 (1998))); see also 15 U.S.C. §1125(c)(1) (2006) (stating that dilution may occur "regardless of the presence or absence of actual or likely confusion, of competition, or of actual economic injury").

71 Ty Inc., 306 F.3d at 512.

72 Id.

73 WCVB-TV v. Boston Athletic Ass'n, 926 F.2d 42, 45 (1st Cir. 1991) ("[T]he law sometimes protects investors from the 'free riding' of others; and sometimes it does not.") (emphasis omitted); see also infra Part IV.A.

74 See 15 U.S.C. §1125(c).

[75] See §1125(c)(3).

[76] See, e.g., Qualitex Co. v. Jacobsen Prods. Co., 514 U.S. 159, 164 (1995).

[77] Ty Inc., 306 F.3d at 510; see also Qualitex, 514 U.S. at 163 ("[T]rademark law... 'reduces the customer's costs of shopping"' (quoting 1 J. McCarthy, McCarthy on Trademarks & Unfair Competition §2.01[2] (3d ed. 1994))); Peaceable Planet, Inc. v. Ty, Inc., 362 F.3d 986, 993 (7th Cir. 2004) ("The purpose of trademark law (setting to one side dilution cases) is to prevent confusion by consumers concerning the sources of the products they buy."); Brookfield Commc'ns, Inc. v. W. Coast Entm't Corp., 174 F.3d 1036, 1048 (9th Cir. 1999) (noting that the objective of trademark law is to "reduc [e] the costs that customers incur in shopping and making purchasing decisions.").

[78] Playboy Enters v. Welles, 7 F. Supp. 2d 1098, 1103 (S.D. Cal. 1998) ("[T]he dispositive legal issue in the standard trademark case concerns 'customer confusion."').

[79] See generally Mark P. McKenna, The Normative Foundation of Trademark Law, 82 Notre Dame L. Rev. 1839, 1840-41 (2007) (persuasively arguing that, contrary to prevailing views, trademark law "was never focused primarily on consumer interests").

[80] Qualitex, 514 U.S. at 164; see also Two Pesos, Inc. v. Taco Cabana, Inc., 505 U.S. 763, 782 n.15 (1992) (Stevens, J. concurring) ("'The purpose underlying any trade-mark statute is twofold.... [It] protect[s] both the public and the trade-mark owner."' (quoting S. Rep. No. 1333-79, at 3 (1946), reprinted in 1946 U.S.C.C.A.N. 1274, 1274)).

[81] Qualitex, 514 U.S. at 164.

[82] William M. Landes & Richard A. Posner, The Economics of Trademark Law, 78 Trademark Rep. 267, 267 (1988).

[83] See, e.g., Moskin, supra note 45; Jeffrey S. Fabian, Rescuecom Corp. v. Google, Inc.: A Misuse of the Federal Trademark Doctrine of Commercial Use, 3 J. Bus. & Tech. L. 147 (2008); 3 J. Thomas McCarthy, McCarthy on Trademarks and Unfair Competition §23:11.50 (4th ed. 2008) ("'[T]rademark use' is not a separate element of plaintiff's case, but is only one aspect of the likelihood of confusion requirement.").

[84] See, e.g., 1-800 Contacts, Inc. v. WhenU.com, Inc., 414 F.3d 400, 409 (2d Cir. 2005) ("[T]he Lanham Act... 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...."); U-Haul Int'l, Inc. v. WhenU.com, Inc., 279 F. Supp. 2d 723, 727-29 (E.D. Va. 2003).

[85] See, e.g., Gov't Employees Ins. Co. v. Google, Inc., 330 F. Supp. 2d 700, 702-04 (E.D. Va. 2004) (distinguishing U-Haul on the basis that in U-Haul the keywords were used only in "internal computer coding," whereas Google "market[s] the protected terms themselves").

[86] Google AdWords, Learn About AdWords, How It Works, http:// adwords.google.com/select/Login (last visited Oct. 13, 2008) ("When people search on Google using one of your keywords, your ad may appear next to the search results. Now you're advertising to an audience that's already interested in you.").

[87] See id. (follow "Costs and payment" hyperlink) ("You're charged only if someone clicks your ad, not when your ad is displayed.").

[88] Google AdWords, How Are Ads Ranked?, http:// adwords.google.com/support/bin/answer.py?answer=6111 ("A keyword-targeted ad is ranked on a search result page based on the matched keyword's cost-per-click (CPC) bid and Quality Score."); see also Mitchell, supra note 30 ("Keywords that fall below certain CTRs [click through rates] in paid search advertising can be banned for

that client by a search engine company.").

89 Il-Horn Hann et al., Who Gets Spammed?, 49 Commc'ns of the ACM (No. 10) 83, 83 (2006).

90 Mitchell, supra note 30.

91 Michelle Slatalla, Online Shopper; A Path to Redemption, NYTimes.com, June 21, 2001, http:// tech2.nytimes.com/mem/technology/techreview.html? res=9907E6DB1F31F932A15755C0A9679C8B63&fta=y. Internet coupons draw a 1.3% redemption rate, according to one source. Posting of Anne Holland to MarketingSherpa, Search Marketing and At-Work Coupon Campaigns: Redemption Rate Data & 4 Useful Hotlinks, http://www.marketingsherpa.com/article.html? ident=29788# (Nov. 27, 2006).

