

## WHO WINS THE GAME OF METATAG?

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Two recent decisions in the Southern District of New York highlight the limitations of a test for trademark infringement on the Internet recently adopted by the Ninth Circuit. While some version of the so-called "initial interest confusion" rule, or a new test entirely, is clearly needed to address certain types of wrongdoing on the Internet, the cases demonstrate the difficulty of formulating such a standard test.

The Ninth Circuit decision addressed the mechanism by which trademarks can be used to drive traffic towards a particular website. Consumers primarily use search engines to locate web sites on the Internet; search engines scan "metatags", coding embedded in the non-visible code of a website, to determine if the subject covered by the website matches the consumer's search terms. The wording of metatags is entirely up to the creator of a website; hence, website creators have the ability to insert others' trademarks as metatags to help drive interested viewers to their website.

### Moviebuff v. Moviebuff.com

In late 1999, the Ninth Circuit's Brookfield decision established that using another's trademark in a metatag caused a brand of confusion dubbed "initial interest" confusion, and thus constituted trademark infringement.<sup>2</sup> Under Brookfield, when a consumer is led to a particular site via the use of metatags that divert the consumer from the site he or she intended to find, initial interest confusion occurs, even though the consumer quickly becomes aware that the website does not come from the trademark owner.

The concept of initial interest confusion originated in the Second Circuit in a more traditional retail context. The Ninth Circuit noted that numerous courts have held that infringement may occur even in the absence of any actual sale. The Second Circuit cases concerned "posting a sign with another's trademark in front of one's store." A customer may quickly realize that they have been diverted to the wrong store, but such diversion capitalizes on the original trademark owner's goodwill and raises the possibility, if not the likelihood, that, if directed to a site selling competing goods and services, the customer may simply buy those goods and services.

Brookfield took the lead in applying this doctrine to the Internet. The Brookfield court analogized the use of trademarks in metatags as akin to posting road signs bearing that trademarks adjacent to a highway, in order to induce drivers to leave the highway at the wrong exit. The Ninth Circuit recognized that a consumer looking for automobiles who is diverted to a site selling televisions would likely resume the search for the original site. This test apparently prevents any use of another's trademark in a metatag, so long as the products or services offered by the website to which a consumer is diverted are somewhat competitive with those offered by the trademark owner. The question in metatag use therefore raises the issue of when websites are competing.

#### **NYSSCPA.ORG V. NYSSCPA.COM**

The first of the two recent decisions in the Southern District applied the Brookfield "initial interest" analysis to domain names that are identical or virtually identical to another party's registered trademark.<sup>3</sup> The defendant operated a website at "www.nysscpa.com" offering employment placement services in financial, accounting and other professions. Defendant's home page clearly stated that it was not affiliated with plaintiff, and offered a hyperlink to plaintiff's site at "www.nysscpa.org". The court examined the traditional Polaroid factors for trademark infringement, and stated that plaintiff and

defendant were not in direct competition. However, the court then held that for an audience of "Internet users who are searching for a web site that uses plaintiff's mark as its address", defendant's domain name would cause diversion to defendant's site; thus, such users would be "confused, even if only momentarily, and then resume trying to find the Society's actual site." On this basis, the Court ruled that the plaintiff had established a likelihood of confusion.

This ruling reaches a similar conclusion to Brookfield, albeit via a different route. Both courts found there was an infringement by reason of a momentary confusion, despite the consumer's ability to understand the difference between the parties prior to making any purchase. Brookfield, however, applied a traditional Polaroid-type analysis to the issue of use of a trademark in a domain name; found that the parties in that case were in competition; and found that there was a likelihood of confusion. The Brookfield court turned to initial interest confusion when considering the use of trademarks in metatags, (although stating that this analysis may apply to other uses). However, the court limited the possibility of infringement via initial interest confusion to situations where there is competition between the parties.<sup>4</sup>

Courts may therefore conclude that the Ninth Circuit's initial interest confusion test is now being applied in this circuit, although the NYSSCPA case adopted the view that competition exists if there is competition between the websites. This, combined with the Brookfield initial interest analysis, would mean that any trademark owner could prohibit any use of its trademarks in any website.

### **Big Star.com v. Next Big Star.com**

More recently, another court took a different approach. The case involved businesses allegedly competing on-line - the plaintiff at "www.bigstar.com" and the defendants at "www.nextbigstar.com".<sup>5</sup> Notably, there was no allegation that defendants used plaintiff's trademark in

metatags, or that there was any intentional diversion of customers to defendants' site. Denying plaintiff's motion for preliminary injunctive relief, the Court analyzed the initial interest doctrine. The Court turned to the Second Circuit's earlier non-Internet decisions to frame the discussion, noting that initial interest confusion derives "from just a particular variety of potential customer confusion and that the analysis to be applied to gauge the likelihood of such confusion rest[s] on the same Polaroid factors which guide[s] the appraisal of other recognized forms of trademark infringement confusion".<sup>6</sup>

