April 2016

See Ya Later, Gator: Assessing Whether Placing Pop-Up Advertisements on Another Company's Website Violates Trademark Law

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NOTES

SEE YA LATER, GATOR: ASSESSING WHETHER PLACING POP-UP ADVERTISEMENTS ON ANOTHER COMPANY’S WEBSITE VIOLATES TRADEMARK LAW

I. INTRODUCTION

Recently, strong competition among online advertisers has led companies to engage in “guerrilla marketing tactics” to reach consumers effectively.1 Advertisers implement those tactics using “adware” or “spyware” software programs, which come with names such as Gator, eZula, Kazaa, and TopText, among others.2 Once the software is installed, which often occurs without the Internet user’s knowledge, it tracks the user’s online activity and presents pop-up advertisements at opportune moments.3 For example, an Internet user visiting a website devoted to Toyota cars might receive an unsolicited pop-up advertisement for Ford cars, or someone consulting Dow Jones’ Career-Journal.com website might view an advertisement for hotjobs.com, a competing website.4

The online advertising companies offering these services assert that they are merely providing Internet users with alternative choices, but web page publishers and their advertisers consider the advertising methods to be unethical and illegal.5 On June 25, 2002, some of the nation’s largest news publishers (collectively, the “Publishers”), including The New York Times, Dow Jones, and The Washington Post, sued Internet advertising company Gator Corporation (“Gator”) over software that triggers pop-up advertisements when Internet users visit their

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3 Greenfield, supra note 1.
5 Greenfield, supra note 1.
websites. While the Publishers characterized Gator as “a parasite on the Web that free rides on the hard work and investments of . . . website owners,” Gator maintained that the Publishers’ arguments were “absurd” and sought to extend copyright and trademark law far beyond its rightful boundary. In July 2002, a federal judge sided with the Publishers, granted their motion for preliminary injunction, and ordered Gator temporarily to stop displaying pop-up advertising over the Publishers’ websites without their permission. Although the case was later settled out of court, at issue was whether displaying third-party advertisements over the content of a company’s website violates that company’s intellectual property rights. Had the case gone to trial, the court’s decision could well have defined the parameters for what constitutes permissible online advertising.

metatagging,13 keywords,14 and cybersquatting15 have forced the courts to draw and redraw the lines of what activities the law will allow. In so doing, the courts have applied classical legal concepts to previously unknown legal issues. In this regard, the current dispute over the “guerrilla marketing tactics”16 of today’s online advertisers is nothing new. Like other Internet-related legal issues, online advertising is not governed by a separate body of law devoted solely to advertising practices in cyberspace.17 Instead, the courts have tackled the Internet and claims of misleading, deceptive advertising practices largely through the application of traditional laws and regulations.18 Accordingly, the courts are unlikely to condone

1997) (suggesting that those who link and frame without authorization potentially could be liable for copyright infringement and Lanham Act violations). See also Hampton, supra note 11, at 694. The author explains that

[framing refers to linking to another site, and displaying that site, or contents on that site, within a frame along with content from the first site. In contrast to hyperlinking, the user in a framing case remains at the first site and views content from both sites. Using frames to package the content of others potentially runs afoul of copyright, trademark, and commercial misappropriation laws. Plaintiffs in framing cases generally allege that users are unaware that the framed content is from another site unassociated with the first site.

Hampton, supra note 11, at 694.


15 See also Anticybersquatting Consumer Protection Act, 15 U.S.C. § 1125(d) (2000) (creating a cause of action against bad faith registration, use, or trafficking in domain names that are identical or confusingly similar to a trademark belonging to another or dilutive of another’s famous trademark). See generally Hampton, supra note 11, at 677-86 (noting that Congress has defined cybersquatting as registering in, trafficking in, or using domain names that are identical or confusingly similar to trademarks with the bad faith intent to profit from the goodwill of the trademarks).

16 Greenfield, supra note 1.

17 Lawrence M. Hertz, Advertising Regulation on the Internet, COMPUTER & INTERNET LAW., June 2002, at 18.

18 See id. (noting that regulation of online advertising comes from four primary sources: federal
the advertising practices of Gator and other similar online advertisers because doing so would violate established trademark law.

First, this Note provides a brief history and introduction to the Internet technology which is pertinent, including the techniques Internet users employ to locate information on the Web and the methods website operators use to increase traffic on their sites. Second, common online advertising techniques such as banner advertising and pop-up advertising are explained. Third, this Note discusses the Gator Corporation’s business model, products, and unique online advertising method and summarizes the recent lawsuit brought by the Publishers against Gator. Fourth, the Publishers’ trademark claims against Gator are analyzed by providing an overview of relevant trademark law and then determining whether the Publishers’ claims might have been successful had their case proceeded to trial. Finally, this Note argues that unless held unlawful by the courts, the “guerrilla marketing tactics” of today’s online advertisers will persist, thereby ensuring continued controversy regarding intellectual property rights on the Internet.

II. HISTORY AND BACKGROUND ON INTERNET TECHNOLOGY RELATING TO ONLINE ADVERTISING

A. THE INTERNET AND THE WORLD WIDE WEB

The Internet is a global network of millions of interconnected computers spanning almost 150 countries and every continent. Since its early beginnings as an outgrowth of ARPANET, a 1960s military network designed to pool the resources of research facilities, the Internet has evolved into a “unique and wholly new medium of worldwide human communication.” The Internet is not managed by any one academic, corporate, governmental, or non-profit entity. Instead, it exists solely because independent computer operators have chosen “to use common data transfer protocols to exchange communications and information” with other users. A variety of uses for this rapidly developing frontier

regulation, state and local regulation, private advertising codes, and private litigation).


20 Id. at 1218.


23 Reno, 929 F. Supp. at 832.

24 Id.
have emerged, and with the advent of the World Wide Web (the “Web”) in 1990, the landscape of the Internet changed forever. Although most Internet users consider the Web to be “the” Internet, in reality, the Web is merely a subset of the Internet’s vast digital environment. The Web is especially well-suited for displaying images, sound, and text simultaneously, and accordingly, it has become home to a plethora of informational and commercial communication. Indeed, “it is no exaggeration to conclude that the content on the Internet is as diverse as human thought.”

Much of the information on the Web is found on “websites,” which are comprised of multiple “web pages.” When a user accesses a particular website, the first visual images that appear constitute the website’s “home page.” The home page provides the user with an introduction to the broad subject matter of the website, and the subsequent individual web pages provide more specific information. Most commonly, users access these pages via computers connected to the Internet and special software programs called “web browsers.” Increasingly though, computers are not the exclusive means of accessing the Internet. In fact, today’s Internet users can gain Internet access using their cellular phones and even their televisions.

Regardless of the device used to access them, web pages intertwine to form an interconnected virtual marketplace of news, ideas, entertainment, free speech, and commercial transactions. Indeed, the Web’s function as an arena for commerce, information, and services has grown exponentially since 1990 and now consists of millions of websites woven into “a vast library including millions of readily available and indexed publications and a sprawling mall offering goods and services.” Moreover, the public’s use and reliance on the Internet, and the World Wide Web in particular, continues to grow. Statistical studies regarding the vastness of the Internet abound, but no consensus exists as to its overall size.