92 See The Ultimate Marketing Machine, supra note 1. One company that is attempting to turn measurable online data into profits is MotiveQuest, a strategic planning consultancy. See http://www.motivequest.com/ (last visited July 27, 2008).

93 Search Engine Marketing Shows Strength as Spending Continues on a Growth Track Against Doom and Gloom Economic Background, Sempo, Mar. 17, 2008, http://www.sempo.org/news/releases/03-17-08 (reporting that the North American search engine marketing industry grew to $12.2 billion in 2007). The broader market of all online advertisements is even bigger at $40 billion per year. Weisman, supra note 22.

94 Olsen, supra note 14.

95 See The Ultimate Marketing Machine, supra note 1 ("The worldwide advertising industry is likely to be worth $428 billion in revenues this year.... [But] advertisers waste--that is, they send messages that reach the wrong audience or none at all--$112 billion a year in America and $220 billion worldwide, or just over half of their total spending.").

96 The Ultimate Marketing Machine, supra note 1.

97 See Eric Goldman, Online Word of Mouth and Its Implications for Trademark Law, in Trademark Law and Theory: A Handbook of Contemporary Research 404, 424 (Graeme B. Dinwoodie & Mark D. Janis eds., 2008), available at http:// papers.ssrn.com/sol3/papers.cfm?abstract_id=1020695. (arguing that keyword advertising "allow[s] marketplace mechanisms to work") [hereinafter Goldman, Online Word of Mouth].

98 See, e.g., Adam Liptak, Competing for Clients, and Paying by the Click, NYTimes.com, Oct. 15, 2007, http:// www.nytimes.com/2007/10/15/us/15bar.html (noting that keyword "Christmas recipes" was selling for $0.54 per click); The Ultimate Marketing Machine, supra note 1 (stating that average cost is $0.50 per click).

99 E.g., 15 U.S.C. §45(a)(1) (2006) ("Unfair methods of competition in or affecting commerce, and unfair or deceptive acts or practices in or affecting commerce, are hereby declared unlawful.").

100 See, e.g., Robert G. Bone, Hunting Goodwill: A History of the Concept of Goodwill in Trademark Law, 86 B.U. L. Rev. 547, 548 (2006) ("[T]he law's core mission ... is to facilitate the transmission of accurate information....").

101 Nostalgia Network, Inc. v. Lockwood, 315 F.3d 717, 719 (7th Cir. 2002) (Posner, J.) ("[I]n a bona fide exchange, each party considers itself better off after than before....").

102 Where the purchaser is not likely to be confused, courts have invoked the doctrine of post-sale confusion in order to sustain a violation. Cf. United States v. Torkington, 812 F.2d 1347 (11th Cir. 1987) (discussing criminal counterfeiting); see generally

David M. Tichane, The Maturing Trademark Doctrine of Post-Sale Confusion, 85 Trademark Rep. 399 (1995).

103 Bonewitz, supra note 46, at 899.

104 1 J. Thomas McCarthy, McCarthy on Trademarks & Unfair Competition §1:1 (4th ed 2008).

105 Margarete Steiff, Inc. v. Bing, 215 F. 204, 206 (S.D.N.Y. 1914).

106 See Restatement (Third) of Unfair Competition §1 cmt. a (1995) ("The freedom to engage in business and to compete for the patronage of prospective customers is a fundamental premise of the free enterprise system."); see also Kurt M. Saunders, Confusion Is the Key: A Trademark Law Analysis of Keyword Banner Advertising, 71 Fordham L. Rev. 543, 576-77 (2002) ("Keyword banner advertising...offers...more choices based on keywords used and this ultimately encourages competition....").

107 Restatement (Third) of Unfair Competition §1 cmt. g (1995) ("Courts continue to evaluate competitive practices against generalized standards of fairness and social utility.").

108 The patent for the active ingredient in Zocor expired in 2006. Patricia Van Arnum, Opportunities Abound for Generic Drugs, PharmTech, June 22, 2007, http://pharmtech.findpharma.com/pharmtech/article/articleDetail.jsp? id=434545.

109 New Kids on the Block v. News Am. Publ'g, Inc., 971 F.2d 302, 306 n.4 (9th Cir. 1992) ("It's far more convenient...to ask your local pharmacist for 'aspirin'--once a trademark--than to remember or pronounce 'salicylic acid.'").

110 See Ty Inc. v. Perryman, 306 F.3d 509, 511 (7th Cir. 2002).

111 See Rescuecom Corp. v. Computer Troubleshooters USA, Inc., 464 F. Supp. 2d 1263, 1266 (N.D. Ga. 2005) ("[T]his dispute [concerning Google's Sponsored Links] does not seamlessly mesh with traditional Lanham analysis...."); Playboy Enters v. Welles, 7 F. Supp. 2d 1098, 1103 (S.D. Cal. 1998) ("This [metatag] case...is not a standard trademark case...."); Goldman, supra note 97, at 416 ("[T]here is no ideal reading of the statute ...."); Graeme B. Dinwoodie & Mark D. Janis, Lessons from the Trademark Use Debate, 92 Iowa L. Rev. 1703, 1713 (2007) ("[N]o one can settle on what 'trademark use' means.").

112 David J. Franklyn, Debunking Dilution Doctrine: Toward a Coherent Theory of the Anti-Free-Rider Principle in American Trademark Law, 56 Hastings L.J. 117, 117 (2004).

