
CASENOTE

U-HAUL INTERNATIONAL, INC. V. WHENU.COM, INC., WELLS FARGO & CO. V. WHENU.COM, INC. AND 1-800 CONTACTS INC. V. WHENU.COM, INC.:**POP-UP ADVERTISING AS “USE IN COMMERCE”
UNDER THE LANHAM ACT: A CASE ANALYSIS****Neel Chatterjee and Connie E. Merriett†****I. INTRODUCTION**

Advertising in cyberspace has created substantial controversy. As automated tools are used to help people locate information they want and, at times, information they may not want but is provided as advertising, trademark issues become increasingly complicated. This Article will discuss the present controversy surrounding the phrase “use in commerce” as it is used to establish trademark infringement within the back drop of Internet-based advertising. As this phrase had fairly well understood meanings before the Internet developed, the phrase was never very controversial. However, with the advent of ways to use trademarks in the context of Internet advertising, the phrase is subject to a debate never before seen. Recent interpretations of the term in three Internet cases has revealed conflicting definitions of “use in commerce” when used in connection with the Internet.

This Article will describe and discuss how “use in commerce” has been interpreted in these Internet cases: *U-Haul International, Inc. v. WhenU.com, Inc.*,¹ *Wells Fargo & Co. v. WhenU.com, Inc.*²

† The authors are with the Silicon Valley Office of Orrick, Herrington & Sutcliffe L.L.P. Mr. Chatterjee, a partner in the firm’s Intellectual Property Group, concentrates his practice on complex litigation for technology companies. Ms. Merriett is a litigation associate in the firm’s Intellectual Property Group. The views expressed herein are solely those of the authors and should not be attributed, in whole or part, to Orrick, Herrington & Sutcliffe L.L.P., any of its attorneys or clients.

1. 279 F. Supp. 2d 723 (E.D. Va. 2003)

2. 293 F. Supp. 2d 734 (E.D. Mich. 2003)

and *1-800 Contacts, Inc. v. WhenU.com, Inc.*³ (“WhenU.com cases”). All three cases involve the district court’s interpretation of whether or not pop-up advertisements, provided (at least partly) by analyzing trademarks inputted by users, constitute “use in commerce” in violation of the trademark laws. Based on these recent decisions, the article will examine the various interpretations of “use in commerce” and discuss possible tensions that exist with each interpretation with respect to the fundamental policy goals of the trademark laws.

II. BACKGROUND

A. “Use In Commerce” in the Lanham Act

The term “use in commerce” is defined in section 1127 of the Lanham Act and is used as one of the elements of trademark infringement under section 1114 of the Lanham Act. Between 1946 (the original enactment of the Lanham Act) and 1988, the definition was unchanged. The legislative history is silent as to Congressional intent during that time.

The first occasion Congress discussed the phrase was in 1988. At that time, the definition in section 1127 was changed to read:

The term “use in commerce” means the bona fide use of a mark in the ordinary course of trade, and not made merely to reserve a right in a mark. For purposes of this Act, a mark shall be deemed to be in use in commerce—

(1) on goods when—

(A) it is placed in any manner on the goods or their containers or the displays associated therewith or on the tags or labels affixed thereto or if the nature of the goods makes such placement impracticable, then on documents associated with the goods or their sale, and

(B) the goods are sold or transported in commerce, and

(2) on services when it is used or displayed in the sale or advertising of services and the services are rendered in commerce, or the services are rendered in more than one State or in the United States and a foreign country and the person rendering the services is engaged in commerce in connection with the services.⁴

3. 2003 U.S. Dist. LEXIS 22932 (S.D.N.Y. Dec. 22, 2003).

4. 15 U.S.C. § 1127 (2000).

2004] POP-UP ADVERTISING AS “USE IN COMMERCE” 1115

Congress added the phrases “in the ordinary course of trade” and “not made merely to reserve a right in a mark”⁵ to the first paragraph of the “use in commerce” definition in section 1127. Although these additions were primarily aimed at eliminating “sham” or “token” trademark use,⁶ the legislative history reveals that Congress, specifically the House of Representatives Committee on the Judiciary, clearly intended that the revised definition of “use in commerce” be interpreted “with flexibility so as to encompass various genuine, but less traditional, trademark uses” which are typical to a particular industry while at the same time allowing for nominative uses of trademarks that were not considered a problem.⁷

B. The WhenU.com Pop-Up Advertisements

WhenU.com Inc. (“WhenU.com”) provides online “contextual marketing,” a form of “targeted advertising,”⁸ by delivering “pop-up” advertisements to home computers via its software product entitled “SaveNow™.” The SaveNow software program (“SaveNow software” or “SaveNow programs”) is designed to use the Internet to

5. The United States Trademark Association Trademark Review Commission Report and Recommendations to USTA President and Board of Directors, 77 TRADEMARK REP. 375, 395 (1987), *reprinted in* UNITED STATES TRADEMARK ASSOCIATION, THE LEGISLATIVE HISTORY, REPORTS, TESTIMONY, AND ANNOTATED STATUTORY TEXT, THE TRADEMARK LAW REVISION ACT OF 1988 (Pub. L. No. 100-667), at 35 (1989).

6. *Id.*

7. SENATE COMM. ON THE JUDICIARY, TRADEMARK LAW REVISION ACT OF 1988, S. REP. NO. 100-515, at 44-45 (1988), *reprinted in* UNITED STATES TRADEMARK ASSOCIATION, THE LEGISLATIVE HISTORY, REPORTS, TESTIMONY, AND ANNOTATED STATUTORY TEXT, THE TRADEMARK LAW REVISION ACT OF 1988 (Pub. L. No. 100-667), at 196 (1989). In a recently decided case, *Playboy Enterprises, Inc. v. Netscape Communications Corp.*, the Ninth Circuit Court of Appeals briefly stated in a footnote that section 1127’s definition of “use in commerce” “applies to the required use a plaintiff must make in order to have rights in a mark, as defined by 15 U.S.C. § 1051.” *Playboy Enters., Inc. v. Netscape Communications Corp.*, 354 F.3d 1020, 1024 n.11 (9th Cir. 2004). In support of this assertion, the Ninth Circuit cites *Planetary Motion, Inc. v. Techplosion, Inc.* [sic] (“Nevertheless, the use of a mark in commerce also must be sufficient to establish ownership rights for a plaintiff to recover against subsequent users under section 43(a).” *Planetary Motion, Inc. v. Techplosion, Inc.*, 261 F.3d 1188, 1195 (11th Cir. 2001). However, nowhere in *Planetary Motion*, the Lanham Act, or its relevant legislative history is the section 1127 “use in commerce” definition expressly limited to establishing ownership rights in a mark.

8. “Targeted advertising has revolutionized Internet business models, because a user is far more likely to click on a relevant than irrelevant ad. Without targeted advertising, users would view—and click on—far fewer ads. . . .” Brief of *Amicus Curiae* Google Inc. Supporting Neither Appellants Nor Appellee But Supporting Reversal, at 1, 1-800 Contacts, Inc. v. WhenU.com, 69 U.S.P.Q.2d (BNA) 1337, 2003 U.S. Dist. LEXIS 22932 (S.D. N.Y. Dec. 22, 2003) (No. 04-0026).

identify a consumer's interest in a particular product or service and to directly market similar products and services based on that interest.

