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Abandoning Consumer Confusion in Keyword Advertising Trademark Infringement Cases: Proposal for a Modified Dilution Analysis

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My thesis in this comment is that in trademark infringement claims based on Internet keyword advertising, courts should abandon the likelihood of confusion analysis and instead use a modified version of trademark dilution, which would extend dilution to non-famous mark in keyword advertising cases. Keyword advertising on the Internet poses new challenges for courts. To date, there is no uniform method of analyzing whether trademark infringement exists in these cases. Although both U.S. and foreign courts have applied versions of likelihood of confusion tests in this context, all of the decisions fall short of actually protecting what is at stake when trademarks are sold as keywords on the Internet. The damage to trademarks in this context is not necessarily that consumers will confuse one product with another – rather the damage is to the goodwill and value associated with a trademark that another advertiser purchases in order to garner recognition for the advertiser’s own mark. In order to protect the goodwill of trademarks on the Internet, courts must abandon any analysis that calls consumer confusion into question because confusion is nearly impossible to show in these cases and it is not the type of trademark damage at issue. This eliminates both the initial interest confusion doctrine and likelihood of confusion tests. What we are left with is dilution – which was designed precisely to protect the goodwill of trademarks. However in order for dilution to apply in this context, it must be slightly modified and extended.

Part I of this comment will discuss the development of keyword advertising programs and explain how the programs allow advertisers to divert consumer attention away from one another by purchasing protected trademarks. Part II will discuss the background of trademark law in the United States, including its purpose and history, how trademark law is implicated in keyword advertising cases, and how courts are applying trademark law to keyword cases. Part III will discuss why traditional

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trademark infringement tests are ill fit in analyzing keyword advertising claims and my proposal to instead use a modified version of trademark dilution to better deal with these claims in a fair and more consistent manner.

I. SELLING AND PURCHASING TRADEMARKS FOR KEYWORD ADVERTISING ONLINE

Google and other search engines increase their revenue by providing advertising space to individuals and businesses with the use of keyword programs, which provide relevant advertising to site visitors. The programs work by allowing potential advertisers to bid on various terms called keywords that are related to the advertiser’s business.

Keywords are search terms that Internet users enter into search engines to retrieve results relating to that particular term. Terms can be very generic or very specific. For example, conducting a search using the word “beer” will generate a results page which “displays not only a list of Websites generated by the search engine program using neutral and objective criteria, but also links to Websites of paid advertisers (listed as ‘Sponsored Links’).” However displayed above these objectively generated websites, there will appear a shaded “Ads” or “Sponsored Links” box, which displays advertisements for the highest bidders on keywords like “beer.”

It is when Google sells actual trademarks as keywords that trademark law is implicated in this advertising practice. In addition to selling generic terms as keywords, Google also sells trademarks to the highest bidder. Thus in our beer hypo, this would allow an advertiser such as “Budweiser” to bid on the trademark for “Coors”, with the result that “Budweiser” ads would appear any time an internet user searched for “Coors.” The effect of this practice is that advertisers (often those with the most resources) strategically bid on competitor’s trademarks in order to ensure that the advertiser’s trademark will appear instead of the trademark owner’s ad. Google therefore allows competitors to purchase each other’s trademarks precisely to direct Internet users away from one another. In effect, these keyword programs promote behavior that unfair competition laws seek to prevent.

3. See Friedman, supra note 1, at 357.
4. Id. at 363 n.38.
5. See 4 J. Thomas McCarthy, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 23:11.50 (4th ed. 2012); see also Franklyn, supra note 2, at 89; Friedman, supra note 1, at 357.
6. See Franklyn, supra note 2, at 90.
However this advertising method does have obvious benefits for businesses that want to garner more recognition. For example a new or lesser-known business may try to reach consumers by purchasing the trademark of a well-known or established business in the same market in order to bring attention to the new business’s product or service. This strategy also works for the more well-known and established businesses. A company like Starbucks may purchase the trademark of an unfamiliar coffee shop, so that Starbucks’ ads appear whenever someone searches for the lesser-known trademark. Although this marketing strategy works both ways, it is easier for companies with the most resources, like Starbucks, to take advantage of it because of the “nature of the advertising program whereby terms are sold to those who can pay the most.”

Google.com is the most frequently visited website on the Internet and as such, it is one of the biggest venues available to Internet advertisers. Thus, its keyword advertising policies and their legal effects of these policies are far-reaching. Courts both internationally and in the U.S. are split in how they handle trademark infringement claims against a search engine or advertiser that sells or purchases trademarks as keywords.