113 See, e.g., Complaint at ¶¶ 127-37, Am. Airlines, Inc. v. Google, Inc., No. 4-07CV-487-A (N.D. Tex. Aug. 16, 2007).

114 See Ty Inc. v. Perryman, 306 F.3d 509, 512 (7th Cir. 2002) (expressing concern over free riding on the trademarks of others).

115 Brookfield Commc'ns, Inc. v. W. Coast Entm't Corp., 174 F.3d 1036, 1062 (9th Cir. 1999) (stating that the defendant "improperly benefits" from goodwill of plaintiff); Gov't Employees Ins. Co. v. Google, Inc., 330 F. Supp. 2d 700, 704 (E.D. Va. 2004) ("The question [in a keyword case] is whether this activity is fair competition or whether it is a form of unfair free riding on the fame of well-known marks.") (quoting 4 J. McCarthy, McCarthy on Trademarks & Unfair Competition §25:70.1 (2004)); Wells Fargo & Co. v. WhenU.com, Inc., 293 F. Supp. 2d 734, 761 (E.D. Mich. 2003) (rejecting free riding argument asserted by plaintiffs).

116 How to Name Your Business, Entrepreneur.com, Apr. 23, 2005, http:// www.entrepreneur.com/startingabusiness/startupbasics/namingyourbusiness/article21774.html ("A professional naming firm may charge anywhere from a few thousand dollars to $35,000 or more to develop a name."); Ruth Shalit, The Name Game, ABC Namebank, Nov. 30, 1999, http://www.abcnamebank.com/salon_nov3099.htm ("'A typical naming process costs about $75,000.'" (quoting Ron Kapella of Enterprise IG)).

117 Smith v. Chanel, Inc., 402 F.2d 562, 568 (9th Cir. 1968).

118 See New Kids on the Block v. News Am. Publ'g, Inc., 971 F.2d 302, 306 (9th Cir. 1992) ("[A]lthough English is a language rich in imagery, we need not belabor the point that some words, phrases or symbols [including trademarks] better convey their intended meanings than others.").

119 Angela L. Patterson, With Liberty and Domain Names for All: Restructuring Domain Name Dispute Resolution Policies, 40 San Diego L. Rev. 375, 414 n.253 (2003) ("A trademark's value comes from its use as an advertising and commercial shortcut that can convey a series of complex meanings to consumers.") (quotations omitted).

120 Park 'N Fly, Inc. v. Dollar Park & Fly, Inc., 469 U.S. 189, 194 (1985) ("[A] registered mark may be canceled at any time on the grounds that it has become generic.").

121 "Zamboni" (U.S. Trademark No. 789,009), "Windows," (U.S. Trademark No. 1,872,264), "Scotch" tape (U.S. Trademark No. 522,761), and "Rollerblade" (U.S. Trademark No. 1,326,171) are all trademarked terms that have been deemed important enough for communication to appear in the dictionary. See American Heritage Dictionary of the English Language (4th ed. 2004).

122 See 15 U.S.C. §1125(c)(1) (2006).

123 Boston Athletic Ass'n v. Sullivan, 867 F.2d 22, 32 (1st Cir. 1989) ("The distinctiveness and reknown [sic] of a trademark determine its relative strength or weakness, which, in turn, defines the scope of protection to be accorded the mark....") (quotations omitted).

124 Nabisco, Inc. v. PF Brands, Inc, 191 F.3d 208, 217 (paraphrasing Restatement (Third) of Unfair Competition §25 cmt. c (1995)).

125 See, e.g., Complaint at ¶ 60, Am. Airlines, Inc. v. Google, Inc., No. 4-07CV-487-A (N.D. Tex. Aug. 16, 2007) ("[M]any of Google's Sponsored Links are expressly designed to draw customers away from [the trademark owner's] websites.").

126 See Ty Inc. v. Perryman, 306 F.3d 509, 512 (7th Cir. 2002) (considering the proposition that resellers of trademarked products are free riding on the trademark's goodwill, and concluding that "in that attenuated sense of free riding, almost everyone in business is free riding.").

127 See Site Pro-1, Inc. v. Better Metal, LLC, 506 F. Supp. 2d 123, 124 (E.D.N.Y. 2007) (alleging unfair competition claim where defendant caused plaintiff's SITE PRO 1® mark to be used in a Yahoo! search algorithm in order to divert Internet traffic to defendant's website).

128 See 1-800 Contacts, Inc. v. WhenU.com, Inc., 414 F.3d 400, 411 (2d Cir. 2005) ("[I]t is routine for vendors to seek specific 'product placement' in retail stores precisely to capitalize on their competitors' name recognition.").

129 See Stacey L. Dogan & Mark A. Lemley, Trademarks and Consumer Search Costs on the Internet, 41 Hous. L. Rev. 777, 824 (2004) ("[T]rademark law has never empowered trademark holders to prevent consumers from being attracted by truthful information...."); Niki R. Woods, Initial Interest Confusion in Metatag Cases: The Move from Confusion to Diversion, 22 Berkeley Tech. L.J. 393, 407 (2007) (criticizing the application of the initial interest confusion doctrine as "lower[ing] the bar from 'confusion' to 'diversion'").