SaveNow software programs are generally delivered to an individual's computer "bundled" with other "free" software programs and are only installed after the computer user accepts the terms of SaveNow's license agreement.⁹ Once the SaveNow software is installed, it monitors a computer user's Internet browsing activity and, based on that activity, delivers a "pop-up" advertisement.¹⁰ In particular, the SaveNow software compares search terms, Uniform Resource Locators ("URL") website addresses and webpage content, seen in the computer user's Internet browsing activity with a directory within its software program. This comparison determines which advertisements in the directory should "pop-up" on the computer user's screen.¹¹ SaveNow programs will only generate advertisements that are contextually related to the computer user's browsing activity so that WhenU.com is only marketing products and services to consumers who have already demonstrated an interest in those products and services.¹²

WhenU.com uses trademarks in its comparison directory to generate pop-up advertisements by presenting them with competing products and services in the form of another browser window. This has generated several lawsuits alleging trademark infringement against WhenU.com pursuant to the Lanham Act.¹³ The court in each case has defined "use in commerce" under the Lanham Act radically differently. These cases are discussed below.

III. THE WHENU.COM CASES

A. *U-Haul Intl. Inc. v. WhenU.com, Inc.*

1. Procedural History

Plaintiff U-Haul Inc. ("U-Haul"), filed suit against WhenU.com in the United States District Court for the Eastern District of Virginia

9. *1-800 Contacts*, 2003 U.S. Dist. LEXIS 22932, at *18-19.

10. The "pop-up" advertisement appears in a browser window that exists as a separate and distinct window but overlays the website the computer user is currently viewing.

11. *1-800 Contacts*, 2003 U.S. Dist. LEXIS 22932, at *14-15.

12. *See id.* at *14-20.

13. 15 U.S.C. 1114(1)(a) (2000). *See* *1-800 Contact Inc. v. WhenU.com, Inc.*, 2003 U.S. Dist. LEXIS 22932 (S.D. N.Y. Dec. 22, 2003); *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).

2004] POP-UP ADVERTISING AS "USE IN COMMERCE" 1117

for trademark infringement, trademark dilution, copyright infringement, contributory copyright infringement, unfair competition and other violations of Virginia state law. The parties filed cross-motions for summary judgment.¹⁴ Summary judgment was granted in favor of WhenU.com. On the trademark infringement claim, the court held that WhenU.com did not use U-Haul's trademark because its inclusion of the U-Haul trademark in the SaveNow directory did not constitute "use" under the Lanham Act.

2. The District Court Analysis of WhenU.com's "Use in Commerce"

The district court found that U-Haul failed to meet the "fundamental prerequisite" for trademark infringement claims—use of a protected mark in commerce.¹⁵ U-Haul argued that WhenU.com "used" its mark (1) to cause pop-up advertising screens to appear with the U-Haul website as a single visual presentation; (2) in WhenU.com's directory "triggering" the delivery of pop-up advertising; and (3) in the SaveNow program scheme to interfere with the use of U-Haul's website by its customers.¹⁶ The district court rejected U-Haul's three arguments that WhenU.com's "use" of its trademark constitutes "use in commerce" under the Lanham Act.

In its Memorandum Order, the district court began by defining "use in commerce" by relying on the definition from section 1127 of the Lanham Act.¹⁷ The district court found that U-Haul failed to establish WhenU.com's use of its trademark as a Lanham Act "use in commerce" because (1) WhenU.com's pop-up screens are separate and distinct from U-Haul's website; (2) WhenU.com does not advertise or promote U-Haul's trademark when using the trademark in its directory and (3) the SaveNow program does not "hinder or impede Internet users from accessing U-Haul's website in such a manner that WhenU.com 'uses' U-Haul's trademarks."¹⁸

14. *U-Haul*, 279 F. Supp. 2d at 723–26.

15. *Id.* at 727–29.

16. *Id.* at 727.

17. *Id.*

18. *Id.* at 729.

a. *WhenU.com's Display of Pop-up Advertisements is not "Framing" in Violation of the Lanham Act.*

The district court dismissed U-Haul's argument that WhenU.com's "framing"¹⁹ of the U-Haul website is trademark "use" because the pop-up screens were "separate and distinct" from the U-Haul website. The court found that any overlay in the positioning of the pop-up advertisements and the website is simply a result of the Windows operating environment within which the SaveNow program operates.²⁰ Windows allows computer users to launch multiple programs in separate windows and allows computer users to have multiple windows open at once.²¹ Additionally, the court found that the simultaneous appearance of the pop-up screen and the U-Haul website constitutes comparative advertising which does not violate trademark law.²²

b. *WhenU.com's Use of Trademark Terms in the SaveNow Directory is Not "Use in Commerce" Pursuant to the Lanham Act*

The district court then discounted U-Haul's claim that WhenU.com's use of U-Haul's URL in the SaveNow directory constituted "use" under the Lanham Act. Specifically, the court found that WhenU.com's incorporation of U-Haul's URL and its "U-Haul" trademark in the SaveNow directory is not a trademark use because WhenU.com in no way advertises or promotes the U-Haul trademark and WhenU.com's use of the mark is a "pure machine-linking function."²³ The court further pointed out that WhenU.com does not sell the U-Haul trademark, display the U-Haul trademark in its pop-up advertisements, use the mark to identify the source of goods or services and does not "place the U-Haul trademarks in commerce."²⁴

19. "Framing" is a visual presentation where two websites are positioned in a way that suggests, or creates an illusion, that they originate from the same source and are contained in a single website even though the websites are separate and distinct. *Wells Fargo & Co. v. WhenU.com, Inc.*, 293 F. Supp. 2d 734, 760-61 (E.D. Mich. 2003).

20. *U-Haul*, 279 F. Supp. 2d at 727-28.

21. *Id.*

22. *Id.* at 728.

23. *Id.* (citing *Lockheed Martin Corp. v. Network Solutions, Inc.*, 985 F. Supp. 949, 956 (C.D. Cal. 1997) ("finding that '[d]omain names, like trade names, do not act as trademarks when they are used to identify a business entity; in order to infringe they must be used to identify the source of goods or services and 'where . . . the pure machine-linking function is the only use at issue, there is no trademark use and there can be no infringement.'")).

24. *Id.*

2004] POP-UP ADVERTISING AS "USE IN COMMERCE" 1119

c. WhenU.com Does Not Hinder Access to U-Haul's Websites

Finally, the district court held that the SaveNow program does not use U-Haul's trademark to hinder or impede Internet users from accessing U-Haul's website in violation of the Lanham Act. The court distinguished cases cited by Wells Fargo²⁵ on their facts because WhenU.com's pop-up scheme does not "interact or communicate with U-Haul's website" and is a user-installed program. Further, WhenU.com is not "cybersquatting", or using U-Haul's trademark as a domain name on the Internet, or using U-Haul's trademark to redirect Internet traffic to WhenU.com's website.²⁶

Accordingly, based on the above analysis, the district court held that WhenU.com did not "use" a protected trademark in violation of the Lanham Act.