25 Warner, supra note 13, at 136.
26 Id.
28 O’Rourke, supra note 13, at 279.
29 Id.
30 Id.
31 See Brookfield Communications, Inc. v. West Coast Entm’t Corp., 174 F.3d 1036, 1044, 50 U.S.P.Q.2d (BNA) 1545, 1549 (9th Cir. 1999) (explaining how web browser software allows Internet users to view web pages).
33 Warner, supra note 13, at 134.
35 Warner, supra note 13, at 136.
and use. Estimates suggest that by the end of 2001, 445 million people were online worldwide, of which 119 million, or twenty-seven percent, were in the United States. More importantly, these numbers are constantly increasing.

Because of the Internet’s enormity and ever-increasing influence, businesses have seized the opportunity to use websites to promote their goods and services to consumers. Commercial websites vary in their degree of interactivity, ranging from passive, informational descriptions of products and services to completely interactive sales sites. Companies often hire consultants to build and maintain their websites, which can cost tens of thousands of dollars. Indeed, an entire industry has grown around website structuring, construction, and management. Even the most well-constructed, informative websites will be doomed to fail, however, if Internet users are unable to locate them. Consequently, website owners must decide how to market their websites and not merely the products or services available on them.

B. NAVIGATING THE INTERNET AND THE WORLD WIDE WEB

Internet users usually navigate the Web in one of two ways. First, users may enter a specific address into their web browsers. Domains such as “.com” or “.edu” provide a basic organizational scheme to the Internet, thereby narrowing the search for Internet users attempting to locate a particular person or entity’s website. Internet users often know the specific domain address of the person

39 Warner, supra note 13, at 137.
40 Id.
41 Id.
42 Id. at 139.
43 O’Rourke, supra note 13, at 278.
44 Bally Total Fitness Holding Corp. v. Faber, 29 F. Supp. 2d 1161, 1162 n.1, 50 U.S.P.Q.2d (BNA) 1840, 1841 n.1 (C.D. Cal. 1998). In addition to “.com,” “.net,” and “.org,” the Internet
or entity for which they are searching, but sometimes users enter domain names relying upon their best educated guess (or guesses). Domain name guessing may result in users' arrivals at unexpected websites, and moreover, it may be less efficient than the second method of locating websites, namely the use of Internet search engines.45

Search engines arose to aid Internet users in their navigation through the extensive data available on the Internet and to assist them in locating specific information. Courts have analogized searching for and prioritizing topics in online web searches as akin to using a card catalog at the local library.46 To use Google, Yahoo!, Excite, Lycos, or other Internet search engines, Internet users enter keywords related to the type of information they are researching, and the search engine returns a list of websites that are potentially relevant.47 Website owners want their websites to be returned at the top of the list of matching sites, which increases the likelihood that users will actually visit their web pages.48

Search engines operate using various techniques.49 First, many search engines permit website owners to register their web pages with the search engine, which ensures that those pages will be associated with specific keyword searches.50 Second, search engines often utilize programs called web crawlers or spiders to locate websites for inclusion in their databases.51 Finally, some search engines glean information about the websites they search from the sites' underlying programming, which is invisible to users as they view the pages.52 Many search engines combine all three of these techniques to guarantee the efficacy and comprehensiveness of the searches conducted on their websites. Ultimately, "[t]he effectiveness of any particular search depends on the comprehensiveness

Corporation for Assigned Names and Numbers (ICANN) selected the following seven new top-level domains (TLDs) in November 2000: .aero, .biz, .coop, .info, .museum, .name, and .pro. ICANN, New TLD Program, at http://www.icann.org/tlds/ (last visited Aug. 17, 2003).


O'Rourke, supra note 13, at 278.

Id.

For example, the Internet search engine Google, which accesses over three billion web pages, describes its unique search methods in detail on its website. Google Web Search Features, at http://www.google.com/help/features.html (last visited Sept. 15, 2003). The United States District Court for the Western District of Oklahoma recently found that Google's website rankings were protected speech, per se lawful, and could not give rise to action for tortious interference with contractual relations. Search King, Inc. v. Google Tech., Inc., 2003 WL 21464568, at *1 (W.D. Okla. May 27, 2003).

Warner, supra note 13, at 138.

Id.

Id.
of the search engine's database, the sophistication of its search and retrieval software, and the user's skill in crafting an appropriate query.'\textsuperscript{53}

C. METATAGGING

Perhaps due to the pressure of establishing profitable sites, some commercial website owners have endeavored to exploit the functioning of search engines to make their websites more popular or visible through use of a technique known as "metatagging."\textsuperscript{54} In particular, the website owner places frequently searched terms, which may be generic or even popular trademarked names, into the underlying programming code, or metatags, of its web pages.\textsuperscript{55} While metatags have no noticeable effect on the appearance or text of the web pages visible to the Internet user, they are not invisible to search engines.\textsuperscript{56} Accordingly, the repetition and content of metatags can "weight" a website's value within search engine databases, thereby increasing the probability that a search engine will produce the site on its list, even though its content may be entirely unrelated to the information which the Internet user actually sought.\textsuperscript{57}

Some websites use metatagging "legitimately" by including keywords and descriptions of the information provided at the site, but others attempt to solicit customers from their competitors or simply attract users to their sites. Numerous examples of this latter type of metatagging exist.\textsuperscript{58} For instance, after Princess Diana's death, a number of unrelated websites added her name to their metatags with the expectancy of benefiting from the high number of searches seeking information about Diana.\textsuperscript{59} Similarly, a web directory known as Infospace

\textsuperscript{53} O'Rourke, \textit{supra} note 13, at 283.


\textsuperscript{55} O'Rourke, \textit{supra} note 13, at 278.

\textsuperscript{56} Id.

\textsuperscript{57} Id.

\textsuperscript{58} Id. at 285. One commentator has referred to this "illegitimate" form of metatagging as "spamdexing." See Joseph T. Kucala, Jr., \textit{Putting the Meat Back in Meta-tags!}, 2001 J.L. TECH. & POL'Y 129, 141 (2001) (noting that a website owner has an incentive to "spamdex," or insert words or phrases into metatags that are wholly unrelated to the website's content, in an attempt to deceive search engines into listing the website in their search results).

\textsuperscript{59} See Elizabeth Weise, \textit{Some Web Pages Take Search Engines for a Ride}, USA TODAY, Sept. 29, 1997, at 4D. In particular, the minute word of Princess Diana's death hit the Internet, hundreds of World Wide Web pages went up in her honor. Too bad many were for get-rich schemes and sex sites.
included metatags referring to one of its primary competitors, WorldPages, but ceased the practice following a hostile email exchange with WorldPages.  

Predictably, recent litigation has challenged this latter, “illegitimate” use of metatagging as constituting trademark infringement, dilution, and unfair competition. This “illegitimate” metatagging raises concerns because it permits website operators to gain potential customers by free-riding on a trademark owner’s goodwill, and already the courts have been critical of the practice. Most metatagging disputes arise when a popular term used as a metatag by one website is in fact the trademark of another party. Currently, the permissibility of using another party’s trademark as a metatag seems clear: website operators may insert their competitors’ trademarks into their own sites’ metatags so long as the website operators make fair or descriptive use of the trademarks in a non-infringing manner.