130 See FragranceNet.com, Inc. v. FragranceX.com, Inc., 493 F. Supp. 2d 545, 551 (E.D.N.Y. 2007) ("[I]t is not unlawful to strategically place billboards or even store locations next to billboards or store locations of competitors.").

131 See Julie A. Rajzer, Misunderstanding the Internet: How Courts Are Overprotecting Trademarks Used in Metatags, 2001 Mich. St. L. Rev. 427, 463 (2001) ("Consumers are better served when similar products are placed in proximity so they can make the most informed decision possible.").

132 See Dogan & Lemley, supra note 129, at 824 ("The only way to create such proximity is to permit Internet intermediaries like search engines to offer people links to competitive goods that they might enjoy."); FragranceNet.com, 493 F. Supp. 2d at 551 ("When these same marketing strategies [such as locating a retail store near a competitor] are performed on the Internet, such strategies are not transformed into a 'passing off' situation simply because the strategy is electronic.").

133 Jennifer E. Rothman, Initial Interest Confusion: Standing at the Crossroads of Trademark Law, 27 Cardozo L. Rev. 105, 112 (2005) (discussing the supermarket analogy and arguing that the initial interest confusion doctrine precludes equivalent customer choices from taking place on the Internet).

134 One distinction worth noting briefly is that in the supermarket, yellow pages, and real estate examples, mutuality exists in the sense that each party might benefit at the expense of the other. In contrast, keyword advertising allows only one party to benefit. However, so long as a consistent rule is established, nothing prevents each party from purchasing keywords related to the other. Simply because achieving equivalence to comparative advertising in brick-and-mortar stores requires two steps rather than one is no justification for barring the practice altogether. Instead, it allows for greater flexibility in the online marketplace.

135 OnStar provides a range of other services as well. See OnStar by GM, http://www.onstar.com/us_english/jsp/plans/direct_conn.jsp (last visited Oct. 21, 2008).

136 Id.

137 FragranceNet.com, Inc. v. FragranceX.com, Inc., 493 F. Supp. 2d 545 (E.D.N.Y. 2007).

138 Id. at 550-51.

139 Id.

140 Id. The court distinguished the scenario where a Pepsi is brought in response to a request for Coke, where the customer is not appropriately informed. Id. at 551 n.7.

141 ChaCha, How it Works, http://answers.chacha.com/?page_id=35 (last visited Oct. 21, 2008).

142 Telephone Interview with Jennifer Pence, ChaCha Guide (July 22, 2008) (in Mountain View, Cal.).

143 ChaCha, supra note 141; see also Steve Hinnefeld, IU, ChaCha Partner on New Search Engine, Bloomington Herald-Times (Ind.), Aug. 3, 2007, http://newsinfo.iu.edu/news/page/normal/6112.html ("[ChaCha is] a response to users' frustration with the glut of information provided by automated search engines such as Google.").

144 See Amazon.com, http://www.amazon.com/ (last visited Oct. 27, 2008).

145 Playboy Enters. v. Netscape Commc'ns Corp., 354 F.3d 1020, 1035 (9th Cir. 2004) (Berzon, J., concurring) (alluding to Amazon's automated recommendation service and concluding that the service would likely not violate trademark law); see also McKenna, supra note 79, at 1872 (noting that the patent system anticipates "diversion" by competitors after the patent expires, and that

trademark law cannot be used to prevent this result).

146 Netflix Media Center, Personalized Movie Recommendor Provides Netflix Visitors with Highly Accurate Film Recommendations Based on Their Individual Movie Taste History, http://www.netflix.com/MediaCenter?id=1019 (last visited Oct. 27, 2008).

147 Although the titles of single works are generally not eligible for trademark protection, the titles of series of works may be registered as trademarks. Herbko Int'l Inc. v. Kappa Books, Inc., 308 F.3d 1156, 1162-63 (Fed. Cir. 2002). Thus, "Harry Potter and the Order of the Phoenix" was registered as a word mark applicable to "motion pictures" on April 29, 2008. See U.S. Trademark No. 3,419,796 (filed July 9, 2004).

148 New Kids on the Block v. News Am. Publ'g, Inc., 971 F.2d 302, 308 (9th Cir. 1992) ("[Trademark] protection does not extend to rendering newspaper articles, conversations, polls and comparative advertising impossible.") (emphasis added); see also Gámez, supra note 19, at 424 ("Where a new [trademark] 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.").

149 Trademark law, and in particular dilution law, has long been recognized to implicate the First Amendment. For example, free speech concerns prompted Congress to withdraw dilution provisions from the 1988 amendments to the Lanham Act. Moseley v. V Secret Catalogue, Inc., 537 U.S. 418, 430-31 (2003). See also Robert J. Shaughnessy, Trademark Parody: A Fair Use and First Amendment Analysis, 72 Va. L. Rev. 1079 (1986).

150 151 Cong. Rec. E763-04 (2005) (speech of David Wu).

151 Moseley, 537 U.S. at 434.

152 See Avery & Sons v. Meikle & Co., 81 Ky. 73, 1883 WL 7806 at *13 (Ky. 1883) ("The alphabet, English vocabulary, and Arabic numerals, are to man... what air, light, and water are to him in the enjoyment of his physical being. Neither can be taken from him. They are the common property of mankind....").

