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Trademark: Domain names and beyond

- *Panavision International, L.P. v. Toeppen*, 141 F.3d 1316 (9th Cir. 1998)
- *People for the Ethical Treatment of Animals v. Doughney*, 263 F.3d 359, 364 (4th Cir. 2001)
- *Playboy Enterprises, Inc. v. Welles*, 279 F.3d 796 (9th Cir. 2002)
- *Lamparello v. Falwell*, 420 F.3d 309 (4th Cir. 2005)
- *1-800-Contacts, Inc. v. WhenU.com, Inc.*, 414 F.3d 400 (2d Cir. 2005)

For further reading (optional):

- Mark Lemley, *The Modern Lanham Act and the Death of Common Sense*, 108 Yale L.J. 1687 (1999).
- Jessica Litman, *Breakfast with Batman: The Public Interest in the Advertising Age*, 108 Yale L.J. 1717 (1999)

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In the mid-1990s, restrictions on commercial use of the Internet were abandoned and the e-commerce revolution began. Since that time, individuals and companies have been fighting to protect their names and brand images online. Early battles took place over domain names, the mnemonic representations of a computer's Internet location; metatags, keywords meant to direct search engine traffic; and trademark use in the text of web pages.

Domain name registration is first-come first-served, and domain name registrars do not check the trademark status of the names they register. Thus the first registrant of "mcdonalds.com" was not the fast-food company with the Golden Arches but a Wired Magazine reporter. Many other trademarked terms were snapped up by purchasers who did not hold the trademarks, some intending to criticize the companies, others to sell the names to trademark holders at a markup. Were these early domain name registrants savvy business speculators, or cybersquatters?

Trademark holders struck back in several ways: through ICANN's Uniform Domain Name Dispute Resolution Process (UDRP); with trademark lawsuits; and with new laws, the Federal Trademark Dilution Act (FTDA) and the Anti-Cybersquatting Consumer Protection Act (ACPA).

Everyone who registers a domain name is now required to represent and warrant that "registration of the domain name will not infringe upon or otherwise violate the rights of any third party," and to agree to a mandatory arbitration-like proceeding if a third party claims its rights are violated by the registration:

You are required to submit to a mandatory administrative proceeding in the event that a third party (a "complainant") asserts to the applicable Provider, in compliance with the Rules of Procedure, that
(i) your domain name is identical or confusingly similar to a trademark or service

mark in which the complainant has rights; and
(ii) you have no rights or legitimate interests in respect of the domain name; and
(iii) your domain name has been registered and is being used in bad faith.
ICANN UDRP ¶ 4(a).

The UDRP sets out circumstances which shall be taken as evidence of “bad faith,” including indications that the registrant has “acquired the domain name primarily for the purpose of selling, renting, or otherwise transferring the domain name registration to the complainant who is the owner of the trademark or service mark or to a competitor of that complainant.” UDRP ¶ 4(b)(i) It also provides a non-exclusive list of defenses, including demonstrable preparations to use the name in connection with a bona-fide business or “legitimate noncommercial or fair use of the domain name, without intent for commercial gain to misleadingly divert consumers or to tarnish the trademark or service mark at issue.” UDRP ¶ 4(c).

The UDRP was designed to provide a quick and inexpensive method to resolve domain-name disputes. Either party who is dissatisfied with the outcome of a UDRP proceeding may challenge it in court. The UDRP is not an arbitration for the purposes of the Federal Arbitration Act, and its administrative decisions are not entitled to courts’ deference. *See, e.g., Dluhos v. Strasberg*, 321 F.3d 365 (3d. Cir. 2003).

Domain name disputes often do not look like classic trademark infringement cases, however. In the classic infringement case, the trademark owner argues consumers will be confused into buying the infringer’s products or services because the infringer has used the same or a confusingly similar mark – buying a soda labeled “Coca Cora” when they meant to pick up “Coca Cola,” for example – or because they are confused about a product’s source or sponsorship. There are counterfeits and infringements online too, but more cases arise where only a bare mark is at issue. Was anyone likely to have been confused by Dennis Toeppen’s “panavision.com” domain and website? What about the “People Eating Tasty Animals” site that Michael Doughney maintained at peta.com (now available at <<http://www.mtd.com/tasty/>>)?