Some courts use a traditional trademark infringement framework where the court balances several factors to determine a likelihood of confusion; while other courts use a modified likelihood of confusion analysis based on the initial interest confusion doctrine. As I will explain in subsequent sections, both of these strategies create confusion and unpredictability among courts both nationally and internationally.

II. BACKGROUND OF U.S. TRADEMARK LAW

In order to understand why the traditional analysis for trademark infringement is not a good fit in online keyword advertising cases, I will first briefly explain the background of trademark law in the United States. Trademark law in the U.S. stems from unfair competition law, which is based on the core principle that “a man is not to sell his own goods under the pretense that they are the goods of another man.” The Lanham Act provides federal protection to trademarks that are used in commerce by prohibiting trademark infringement and dilution. Section 32 of the Lanham Act provides that infringement occurs when a party “uses in commerce any reproduction, counterfeit, copy, or colorable imitation of a registered mark in connection with the sale, offering for sale, distribution,
or advertising of any goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive. To establish a trademark infringement claim under the Lanham Act a plaintiff must show that there is a likelihood of confusion between defendant’s mark and plaintiff’s mark. This is the core element of a traditional trademark infringement claim. The test for determining whether there is a likelihood of confusion between two marks involves the balancing of several factors. Most courts apply a version of the Ninth Circuit’s eight-factor test derived from AMF, Inc. v. Sleekcraft Boats. The test set forth in that case requires courts to consider:

1. similarity of the conflicting marks;
2. proximity of the two companies’ products or services;
3. strength of the plaintiff’s mark;
4. marketing channels used by the two companies;
5. degree of care likely to be exercised by purchasers in selecting goods;
6. defendant’s intent when selecting the mark;
7. evidence of actual consumer confusion; and
8. likelihood of expansion of product lines.

Due to the unique issues that online keyword advertising triggers, some courts recognize an alternative to the traditional likelihood of confusion analysis by applying the initial interest confusion doctrine to find a likelihood of confusion. This doctrine allows courts to find infringement based upon the confusion that initially captures a customer’s interest, thereby diverting the customer. This type of analysis purports to reject multi-factored tests to determine confusion, and tries instead to focus on the potential for consumer diversion. The doctrine basically establishes that “confusion occurs when a consumer’s interest is diverted from the site for which he was searching, site A, to another website, site B, due to the fact that site B has included the trademarks of site A in its metatags or has purchased site A’s trademarks as search terms.” Thus, even absent consumer confusion as to the source of website B, likelihood of confusion can still be established because that website improperly

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15. See Friedman, supra note 1, at 370.
16. Id. at 371.
17. See id.; see also AMF Inc. v. Sleekcraft Boats, 599 F.2d 341, 348-49 (9th Cir. 1979).
18. AMF Inc., 599 F.2d at 348-49.
20. Nissan Motor Co. v. Nissan Comp. Corp., 378 F.3d 1002, 1018 (9th Cir. 2004) (“As we hypothesized initial interest confusion in Brookfield, it would occur if Blockbuster Video put up a billboard that advertised West Coast Video at Exit 7, when in actuality West Coast was located at Exit 8, but Blockbuster was at Exit 7. Customers looking for West Coast would leave the freeway at Exit 7, but after not finding it, rent from Blockbuster rather than reentering the freeway in search of West Coast. Customers are not confused that they are renting from Blockbuster instead of West Coast, but Blockbuster misappropriates West Coast’s acquired goodwill through the initial consumer confusion.”).
21. See Friedman, supra note 1, at 371; see also 4 Mccarthy, supra note 5, § 23.6.
22. See Friedman, supra note 1, at n.101.
benefitted off of another trademark holder’s goodwill. Courts apply this doctrine to prevent this type of “bait and switch” free riding.

Unlike traditional trademark infringement claims, trademark dilution claims do not require a showing of likelihood of confusion. The Federal Trademark Dilution Act provides protection for dilution by blurring and dilution by tarnishment. The underlying rationale of the dilution doctrine is to prevent the gradual whittling away of the value and goodwill associated with a trademark. However, as it stands, the FTDA only provides a cause of action for dilution of famous marks that are distinctive. The FTDA, as incorporated in the Lanham Act, provides:

Subject to the principles of equity, the owner of a famous mark that is distinctive, inherently or through acquired distinctiveness, shall be entitled to an injunction against another person who, at any time after the owner’s mark has become famous, commences use of a mark or trade name in commerce that is likely to cause dilution by blurring or dilution by tarnishment of the famous mark, regardless of the presence or absence of actual or likely confusion, of competition, or of actual economic injury.