153 Prestonettes, Inc. v. Coty, 264 U.S. 359, 368 (1924).

154 Playboy Enters. v. Netscape Commc'ns Corp., 354 F.3d 1020, 1035 (9th Cir. 2004) (Berzon, J., concurring).

155 See, e.g., Gregory Shea, Trademarks and Keyword Banner Advertising, 75 S. Cal. L. Rev. 529, 554 (2002); Zachary J. Zweihorn, Searching for Confusion: The Initial Interest Confusion Doctrine and Its Misapplication to Search Engine Sponsored Links, 91 Cornell L. Rev. 1343, 1375 (2006).

156 See, e.g., Merck & Co. v. Mediplan Health Consulting, Inc., 431 F.Supp.2d 425, 427 (S.D.N.Y. 2006) ("The sponsored link marketing strategy is the electronic equivalent of product placement in a retail store.").

157 Hamzik v. Zale Corp., No. 3:06-cv-1300, 2007 WL 1174863, at *1 (N.D.N.Y. Apr. 19, 2007).

158 Id. at *3.

159 Id.

160 Id.

161 Id. (quotations omitted) (dismissing the part of the claim relying on defendant's use of the mark on its "internal website").

162 Id. ("[T]he Court agrees with the reasoning and holdings of those cases [that found no 'use.']" Ultimately, the court denied the motion to dismiss based upon the fact the trademarked term appeared in the sponsored advertisements themselves and were not merely used as keywords that were not visible to the public.)

163 Prestonettes, Inc. v. Coty, 264 U.S. 359, 368 (1924) ("[Trademark law] does not confer a right to prohibit the use of the word or words. It is not a copyright.").

164 Smith v. Chanel, Inc., 402 F.2d 562, 563 (9th Cir. 1968) ("[U]se of another's trademark to identify the trademark owner's product in comparative advertising is not prohibited...absent confusion....").

165 Diversified Mktg., Inc. v. Estee Lauder, Inc., 705 F. Supp. 128, 130, 134 (1988).

166 WCVB-TV v. Boston Athletic Ass'n, 926 F.2d 42, 45-46 (1st Cir. 1991).

167 15 U.S.C. §1115(b)(4) (2006). The Trademark Dilution Revision Act of 2006 also contains a fair use defense. §1125(c)(3) ("The following shall not be actionable as dilution...: (A) Any fair use, including a nominative or descriptive fair use, or facilitation of such fair use, of a famous mark by another person other than as a designation of source for the person's own goods or services, including use in connection with (i) advertising or promotion that permits consumers to compare goods or services....").

168 See WCVB-TV, 926 F.2d 42 at 46.

169 New Kids on the Block v. News Am. Publ'g, Inc., 971 F.2d 302, 304 (9th Cir. 1992).

170 Id.

171 Id. at 308.

172 Id.

173 Id. at 309.

174 Id.

175 See August Storck K.G. v. Nabisco, Inc., 59 F.3d 616, 618 (7th Cir.1995) ("A use of a rival's mark that does not engender confusion about origin or quality is ... permissible.").

176 15 U.S.C. §1114 (2006); see also Mobil Oil Corp. v. Pegasus Petroleum Corp., 818 F.2d 254, 256 (2d Cir. 1987); Gámez, supra note 19, at 403 ("[T]raditional infringement analysis focuses on the multi-factor likelihood of confusion test....").

177 Brookfield Commc'ns, Inc. v. W. Coast Entm't Corp., 174 F.3d 1036, 1062 (9th Cir. 1999) ("[S]ince [defendant's] initial web page prominently displays its own name, it is difficult to say that a consumer is likely to be confused....").

178 Id. at 1048.

179 Id. at 1061.

180 Id. at 1062.

181 Id. at 1065.

182 Id. at 1066-67.

183 Brookfield Commc'ns, Inc. v. W. Coast Entm't Corp., 174 F.3d 1036, 1062-64 (9th Cir. 1999).

184 Id. at 1062; see also N. Am. Med. Corp. v. Axiom Worldwide, Inc., 522 F.3d 1211, 1223 (11th Cir. 2008) (noting that in Brookfield there was "never any confusion as to source or affiliation"); Storus Corp. v. Aroa Marketing, Inc., No. C-06-2454 MMC, 2008 WL 449835 (N.D. Cal. Feb. 15, 2008) (Under Brookfield's "'initial interest confusion' theory of trademark liability, 'source confusion' need not occur....").

185 See J.G. Wentworth S.S.C. Ltd. P'ship v. Settlement Funding LLC, No. 06-0597, 2007 WL 30115, at *8 (E.D. Pa. Jan. 4, 2007) ("[T]he cases cited by the Ninth Circuit in Brookfield recognized that initial interest confusion must create in consumers confusion as to the source of the goods or services or a misunderstanding as to an association ....") (emphasis added).

186 Dr. Seuss Enters. v. Penguin Books USA, 109 F.3d 1394 (9th Cir. 1997).

187 Mobil Oil Corp. v. Pegasus Petroleum Corp., 818 F.2d 254 (2d Cir. 1987).

188 Id. at 259.

189 Id. at 257.

190 Id. at 259 (noting with approval the trial judge's conclusion that defendant "would gain crucial credibility during the initial phases of a deal" due to consumer confusion).