B. Wells Fargo & Co. v. WhenU.com, Inc.

1. Procedural History

Plaintiffs Wells Fargo & Co. et al. ("Wells Fargo") filed a motion for preliminary injunction against WhenU.com in the United States District Court for the Eastern District of Michigan, arguing many of the same issues that were raised in the U-Haul case.²⁷ Wells Fargo asked the district court to enjoin WhenU.com from delivering pop-up advertisements to computer users while they are accessing Wells Fargo's website.²⁸

On November 19, 2003, the district court issued its Memorandum Opinion and Order Denying Plaintiffs' Motion for Preliminary Injunction ("opinion").²⁹ The district court held that Wells Fargo did not demonstrate a strong likelihood of success on the merits of their trademark claims because it failed to establish the

25. *Id.* at 728–29 (citing *People for Ethical Treatment of Animals v. Doughney*, 263 F.3d 359 (4th Cir. 2001) (finding that defendant had prevented users from downloading or using PETA's goods or services through cybersquatting on the domain name "www.peta.org"); *OBH, Inc. v. Spotlight Magazine, Inc.*, 86 F. Supp. 2d 176 (W.D. N.Y. 2000) (holding that defendant's website was likely to prevent or hinder Internet users from accessing plaintiff's services on plaintiff's own website where defendant cybersquatted on the domain name "thebuffalonews.com")). These cases are discussed in more detail in later sections of this Article.

26. *U-Haul*, 279 F. Supp. 2d at 729.

27. *Wells Fargo & Co. v. WhenU.com, Inc.*, 293 F. Supp. 2d 734 (E.D. Mich. 2003).

28. *Id.*

29. *Id.*

second element of its trademark infringement claim that “WhenU’s use of the mark is likely to cause confusion within the consuming public.”³⁰ Further, the court held that Wells Fargo could not succeed on the merits because it did not demonstrate that WhenU.com’s use of Wells Fargo’s trademark constituted “use in commerce” under the Lanham Act.³¹

2. The District Court Analysis of WhenU.com’s “Use in Commerce”

In its opinion denying Wells Fargo’s motion for preliminary injunction, the district court cited the “use in commerce” requirement of section 1114 of the Lanham Act and stated that Wells Fargo failed to establish the “use” requirement in this case. The district court then defined “use” pursuant to the Lanham Act as “use of a trademark in a way that identifies the products and services being advertised by the defendant.”³² The court further defined “use” by relying on the “use in commerce” definition found in section 1127 of the Lanham Act.³³

The court first distinguished the present case from a traditional trademark case where a defendant is illegally using a trademark to identify and market similar goods or services.³⁴ To further support its assertion that the present case was not a typical trademark infringement case and to help identify or establish the Sixth Circuit Court of Appeal’s “use in commerce” standard under the Lanham Act, the district court cited case language from *Interactive Products Corp. v. A2Z Mobile Office Solutions, Inc.*³⁵ “If [a defendant is] using [a plaintiff’s] trademark in a ‘non-trademark way’—that is, in a way that does not identify the source of a product—then trademark infringement . . . laws do not apply.”³⁶

Wells Fargo argued that WhenU.com uses its trademarks by (1) hindering Internet users from accessing Wells Fargo websites; (2) deliberately positioning WhenU.com’s pop-up advertisement screens “in close proximity” to Wells Fargo trademarks; and (3) using Wells

30. *Id.* at 757, 764–69.

31. *Id.* at 762–64.

32. *Id.* at 757.

33. *Wells Fargo & Co. v. WhenU.com, Inc.*, 293 F. Supp. 2d 734, 758 (E.D. Mich. 2003).

34. *Id.* at 757 (citing *DaimlerChrysler AG v. Bloom*, 315 F.3d 932, 936 (8th Cir. 2003)).

35. *Id.* at 757–58 (citing *Interactive Prods. Corp. v. a2z Mobile Office Solutions, Inc.*, 326 F.3d 687 (6th Cir 2003)).

36. *Interactive Prods. Corp. v. A2Z Mobile Office Solutions, Inc.*, 326 F.3d 687, 695 (6th Cir. 2003).

2004] POP-UP ADVERTISING AS "USE IN COMMERCE" 1121

Fargo trademarks to "trigger" delivery of competing advertisements.³⁷ The district court disregarded these three arguments in turn and ultimately held that Wells Fargo did not establish that WhenU.com used its trademark in a "trademark way" pursuant to the Lanham Act.

a. *WhenU.com Does Not Hinder Access to Wells Fargo's Websites*

First, the court found that WhenU.com does not hinder access to Wells Fargo websites because WhenU.com "only uses [Wells Fargo's trademarks] in its directory, to which the typical consumer does not have access, in order to determine what advertisements to direct to consumers."³⁸ The court arrived at this decision by distinguishing the two primary cases cited by Wells Fargo to support its argument: *People for Ethical Treatment of Animal v. Doughney*,³⁹ and *Planned Parenthood Federation of America, Inc. v. Bucci*.⁴⁰

The courts in both *PETA* and *Planned Parenthood* addressed the issue of whether registering a trademark term as a domain name to divert or prevent interested Internet users from locating and accessing the trademark owner's actual website constituted a "use in commerce" pursuant to the Lanham Act. The court in these cases held that although the infringing "use" was not directly related to the sale or advertising of goods or services, the infringing party did "use" the trademark "in connection with" goods or services.⁴¹ This use constitutes infringing use under the Lanham Act because it is likely to prevent or divert some Internet users from reaching the trademark website and may cause a prospective user to stop searching for the trademark owner's actual website "due to anger, frustration, or the belief that [the trademark owner's] home page does not exist."⁴²

The district court distinguished *PETA* and *Planned Parenthood* on their facts and did not explicitly address Wells Fargo's arguments that, similar to the Internet users in *PETA* and *Planned Parenthood*, its website users viewing WhenU.com's pop-up advertisements as an overlay on, or simultaneously with, the Wells Fargo website "may mistakenly be diverted to the advertisers' websites or may become so

37. *Wells Fargo*, 293 F. Supp. 2d at 758.

38. *Id.* at 759.

39. 263 F.3d 359 (4th Cir. 2001).

40. 42 U.S.P.Q.2d (BNA) 1430 (S.D. N.Y. 1997), *aff'd*, 152 F.3d 920 (2d Cir. 1998), and *cert. denied*, 525 U.S. 834 (1998).

41. *Wells Fargo*, 293 F. Supp. 2d at 758.