III. COMMON ONLINE ADVERTISING TECHNIQUES

A. THE SCOPE AND INFLUENCE OF ONLINE ADVERTISING

Even with search engines available to aid Internet users, building and maintaining a visible, and therefore profitable, commercial website is an infrequently accomplished feat. To offset the great expense of developing and maintaining their websites, most companies rely on their sites to earn money by

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It was yet another skirmish in the war between search sites striving for impartial fairness and unscrupulous Web designers willing to do anything to get their pages listed at the top of a search—even adding Diana’s name just so they’d show up in any search for the princess.

Id.  

60 O’Rourke, supra note 13, at 285.

61 Id. at 309 (stating that metatagging represents one of the ways in which “Web sites free-ride on one another’s content”).


63 Compare Brookfield Communications, Inc v. West Coast Entm’t Corp., 174 F.3d 1036, 1066, 50 U.S.P.Q.2d (BNA) 1545, 1567 (9th Cir. 1999) (holding that a website that used its competitor’s trademarks in its metatags did so in an infringing manner but stating that no cause of action for trademark infringement will lie where a website operator “use[s] an appropriate[ly] descriptive term in its metatags”), with Playboy Enters. v. Welles, 279 F.3d 796, 804, 61 U.S.P.Q.2d (BNA) 1508, 1512 (9th Cir. 2002) (holding that a former Playboy Magazine Playmate’s use of the magazine’s trademarks in the metatags of her website was a nominative use because “nothing [was] done . . . to suggest sponsorship or endorsement by the trademark holder”).

64 See O’Rourke, supra note 13, at 277-78 (observing that “the primary goal of commercial Web site owners is to make money, although few have yet figured out how to do so”).
selling online goods and services, by selling advertising space to third parties, or by selling both goods and advertising space. 65

In recent years, online advertising has become increasingly influential. In fact, sixty percent of business decision-makers report that the Internet is the best way for advertisers to reach them and that they are influenced more by online advertising than any other advertising medium, including television. 66 While that may be true, when it comes to online advertisements, more is not always better. Over one-third of Internet users in the United States leave websites if the pages are too cluttered with advertisements, and more significantly, nearly sixty percent of American Internet users have a "less favorable" opinion about the products or services promoted on a website filled with advertisements. 67 As a result, website owners use great care and effort to select the optimal number and type of online advertisements used on their sites. In making those decisions, website owners have numerous advertising products at their disposal.

B. BANNER ADVERTISING

The most traditional and perhaps most popular form of Internet advertising is the use of "banner advertisements," which are rectangular blocks positioned above, below, or to the side of a web page's content. 68 By clicking on a banner advertisement, the user is led to a website providing more information from the advertiser. 69 At least one court has distinguished between random and targeted banner advertisements appearing on Internet search engine web pages. 70 That is, some banner advertisements appear on search engine web pages "in a random or 'general' rotation that is completely unrelated to the search query typed by the user." 71 In contrast, targeted "banner advertisements are programmed to be displayed only in response to specific search queries." 72 To maintain profitable

65 Weininger, supra note 36, at 477. See also Ashley Dunn, Ad Blockers Challenge Web Pitchmen, L.A. TIMES, Mar. 2, 1999, at A1 (noting that the revenue generated from online advertising "is a primary reason that so much of the Internet is free").


68 Complaint, supra note 6, at 19.


71 Id.

72 Id. As an example, the Playboy court noted that "Honda might prefer that its banner advertisements be displayed only when a user had typed in a search query related to automobiles or
businesses, both website owners and online advertisers rely upon the success of their advertisements to reach the relevant consumer population.

C. POP-UP ADVERTISING

Another form of Internet advertising is the use of "pop-up advertisements," which are usually triggered automatically when users visit certain web pages. Pop-up advertisements, like banner advertisements, appear on web pages as rectangular blocks, but instead of appearing along the borders of the web page's content, they appear in a separate window on top of content already on-screen. When a pop-up advertisement appears, Internet users may click on it to visit a website containing more information from the advertiser. Alternatively, users may continue viewing the original web page, but to view the web page content obscured by the pop-up advertisement, they must close the pop-up window with a click of the mouse.

Because Internet users must act affirmatively to avoid them, pop-up advertisements are especially intrusive and most likely to offend, frustrate, and annoy the typical Internet user. In fact, Internet users' dim view of pop-up advertising is already well-established. One market-research firm reports that consumers rank pop-up advertisements as second only to telemarketing as less desirable and more distracting among advertising mediums including direct mail, television, magazines, and newspapers. Several software manufacturers have capitalized on consumer frustration by offering programs specifically designed to

cars but not when the user had typed in search terms related to gardening." Id at 1078.


Complaint, supra note 6, at 19 (distinguishing pop-up ads from banner ads by observing that "rather than appearing above, below or to the side of the content on the pages, as with banner advertisements, pop-up advertisements appear on top of the web page's content, obscuring at least a portion of the content from the viewer"). See also Am. Library Ass'n v. United States, 201 F. Supp. 2d 401, 419 (E.D. Pa. 2002), rev'd, 123 S. Ct. 2297 (2003) (discussing pop-up ads that multiply into other pop-up advertisements, which "make it difficult for a user quickly to exit all of the pages . . . whether he or she initially accessed such material intentionally or not").

See Am. Library Ass'n, 201 F. Supp. 2d at 419 (stating that while Internet users view web pages, computer programs open in their web browsers "new windows advertising other . . . sites without any prompting by the user").

Complaint, supra note 6, at 19 (stating that "unlike banner advertisements, in order to view the content on the web page being visited, a viewer must take the affirmative act of closing the window with the pop-up advertisement by clicking the mouse").


prevent pop-up advertisements from ever appearing on users’ computer screens.\textsuperscript{79} These software programs do not provide the perfect solution, however, because they require consumers to spend their own money\textsuperscript{80} and may interfere with the functioning of websites.\textsuperscript{81} If nothing else, the availability of ad-blocking software clearly signals consumers’ general hostility toward pop-up advertisements, and as a result, advertisers have grown increasingly wary of the considerable backlash.

Last year, America Online, one of the nation’s most popular Internet service providers, received a significant dose of hostility from its subscribers when an increase in the number of pop-up advertisements caused membership cancellations.\textsuperscript{82} The Internet service provider acted quickly to restore customer loyalty and announced that it would no longer sell pop-up advertisements, which it had purchased faithfully since 1995.\textsuperscript{83} Nevertheless, in America Online’s case, pop-up advertisements are the first and last thing subscribers see when they log on and off of the service.\textsuperscript{84} Although pop-up advertisements do not comprise the bulk of America Online’s advertising revenues, their abandonment will cost the company about $30 million in earnings.\textsuperscript{85}

Some advertisers predict that America Online’s decision to abandon its use of pop-up advertisements may force online advertisers to return to the use of banner advertisements exclusively.\textsuperscript{86} That prediction may become a reality sooner rather than later because some companies have learned from America Online’s difficulties and have stopped using pop-up advertisements on their websites altogether. For instance, popular women’s website iVillage.com has eliminated all pop-up advertising from its site and touts its decision as proof that it listens and responds to its users’ suggestions.\textsuperscript{87} Moreover, Earthlink, Inc., one of

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\textsuperscript{79} Smallbridge, supra note 77. See also Taylor, supra note 2, at 106 (offering information on various software utilities available to detect and delete spyware).