I maintain that it is more important in keyword advertising cases to focus on a defendant’s intent and the harm to a trademark’s inherent value and goodwill rather than on confusion. The development of the initial interest doctrine hints that courts are ready to move in this direction because although confusion is still technically part of the analysis, the doctrine as a whole focuses more on the goodwill of a mark in finding infringement. An examination of the history, purpose, and goals of trademark law even further supports the argument for protecting the goodwill of trademarks. This argument holds the greatest weight in keyword advertising cases where confusion is nearly impossible to prove and where original trademark law had no opportunity to contemplate.

A. PURPOSE AND HISTORY OF TRADEMARK LAW

Trademark law was created with two purposes in mind: to prevent consumer deception and to protect the goodwill and quasi-property rights of trademark owners. In analyzing trademark claims, courts today often focus on the function of a trademark to distinguish the source of goods and prevent consumer confusion with competing goods. However courts often fail to recognize and give credit to the second and just as important goal of trademark law, which is to protect the goodwill of trademark owners.

It may be reasoned, and I argue that, when an individual or company

23. Id.
24. See id. at 372–73; see also 4 McCarthy, supra note 5, § 24:69.
26. See Friedman, supra note 1, at 373.
27. 15 U.S.C. § 1125(c) (2006); see also Friedman, supra note 1, at 373.
29. See Friedman, supra note 1, at 375.
invests hard work, time, and money in creating and promoting a business (whether it be a product or a service), that person or company is contributing to economic growth through the marketing of the goods or services. It is this economic growth that intellectual property law should seek to promote and maintain. In order to align trademark law with this basic policy goal, the law must give some protection to the goodwill associated with trademarks in the online context, regardless of the presence of confusion. Thus, focusing on a defendant’s intent in misappropriating the goodwill of a trademark and the intent to deceive consumers, rather than whether consumers are actually deceived, realigns this type of litigation with the goal of protecting the interests of trademark owners.

B. PURPOSE AND HISTORY OF DILUTION SPECIFICALLY

The purpose of the dilution provision is to protect against the whittling away of a trademark’s value through its use on collateral products. In bringing a dilution claim, the plaintiff does not have to show a likelihood of confusion to succeed, however the mark that the plaintiff is trying to protect must be a famous mark. When the Federal Trademark Dilution Act was first introduced, the only reason that trademarks were used on collateral products was because the trademarks being used had already acquired significant value through their fame. Thus the infringing user’s only purpose of using that famous mark was to free ride off of its goodwill and already-established reputation. So even absent a likelihood of confusion between marks, if the mark is famous, the trademark holder can still potentially succeed on a trademark dilution claim.

Frank Schechter, the man credited for introducing the concept of trademark dilution, examined the goals of trademark law and the function of trademarks to advocate for dilution. In his article, Schechter stresses that the creation and retention of goodwill, rather than the designation of source, is the primary purpose of trademark today, and the preservation of the uniqueness and value of the mark is “of paramount importance to its owner.” He explains that it is the gradual whittling away of a mark’s value that trademark law seeks to protect and that the degree of a mark’s protection should depend upon the extent to which, through the efforts of its owner, it is actually unique and different from other marks.

It should be noted that Schechter never mentioned a fame requirement in giving dilution protection to marks. Further, this fame requirement did not exist in the original state dilution statutes. According to Dr.

30. See id. at 373.
32. Id. at 822.
33. Id. at 830–31.
35. 4 Louis Altman & Malla Pollack, Callmann on Unfair Competition,
Callmann, author of *Callmann on Unfair Competition*, the fame of a mark should not be the central issue in a dilution claim, “for the essence of the wrong is the impairment of its advertising effectiveness, i.e., its impact as a selling tool.” An overview of recent case law where courts have used both the traditional likelihood of confusion analysis and the initial interest doctrine will further illustrate the need to step away from confusion and move toward dilution.

C. APPLYING U.S. TRADEMARK LAW TO KEYWORD ADVERTISING CASES

1. *Playboy Enterprises, Inc. v. Netscape Communications*[^37]

   The first adjudicated keyword banner advertising case was *Playboy Enterprises, Inc. v. Netscape Communications*.[^38] There, Playboy Enterprises sought a preliminary injunction against Netscape Communication’s search engines for selling Playboy’s trademarked terms “playboy” and “playmate” as keyword advertising. When Internet users typed either one of the terms into Netscape’s search engine, a paid advertisement of a seller of adult entertainment services would appear.[^39] Playboy argued that the sale and purchase of its trademarks amounted to trademark infringement, regardless of whether the terms “playboy” or “playmate” actually appeared in the text of the ad.