42. *Id.* at 758-59.

frustrated, angry or confused” by the pop-up advertisements that they stop visiting Wells Fargo’s website.⁴³ Instead of directly addressing whether WhenU.com’s pop-up advertisements constitute use of Wells Fargo’s trademark “in connection with” goods and services in violation of the Lanham Act, the district court avoided Wells Fargo’s “in connection with” goods or services and user frustration arguments by stating that Wells Fargo presented “no evidence to suggest that consumers [were] unable to *reach* [the Wells Fargo website] as a result of the simultaneous appearance of WhenU’s advertisements on their computer screens.”⁴⁴

The district court further distinguished *PETA* and *Planned Parenthood* by noting that WhenU.com did not register the Wells Fargo domain name. Accordingly, consumers who enter a Wells Fargo’s URL address into an Internet browser reach the Wells Fargo website and are not diverted to a WhenU.com owned website.⁴⁵ Finally, the court asserted that because the pop-up advertisement is in a separate window from the underlying website, the computer user need only “move, minimize or close” the WhenU.com window to view the Wells Fargo website.

Based on the aforementioned reasoning, the district court found that WhenU.com’s use of Wells Fargo’s trademark did not constitute use “in connection with” commerce pursuant to *PETA* and *Planned Parenthood* because WhenU.com does not hinder consumer access to Wells Fargo’s website.⁴⁶

b. WhenU.com’s Display of Pop-up Advertisements is not a Violation of the Lanham Act

In its opinion, the district court disavowed Wells Fargo’s contention that WhenU.com “used” its trademark and associated reputation by visually presenting its website or positioning its pop-up advertisements to give the Internet user the false impression that the advertisement is endorsed by or affiliated with Wells Fargo. The court debunked Wells Fargo’s framing argument by distinguishing the case Wells Fargo cited in support, *Hard Rock Cafe International (USA), Inc. v. Morton* (“Hard Rock”),⁴⁷ on its facts. The court found

43. *Id.*

44. *Id.* at 759.

45. *Id.*

46. *Id.* at 758–59.

47. *Wells Fargo & Co. v. WhenU.com, Inc.*, 293 F. Supp. 2d 734, 759–61 (E.D. Mich. 2003).

2004] POP-UP ADVERTISING AS "USE IN COMMERCE" 1123

that in *Hard Rock* the "seamless" framing of the two websites was such that a computer user could not distinguish between the two websites.⁴⁸ Here, however, WhenU.com's pop-up advertisements are positioned in such a way that makes it "apparent to the user that what is appearing on his or her screen are two distinct sources of material."⁴⁹ Moreover, WhenU.com's pop-up advertisements only "partially overlap" Wells Fargo's website on the computer screen whereas the defendant's website window in *Hard Rock* was "situated over" the Hard Rock Cafe websites.⁵⁰

Based on these distinctions, the court held that "the fact that WhenU advertisements appear on a computer screen at the same time [Wells Fargo's] webpages are visible in a separate window does not constitute a use in commerce of [Wells Fargo's] mark."⁵¹ The court went further, however, and held that WhenU.com is engaged in legitimate comparative advertising. In support, the court cited *U-Haul International, Inc. v. WhenU.com, Inc.*, for the proposition that even if the simultaneous appearance of the pop-up advertisement and the trademark website constituted a "use in commerce" pursuant to the Lanham Act, it is still immune from liability as a form of comparative advertising.⁵² The court then distinguished precedent cited by Wells Fargo as not involving comparative advertising and pointed out that trademark law is not designed to protect consumer good will and is only concerned with source identification.⁵³

*c. WhenU.com's Use of Trademark Terms in the
SaveNow Directory is Not "Use in Commerce"
Pursuant to the Lanham Act*

Finally, the district court rebuked Wells Fargo's argument that WhenU.com's inclusion of Wells Fargo's trademarks in its directory was a "use in commerce" under the Lanham Act. The court found that WhenU.com's inclusion of URLs and other variations of Wells Fargo's trademark terms was only done to "identify the category the participating consumer is interested in...and to dispatch a

48. *Id.* at 760-61.

49. *Id.* at 761.

50. *Id.*

51. *Id.*

52. *Id.*

53. *Wells Fargo & Co. v. WhenU.com, Inc.*, 293 F. Supp. 2d 734, 761 (E.D. Mich. 2003) (citing *Smith v. Chanel, Inc.*, 402 F.2d 562, 566 (9th Cir. 1968) ("The rule favoring comparative advertising 'rests upon the traditionally accepted premise that the only legally relevant function of a trademark is to impart information as to the source or sponsorship of the product.'")).

contextually relevant advertisement to that consumer.”⁵⁴ The court found that this is not “use in commerce” within the meaning of the Lanham Act because WhenU.com’s use of the trademark is not related to source identification.⁵⁵

The court also discussed and distinguished cases cited by Wells Fargo where the alleged infringing “use” was the use of a trademark as metatags,⁵⁶ or underlying HTML code language indicating website content, in its websites.⁵⁷ For example, a company may place one of its competitor’s trademarks (such as the competitor’s company name or the name of one of its products) in the metatags of its website. If a user later uses an Internet search engine and types the trademark into the search engine, the search engine may direct a user to the website with the metatags, instead of the trademark owner’s website. In other words, metatags can be used to stealthily divert Internet traffic away from the trademark owner’s website, which was the original destination of the computer user.

The district court noted that most of these cases found that it is a “use in commerce” and violates the Lanham Act if (1) the use also causes consumer confusion or “initial interest confusion” and (2) it is not a “fair use” of the trademark.⁵⁸ Instead of explicitly applying this confusion standard to WhenU.com, however, the Wells Fargo court impliedly held WhenU.com’s trademark use did not cause consumer confusion by analogizing the WhenU.com facts to those facts described in the cases as a legal trademark use.⁵⁹

Finally, the district court held that, based on the above analysis, WhenU.com did not “use” a protected trademark in violation on the Lanham Act.

54. *Id.* at 762.

55. *Id.*

56. Metatags are HTML code intended to describe the contents of the web site. There are two kinds of metatags implicated in *Brookfield*, “description” and “keyword” metatags. Description metatags describe the website. Keyword metatags, however, contain keywords relating to the contents of the website but do not describe the website itself. *Brookfield Communications, Inc. v. West Coast Entm’t Corp.*, 174 F.3d 1036, 1045 (9th Cir. 1999).

57. *Wells Fargo*, 283 F. Supp. 2d at 762–63.

58. *Id.* (citing *Brookfield* at 1064–65; *Niton Corp. v. Radiation Monitoring Devices, Inc.*, 27 F. Supp. 2d 102 (D. Mass. 1998); *Trans Union L.L.C. v. Credit Research, Inc.*, 142 F. Supp. 2d 1029 (N.D. Ill. 2001); *Bihari v. Gross*, 119 F. Supp. 2d 309, 322–23 (S.D. N.Y. 2000)).

59. *See id.* at 762–64.