\textsuperscript{81} Smallbridge, supra note 77. See also Ted Bridis, Low Cost “Ad-Blockers” Grow Among Web Users, J. REC., Aug. 26, 1998, available at 1998 WL 11956778 (discussing how “ad blocker” software prevents advertisements from appearing on a web page while continuing to display most of the other text and images).

\textsuperscript{82} Smallbridge, supra note 77.

\textsuperscript{83} Angwin & Magnalindan, supra note 78, at B1.

\textsuperscript{84} Id.

\textsuperscript{85} Id.

\textsuperscript{86} Id. at B4.

\textsuperscript{87} Smallbridge, supra note 77.
America Online's lead competitors, provides its subscribers with a feature that prevents pop-up advertisements from appearing on their computer screens.\textsuperscript{88} Website owners and Internet service providers are not the only ones taking notice of consumers’ annoyance with pop-up advertisements. Online advertisers also have shied away from using them for fear of irking customers. Nielsen/Netratings estimates that less than ten percent of all online advertisers use pop-up advertisements, despite their seemingly ubiquitous presence.\textsuperscript{89} Though relatively few in number, pop-up advertisements are used mostly as a direct marketing tactic, rather than to build and promote brand recognition.\textsuperscript{90} That is not to say that pop-up advertisements do not build brand recognition, but that recognition appears to come at the cost of decreased brand favorability, given users’ established antipathy toward the technique.\textsuperscript{91} Generally speaking, statistics reveal that nearly sixty percent of all pop-up advertisements attempt to drive Internet traffic to the advertiser's website compared to the twenty-six percent of pop-up advertisements that offer sales incentives.\textsuperscript{92} The current trend within the industry is to limit or abandon the use of pop-up advertisements in favor of advertisements using rich-media and animation that are embedded into the web pages, and industry analysts acknowledge that “[i]t’s questionable what the appetite” is for pop-up advertisements in the current market.\textsuperscript{93}

IV. THE GATOR CORPORATION’S UNIQUE ONLINE ADVERTISING METHOD

A. GATOR’S BUSINESS MODEL

Founded in 1998, California-based Gator Corporation is a self-described “behavioral marketing company that works with software developers to create ad-supported software.”\textsuperscript{94} Currently, Gator runs an advertising network that claims twenty-two million active users and over four hundred advertisers.\textsuperscript{95} Most of

\textsuperscript{88} Angwin & Magalindan, supra note 78, at B4.
\textsuperscript{90} Id.
\textsuperscript{91} Smallbridge, supra note 77.
\textsuperscript{92} Nua, Pop-up Ad Buyers, supra note 89.
\textsuperscript{93} Angwin & Mangalindan, supra note 78, at B4.
\textsuperscript{95} Id. In this regard, the Gator Corporation has been an online advertising success. See Gator Corporation, The Gator Corporation Delivers Unparalleled Campaign Results—Everyday, at http://www.gatorcorporation.com/advertise/results.html (last visited Aug. 17, 2003) (stating that “[f]or most [of its] clients, The Gator Corporation is their largest source of new customer acquisition” and that
those active users obtain Gator advertising software through Gator’s product “eWallet.”96 eWallet is a software package that assists Internet users by remembering passwords and filling out online forms.97 Other Internet users obtain Gator advertising software, oftentimes unbeknownst to them, with free software from other companies, including games and file-sharing programs.98

Once it is installed, Gator’s advertising software stores additional computer files on the user’s computer and runs a program called “OfferCompanion,”99 which tracks the user’s web-browsing habits and generates content such as pop-up advertisements based on the sites that the user frequently visits.99 Thus, while Internet users browse the Web, Gator runs in the background and delivers advertisements in addition to those already present on websites. Gator’s advertisements are designed to appear on the screen when users visit websites featuring advertising from one of Gator’s advertiser's competitors.100 For example, as an Internet user considers an online purchase on a website, a pop-up ad may appear that offers the same product at a lower price from a competing website that pays Gator for the advertisements.101 According to the Publishers' complaint in Washingtonpost.Newsweek Interactive Company v. Gator Corporation, advertisers pay up to $50,000 to have their ads pop up at specific web addresses.102 Although Gator's advertisements are identified by the title “GAIN” (for Gator Advertising and Information Network),103 website owners allege that most users do not realize that the advertisements are unaffiliated with the websites they choose to view.104 Moreover, some of Gator’s advertisements are

"[Gator] programs produce dramatically higher click-through rates than programs on major portals—over 20 times that of traditional banners"). Moreover, Gator’s clients consist of advertisers in the automotive, financial services, entertainment, retail, consumer package goods, and travel industries. Id.

96 Judge Bars Firm’s Pop-up Internet Ads; Companies Cite Threat to Advertising Revenue, RICHMOND TIMES-DISPATCH, July 16, 2002, available at 2002 WL 7204868 [hereinafter Judge Bars]. Some of Gator’s other web-based applications that will not be discussed herein include Weatherscope, which provides local weather information and forecasts; Precision Time, which automatically syncs a user’s computer clock to the U.S. Atomic Clock; and Date Manager, which allows users to view a two-month calendar and set date reminders. Gator Corporation, OVR Products/Downloads, at http://www.gatorcorporation.com/ourproducts (last visited Aug. 17, 2003).

97 Judge Bars, supra note 96.


99 Judge Bars, supra note 96.

100 Id.

101 Id.

102 Complaint, supra note 6, at 26.

103 Jesdanun, supra note 98.

104 Brian Sullivan, Online Marketing Firm Sued Over Pop-up Ads, COMPUTERWORLD, June 28, 2002,
designed to appear as part of the website being viewed, even deliberately concealing advertisements that are actually part of the site.105

B. PREVIOUS ATTACKS ON GATOR’S ADVERTISING PRACTICES

Interestingly, the recent Publishers’ lawsuit filed against Gator is not the first time that the company’s advertising practices have been attacked. In August 2001, the Interactive Advertising Bureau (IAB), a New York-based consortium of online advertisers, criticized Gator’s practice of selling banner advertisements that obscured those sold by website publishers106 and threatened to file a complaint with the Federal Trade Commission.107 Gator’s services, according to the IAB, constituted “unfair business practices [that] substantially infringe on the trademark, copyright, and intellectual property rights of web publishers and advertisers.”108 The IAB also alleged that Gator’s practices implied a false and misleading business relationship between the websites on which Gator’s advertisements appeared and the substituted advertisers, resulting in consumers’ inability to experience websites as designed and built by their publishers.109 Gator responded with a federal lawsuit against the IAB for “malicious disparagement”110 and making “unjust claims”111 in the media about Gator’s legality. The lawsuit was dropped when Gator agreed to stop selling the banner overlays.112

Beyond criticism from the IAB, Gator has received cease and desist letters from several companies and has responded by filing suits against L.L. Bean, Virtumundo, Drugstore.com, and others seeking declaratory judgment that its advertising methods are lawful.113 Those cases have settled or are currently pending.114 Gator’s business has not necessarily been helped by such litigation.
In fact, in court documents submitted in *Washingtonpost.Newsweek Interactive Company v. Gator Corporation*, Gator reported that since the suit's filing, the company has lost $500,000 in contract cancellations and more than $6 million in potential business.  