Plaintiff argued that customers searching for plaintiff on the Internet might use a search engine to find it. Because of the similarity of the parties' names -- Big Star Entertainment, Inc. and Next Big Star, Inc. -- plaintiff reasoned that consumers might be directed to defendants' site and, in the court's words, "assume that defendants' website is somehow associated with the plaintiff's and that they may decide to remain at defendants' site". The Southern District sharply disagreed with this theory, saying that consumers diverted to the wrong website know almost immediately that they are patronizing a different party's site than they intended to reach. Interestingly, the Court concluded that Internet users are more likely to be sophisticated consumers, in part by reason of the technical hardware and expertise needed to navigate the Internet, and partly by reason of the need for a credit card (and thus presumably a bank account) in order to be able to shop online. The Southern District concluded that the domain names were dissimilar and there was no intentional or knowing diversion, so there was no initial interest confusion.<sup>7</sup> Thus, Big Star points up some of the limits of the initial interest confusion test.

### **The Limits of the "Initial Interest" Confusion Test**

As the Southern District cases point out, widespread use of initial interest confusion analysis might result in much broader trademark protection. Taking the NYSSCPA case to its logical

extreme, anyone who registers and uses a domain name that incorporates another's trademark -- regardless of whether the mark is descriptive or suggestive, and regardless of how dissimilar the parties' services are -- is always in competition with the trademark holder, because use of the mark in the domain name will cause initial confusion among those looking for a website -- and all websites are in competition for viewers. If the NYSSCPA holding continues as good law, it could severely limit the usefulness of the International Class system for categorizing different (non-competing) goods and services. NYSSCPA also indicates that the more limited classifications of top level domains or TLD (such as ".net", ".org" and ".cc", etc.) do not serve as a replacement class system, as the trademark owner can prevent use of its trademark not only in the ".org" TLD, but also in the ".com" TLD. The anticipated addition of other generic TLDs may, in time, alleviate this problem.

The analyses of Brookfield and NYSSCPA are primarily addressed towards use of marks as second level domain names (SLDs). Given that consumers already tend to assume that a corporation's website has the same name as its best known trademark,<sup>8</sup> there is much logic to a body of law that vigorously protects misleading use of marks as SLDs. SLDs function as the indicator of source; in fact, when an Internet user "guesses" at the Internet address of a well-known trademark owner, the only indication as to whether the guess is correct is the web page accessed; and a competing web page will undoubtedly gain readership and thus takes advantage of the trademark owner's name and fame. However, as the Big Star case points out, all of this is subject to a standard likelihood of confusion analysis.<sup>9</sup>

Contrast the situation of the use of a trademark in metatags, however. Although Brookfield explicitly applies initial interest confusion analysis to use generally, metatags are not designed to be identifiers of the source of such a website -- instead they describe its content.<sup>10</sup> The court

in Playboy Enters. v. Welles, 7 F. Supp.2d 1098 (N.D. Cal. 1999), for example, recognized that use of the federally-registered marks "Playboy" and "Playmate" as metatags in defendant's site was a non-infringing descriptive use -- as defendant has indeed been Playboy's Playmate of the Month -- and her website was entitled to say so. The Brookfield distinguishes this argument, and instead holds that another trademark may not be used in a metatag, as that use is designed to attract people to the site. This implies that even if a defendant wished to use a trademarked word descriptively to compare its product to a trademark owner's, use of the trademark in metatags is not allowed.<sup>11</sup>

The Brookfield theory is that use of a trademark in a metatag implies that the trademark owner is the source of the website. While this may be true for domain names, it may not be true for metatags, which are of course invisible to the user. Brookfield suggests this blanket prohibition on the metatag use only applies to fanciful trademarks, as opposed to words which appear in the dictionary.<sup>12</sup> This conclusion is consistent with Playboy Enters. v. Welles, 7 F. Supp. 1098 (N.D. Ca. 1999), which decided that use of trademarked words to activate web advertisements -- so called "keyword" activation of banner advertisements -- is permissible where the word has at least one normal English usage. This analysis may therefore apply to use of suggestive or descriptive marks as metatags. But this conclusion ignores the fact that the use of the trademark may have everything to do with the trademark associations of the word - the magazine "Playboy" - and nothing to do with the ordinary English meaning of the word. Ms. Welles, a pornographic performer, does not herself meet the dictionary description of a playboy, yet she can use the word to promote her competing services. Are owners of fanciful marks (which are not in the dictionary) so much more worthy of protection that they may prevent any use of their mark, and owners of perhaps famous marks which are in the dictionary not worthy of such protection? Should the law preclude a manufacturer of cleaning products from using the words "soft" and "scrub" as metatags

simply because there is a cleaning manufacturer with the (presumably) suggestive mark "Soft Scrub"?