2004] POP-UP ADVERTISING AS "USE IN COMMERCE" 1125

C. 1-800 Contacts, Inc. v. WhenU.com, et al.

1. Procedural History

1-800 Contacts, Inc. ("1-800 Contacts") filed a lawsuit against WhenU.com and Vision Direct, Inc., (collectively "WhenU.com") in the United States District Court for the Southern District of New York.⁶⁰ 1-800 Contacts moved to enjoin WhenU.com's alleged illegal use of 1-800 Contacts' trademark to cause Internet pop-up advertisements to appear on the computer screens of users while they are accessing the 1-800 Contacts website. On December 22, 2003, the district court granted 1-800 Contacts' motion for preliminary injunction and found that WhenU.com is "using" the 1-800 Contacts trademark in commerce as it is defined in section 1127 of the Lanham Act.⁶¹

2. Use in Commerce Analysis

In its Opinion, the district court defined "use" according to the "use in commerce" definition found in section 1127 of the Lanham Act. The court restated section 1127 of the Lanham Act as follows:

A trademark is 'used in commerce' for purposes of the Lanham Act 'when it is used or displayed in the sale or advertising of services and the services are rendered in commerce, or the services are rendered in more than one State . . . and the person rendering the services is engaged in commerce in connection with the services.'⁶²

Based on this definition, the district court found that WhenU.com had "used" 1-800 Contacts' trademarks in commerce pursuant to the Lanham Act.⁶³ The district court rejected WhenU.com's argument that the simultaneous appearance of WhenU.com's pop-up advertisement window and the 1-800 Contacts website is a result of the Windows operating environment and therefore is not "use" within the Lanham Act.⁶⁴ The district court then rejected WhenU.com's suggestion that to prove trademark infringement 1-800 Contacts must show that WhenU.com is "using"

60. 1-800 Contacts, Inc. v. WhenU.com, 2003 U.S. Dist. LEXIS 22932 (S.D. N.Y. Dec. 22, 2003).

61. *Id.* at *51-59, *119-20; *see also* 15 U.S.C. § 1127 (2000).

62. *1-800 Contacts*, 2003 U.S. Dist. LEXIS 22932, at *54 (citing 15 U.S.C. § 1127).

63. *Id.* at *54-58.

64. *Id.*

1-800 Contacts' trademark in commerce in a way that is likely to cause confusion.⁶⁵

a. *WhenU.com is "Using" the 1-800 Contacts Trademark in Commerce*

The court found that WhenU.com "used" 1-800 Contacts' trademark in two ways. First, WhenU.com causes the pop-up advertisement to appear when the 1-800 Contacts website has been accessed and the 1-800 Contacts trademark is visible on the screen.⁶⁶ As a result, WhenU.com is displaying the 1-800 Contacts trademark "in the . . . advertising of" Defendant Vision Direct's services.⁶⁷ The court considered this display sequence "use" under the Lanham Act. Additionally, the court noted that WhenU.com is capitalizing on the SaveNow user's prior knowledge of the reputation and goodwill related to the 1-800 Contacts trademark which was demonstrated by the fact that the user typed the 1-800 Contacts trademark into the search engine to access the 1-800 website.⁶⁸ Second, WhenU.com uses 1-800 Contacts' trademark in commerce by including it in the SaveNow directory and using it as a "trigger" to dispatch competing pop-up advertisements which will appear on the computer user's screen within moments of being initiated.⁶⁹

In support of its finding of trademark use, the district court relied on *OBH, Inc. v. Spotlight Magazine, Inc.*⁷⁰ and *Planned Parenthood Federation of America, Inc. v. Bucci.*⁷¹ As previously discussed in this Article, the court in *Planned Parenthood* found that registering a trademark term as a domain name to divert or prevent interested Internet users from locating and accessing the trademark owner's actual website constituted a "use in commerce" pursuant to the Lanham Act.⁷² In *OBH*, the court similarly found that the defendant "used" the trademark by employing the trademark as its website domain name. The trademark was used "in commerce" because the website contained a link to a second defendant-owned website used

65. *Id.*

66. *Id.* at *54.

67. *Id.*

68. *1-800 Contacts*, 2003 U.S. Dist. LEXIS 22932, at *54-55.

69. *Id.* at *55.

70. 86 F. Supp. 2d 176 (W.D. N.Y. 2000).

71. 42 U.S.P.Q.2d (BNA) 1430 (S.D. N.Y. 1997).

72. See *supra* notes 40-42 and accompanying text.

2004] POP-UP ADVERTISING AS "USE IN COMMERCE" 1127

for commercial purposes.⁷³ In addition, the *OBH* court supported its finding by pointing to the use of the trademark on the Internet, an international network, and how that trademark use "affected plaintiffs' ability to offer their services in commerce."⁷⁴

b. The District Court Distinguishes Precedent Cited by WhenU.com

The district court in the 1-800 Contacts case then distinguished the two primary cases WhenU.com relied on to claim it did not use 1-800 Contacts' trademark in commerce: *Lone Star Steakhouse & Saloon v. Longhorn Steaks*⁷⁵ and *Holiday Inns, Inc. v. 800 Reservation, Inc.*⁷⁶ The court found that the *Lone Star* analysis did not apply to the present case because the *Lone Star* court addressed the issue of whether or not the trademark at issue was sufficiently used to establish a valid service trademark.⁷⁷ The issue raised in 1-800 Contacts, however, was whether or not WhenU.com was "using" 1-800 Contacts' trademark and not whether or not a valid trademark exists.⁷⁸ The district court further noted that "even if this Court were to find that the standard for 'use' required to establish a valid service mark is the same as the standard for 'use' in the infringement context, in any case WhenU's use exceeds that of the plaintiff in *Lone Star*."⁷⁹

In *Holiday Inns*, the Sixth Circuit Court of Appeals found no "use" of the protected trademark—a prerequisite to applying the eight-factor "likelihood of confusion" analysis and any finding of a Lanham Act violation.⁸⁰ The defendant in *Holiday Inns* registered a similar telephone number to that of the 1-800-HOLIDAY trademark to capitalize on situations where a potential customer misdials by

73. *1-800 Contacts*, 2003 U.S. Dist. LEXIS 22932, at *55–56 (citing *OBH, Inc. v. Spotlight Magazine, Inc.*, 86 F. Supp. 2d 176 (W.D. N.Y. 2000)).

74. *Id.*

75. *Id.* at *56–*58 (citing *Lone Star Steakhouse & Saloon v. Longhorn Steaks*, 106 F.3d 355, 361 (11th Cir. 1997)).

76. *Id.* (citing *Holiday Inns, Inc. v. 800 Reservation, Inc.*, 86 F.3d 619, 623–25 (6th Cir. 1996)).

77. *Id.* at *57.

78. *Id.*

79. *1-800 Contacts*, 2003 U.S. Dist. LEXIS 22932, at *57 ("Here, WhenU.com is doing far more than merely 'displaying' Plaintiff's mark. WhenU's advertisements are delivered to a SaveNow user when the user directly accesses Plaintiff's website—thus allowing Defendant Vision Direct to profit from the goodwill and reputation in Plaintiff's website that led the user to access Plaintiff's website in the first place.")