**V. THE PUBLISHERS' RECENT LAWSUIT AGAINST THE GATOR CORPORATION**

*Washingtonpost.Newsweek Interactive Company v. Gator Corporation* was filed on June 25, 2002, in the United States District Court for the Eastern District of Virginia. In the case, sixteen publication industry leaders (collectively, the "Publishers") took aim at Gator, alleging that the online advertising company's business practices violated their intellectual property rights. The Publishers and their affiliates, according to their complaint, "are among the world's foremost providers of news, information and editorial content in broadcast, cable, print and electronic media ... ." Moreover, "[o]wing in large measure to the superior quality of the [Publishers'] content, their websites are among the most popular on the Web." The great popularity of their websites, according to the Publishers, has been hard-earned. It is the direct result of the Publishers' efforts to create a specific "'look and feel' that will encourage site visitors to remain" on their websites and "return to [them] in the future." Indeed, the Publishers have incurred great expense in gathering the news and content for their websites as well as designing, organizing, and maintaining their sites for Internet users. Because of their success and popularity, the Publishers' websites are "attractive to a wide variety of advertisers who wish to reach a large, informed and well-educated audience."  

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115 Id.  
117 Id. at 1. The Complaint further states that the Publishers offer "breaking news and other useful information" relating to all of the information one would normally expect to find in their hard-copy publications, plus "a wealth of content and features available only online." Id. at 20 (emphasis in original).  
118 Id. at 19.  
119 Id. at 21.  
120 Id.  
121 Complaint, *supra* note 6, at 19.
The Publishers take care, however, to "limit[] the number of authorized pop-up advertisements that appear on [their] sites[s] to avoid annoying their visitors."\textsuperscript{122} Certainly, "[p]urchasing advertising on websites as popular as those operated by the [Publishers] is an attractive option for advertisers looking for ways to reach targeted audiences."\textsuperscript{123} Advertising on the Publishers' websites, however, is not for everyone. Instead, advertisers must comply with the Publishers' established standards and policies governing "the types of goods and services that may be advertised on their websites and the content and appearance of advertisements that they deem acceptable."\textsuperscript{124} Indeed, the Publishers make clear that "as a condition of advertising on their sites, [they] reserve[d] the right to reject any advertisement or the content of any advertisement."\textsuperscript{125}

The Publishers' concerns stem from Gator's practice of "sell[ing] pop-up ads on [their] websites WITHOUT the permission of or payment to such websites."\textsuperscript{126} Thus, the Publishers contended that Gator's "pop-up advertising scheme is inherently deceptive and misleads users into falsely believing that the pop-up advertisements supplied by Gator Corp. are in actuality advertisements authorized by and originating with the underlying website."\textsuperscript{127} Additionally, the Publishers condemned Gator's alleged practice of providing third-party Internet advertisers with the opportunity to "buy" the Publishers' web addresses, thereby guaranteeing that their advertisements would appear when Internet users visited one of the Publishers' websites.\textsuperscript{128}

Gator's advertising scheme, according to the Publishers, harmed them in many ways. In the short-term, Gator's "pop-up advertising scheme deprive[d] both the [Publishers] and their advertisers of the benefits intended to be secured by their advertising contracts."\textsuperscript{129} As for the long-term effects, the Publishers alleged that Gator's practices "would erode the attractiveness of advertising on [their] websites and disrupt or potentially destroy [their] ability . . . to sell such advertising."\textsuperscript{130} Moreover, the Publishers claimed that Gator's advertising practice "fundamentally damage[d] the integrity and value of [their] websites in other ways as well."\textsuperscript{131} In particular, the Publishers alleged that Gator's pop-up advertising practice (1) created a false impression that the pop-up ads originated with their

\textsuperscript{122} Id. at 21.  
\textsuperscript{123} Id. at 22.  
\textsuperscript{124} Id.  
\textsuperscript{125} Id.  
\textsuperscript{126} Id. at 23 (emphasis in original).  
\textsuperscript{127} Id. at 26.  
\textsuperscript{128} Id.  
\textsuperscript{129} Id. at 28.  
\textsuperscript{130} Id.  
\textsuperscript{131} Complaint, supra note 6, at 28.
websites; (2) gave Internet users the false perception that the pop-up ads operated in cooperation with, rather than in competition with, the Publishers' websites; (3) destroyed the Publishers' rights to determine the companies, messages, and causes that can be advertised on their websites; (4) interfered with and disrupted the display of content on the Publishers' websites; (5) undermined the Publishers' ability to set the frequency of pop-up advertisements on their websites; and (6) created a potential for serious reputational damage to the Publishers.\footnote{Id. at 28-29.}

In short, the Publishers claimed that Gator "merely free rides on [their] efforts and investment."\footnote{Id. at 30.} As stated in their complaint, the Publishers own numerous registered trademarks used in connection with the goods and services on their websites, and all of the Publishers own copyrights in their websites.\footnote{Id. at 10-17.} To protect their intellectual property and investment in their websites, the Publishers filed a nine-count complaint against Gator.\footnote{Id. at 10-17.} The Publishers sought a preliminary and permanent injunction prohibiting Gator from placing pop-up advertisements on their websites and prohibiting further violation of their intellectual property rights.\footnote{Id. at 10-17.} Further, the Publishers sought restitution and damages, including punitive damages.\footnote{Id. at 36-39.}


\footnote{For a discussion of each count, see id. at 31-36. The Publishers' nine causes of action against Gator were trademark infringement, unfair competition, trademark dilution, copyright infringement, contributory copyright infringement, "hot news" misappropriation, interference with prospective economic advantage, unjust enrichment, and violation of Virginia's Business Conspiracy Act. Complaint, supra note 6, at 31-36.}

\footnote{Washingtonpost.Newsweek Interactive Co. v. Gator Corp., No. 02-909-A, 2002 WL 31356645 (E.D. Va. 2002). In particular, Gator was enjoined from (1) causing its pop-up advertisements to be displayed on the Publishers' websites without their express consent; (2) altering or modifying any part, including the appearance and display, of the Publishers' websites (or causing another party to do the same); (3) infringing or causing any other entity to infringe the Publishers' copyrights; (4) making any representations or suggestions that the Publishers were the source or sponsor of any of Gator's products or advertisers; and (5) infringing or causing any other entity to infringe the Publishers' trademark or service mark rights. Id. at *1.}
in February 2003. Both Gator and the Publishers' lead attorney, Terence P. Ross, have declined to release the terms of the settlement, including whether Gator was permitted to deliver pop-up advertisements over the Publishers' websites and whether the settlement included any payments.

VI. A BRIEF OVERVIEW OF TRADEMARK LAW

Two of the Publishers' allegations in their recent suit against Gator were infringement and dilution of the Publishers' trade and service marks. To assess the strength of the Publishers' trademark claims against Gator, a basic understanding of the policy considerations of trademark law and the causes of action available to mark owners is essential.