   The court rejected Playboy’s claim primarily because Playboy could not show a likelihood of confusion since the words “playboy” and “playmate” were not purchased as trademarks and were generic words in the English language. This reasoning is problematic in that although the words do have meaning in the English language, Netscape was in fact using them as trademarks by selling the words only to companies that advertise in the adult entertainment industry.[^40]

   The court also rejected Playboy’s claim in part because Playboy did not compete with Netscape’s search engine. Thus, had Playboy brought a claim against the actual advertiser itself, the outcome may have been different. Regardless of the validity of the court’s reasoning however, this case should not be used as precedent in rejecting all keyword advertising cases. The problems inherent in the court’s analysis illustrate the decision’s limited applicability and these problems cannot be solved using a traditional trademark infringement framework.

   Trademark infringement claims are inherently fact-specific because of the nature of the multi-factored tests employed by individual courts. Thus

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[^37]: *Id.*

[^38]: *Playboy Enters., Inc. v. Netscape Commc’ns*, 354 F.3d 1020 (9th Cir. 2004).

[^39]: *See id.; see also Saunders, supra* note 12, at 558.

[^40]: *See Saunders, supra* note 12, at 559.

[^41]: *See Gregory Shea, Trademarks and Keyword Banner Advertising, 75 S. Cal. L. Rev. 529, 545 (2002).*
in keyword advertising cases it all comes down to the opinion of fairness as seen through the eyes of one court applying an ill-fit test. The fact that confusion will likely never be found in keyword advertising cases because the actual trademarks themselves are not included in the text of the infringing ads should not stop the infringement inquiry. An analysis of court decisions on this topic reveals that when it comes down to it, an infringement analysis only leads to the greater policy question of whether selling trademarks is fair competition because it presents consumers with alternatives, or if it is unfair competition because it allows one person to benefit off of another’s goodwill.

2. Rosetta Stone Ltd. v. Google, Inc. 41

One of the most recent adjudicated keyword advertising cases is Rosetta Stone Ltd. v. Google, Inc. Rosetta Stone is a provider of technology-based language learning products and brought a claim against Google for trademark infringement claiming that Google actively assisted third-party advertisers to mislead consumers and misappropriate Rosetta Stone’s trademarks by selling them as search engine keywords. 42 Although this case was brought against the search engine rather than the advertisers that bought the keywords, it is important to this discussion because the way that the court analyzed consumer confusion is similar to cases brought against advertisers.

The court found that three factors were at issue: (1) defendant’s intent; (2) actual confusion; and (3) the consuming public’s sophistication. 43 The court sidestepped the intent issue because Google does not sell any products and thus does not intend to “palm off its goods as those of Rosetta Stone’s.” 44 The court next found no evidence of actual confusion and also determined that the relevant market (buyers of Rosetta Stone’s products) tended to demonstrate that these particular consumers have the expertise and sophistication to distinguish between the advertisements (i.e. “Sponsored Links”) and the actual objectively-generated Google results. 45 Further, the court held that Google could not be liable for trademark dilution because it does not actually sell language-learning software; it merely sells advertising to other companies that sell the software. The case was dismissed by the Virginia district court. 46

The U.S. Court of Appeals for the Fourth Circuit recently overturned much of the lower court’s findings and reinstated the trademark infringement and dilution claims because “a reasonable trier of fact could find that Google intended to cause confusion in that it acted with the knowledge that confusion was very likely to result from its use of the

42. Id. at 534.
43. Id. at 541.
44. Id.
45. Id. at 544-45.
46. Id. at 552.
This case will have a great effect on the outcome of future keyword advertising cases because if the court does find that Google can be found liable for infringement, it will be even easier for plaintiffs to show that the actual advertisers are liable for trademark infringement as well. However it appears as though the Fourth Circuit will continue to analyze this issue under likelihood of confusion, which is most likely why the lower court’s decision was reversed—a confusion analysis simply poses too much, for lack of a better word, confusion. Although Rosetta Stone is definitely a case to look out for, for the sake of this thesis, it is important to examine other court decisions where the advertisers are the defendants.

3. Australian Gold Inc. v. Hatfield

In Australian Gold Inc. v. Hatfield, the court purported to recognize and to accept the initial interest confusion doctrine as a method of proving trademark infringement, however it circled back to the same question of consumer confusion. There, the plaintiff sold tanning bed lotions and held trademarks in its lotions. The defendants operated a website where they would resell the plaintiff’s products without the plaintiff’s authorization. The defendants bought the trademarks of two of the plaintiff’s lotions from Overture.com so that the defendant’s website would be among the first three listed when customers searched for the trademarks. The plaintiffs sued for trademark infringement, amongst various other claims.