80. *Holiday Inns, Inc. v. 800 Reservation, Inc.*, 86 F.3d 619, 623–25 (6th Cir. 1996).

inputting a zero instead of the letter “O” in the word “HOLIDAY.”⁸¹ The Sixth Circuit found no Lanham Act violation had occurred because the defendant did not literally “use” the protected trademark and did not advertise or publicize anything related to the 1-800 HOLIDAY trademark.⁸² The district court in 1-800 Contacts quickly discounted *Holiday Inns* precedent and found that the “case [did] not support Defendant WhenU.com’s claim that it ha[d] not ‘used’ [1-800 Contacts’] website within the meaning of the Lanham Act.”⁸³

3. The District Court Disagrees With U-Haul and Wells Fargo Precedent

Finally, the district court recognized, and politely impugned, two additional cases submitted to the court by WhenU.com while the 1-800 Contacts case was sub judice.⁸⁴ In footnote forty-three of the 1-800 Contacts opinion, the court curtly addressed *Wells Fargo & Co., Inc. v. WhenU.com, Inc.*⁸⁵ and *U-Haul International, Inc. v. WhenU.com, Inc.*⁸⁶ where, as previously discussed in this Article, the courts in both cases held that WhenU.com’s use of trademark terms in its SaveNow software did not constitute “use” in violation of the Lanham Act.⁸⁷ The district court noted that the *Wells Fargo* decision was “based on its reading of Sixth Circuit case law” and also stated that the U-Haul ruling was “based on a factual finding that WhenU.com uses the marks for ‘a pure machine-linking function.’”⁸⁸ The district court concluded its discussion of these decisions by stating: “This Court disagrees with, and is not bound by these findings.”⁸⁹

D. Appellate History

WhenU.com has appealed the district court’s grant of preliminary injunction in favor of 1-800 Contacts to the United States Court of Appeals for the Second Circuit (“Second Circuit”) (No. 04-0026(L)). One of WhenU.com’s arguments on appeal is that it does not “use” the 1-800 Contacts trademark within the Lanham Act

81. *Id.* at 620.

82. *Id.* at 623–25.

83. *1-800 Contacts*, 2003 U.S. Dist. LEXIS 22932, at *58.

84. *Id.* at *58 n.43.

85. 293 F. Supp. 2d 734 (E.D. Mich. 2003).

86. 279 F. Supp. 2d 723 (E.D. Va. 2003).

87. *1-800 Contacts*, 2003 U.S. Dist. LEXIS 22932, at *58 n.43.

88. *Id.*

89. *Id.*

2004] POP-UP ADVERTISING AS "USE IN COMMERCE" 1129

because the mark is not used to identify the source of goods or services.⁹⁰ WhenU.com also argued that its use of a competitor's trademarks is a form of competitive advertising. In support, WhenU.com characterizes its pop-up ads as "the cyberspace equivalent of one company handing out leaflets in front of a competitor's store or locating a store next door to a competitor's premises."⁹¹ "If accepted, the District Court's rationale would limit the ability of a computer user to display more than one application on his computer screen. . . . Neither plaintiff nor any other Web site operator is entitled to exclusive access to the user's desktop, any more than erecting a billboard displaying plaintiff's trademarks on a highway would preempt a competitor from putting up a sign on the same stretch of road."⁹² Numerous *Amicus*, including Google, have filed briefs offering their views on the Court's infringement analysis as well as the "use in commerce" requirement.

IV. SIGNIFICANCE OF THE WHENU.COM CASES

The WhenU.com cases are significant for two primary reasons. First, the "use in commerce" interpretations in the district courts clearly implicate the fundamental underpinnings of trademark law by placing two of its primary aims at odds with one another. These interpretations also illustrate a historical dichotomy often seen in trademark case law. Second, the WhenU.com cases are significant because any appellate decision resolving the conflicting definitions of "use in commerce" will have a significant impact on trademark use on the Internet, may instigate new trademark legislation and, at a minimum, will likely delineate a legal standard for the "use" requirement for trademark infringement under the Lanham Act.

A. The WhenU.com Cases Illustrate Historical Interpretations of Trademark Law

1. The District Court Interpretations Reflect the Fundamental Premises of Trademark Law

Historically, trademark law has served two fundamental purposes: (1) to identify the source of goods and services and (2) to protect against competing producers "free-riding on their rival's

90. Andrews Litigation Reporter, *2d Cir. to Decide Legality of Injunction Against Adware*, 21 COMPUTER AND INTERNET, Mar. 23, 2004, at 3.

91. *Id.*

92. *Id.*

trademarks.”⁹³ These two purposes have “remained constant and limited” throughout the development of trademark law.⁹⁴ The WhenU.com interpretations of “use in commerce” directly reflect these two purposes and place them at odds with one another.

a. Trademark “Use” Must Identify the Source And Confuse the Consumer

There are two recognizable interpretations of the “use in commerce” definition that have emerged from the WhenU.com cases. The first interpretation for defining “use in commerce” in the infringement context is that in order to illegally use a trademark that use must identify the source of goods or services in a way that is likely to cause confusion. This general definition reflects the historic purpose of trademarks—to identify the source of goods and services. Courts today have also imported the likelihood of confusion requirement from section 1114 of the Lanham Act in order to better identify and address modern trademark uses. This definition of “use” appears in both the *U-Haul* and *Wells Fargo* opinions and some of the *Amicus* briefs.

Although the district court in *U-Haul* pointed to a panoply of reasons why WhenU.com did not “use” the U-Haul trademark, the court did rely on the fact that WhenU.com (1) did not cause consumer confusion because it was engaging in comparative advertising and (2) did not sell, display or otherwise use the mark to identify the source of its goods or services.⁹⁵ The *Wells Fargo* court also identified the threshold “use” standard for Lanham Act liability as “use of a trademark in a way that identifies the products and services being advertised by [WhenU.com].”⁹⁶ Additionally, further in its “use” analysis, the *Wells Fargo* court relied on cases that held “use in commerce” violates the Lanham Act only if that use also causes customer confusion or initial interest confusion. Instead of explicitly applying this confusion standard to WhenU.com, the *Wells Fargo* court impliedly held WhenU.com’s trademark use did not cause consumer confusion by analogizing the WhenU.com facts to those described in the cases as a legal trademark use.

93. *The New Kids on the Block v. News America Publ’g, Inc.*, 971 F.2d 302, 305 (9th Cir. 1992) (citations omitted).

94. *Id.*

95. *U-Haul Int’l, Inc. v. WhenU.com, Inc.*, 279 F. Supp. 2d 723, 728 (E.D. Va. 2003).

96. *Wells Fargo & Co. v. WhenU.com, Inc.*, 293 F. Supp. 2d 734, 757 (E.D. Mich. 2003) (citing *DaimlerChrysler AG v. Bloom*, 315 F.3d 932, 936 (8th Cir. 2003)).

2004] POP-UP ADVERTISING AS "USE IN COMMERCE" 1131

b. *1-800 Contacts* Statutory Interpretation of "Use in Commerce" Reflects Historical Goal of Trademark Law

The WhenU.com cases discussed in this Article all appear to point to the section 1127 definition for "use in commerce". It was the *1-800 Contacts* court, however, that specifically relied on the statutory definition of "use in commerce" to determine whether an illegal "use in commerce" has occurred. The *1-800 Contacts* court interpreted the "use in commerce" requirement more broadly than the *U-Haul* or *Wells Fargo* courts. The *1-800 Contacts* court interpreted section 1127 in a literal fashion and found that simply placing the pop-up advertisement window on the screen where the trademark was visible in the underlying window constituted "use" under the Lanham Act.