191 Dr. Seuss, 109 F.3d at 1405 (emphasis added).

192 Grotrian, Helfferich, Schulz, Th. Steinweg Nachf. v. Steinway & Sons, 523 F.2d 1331, 1337 (2d Cir. 1975) (quoting Grotrian, Helfferich, Schulz, Th. Steinweg Nachf. v. Steinway & Sons, 365 F. Supp. 707, 714 (S.D.N.Y. 1973)). The court also noted that confusion was more likely because the defendant had instructed its dealers to pronounce "Steinweg" and "Steinway" in a manner likely to lead to "audible identity." Id. at 1338 (quoting Grotrian, 365 F. Supp. at 714 (emphasis omitted).

193 Grotrian, 523 F.2d at 1339.

194 Blockbuster Entm't Group v. Laylco, Inc., 869 F. Supp. 505, 513 (E.D. Mich. 1994).

195 Id.

196 Forum Corp. of N. Am. v. Forum, Ltd., 903 F.2d 434, 437 (7th Cir. 1990).

197 Smith v. Chanel, Inc., 402 F.2d 562, 566 (9th Cir. 1968) ("[C]ourts ... have generally confined legal protection to the trademark's source identification function for reasons grounded in the public policy favoring a free, competitive economy.").

198 WCVB-TV v. Boston Athletic Ass'n, 926 F.2d 42, 44 (1st Cir. 1991).

199 See 15 U.S.C. §1114(1) (2006).

200 See supra notes 45-46 and accompanying text.

201 At the federal level, the Lanham Act is the only basis for an unfair competition claim. Zenith Elecs. Corp. v. Exzec, Inc., 182 F.3d 1340, 1348 (Fed. Cir. 1999). Moreover, relying on state law to regulate trademark violations would be problematic as it would result in a "piecemeal approach" where "a person's right to a trademark 'in one State may differ widely from the rights which [that person] enjoys in another."' Two Pesos, Inc. v. Taco Cabana, Inc., 505 U.S. 763, 782 (1992) (Stevens, J., concurring).

202 Playboy Enters. v. Netscape Commc'ns Corp., 354 F.3d 1020, 1034 (9th Cir. 2004) (Berzon, J., concurring) (noting that Brookfield was "wrongly decided"); J.G. Wentworth S.S.C. Ltd. P'ship v. Settlement Funding LLC, CA No. 06-0597, 2007 WL 30115, at *7 (E.D. Pa. 2007) (stating that Brookfield "material[ly] mischaracterize[ed]... the operation of internet search engines.").

203 Brookfield Commc'ns, Inc. v. W. Coast Entm't Corp., 174 F.3d 1036, 1064 (9th Cir. 1999).

204 See Rothman, supra note 133, at 121-22 (arguing that Lanham Act claims are sometimes justifiable when pre-sale confusion occurs, but not where there is no likely confusion at all).

205 See FragranceNet.com, Inc. v. FragranceX.com, Inc., 493 F. Supp. 2d 545, 551 (E.D.N.Y. 2007) ("As long as [the competitor] did not mislead the consumer under false pretenses to its location, the mere fact that it decided to place itself in close proximity to [the trademark owner's store], in an effort to potentially draw customers in search of [a product each sells], is not 'passing off."').

206 Numerous scholars agree. See, e.g., Bonewitz, supra note 46, at 919 (stating that trademark can be used as a "proxy for a class of goods"); Gámez, supra note 19, at 404 ("Where a computer user enters a trademarked word into a search engine ... she may be searching for ... competitors...."); Goldman, Online Word of Mouth, supra note 97, at 423 ("[K]eywords act as the lingua franca for interested consumers to match with relevant content."); Corynne McSherry & Eric Goldman, ABA IP Section Quietly Considering Anti-Consumer Proposals to Regulate Keyword Advertising, Electronic Frontier Foundation, Oct. 14, 2008, http://www.eff.org/pages/aba-keyword-advertising ("[S]ome trademark owners mistakenly think that every consumer searching for their trademark is 'their' customer and therefore is poached by anyone who seeks to educate that consumer about other marketplace alternatives."); Moskin, supra note 45, at 875 ("[S]ome (maybe many) Internet users (including this author) no doubt have at times relied on their ability to use brand names on the Internet as a searching shorthand for entire product categories."); Shea, supra note 155, at 554 ("[I]nternet users often use trademarks as search terms to describe a general product for which they are looking."); Woods, supra note 129, at 404-05 ("A potential consumer looking for such a product, but not certain she wants to use iTunes, might type 'iTunes' into a search engine simply because the phrase 'digital media player' is not used by the average consumer."); cf. Wells Fargo & Co. v. WhenU.com, Inc., 293 F. Supp. 2d 734, 762 (E.D. Mich. 2003) (holding that where trademark is used "to identify the category the participating consumer is interested in... and to dispatch a contextually relevant advertisement ... [t]his does not constitute ... 'use'... as that term is used in the Lanham Act").

207 Olsen, supra note 14.

208 See infra Part V.D. (discussing the Anti-Cybersquatting Consumer Protection Act).

209 N. Am. Med. Corp. v. Axiom Worldwide, Inc., 522 F.3d 1211, 1221 (11th Cir. 2008).

210 Organic results, also known as “pure” or “natural” results, are composed of the links which the search engine displays as a result of a user’s search query and are distinct from the advertisements (e.g., Google’s “Sponsored Links”), which can at least partially be purchased. See Rhino Sports, Inc. v. Sport Court, Inc., No. CV-02-1815-PHX-JAT, 2007 WL 1302745, at *2 (D. Ariz. May 2, 2007) (describing Google’s list of relevant results as “organic results”).