The court recognized that “[i]nitial interest confusion in the Internet context derives from the unauthorized use of trademarks to divert Internet traffic, thereby capitalizing on a trademark holder’s goodwill.” The court then applied the concept of the initial interest confusion doctrine to this case and determined that it did apply because paying Overture.com for the plaintiff’s trademarks was an attempt to divert consumers to the defendant’s websites. However, after recognizing that initial interest confusion was in fact present in this case, the court decided to “evaluate plaintiff’s claim for initial interest confusion according to the six-prong test [it] announced in Sally Beauty Co. v. Beautyco, Inc.” This six-prong test that the court purported to use to evaluate the initial interest confusion claim is merely a traditional likelihood of confusion balancing test and does not take into account initial interest confusion or diversion. Thus even

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48. Australian Gold, Inc. v. Hatfield, 436 F.3d 1228 (10th Cir. 2006).
49. Id.
50. Id. at 1232. It is important to note that the reselling of these products was unauthorized. Had the website been an authorized reseller of the tanning lotions, the fourth factor in my proposed dilution modification would come into play and dilution would not be present.
51. Id. at 1233.
52. Id. at 1239.
53. Id.
54. Id. at 1239.
though the defendants intended to divert consumers, because the plaintiffs could not show any actual consumer confusion, they lost on this claim.

This case is illustrative of the problems that both initial interest confusion and likelihood of confusion cause in keyword advertising and Internet cases. There is no clear test in applying the initial interest confusion doctrine and the only one that courts have fashioned thus far, is almost identical to the likelihood of confusion balancing tests. The only difference is that courts recognize that initial interest confusion is “possible” but they never truly analyze whether this possibility is actually present.

4. Storus Corp. v. Aroa Marketing, Inc.55

Similar to Australian Gold, Inc., a court in the Northern District of California recognized the presence of initial interest confusion, but segued straight into a traditional likelihood of confusion analysis without any modifications for initial interest confusion. In Storus Corp. v. Aroa Marketing, Inc., both the plaintiff and the defendant sold money clips. The plaintiff held a trademark in the name “Smart Money Clip” and the defendant bought this trademark through Google’s AdWords program.56

After discussing the concept of initial interest confusion and accepting that it could be present in that case, the court, in determining whether the defendant’s use created initial interest confusion, applied the traditional Sleekcraft factors.57 The only modification to this analysis was the recognition that in the Internet context, the first three Sleekcraft factors are the most important, and where the “factors of the [I]nternet trilogy’ weigh against the defendant, a finding of likelihood of confusion is proper unless the defendant shows the remaining Sleekcraft factors ‘weigh strongly against a likelihood of confusion.”58 This “modification” does nothing to change or mold the analysis to keyword advertising cases except to focus it on three of the already-existing factors. However these factors were created for the purpose of traditional likelihood of confusion claims, not for initial interest confusion claims. Thus this case is yet another of many keyword advertising and Internet cases that fail to properly analyze initial interest confusion.

D. FOREIGN TRADEMARK LAW AS APPLIED TO KEYWORD ADVERTISING CASES

Due to the far-reaching ramifications of intellectual property on the Internet, it is important to look to foreign law to analyze and possibly borrow from its concepts and decisions. Some keyword advertising cases in

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56. Id. at *4.
57. Id. at *3–4.
58. Id. (quoting Perfumebay.com v. eBay Inc., 506 F.3d 1165, 1174–75 (9th Cir. 2007)).
Europe are referred to the European Court of Justice ("ECJ"), because the European Union’s position on whether keyword advertising constitutes use in commerce and whether search engines like Google infringe trademark law by selling trademarks as keywords, has been largely unsettled in European Courts.\(^5\) However on March 22, 2010, the ECJ issued an opinion on three keyword advertising cases that were referred to the ECJ by French Courts.\(^6\) The ECJ’s opinion was that Google’s sale of trademarks as keywords to the highest bidder does not constitute trademark infringement.\(^7\) However, Google is only shielded from liability until a trademark owner notifies Google of the infringing ads, in which case Google must promptly remove the infringing ad.\(^8\) Further, the ECJ held that the actual advertisers who purchase the trademarks could still be held liable under likelihood of confusion tests but that it is “up to national European Courts to decide consumer confusion issues on a case by case basis.”\(^9\)

This cursory examination of how European law deals with Internet and keyword advertising cases only further solidifies the fact that the law, both national and foreign, has no clear way of dealing with these cases and until it does, there will be widespread confusion among courts and among advertisers.