Instead, the courts must distinguish between: (i) true trademark use, either in the content of websites and their metatags; fair use of other's trademarks; and non-trademark use. The Brookfield court's own analogy to the false and misleading road sign which directs traffic to a "Blockbuster" video store at one exit, where consumers will only find a rival video store, itself points out the answer to this riddle. Fair use doctrine allows competitors to use others' trademarks as a way of identifying their goods, so long as they do not attempt to pass themselves off as the trademark owners. See, e.g., Calvin Klein v. Parfums de Coeur, 824 F.2d 665 (8<sup>th</sup> Cir. 1987). A manufacturer does not commit unfair competition merely because it refers to another's product by name in order to win over customers interested in a lower cost copy of that product, if the reference is truthful and does not likely confuse customers into believing that the copy is from the same source as the original. Likewise, others' trademarks may be used as metatags where they do not cause confusion. The concern in Brookfield that consumers will purchase from a competitor overlooks the ease of movement from one website to another (unlike the inconvenience of returning to the highway to search for the correct exit for a "Blockbuster" store).

Under this theory of liability, there is no reason to prevent Texaco from embedding the word "Exxon" in its metatags, since it may wish to attract Exxon consumers to the Texaco site. Consumers who type in "Exxon" may well be looking for all similar products. So long as Texaco does not pretend to be Exxon in obtaining sales, and Texaco does not appropriate more of Exxon's trademark than is necessary to make the comparison, there is no harm and only gain to the consumer who wishes not only to find Exxon, via an Internet-wide search, but also to find its competition. Those who were looking only for Exxon will find it, probably by recognizing that Exxon's own site has "EXXON" as its domain name.

The basis for such a theory exists in the text of Brookfield itself. The Brookfield court held that the defendant in that case was not permitted to embed plaintiff's trademark "MovieBuff" as a metatag. However, the court believed that the defendant was allowed to "legitimately use an appropriate descriptive term in its metatags". What if Toyota simply wished to include comparative advertising claims in its website? If it is permissible to truthfully use the words "More reliable than an Acura" in a competitor's advertising, including a website, shouldn't the law allow use of the word "Acura" in metatags which accurately describe the site?

### **Conclusion**

Trademark law allows trademark owners to compete by reference to each other's products, and the law applicable to the Internet and the use of metatags should reflect that. Unlike domain names, metatags are not the same as the brand label on a product, and are designed to describe aspects of the content of a site. As always in trademark analysis, the test must be whether the term is truly being used as an indicator of source, and whether the use confuses consumers -- prior cases about initial interest notwithstanding.

1. Toby Butterfield and Lance Koonce are a partner and an associate, respectively, at Kay Collyer & Boose LLP, the law firm which represented the defendants in Big Star Entertainment Inc. v. Next Big Star, Inc.
2. Brookfield Communications, Inc. v. West Coast Entertainment Corp., 174 F.3d 1036 (9<sup>th</sup> Cir. 1999).
3. The New York State Society of Certified Public Accountants v. Eric Louis Assocs., Inc., 1999 U.S. Dist. LEXIS 18543 (S.D.N.Y. 1999).
4. Brookfield also acknowledged that the doctrine of fair use may allow trademarks to be included in a website, although seemingly limiting such fair use to the text of web pages, as opposed to use as a metatag.

5. Big Star Entertainment, Inc. v. Next Big Star, Inc., 2000 U.S. Dist. LEXIS 4924 (S.D.N.Y. 2000).
6. Compare the treatment of initial interest confusion in Syndicate Sales, Inc. v. Hampshire Paper Corp., 192 F.3d 633 (7<sup>th</sup> Cir. 199), which similarly holds that initial confusion is merely one way in which a likelihood of confusion may be established.
7. The court also decided the case on the facts, inter alia, that the parties were non-competitors, the web addresses were not "virtually identical", and the respective marks were weak and used on substantially different products.
8. Brookfield, 174 F.3d at 1045.
9. Some courts have already recognized that the way in which a mark is used, in particular when it is used as a TLD, makes it much more likely to cause confusion as to the source of goods. See OBH v. Spotlight Magazine, Inc., 86 F. Supp.2d 176, 191 (S.D.N.Y. 2000) ("... even if users will easily recognize, upon reaching defendants' website, that it is only a parody, the use of plaintiffs' mark as the site's domain name ... creates initial interest confusion"). (Emphasis added.)
10. In fact, as several courts including Brookfield have pointed out, most users never even see metatags.
11. Some courts have already started citing Brookfield as if it created a type of "per se" test of infringement for use of another's trademark in a metatag. 777388 Ontario Ltd. v. Lencore Acoustics Corp., 2000 U.S. Dist. LEXIS 8404 (S.D.N.Y. May 25, 2000) (describing Brookfield as "hold that the use of another's trademark in one's metatags creates 'initial interest' confusion, which is actionable trademark infringement under [Section 43(a) of] the Lanham Act"). Others, such as Eli Lily & Co. v. Natural Answers, Inc., 86 F. Supp.2d 834 (S.D. Ind. 2000), have interpreted Brookfield as permitting a fair use defense to use of a trademark in metatags, regardless of whether the goods competed directly, and regardless of whether the trademark is arbitrary or not. Id., at 846 ("The Ninth Circuit further explained that its holding would not prohibit use of another's trademark on a website or in metatags where the use would be a fair use" (emphasis added). The Eli Lily court commented that "because the person viewing a website may not even see the metatags, it is difficult to see how the use could be fair ..."). However, other courts have recognized that a description metatag which accurately describes the content of a site is fair use.
12. Brookfield, 174 F.3d at 1065.