211 See Site Pro-1, Inc. v. Better Metal, LLC, 506 F. Supp. 2d 123, 124 (E.D.N.Y. 2007) (“When an internet user performs a search for [plaintiff’s mark] the Yahoo! Search engine [allegedly] retrieves a listing for the [defendant’s] site and posts that listing before [plaintiff’s] website.”).

212 See supra Part III.B and infra Part V.C for additional treatment of the relationship between cost and the placement of Internet advertisements.

213 See supra Part III.B; infra Part V.C.

214 Paid results could, over time, become even more relevant to consumer searches than the organic results because the financial incentive to produce relevant organic results may be more attenuated. Allowing the market to prioritize search results may ultimately prove to be an efficient method of information allocation.

215 Google Inc., Quarterly Report (Form 10-Q), at 38 (May 12, 2008) (“Advertisers will not continue to do business with us if their investment in advertising with us does not generate sales leads, and ultimately customers....”).

216 Ross D. Petty, Initial Interest Confusion Versus Consumer Sovereignty: A Consumer Protection Perspective on Trademark Infringement, 98 Trademark Rep. 757, 758 (2008) (“[C]onsumers... can easily renew their original search.”); Moskin, supra note 45, at 895 (“Internet users... can toggle back and forth between Internet pages without investing more than a few nanoseconds....”); Michael Grynberg, Trademark Litigation as Consumer Conflict, 83 N.Y.U. L. Rev. 60, 105 (2008) (“[T]he cost of diversion to any consumer is a mouse click.”).

217 Savin Corp. v. Savin Group, 391 F.3d 439, 462 n.13 (2d Cir. 2004) (“Because consumers diverted on the Internet can more readily get back on track than those in actual space,... Internet initial interest confusion requires a showing of intentional deception.”); Wells Fargo & Co. v. WhenU.com, Inc., 293 F. Supp. 2d 734, 749 (E.D. Mich. 2003) (“A consumer who clicks on a SaveNow ad can easily return to the secure webpage that was previously on the user’s screen by clicking on the Internet browser’s ‘Back’ button.”); Bihari v. Gross, 119 F. Supp. 2d 309, 320 n.15 (S.D.N.Y. 2000) (“With one click of the mouse and a few seconds delay, a viewer can return to the search engine’s results....”).

218 Anti-Cybersquatting Consumer Protection Act, 15 U.S.C. §1125(d) (2006).

219 See, e.g., Victoria Holstein-Childress, Lex Cyberus: The UDRP as a Gatekeeper to Judicial Resolution of Competing Rights to Domain Names, 109 Penn St. L. Rev. 565, 577 (2004) (“[T]he ACPA applies without regard to whether the goods or services of the mark owner and alleged cybersquatter are related, or whether there exists a likelihood of consumer confusion.”); Zohar Efroni, A Barcelona.com Analysis: Toward a Better Model for Adjudication of International Domain Name Disputes, 14 Fordham Intell. Prop. Media & Ent. L.J. 29, 54 (2003) (“One of the most important innovations of the ACPA is the substitution of the traditional use in commerce and likelihood of confusion or dilution elements with the ‘identical or confusingly similar’ and ‘bad faith intent to profit’ principles.”); see also Disc Intellectual Props., LLC v. Delman, No. CV 07-5306 PA (PJWx), 2007 WL 4973849, at *5 (C.D. Cal. Sept. 17, 2007) (“[T]he ACPA requires only facial comparison of the domain name to the mark rather than the more involved likelihood of confusion analysis.”).

220 Ty Inc. v. Perryman, 306 F.3d 509, 510 (7th Cir. 2002) ("The fundamental purpose of a trademark is to reduce consumer search costs....").

221 See People for the Ethical Treatment of Animals v. Doughney, 263 F.3d 359 (4th Cir. 2001).

222 See 1-800 Contacts, Inc. v. WhenU.com, Inc., 414 F.3d 400, 409 (2d Cir. 2005) (holding that the appearance of a trademarked name in a website directory that is not communicated to the public does not create a possibility of visual confusion with the trademark and is, therefore, not "use" within the meaning of the Lanham Act).

223 1-800 Contacts, 414 F.3d 400.

224 Id. at 402.

225 Id. at 404, 408.

226 Id. at 411-12.

227 Id. at 409.

228 See infra notes 229 & 231.

229 S&L Vitamins, Inc. v. Australian Gold, Inc., 521 F. Supp. 2d 188, 202 (E.D.N.Y. 2007).

230 Id. at 207.

231 See FragranceNet.com, Inc. v. FragranceX.com, Inc., 493 F. Supp. 2d 545, 550 (E.D.N.Y. 2007) (holding the reasoning of 1-800 Contacts applicable in the keyword and metatag contexts); Site Pro-1, Inc. v. Better Metal, LLC, 506 F. Supp. 2d 123 (E.D.N.Y. 2007) (dismissing for failure to state a claim, since defendant's use of plaintiff's mark in metatags and as triggers for Yahoo! sponsored search is not Lanham Act "use"); Hamzik v. Zale Corp., No. 3:06-cv-1300, 2007 WL 1174863, at *3 (N.D.N.Y. Apr. 19, 2007) ("[M]erely displaying alternative products in response to a computer search on a tradename is not a Lanham Act use."); Merck & Co. v. Mediplan Health Consulting, Inc., 431 F. Supp. 2d 425, 427 (S.D.N.Y. 2006) ("[I]nternal use of the keyword 'Zocor' [as a search keyword that triggers an advertisement] is not use of the mark in the trademark sense ....").