### III. WHY LIKELIHOOD OF CONFUSION IS NOT A GOOD FIT AND DILUTION IS

#### A. DEVELOPMENT OF INITIAL INTEREST DOCTRINE IN APPLYING LIKELIHOOD OF CONFUSION SHOWS MOVEMENT AWAY FROM CONSUMER CONFUSION

As shown by an analysis of the previously discussed U.S. cases, the initial interest doctrine has become the most common method of analysis in this area of law.\(^{10}\) The development of the doctrine was a response to cases where consumers were initially confused about the source or affiliation of a product but where that confusion disappeared before any type of purchase. Courts created this doctrine because this type of confusion “affect[s] the buying decisions of consumers in the market for the goods, effectively allowing the competitor to get its foot in the door by confusing consumers.”\(^{11}\) "This confusion, or mistaken beliefs as to the companies’ interrelationships, can destroy the value of the trademark which is intended

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59. See Friedman, supra note 1, at 389–91.
60. Franklyn, supra note 2, at 89.
61. Id. at 90–91.
62. Id.
63. Id. at 91.
64. See Hernandez, supra note 11, at 206.
65. See id. (quoting Dorr-Oliver, Inc. v. Fluid-Quip, Inc., 94 F.3d 376, 382 (7th Cir. 1996) (discussing different principles in establishing a likelihood of confusion)).
to point to only one company.” 66

The doctrine is the courts’ attempt at providing protection to the trademark holder’s goodwill, even if confusion is brief. 67 This indicates that courts are beginning to step away from requiring a traditional showing of consumer confusion in order to succeed on a claim. Rather, they are moving in a direction that protects the inherent value of a mark and the goodwill of the mark’s owner, regardless of the presence of consumer confusion.

B. EXTENDING DILUTION PROTECTION IS SUPPORTED BY THE PURPOSE AND HISTORY OF DILUTION

The above examination of how U.S. courts have dealt with keyword advertising cases thus far clearly illustrates the unsuitable fit between these types of claims and traditional trademark infringement concepts, specifically, the likelihood of confusion requirement. As previously discussed, the use of dilution as a cause of action completely avoids the sticky issue of actual confusion, making it an attractive choice for plaintiffs bringing keyword advertising claims. Without the obstacle of having to prove confusion where the purchased trademark is never actually seen by consumers, plaintiffs would have a much easier time succeeding on their claims. However, the issue then boils down to whether the mark seeking protection is famous enough to bring a claim for dilution. This is precisely why I suggest that the fame requirement in dilution cases be modified in the Internet keyword context.

It is central to this argument to reiterate that the purpose of the dilution provision is to protect against the whittling away of a trademark’s value through its use on collateral products. In bringing a dilution claim, the plaintiff does not have to show a likelihood of confusion to succeed, however the mark seeking protection must be a famous mark. 68 When the Federal Trademark Dilution Act was first introduced, the primary purpose of using another person’s trademark on collateral products was because that trademark had already acquired significant value through its fame. Thus the infringing user’s only purpose of using that famous mark was to free ride off of the mark’s goodwill and already-established reputation. So even absent a likelihood of confusion between marks, if the mark is famous, the trademark holder could still potentially succeed on a trademark dilution claim. Again though, these claims are limited to famous marks.

66. See id. (quoting Grotrian v. Steinway & Sons, 523 F.2d 1331, 1342 (2d Cir. 1975) (“The issue here is not the possibility that a purchaser would buy a Grotrian-Steinweg thinking it was actually a Steinway or that Grotrian had some connection with Steinway and Sons. The harm to Steinway, rather, is the likelihood that a consumer, hearing the “[G]rotrian-Steinweg” name and thinking it had some connection with “[S]teinway,” would consider it on that basis. The “[G]rotrian-Steinweg” name therefore would attract potential customers based on the reputation built up by Steinway in this country for many years.”)).

67. See Paparella, supra note 19, at 369.

68. 15 U.S.C. § 1125 (2006); see also Friedman, supra note 1, at 372.
However with the advent of the Internet and the sale of trademarks for keyword advertising, competitors (and even non-competitors) now have more of a reason to use another person’s trademark other than just for the mark’s fame. This new reason is the incentive to divert consumers’ attention away from one mark and in the direction of another, by purchasing specific trademarks as keywords. Thus, even if a particular trademark is not famous, potential online advertisers still have a reason to use these non-famous marks as keywords because the use directs consumers to the advertiser’s product or service – fame or no fame. The original purpose of the dilution provision as codified in the Lanham Act did not have the opportunity to contemplate this new type of trademark use.69