The *1-800 Contacts* court explicitly rejected the findings of "use" by the *U-Haul* and *Wells Fargo* courts and rebuked a "use in commerce" definition that required source identification. The *1-800 Contacts* court found that WhenU.com was defining "use" too narrowly by construing the phrase "in connection with" the goods or services as requiring the use of a trademark to identify goods or services.⁹⁷ Although the *1-800 Contacts* court did recognize the likelihood of confusion requirement for establishing a claim for trademark infringement under the Lanham Act, the court interpreted that requirement as separate and distinct from the "use in commerce" requirement and analyzed the two requirements in different sections of its opinion.

Even though the *1-800 Contacts* court relied on section 1127 to define trademark use, the underpinning of its holding reflected the second fundamental purpose of trademark law—to prevent WhenU.com from free-riding on the good will and reputation of 1-800 Contacts' trademarks.⁹⁸ On more than one occasion, the *1-800 Contacts* court linked its interpretation of "use" with WhenU.com's act of capitalizing on the goodwill and reputation of the trademark in using the trademark to "trigger" pop-up advertisements. Although the *1-800 Contacts* court did not cite any particular case to support its reliance on WhenU.com's use of 1-800 Contacts' reputation in finding trademark use, this interpretation embodies or comports with

97. *1-800 Contacts*, 2003 U.S. Dist. LEXIS 22932, at *56.

98. *The New Kids on the Block*, 971 F.2d at 305 (citations omitted).

one of the original goals of trademark law and protects against competing producers wrongfully using their rivals' trademarks.⁹⁹

2. The WhenU.com Cases Reflect Historical Dichotomy in Trademark Case Law

The conflicting definitions of "use in commerce" seen in the WhenU.com cases also reflect the dichotomy in trademark law that not all uses of another's trademark, even those uses that may be considered offensive, are protected by trademark law.¹⁰⁰ A trademark is not a monopoly but a limited property right in a particular word, phrase or symbol that identifies the source of goods or services.¹⁰¹ This limitation, along with the limited purposes of trademark law itself, breeds problems like "non-trademark use," particularly in the realm of advertising where the legal use of trademarks for comparative advertising or to convey information not related to source identification, often occur.¹⁰² In its 1992 opinion deciding *New Kids on the Block v. News America Publishing Inc.*, the Ninth Circuit Court of Appeals ("Ninth Circuit") accurately describes non-trademark use in these kinds of situations:

Cases like these are best understood as involving a non-trademark use of a mark—a use to which the infringement laws do not apply. . . . Indeed, we may generalize a class of cases where the use of the trademark does not attempt to capitalize on consumer confusion or to appropriate the cachet of one product for a different one. Such *nominative use* of a mark—where the only word reasonably available to describe a particular thing is pressed into service—lies outside the strictures of trademark law: Because it does not implicate the source-identification function that is the purpose of trademark, it does not constitute unfair competition; such use is fair because it does not imply sponsorship or endorsement by the trademark holder. 'When the mark is used in a way that does not deceive the public we see no such sanctity in the word as to prevent its being used to tell the truth.'¹⁰³

99. *Id.*

100. *Id.* at 307 n.5 (citing *Girl Scouts v. Personality Posters Mfg. Co.*, 304 F. Supp. 1228 (S.D. N.Y. 1969) (Defendants published a poster showing a pregnant girl wearing a Girl Scouts uniform with the slogan "Be Prepared"))).

101. *Playboy Enters., Inc. v. Netscape Communications Corp.*, 55 F. Supp. 2d 1070, 1080–81 (C.D. Cal. 1999) (citations omitted), *rev'd on other grounds*, 354 F.3d 1020 (9th Cir. 2001); *see also* 15 U.S.C. § 1127 (2000).

102. *See Playboy Enters.*, 55 F. Supp. at 1080–81 (citations omitted).

103. *The New Kids on the Block*, 971 F.2d at 307–08 (citations omitted).

2004] POP-UP ADVERTISING AS "USE IN COMMERCE" 1133

The Courts have not really evaluated whether WhenU.com's use is nominative or something more than nominative use.¹⁰⁴ While some would argue that the evaluation is implicit in the Courts' analysis, the opinions do not clearly delineate between the types of uses which would be nominative, and thus would be protected from a charge of infringement, and which types of uses would be substantial enough to be actionable.¹⁰⁵

Another area that is surprisingly absent from the discussions of the WhenU.com cases is section 1125(d)(2)(a)¹⁰⁶ which governs the legal liability of electronic publishers who could be subject to trademark disputes because of their use of trademarks. This section limits the remedy of a trademark owner to an injunction (except in cases of bad faith) when a publisher uses a trademark in an infringing manner. Also missing from the WhenU.com discussions was, even if infringement was established, whether or not WhenU.com could be considered an "innocent infringer" within the meaning of section 1114(2).¹⁰⁷ Sections 1125(d)(2)(a) and 1114(2) of the Lanham Act are considered together when deciding alleged illegal trademark use by third parties and may be appropriate venues for analyzing the WhenU.com cases.¹⁰⁸

B. Potential Impact of Appellate Decision on the WhenU.com Cases

1. Effect on Internet Advertising

Presently, the business models of Internet venues and services which rely upon innovative advertising models are subject to considerable pressure and uncertainty. Numerous companies have implemented models for advertising that may, at times, trigger trademark disputes. While this Article discusses "use in commerce" in the context of the WhenU.com business model, the problems

104. It is interesting to note that since the district courts ruled on the WhenU.com cases, the Ninth Circuit decided *Playboy Enterprises, Inc. v. Netscape Communications Corp.* In that case the Ninth Circuit again relied on *New Kids* to set forth a three-factor test for nominative use: (1) the product or service must not be readily identifiable without use of the trademark; (2) only so much of the mark or marks may be used as is reasonably necessary to identify the product or service; and (3) the use must not suggest endorsement or sponsorship by the trademark owner. *Playboy Enters., Inc. v. Netscape Communications Corp.*, 354 F.3d 1020, 1029-30 (9th Cir. 2004).

105. See, e.g., Andrews Litigation Reporter, *supra* note 90.

106. 15 U.S.C. § 1125 (2000).

107. See, e.g., *Hendrickson v. eBay Inc.*, 165 F. Supp. 2d 1082, 1095 (C.D. Cal. 2001).

108. 15 U.S.C. §§ 1114(2), 1125 (2000).

presented by this uncertainty are much more broad. For example, many search engines, including Google, have advertising models that are driven by the use of keywords to create “sponsored” search responses.¹⁰⁹ While business models may differ among Internet companies, the use of a keyword that relates to a trademark as one factor to determine a search result or a pop up advertisement is very controversial. Without proper guidance, some of these companies’ very existence could be threatened. However, simple solutions that encourage cooperation between rights owners and Internet venues and related services may be an effective tool to address these issues.

2. Congress May React to New Interpretation of “Use in Commerce”

The district courts in the WhenU.com cases discussed in this Article all define “use in commerce” by referring to the Lanham Act definition but none of these cases identify a clear standard by which to measure infringing trademark “use” on the Internet. The WhenU.com courts in different circuits have created conflicting precedent by interpreting “use” in radically different ways. This is likely because there is no clear “use in commerce” standard for the Internet context where the actual use of the trademark term may be only tangentially related to the commercial purpose behind the alleged infringing act.