232 Wells Fargo & Co. v. WhenU.com, Inc., 293 F. Supp. 2d 734 (E.D. Mich. 2003); U-Haul Int'l, Inc. v. WhenU.com, Inc., 279 F. Supp. 2d 723 (E.D. Va. 2003).

233 See, e.g., N. Am. Med. Corp. v. Axiom Worldwide, Inc., 522 F.3d 1211, 1216 (11th Cir. 2008); Google Inc. v. Am. Blind & Wallpaper, No. C 03-5340 JF (RS), 2007 WL 1159950 (N.D. Cal. Apr. 18, 2007) (Ninth Circuit); Buying for the Home, LLC v. Humble Abode, LLC, 459 F. Supp. 2d 310 (D.N.J. 2006) (Third Circuit); Edina Realty, Inc. v. TheMLSonline.com, No. Civ 04-4371JRTFLN, 2006 WL 737064 (D. Minn. Mar. 20, 2006) (Eighth Circuit); Gov't Employees Ins. Co. v. Google, Inc., 330 F. Supp. 2d 700 (E.D. Va. 2004) (Fourth Circuit).

234 Axiom Worldwide, 522 F.3d at 1216.

235 Id. at 1216-17.

236 Id. at 1219-20.

237 Id. at 1222 ("[W]e need not decide...whether initial interest confusion alone may provide a viable method of establishing a likelihood of confusion.").

238 Id. at 1224 n.10 ("We note that our holding is narrow....This is...not a case where the defendant's website includes an explicit comparative advertisement (e.g., our product uses a technology similar to that of a trademarked product of our competitor, accomplishes similar results, but costs approximately half as much as the competitor's product).").

239 J.G. Wentworth S.S.C. Ltd. P'ship v. Settlement Funding LLC, No. 06-0597, 2007 WL 30115, at *1 (E.D. Pa. Jan. 4, 2007).

240 Id. at *7.

241 Id. at *6.

242 Id. at *8.

243 Gov't Employees Ins. Co. v. Google, Inc., 330 F. Supp. 2d 700 (E.D. Va. 2004).

244 Id. at 703-04.

245 Id. at 704.

246 Associated Press, Google Settles Last Part of GEICO Trademark Case: Company Avoids Trial that Could Have Disrupted Advertising Network, MSNBC, Sept. 7, 2005, http://www.msnbc.msn.com/id/9247020/.

247 See supra text accompanying note 37 ("The plaintiff must prove that ... the defendant's use of the mark will create confusion concerning the origin of the goods or services.").

248 Playboy Enters. v. Netscape Commc'ns Corp., 354 F.3d 1020, 1034-35 (9th Cir. 2004) (Berzon, J., concurring) ("I do not think it is reasonable to find initial interest confusion when a consumer is never confused as to source or affiliation, but instead knows, or should know, from the outset that a product or web link is not related to that of the trademark holder because the list produced by the search engine so informs him."); Smith v. Chanel, Inc., 402 F.2d 562, 563 (9th Cir. 1968) (holding that diversion by advertisements inviting customers to compare a product to a trademarked product does not violate the law so long as there is no consumer confusion).

249 Two Pesos, Inc. v. Taco Cabana, Inc., 505 U.S. 763, 774 (1992) (noting that the Lanham Act purposes include "secur[ing] to the owner of the mark the goodwill of his business and... protect[ing] the ability of consumers to distinguish among competing producers." (quoting Park 'N Fly, Inc. v. Dollar Park & Fly, Inc., 469 U.S. 189, 198 (1985))); see also J. Patrick Norris, The Sale of Internet Keywords: Trademark Infringement Actionable Under the Lanham Act?, 2 Charleston L. Rev. 889, 893-94 (2008) (describing historical judicial interpretation of the Lanham Act as "expansive").

250 See 15 U.S.C. §1114(2) (2006).

251 §1125(c)(3).

[252] Qualitex v. Jacobson Prods. Co., 514 U.S. 159, 164 (1995) ("[T]rademark law... seeks to promote competition...."); Park 'N Fly, Inc. v. Dollar Park & Fly, Inc., 469 U.S. 189, 193 (1985) ("[T]rademarks desirably promote competition....").

[253] See Smith v. Chanel, Inc., 402 F.2d 562, 565 (9th Cir. 1968) ("[U]se of another's trademark... in comparative advertising is not prohibited... absent misrepresentation... or confusion ....").

[254] Wouters, supra note 46, at 5 ("[M]any search engines seem to be doing as little as possible to comply with FTC recommendations and as much as possible to camouflage the presence of advertising within their search results."); Danny Sullivan, Buying Your Way In: Search Engine Advertising Chart, Search Engine Watch, Mar. 22, 2007, http://searchenginewatch.com/showPage.html?page=2167941 ("[R]esearch on public awareness shows that typical web searchers generally do not recognize the distinction between organic and paid search listings.").

[255] See generally Adam Smith, An Inquiry into the Nature and Causes of the Wealth of Nations (Kathryn Sutherland ed., Oxford Univ. Press 2008) (1776).