I argue that in its enactment, had the FTDA contemplated the sale and purchase of trademarks as keywords on the Internet, it likely would have considered extending dilution protection to non-famous trademark holders in this context. To support this argument, I will first explain how dilution by blurring actually occurs in this context. Dilution in effect gives trademark holders quasi-property rights in their trademarks. The continuing use of a plaintiff’s mark will inevitably have an adverse effect on the value of the plaintiff’s mark, and if the plaintiff cannot prevent such use, the plaintiff’s mark will eventually be deprived of all of its distinctiveness. It is this type of dilution that threatens the mark’s advertising value by blurring its product identification, thus transforming the mark into an unprotected generic mark or a very weak mark with limited protection.70 “Rather than the immediate harm like likelihood of confusion, dilution is a kind of cancer, which if allowed to spread, will gradually destroy the advertising value of the mark.”71

Taking into account these basic dilution principles, it is evident why it is necessary and fair to extend dilution protection to non-famous marks in the keyword advertising context. When an Internet user types a specific famous or non-famous trademark into a search engine, he is clearly looking for the specific product or service identified with that mark. However if another company has purchased the trademark that the user seeks to find, the search for that specific mark will result in a plethora of advertisements from different companies, thereby eventually decreasing the original mark’s value and uniqueness in the eyes of the consumer.72 Thus regardless

69. See Friedman, supra note 1, at 379 (“With courts now in agreement that the use of trademarks in this context does qualify as an actionable trademark use, infringement claims now will boil down to the question of whether the sponsored link at issue causes a likelihood of consumer confusion.”).
70. CALLMAN, supra note 35, § 22:17.
71. Id.
72. In addition to blurring the trademark’s value, this type of keyword advertising and its dilutive effects are also at odds with consumer welfare protection concepts. When consumers type a trademark into a search engine expecting and, more importantly, wanting to find that specific product, it can become frustrating and time-consuming for that consumer to distinguish between websites that actually sell the product and those that are simply paid advertisements. Society seeks to promote an efficient and fair marketplace for consumers and businesses alike, and when this type of bait and switch advertising occurs, both consumer welfare and business welfare are at risk. See 4 MCCARTHY, supra note 5, §
of fame, keyword advertising damages the mark’s value as a symbol and it is this damage of value that dilution seeks to prevent.

Further, Judge Posner has indicated that there may be a “residual form of dilution other than blurring” that is especially relevant in this context. 73 This form of dilution is one that is “triggered by a junior user taking a free ride on a famous trademark.” 74 Professor Franklyn has made a similar argument, asserting that rather than preventing damage to a mark, American dilution law is more about preventing free riding on trademarks. 75 Whether dilution law seeks to protect the damage of blurring or whether it seeks to prevent free riding, trademarks in the keyword context should qualify for protection because they are be damaged in either case.

C. MODIFYING DILUTION TO ENCOMPASS THE INITIAL INTEREST DOCTRINE AND FOCUS ON INTENT

Having established the support for a modified dilution cause of action in these cases, this comment will now propose what that modification should look like. This proposed test would use concepts from traditional trademark law, traditional dilution claims, and the initial interest confusion doctrine. In order for a trademark in these cases to qualify for dilution protection, the mark must have some degree of distinctiveness. Rather than requiring fame, this modification will take the spectrum of distinctiveness used in granting trademark protection in general, and apply it to the dilution context. Arbitrary, fanciful, suggestive, and descriptive marks with secondary meaning will qualify for this cause of action. However generic and merely descriptive marks will not.

The justification for leaving generic and merely descriptive marks out of the realm of this new protection is that generic and descriptive marks consist of common words in the English dictionary. Computer users will often type these common words into a search engine for the purpose of finding anything related to the common and generic meaning of those words, rather than typing the words into a search engine to find the specific trademark associated with them. Thus, it would be unfair to disallow all advertisers from purchasing these generic keywords that may be related to many different businesses, just because someone’s trademark happens to contain the common word. In contrast, when a computer user types a trademark into a search engine where the trademark is arbitrary, fanciful, suggestive, or has a high degree of secondary meaning, it is much more

24:72 (“There is an argument that economic theory teaches that dilution has the potential to harm consumers. That is, there is possible harm to both consumers and mark owners if a once-unique designation loses its uniqueness. The argument is that this makes it harder for consumers to link that designation with a single source—the hallmark of a strong trademark. Under this theory, dilution increases the consumer’s search costs by diffusing the identification power of that designation.”).

73. See 4 McCarthy, supra note 5, § 24:72.
74. Id.
75. Id.
likely that the user is actually seeking out those particular marks.

Once it has been established that the trademark at issue qualifies for a dilution claim, the next step in the modified dilution analysis borrows from the existing dilution statute. A court must next determine the extent to which the owner of the mark is engaging in substantially exclusive use of the mark.\textsuperscript{76} In other words, once it is determined that a mark is distinctive enough, if the trademark holder is not engaging in substantially exclusive use of the mark or if the trademark holder has failed to stop others from using its mark, it will lose protection in this context.