A. THE POLICIES AND PRINCIPLES OF TRADEMARK LAW

Courts have tackled most Internet-related legal disputes through the application of traditional laws and regulations, especially trademark law. Trademark law generally exists to protect businesses from theft or dilution of their brand identities. The most frequently used protections for trademark owners are found in the Federal Trademark Infringement Act of 1946, also known as the Lanham Act. Congress enacted the Lanham Act "to make actionable the deceptive and misleading use of marks and to protect persons engaged in . . . commerce against unfair competition." A trademark includes "any word, name, symbol, or device" used in commerce to "identify and distinguish" a producer's goods or services from the goods and services of other producers and represents a trademark owner's investment in developing a mark that consumers will use to identify the owner's goods and services. Based on the development of their marks, business owners are able to cultivate brand recognition, goodwill, and a degree of quality associated with their goods and services. Accordingly, a well-known mark enables potential customers to

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139 Suit Settled, supra note 10.
140 Id.
144 1 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 2.01(2) (4th ed. 2000).
quickly locate the desired good and assures them that the good’s quality will conform to their previously developed expectations.146

Although the primary purpose of trademark law is to prevent consumer confusion as to the source, origin, or sponsorship of a particular good or service,147 trademark law also seeks to protect the investment that trademark owners make in establishing their marks.148 Thus, while the goal of protecting consumers is largely public in nature, protecting mark owners’ proprietary interests is largely private in nature.149 Oftentimes, courts are faced with balancing private and public interests with the competing desire of encouraging free competition.150 Recently, legal commentators have criticized legislatures and courts for emphasizing private interests at the expense of open competition and the public interest.151

To accomplish its general purposes, trademark law provides trademark holders with a right to exclude others from unauthorized or confusing uses of identical or similar marks.152 In particular, the Lanham Act prohibits “any false or misleading description . . . or representation of fact, which is likely to cause confusion . . . as to the origin, sponsorship, or approval of . . . [one person’s] goods, services or commercial activities by another person.”153 The Lanham Act also prohibits “any false or misleading description . . . or false or misleading representation of fact . . . in commercial advertising or promotion [which] misrepresents the nature, characteristics, qualities, or geographic origin of his or her or another person’s goods, services or commercial activities.”154 Under the Lanham Act, “any person who believes that he or she is or is likely to be damaged” can bring a claim.155 Commonly, trademark owners pursue claims of

137 (S.D.N.Y. 1967).
148 See Avery Dennison Corp. v. Sumpton, 189 F.3d 868, 873, 51 U.S.P.Q.2d (BNA) 1801, 1804 (9th Cir. 1999) (discussing the proprietary interest goal of trademark law).
150 1 McCARTHY, supra note 144, § 2.1 (stating that “[t]he law of unfair competition has traditionally been a battleground for competing policies”).
trademark infringement\textsuperscript{156} and trademark dilution\textsuperscript{157} to protect their investment in particular trademarks or trade names.

B. TRADEMARK INFRINGEMENT

To prove a claim of trademark infringement, a plaintiff must demonstrate that the defendant’s actions were “likely to cause confusion” among consumers about the source or affiliation of competing products or services.\textsuperscript{158} The appropriate standard for determining which marks are “likely to cause confusion” has produced significant debate since the passage of the Lanham Act. Currently, a majority of the circuit courts rely on varied versions of an eight-factor test to determine the likelihood of confusion. The test includes all or most of the following criteria: (1) similarity of the conflicting designations; (2) relatedness or proximity of the two companies’ products or services; (3) strength of the plaintiff’s mark; (4) marketing channels used; (5) degree of care likely to be exercised by purchasers in selecting goods; (6) the defendant’s intent in selecting its mark; (7) evidence of actual confusion; and (8) likelihood of expansion in product lines.\textsuperscript{159} This modern test for confusion “encompasses any type of confusion, including confusion of source, confusion of sponsorship, confusion of affiliation, or confusion of connection.”\textsuperscript{160}

An alternative argument related to trademark infringement is the claim of unfair competition.\textsuperscript{161} Many trademark infringement suits include unfair competition claims, but most courts do not distinguish between the two causes of action because the analysis required for both is very similar.\textsuperscript{162} The unfair

\textsuperscript{156} A plaintiff can establish a trademark infringement claim under sections 32 and 43(a) of the Lanham Act. Section 32 protects only marks that have been registered with the U.S. Patent and Trademarks Office, but section 43(a) applies to unregistered marks.

\textsuperscript{157} The claim of “dilution” was added to the Lanham Act in 1996. See infra notes 165-78 and accompanying text.


\textsuperscript{159} Brookfield Communications, Inc. v. West Coast Entm’t Corp., 174 F.3d 1036, 1053-54, 50 U.S.P.Q.2d (BNA) 1545, 1556-57 (9th Cir. 1999).

\textsuperscript{160} 4 MCCARTHY, supra note 144, § 24.6.

\textsuperscript{161} See 15 U.S.C. § 1125(a) (2000) (allowing civil action to be brought for deceptive advertising or other acts likely to cause confusion as to the authenticity of one’s goods or services).

\textsuperscript{162} The Ninth Circuit Court of Appeals reached this conclusion in Brookfield, 174 F.3d at 1046 n.8. The court stated that section 32 of the Lanham Act provides protection for registered marks, but section 43(a) “protects against infringement of unregistered marks and trade dress as well as registered marks . . . and protects against a wider range of practices such as false advertising and product disparagement.” Id. at 1046-47 n.8. The court further noted that “[d]espite these differences, the analysis under the two provisions is oftentimes identical” and opted to refer to all of the Plaintiff’s claims as “infringement.” Id. at 1047 n.8.
competition provision captures commercial conflicts such as false advertising and "passing off."  

C. TRADEMARK DILUTION

In addition to trademark infringement and unfair competition claims, trademark owners objecting to unlicensed use of a mark may be able to pursue a claim of trademark dilution, which is a relatively recent creature of federal law. Congress passed the Federal Trademark Dilution Act of 1995 to "bring uniformity and consistency to the protection of famous marks" and ultimately to protect trademark owners against dilution, which it defines as "the lessening of the capacity of a famous mark to identify and distinguish goods and services." Thus, a dilution claim is appropriate when unauthorized users attempt to "trade upon the goodwill and established renown . . . of such marks and, thereby, dilute their distinctive quality." Because the Act does not specify how dilution occurs or how it may be detected, the courts have struggled with how to differentiate between the requirements of a trademark dilution claim and the requirements of a trademark infringement claim.

Success in a false advertising claim requires that a party "in commercial advertising or promotion, misrepresents the nature, characteristics, qualities, or geographic origin of his or her or another person's goods, services, or commercial activities." 15 U.S.C. § 1125(a)(1)(B) (2000).

One provision in the Lanham Act involves "passing off" or using a "false or misleading description of fact, or false or misleading representation of fact" in commerce that "is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person." 15 U.S.C. § 1125(a)(1)(A) (2000). This provision provides a cause of action if the senior user's mark has not been registered and is vitally important where the senior user employs a generic phrase to identify its goods and a competitor has attempted to pass itself off as the senior user to consumers. See Jeffrey R. Kuester & Peter A. Nieves, Hyperlinks, Frames and Metatags: An Intellectual Property Analysis, 38 IDEA 243, 249-51 (1998) (discussing the claims of passing off and false advertising).