The relevant legislative history provides little guidance on the “use in commerce” definition to help guide courts in interpreting the “use in commerce” requirement in the context of Internet advertising. Although Congress clearly supports flexibility in interpreting “use in commerce” under the Lanham Act, it appears that Congress did not contemplate, or perhaps chose not to address, the varied commercial uses of trademarks in an Internet marketplace. Moreover, Congressional intent regarding trademark “use in commerce” must be contextually limited to trademark uses as they existed in 1988.

The examples of non-traditional trademark uses cited throughout the legislative history do not reflect modern Internet uses of trademarks in commerce. Specific examples cited in the legislative history support this conclusion. Less traditional trademark uses cited included trademarks used in test markets, infrequent sales of large and expensive items and ongoing shipments of a new drug to clinical

109. See, e.g., *Search King, Inc. v. Google Tech., Inc.*, 2003 WL 21464568 (W.D. Okla. May 27, 2003). See also Brief of *Amicus Curiae* Google Inc. Supporting Neither Appellants Nor Appellee But Supporting Reversal, *supra* note 8.

2004] POP-UP ADVERTISING AS "USE IN COMMERCE" 1135

investigators.¹¹⁰ None of these "nontraditional uses" reflect any Congressional consideration of the various types of trademark use occurring on the Internet today nor do they help illuminate the reasons behind the diametrically opposed views of "use in commerce" that appear in the three cases discussed in this Article.

This lack of Congressional guidance seen in the legislative history of the Lanham Act indicates a need for legislative action to guide future interpretations of the "use in commerce" requirement to establish clear boundaries for trademark infringement on the Internet. Despite this need Congressional resources are limited and, ordinarily, Congress responds in a reactionary fashion to unpopular high court decisions. Accordingly, the WhenU.com cases are significant because the split interpretation among the district courts in various circuits, and any future interpretation of "use in commerce" by the appellate courts, may ultimately generate Congressional interest in clarifying the statutory definition of "use in commerce" in the Lanham Act.

3. Appellate Decision on WhenU.com's Trademark Use: A New Legal Standard Will Likely Emerge

It is apparent that any appellate decision regarding the "use in commerce" requirement in the WhenU.com cases will be difficult because legitimate arguments underlie each interpretation. There are, however, two additional considerations or factors seen in the "use in commerce" analyses that may separate the WhenU.com cases from one another. One consideration relates to a fundamental premise behind trademark law that may support the *1-800 Contacts* interpretation and the other is a key fact implicating a public policy that favors WhenU.com's interpretation of trademark use. How the Second Circuit, or any other appellate court, chooses to weigh these considerations remains to be seen. They are discussed in turn.

a. Inference of Unfair Competition

Trademark law has traditionally been referred to as "unfair competition" – "unfair because, by using a rival's mark, the infringer capitalizes on the investment of time, money and resources of his

110. United States Trademark Association, Testimony Before the Subcommittee on Courts, Civil Liberties and the Administration of Justice of the House Judiciary Committee (Sept. 8, 1988), *reprinted in* UNITED STATES TRADEMARK ASSOCIATION, THE LEGISLATIVE HISTORY, REPORTS, TESTIMONY, AND ANNOTATED STATUTORY TEXT, THE TRADEMARK LAW REVISION ACT OF 1988 (Pub. L. No. 100-667), at 234 (1989).

competitor; unfair also because by doing so, he obtains the consumer's hard-earned dollar through something akin to fraud."¹¹¹ This unfair competition doctrine was implicated in the 1-800 Contacts court's "use in commerce" analysis and may be the intangible factor that the Second Circuit relies on in determining which definition applies to the "use in commerce" requirement for trademark infringement.

Preventing "unfair competition" is a general underlying premise of trademark law. In the *1-800 Contacts* opinion, the court was concerned about the underlying sense of unfairness of WhenU.com's use of 1-800 Contacts' trademark. The *1-800 Contacts* court directly refers to WhenU.com's exploitation of the computer user's preexisting knowledge about the 1-800 Contacts trademark—"knowledge that is dependent on [1-800 Contacts'] reputation and good will."¹¹² The court, on more than one occasion, indicated its concern related to WhenU.com's exploitation of the consumer's knowledge base about the trademark which was created by the trademark owner's investment in the trademark. The 1-800 Contacts view of WhenU.com's "use" of another company's trademark infers that—even if WhenU.com is only using the trademark in its directory—it is still "using" the trademark owner's own trademark to directly benefit its competitor. According to the *1-800 Contacts* court, this kind of use indicates the existence of a greater level of unfairness than what has been traditionally seen in the nominative use cases described by the Ninth Circuit. This unfair competition implication in the WhenU.com cases may sway the Second Circuit to adopt the *1-800 Contacts* interpretation of "use in commerce". Despite this important consideration, however, countervailing factors still exist that may still tip the scales in favor of WhenU.com's interpretation of "use in commerce."

b. Public Policy Interest Favoring a Competitive Economy

The general public policy favoring a free, competitive economy might influence the Second Circuit analysis of the "use in commerce" requirement for trademark infringement under the Lanham Act. The key fact that invokes or implicates this public policy goal is that the

111. *The New Kids on the Block*, 971 F.2d at 305-06 (citing Paul Heald, *Federal Intellectual Property Law and the Economics of Preemption*, 76 IOWA L. REV. 959, 1002-03 (1991)).

112. *1-800 Contacts*, 2003 U.S. Dist. LEXIS 22932 at *54-55.

2004] POP-UP ADVERTISING AS "USE IN COMMERCE" 1137

pop-up advertisements only appear if the computer user has previously downloaded the SaveNow software program onto his or her computer. In other words, the consumer assents to WhenU.com's trademark use. By approving the SaveNow license agreement, the computer user has impliedly assented to WhenU.com's use of their existing knowledge of what ever trademark the user enters to access a particular website. This user assent indicates that the consumer wants access to the competing advertisements WhenU.com provides. This is a strong fact in favor of WhenU.com's interpretation of "trademark use."

This key fact, combined with the general public policy favoring a free, competitive economy, might influence the Second Circuit analysis as well. It does not, however, completely alleviate the concern surrounding WhenU.com's capitalization on the trademark owner's efforts to build the good will surrounding the trademark. Accordingly, there is still no dominating factor strongly favoring either "use in commerce" interpretation suggested by the WhenU.com cases.

V. CONCLUSION

The Internet marketplace provides the perfect environment within which an industrious commercial participant can use trademarks in ways that neither the Lanham Act nor case law to date has thoroughly addressed. The WhenU.com cases are significant because they illustrate the current issues facing the courts dealing with trademark infringement claims in the Internet context, specifically the proper interpretation of "use in commerce" under the Lanham Act. It will be interesting to find out which factors, historical or otherwise, affect the Second Circuit's analysis of whether or not WhenU.com "uses" trademarks in violation of the Lanham Act.