The third and most important factor in this modified analysis borrows from both dilution law and the initial interest confusion doctrine. It requires a showing of whether the user or purchaser of the mark intended to divert consumer interest by creating association with the mark or the mark’s products or services.\textsuperscript{77} “[Intent] should be given special prominence in the keyword advertising context, because of the quasi-bad faith nature of using another’s trademark – and its goodwill – to promote a competing business.”\textsuperscript{78} This factor is an easy one to meet because the very purpose behind purchasing trademarks as keywords is to divert consumer interest to an advertiser’s product or service. Thus once a trademark holder meets the first two factors, he will almost always meet this factor.

The fourth factor is a showing of any actual association between the purchased mark and the purchaser’s mark.\textsuperscript{79} This factor is in essence, a defense to the modified dilution cause of action that is integrated into the test itself of whether a mark qualifies for protection under this claim. If the advertiser that purchased the trademark at issue actually legally sells the purchased trademark (e.g. Target sells Coca-Cola), the advertiser will not be held liable under this cause of action. This is a form of nominative fair use. If a plaintiff satisfies the first three factors and the fourth factor shows no association between the purchased mark and the purchaser’s mark, he will have shown dilution by blurring in the Internet context.

\textbf{IV. CONCLUSION}

Keyword advertising on the Internet provides a unique set of problems for courts to deal with in applying trademark law. Both U.S. courts and foreign courts have grappled with the issue of whether this practice actually constitutes trademark infringement and if it does, what type of test to apply and how to apply it. The furthest that U.S. courts have come thus far is recognizing the applicability of the initial interest confusion doctrine in cases like this, but continuing to use traditional methods of likelihood of confusion tests. Most, if not all, courts dealing with keyword advertising claims purport to use the initial interest confusion doctrine, however in

\textsuperscript{78} See Friedman, supra note 1, at 383.
each of those decisions, the case still boils down to a showing (or rather more often a non-showing) of some kind of actual or likelihood of consumer confusion. If courts continue to use these tests in keyword advertising cases, the rights of trademark owners will never be vindicated because it is nearly impossible to prove a likelihood of confusion where the infringing advertisements do not contain the purchased trademark in the actual text of the ad.

A study of U.S. dilution law shows that its purpose and history support an extension of dilution protection in the keyword advertising context. The purpose of dilution law is to protect against the whittling away of a trademark’s value through its use on collateral products. Pre-Internet and keyword advertising days, the only reason to use another’s trademark on a collateral product was to free-ride off of the already-acquired fame of the trademark. Thus dilution laws sought to allow for a finding of trademark infringement for these famous marks because even absent a finding of consumer confusion, they were being harmed. However with the advent of the Internet and the sale of trademarks as keywords in search engines, junior trademark users now have a reason to use other trademarks as keywords other than just for their fame. If a trademark, famous or not famous and competitive or non-competitive, is related in any way to an advertiser’s product or service, that advertiser has incentive to buy the trademark as a keyword in order to direct consumers to his website instead of the trademark owner’s. As argued in detail in the above sections, had this new practice been contemplated prior to the enactment of U.S. dilution laws, an extension to marks other than just famous ones would likely have been granted.

This comment does not attempt to argue that keyword-advertising practices are inherently illegal or that there is no room for them in trademark law. Rather, I take a similar position as the European Court of Justice in agreeing that keyword advertising programs like Google’s do not constitute trademark infringement. However, this is not to say that the advertisers’ practice of purchasing the trademarks falls outside of the realm of trademark infringement.

Trademark owners in the U.S. do not have the same protection as trademark owners in Europe in that in the U.S., Google is not required to promptly remove infringing advertisements when notified by trademark owners. Thus the only available legal route for trademark owners in the U.S. is to bring claims against bidder/advertisers. I argue that it is only when these claims satisfy my proposed modified dilution provision, that keyword advertising actually constitutes trademark infringement. Dilution is the most appropriate cause of action in these cases. That being sad, I will reiterate the factors that courts should rely on in analyzing keyword advertising cases with dilution law: (1) the degree of the mark’s distinctiveness – arbitrary, fanciful, suggestive, or descriptive with

80. 4 McCarthy, supra note 5, § 24:69.
secondary meaning qualify; (2) the extent to which the owner of the mark is engaging in substantially exclusive use of the mark; (3) whether the user or purchaser of the mark intended to divert consumer interest by creating association with the mark or the mark’s products or services; and (4) any actual association between the purchased mark and the purchaser’s mark.