Approximately half of the states in America have anti-dilution statutes, but under the Federal Trademark Dilution Act, any state dilution action is preempted if a defendant has a federal trademark registration. The state dilution cause of action will remain available, however, to protect plaintiffs from dilution by unregistered marks. See 15 U.S.C. § 1125(c)(3) (2000).


15 U.S.C. § 1127 (2000). The amendment, added in January 1996, gives the full definition of dilution as "the lessening of the capacity of a famous mark to identify and distinguish goods or services, regardless of the presence or absence of (1) competition between the owner of the famous mark and other parties, or (2) likelihood of confusion, mistake, or deception." Id. In a federal dilution action, a plaintiff bears the burden of proving (1) that it owns a famous mark and (2) that defendant's mark dilutes the famous mark. Id.

See, e.g., Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Utah Div. of Travel Dev.,
Unlike trademark infringement, trademark dilution actions do not require proof of actual confusion as to the source of the goods or services, and to that extent, the scope of protection federal trademark law provides is broadened. This broader protection of marks, however, is not without limitation. Most significantly, the trademark dilution cause of action applies only to famous marks, which are recognized based on their distinctiveness, the duration and extent of their use, the degree of their recognition, the existence of similar marks, and whether the mark is registered with the Patent and Trademark Office.

Although distinctiveness is evidence of fame, fame is not synonymous with distinctiveness. That is, "[b]y definition, all 'trademarks' are 'distinctive' [but] very few are 'famous.'" As noted previously, dilution statutes were enacted to protect the value of a mark from being misappropriated by those who dilute its commercial value. This dilution may occur in two different forms: blurring or tarnishment. Blurring, the standard theory of dilution, is defined as using a famous mark in a way that diminishes its commercial effectiveness and uniqueness such as when the "defendant uses the word as its own trademark for goods that are so different that no confusion of source or sponsorship can occur." Blurring could occur if someone offered "Buick aspirin, Schlitz varnish, Kodak pianos, and Bulova gowns." Tarnishment, the second type of trademark dilution, occurs when the defendant uses the plaintiff's famous mark in an unwholesome context or in a context out-of-keeping with the plaintiff's image. Importantly though, courts have noted that Internet mark cases present "novel issues not necessarily
addressed in non-Internet judicial decisions" and are therefore not constrained to these two categories of dilution.\footnote{177}{Playboy Enters., Inc. v. Netscape Communications Corp., 55 F. Supp. 2d 1070, 1088, 52 U.S.P.Q.2d (BNA) 1162, 1176 (C.D. Cal. 1999) (citing Panavision Int’l v. Toeppen, 141 F.3d 1316, 1318, 46 U.S.P.Q.2d (BNA) 1511, 1513 (9th Cir. 1998)).}

VII. WHETHER THE GATOR CORPORATION’S ADVERTISING METHOD VIOLATES TRADEMARK LAW

Although the Publishers’ recent suit against Gator was settled, Gator still faces lawsuits from numerous other companies, including Six Continents Hotels, Lendingtree, Extended Stay America, and PriceGrabber.com.\footnote{178}{In re Gator Corp. Software Trademark & Copyright Litig., 259 F. Supp. 2d 1378, 1380-81 (J.P.M.L. 2003).} In April 2003, the Judicial Panel on Multidistrict Litigation consolidated nine lawsuits involving Gator as either a plaintiff or defendant and transferred the consolidated cases to the Northern District of Georgia.\footnote{179}{See id. at 1380 (holding that consolidation and centralization of pending cases involving Gator was warranted and that transfer to the Northern District of Georgia was appropriate).} The ultimate outcome in the consolidated cases with regard to Gator’s alleged violations of website operators’ intellectual property rights will depend on the application of traditional legal doctrine, particularly trademark law,\footnote{180}{This Note is limited in its scope to addressing the merits of the trademark claims brought by the Publishers against Gator. Thus, this Note will not address the merits of other claims such as copyright infringement, contributory copyright infringement, interference with prospective economic advantage, unjust enrichment, or violation of the Virginia Business Conspiracy Act. Further, this Note will not address the potential viability of a trespass to chattels claim, which could be the claim most well-suited to combat the likes of Gator.} to Gator’s innovative pop-up advertising practices.

Gator’s pop-up advertising methods implicate traditional trademark law because Internet users are likely to be confused and falsely believe that the pop-up advertisements Gator supplies are advertisements authorized by and originating with the underlying website. Because the advertisements appear on the Internet user’s screen simultaneously, or nearly simultaneously, with the downloading and opening of the pages on the requested website, Gator’s pop-up advertisements appear to be an integral and fully authorized part of the underlying web page. By considering the strength of the Publishers’ claims in their suit against Gator, Gator’s advertising practices appear susceptible to strong challenges on both trademark infringement and trademark dilution grounds.
A. TRADEMARK INFRINGEMENT

Count I of the Publishers' complaint alleged that Gator's advertising methods infringed the Publishers' many registered trademarks in violation of the Lanham Act.\footnote{Complaint, supra note 6, at 31.} Had the case proceeded to trial, the Publishers might well have prevailed on their trademark infringement claim based upon standard trademark law principles. In particular, the Publishers should have been able to establish that Gator infringed their marks by showing (1) ownership of registered trade and service marks; (2) Gator's use in commerce of their marks; and (3) a likelihood of consumer confusion.\footnote{See Complaint, supra note 6, at 10-14 (listing Publishers' registered trademarks and service marks, including domain name marks).}

First, it is undisputed that the Publishers own numerous registered trademarks and service marks.\footnote{15 U.S.C. § 1127 (2000).} Second, Gator's use of the Publishers' marks is commercial. The Lanham Act clearly provides that a mark is used in commerce

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.\footnote{See Am. Libraries Ass'n v. Pataki, 969 F. Supp. 160, 173 (S.D.N.Y. 1997) (stating that "[t]he inescapable conclusion is that the Internet represents an instrument of interstate commerce" and "the novelty of the technology should not obscure the fact that regulation of the Internet impels traditional Commerce Clause considerations").}

Accordingly, because use of the Publishers' trademarks in its advertising method earns substantial revenue for Gator, Gator's use of the Publishers' marks is commercial.\footnote{The Publishers argued that Gator violated 15 U.S.C. § 1125(a) (2000) by creating a likelihood of confusion "as to Plaintiffs' sponsorship of or affiliation with Gator Corp.'s pop-up advertising scheme." Plaintiffs' Memorandum, supra note 136, at 19.} Moreover, Gator's use of the Publishers' marks is "in commerce" because of Gator's operation of a commercial website that engages in interstate commerce.

Thus, the remaining element is likelihood of confusion.\footnote{The Publishers argued that Gator violated 15 U.S.C. § 1125(a) (2000) by creating a likelihood of confusion "as to Plaintiffs' sponsorship of or affiliation with Gator Corp.'s pop-up advertising scheme." Plaintiffs' Memorandum, supra note 136, at 19.} The test for likelihood of confusion in the United States District Court for the Eastern

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District of Virginia, the forum in which the Publishers brought their action against Gator, requires the court to consider the following factors: (1) the strength or distinctiveness of the plaintiff's mark; (2) the similarity of the two parties' marks; (3) the similarity of the goods and services the marks identify; (4) the similarity of the facilities that the two parties use in their businesses; (5) the similarity of advertising used by the two parties; (6) the defendant's intent; and (7) actual confusion.

The first factor is satisfied because the Publishers possess strong, distinctive marks. With regard to the second factor, the similarity of the two parties' marks, the Publishers never fully explained their position that Gator uses their marks by "placing their [its] pop-up advertisements directly on [the Publishers'] websites." In contrast, factors three through five, which consider the similarity of the parties' goods and services, facilities, and advertising, are easily satisfied. That is, Gator and the Publishers are direct competitors for advertising revenue to support their respective website enterprises. The sixth factor, which addresses Gator's intent, also appears to be satisfied based on Gator's clear purpose to trade off of the fame and distinctiveness of the Publishers' marks. Gator's choice of the Publishers' domain names was undoubtedly motivated by the Publishers' popularity. Thus, Gator seized the opportunity to divert advertising revenue that otherwise would go to the Publishers.

With regard to the final factor, actual confusion, the Fourth Circuit Court of Appeals has been unequivocal in its position that "it is not necessary for the owner of the registered trademark to show actual confusion." Nevertheless, the Publishers set forth survey evidence demonstrating that sixty-six percent of its survey respondents who had experienced pop-up advertisements believed that the "pop-up advertisements are sponsored by or authorized by the website in which they appear' and 45% believe that 'pop-up advertisements have been pre-screened and approved by the website on which they appear."" As a final point, Gator probably is not entitled to a fair use defense because its use of the Publishers' marks.

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189 Complaint, *supra* note 6, at 15 (setting forth the uncontested distinctiveness and fame of Publishers' marks).
191 Complaint, *supra* note 6, at 19-20 (reporting the page view numbers of each of the Publishers' websites for March 2002, which demonstrates that each of the Publishers' websites are accessed by tens of millions of users each month).
192 *Pizzeria Uno*, 747 F.2d at 1527.
194 The fair use defense involves three factors: "(a) the product must be one not readily identifiable without the use of the trademark; (b) only so much of the mark may be used as is
marks is based on their distinctive value, not on a descriptive use of the Publishers' marks. Thus, Gator probably infringed the Publishers' trademarks in violation of the Lanham Act.

B. TRADEMARK DILUTION

Count III of the Publishers' complaint alleged that Gator's advertising method violated the Lanham Act by blurring and tarnishing the Publishers' marks. Had the case proceeded to trial, the Publishers were well-positioned to support their claim of trademark dilution. In particular, the Publishers could have shown that their registered marks are both famous and distinctive and that Gator made commercial use of the Publishers' marks. The remaining requirement is proof of actual dilution of the Publishers' marks. According to the Fourth Circuit, dilution exists where there is

(1) a sufficient similarity between the junior and senior marks to evoke an 'instinctive mental association' of the two by a relevant universe of consumers which (2) is the effective cause of (3) an actual lessening of the senior mark's selling power, expressed as 'its capacity to identify and distinguish goods or services.'

Gator's advertising practices on the Publishers' websites probably constitute dilution by tarnishment and by blurring.

A tarnishment claim could have been supported by the Publishers. First, Gator uses the Publishers' marks in their entirety, which satisfies the first prong of the dilution test. Second, the Publishers demonstrated actual harm by their consumer survey results indicating that sixty-six percent of Internet users thought reasonably necessary . . . ; and (c) the user must do nothing in conjunction with the mark to suggest sponsorship or endorsement.” Playboy Enters., Inc. v. Netscape Communications Corp., 55 F. Supp. 2d 1070, 1086, 52 U.S.P.Q.2d (BNA) 1162, 1174-75 (C.D. Cal. 1999). Gator's conduct fails to meet the third factor because consumers are likely to be confused as to the source of the pop-up ads and whether the Publishers endorsed them.

195 Complaint, supra note 6, at 15 (setting forth fame and distinctiveness of Publishers' marks).


that the Publishers had authorized or approved the pop-up advertisements appearing on their websites. Given Internet users' antipathy toward pop-up advertisements, an increased number of pop-up advertisements on the Publishers' sites threatens to decrease traffic to them, thereby decreasing or at least jeopardizing the websites' economic viability, which clearly constitutes grave harm to the Publishers. Moreover, due to Gator's presence, the Publishers are unable to control the content on their own websites. Without that quality control, Internet users visiting the Publishers' sites are likely to become annoyed by the increased presence of pop-up advertisements produced by Gator's software. Thus, the large number of pop-up advertisements tarnish the image of the Publishers in the minds of Internet users.

Similarly, Gator's advertising practices satisfy the test for blurring. Gator's pop-up advertising method leaves Internet users with the impression that the pop-up advertisements Gator supplies are advertisements authorized by and originating with the underlying website. This association is unauthorized, and accordingly, the Publishers' marks are blurred in consumers' minds. If left unchecked, Gator's advertising method would dilute the value of the Publishers' marks to their Internet users and to the third-party advertisers on their sites. First, the increased number of pop-up advertisements on the Publishers' websites would decrease Internet users' visits to them. Second, the Publishers would find it more difficult to sell advertising to third parties, and the ensuing loss in revenue would threaten the profitability of the Publishers' websites. Thus, Gator's advertising methods constitute blurring.

Based on the doctrines of trademark infringement and trademark dilution, Gator has crossed the line in its quest for a successful online advertising business. Interestingly, Gator may have avoided much of its current litigation by taking preventative measures to minimize the likelihood of confusion to Internet users. For instance, Gator could have marked its pop-up advertisements conspicuously to emphasize the underlying website owners' lack of affiliation with the ads. Additionally, Gator could have made it unambiguous to Internet users who downloaded its products that they also agreed to accept pop-up advertisements as they surfed the Web. Because those and other like measures were not taken, Gator faces litigation from a number of companies, and its success in that litigation remains uncertain at best.

VIII. CONCLUSION

With the arrival of the Internet and its staggering growth during the 1990s came a proliferation of Internet-related legal disputes, which have perplexed both courts and commentators. For now at least, a separate body of law does not govern many of the legal issues arising in cyberspace. Thus, the courts have
tackled the Internet and conflicts flowing from it by applying traditional laws and regulations, especially trademark law.

Although courts may be tempted to expand traditional causes of action or even fashion new ones for conduct like Gator’s advertising method, which seems blatantly misleading and opportunistic, doing so is unnecessary. Instead, courts can utilize the common law of unfair competition to act as a source of liability and supplement to claims available under the Lanham Act. Therefore, this analysis suggests that courts should adhere to traditional legal doctrine, particularly trademark infringement, dilution, and unfair competition claims, to fashion relief for website operators who have been victimized by Gator’s practices.

The complicated and confusing precedents offered in other Internet-related cases produce one clear theme: the need to balance the goal of furthering Internet expansion and the societal benefits the Internet provides while simultaneously protecting website owners’ investment in their websites. The Internet’s operation has always been characterized by some measure of conduct that could be considered “free-riding,” but arguably Gator has gone too far. Even if Gator can survive the backlash from the industry, Internet users, and targeted companies, it must also survive the judgment of the courts. Until the courts condemn its business method though, Gator may well continue its practices, thereby stirring up controversy over intellectual property rights on the Internet, challenging courts, and prompting additional commentary.

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