To deal with the situation when a trademark owner is displaced from registering its trademark as domain name, courts have reached beyond classic infringement to other doctrines, including dilution and “initial interest confusion.” The FTDA, codified at 15 U.S.C. § 1125(c), prohibits “dilution of the distinctive quality” of a famous mark, as discussed in *Panavision v. Toeppen*. Why is “commercial use” such an important issue in this case?

ACPA, codified at 15 U.S.C. § 1125(d) in 1999, creates a new cause of action for “cyberpiracy,” bad-faith registration or use of a domain name. How does the ACPA analysis of *PETA v. Doughney* and *Lamparello v. Falwell* differ from an infringement or dilution analysis?

The *PETA v. Doughney* and *Lamparello v. Falwell* courts both address websites set up at domains that a web-surfer *might* have expected to belong to someone else. One orders

the domain name transferred based on initial interest confusion (even if not labeled as such) while the other permits the domain name registrant to continue operating. Are the cases, both from the Fourth Circuit, consistent, or does *Lamparello* represent a shift in the “initial interest” analysis?

Trademarks are not merely corporate marketing tools but, and especially if they are successful brands, elements of public discourse. As the *Playboy v. Welles* court says, it would be impractical and absurd to force Playmate-of-the-Year Terri Welles to describe herself as ‘the ‘nude model selected by Mr. Hefner’s magazine as its number-one prototypical woman for the year 1981.’’ How do these speech considerations factor into the court’s judgment?

Finally, what happens when domain names that are also trademarks are used behind-the-scenes to trigger actions like pop-up ads? Skim the case of *1800-Contacts v. WhenU.com* to understand the activity in question and the court’s analysis of trademark “use.”

Are domain names becoming irrelevant? From its inception, ICANN has faced pressure to increase the number of top-level domains (current TLDs include .com, .org, .edu, and more recently .info, .biz, .museum), and pressure from trademark constituencies not to do so without stronger protections against abusive registrations. At the same time, search engines rely less on trademarks than on the text of web pages and hyperlinks. As Google and its competitors improve, will fewer people type domain names into their web browsers and expect to find the trademark holders there?

What happens as identifiers get more dispersed? Does McDonald’s have the right to control a Friendster profile of “McDonalds,” a Flickr tagset, a Wikipedia entry? What about the search results or advertisements that appear in a Google search for “McDonald’s”?

Panavision Int'l, L.P. v. Toeppen,

141 F.3d 1316 (9th Cir. 1998)

THOMPSON, Circuit Judge:

This case presents two novel issues. We are asked to apply existing rules of personal jurisdiction to conduct that occurred, in part, in "cyberspace." In addition, we are asked to interpret the Federal Trademark Dilution Act as it applies to the Internet.

Panavision accuses Dennis Toeppen of being a "cyber pirate" who steals valuable trademarks and establishes domain names on the Internet using these trademarks to sell the domain names to the rightful trademark owners....

A domain name is the simplest way of locating a web site. If a computer user does not know a domain name, she can use an Internet "search engine." To do this, the user types in a key word search, and the search will locate all of the web sites containing the key word. Such key word searches can yield hundreds of web sites. To make it easier to find their web sites, individuals and companies prefer to have a recognizable domain name.

Panavision holds registered trademarks to the names "Panavision" and "Panaflex" in connection with motion picture camera equipment. Panavision promotes its trademarks through motion picture and television credits and other media advertising.

In December 1995, Panavision attempted to register a web site on the Internet with the domain name Panavision.com . It could not do that, however, because Toeppen had already established a web site using Panavision's trademark as his domain name. Toeppen's web page for this site displayed photographs of the City of Pana, Illinois.

On December 20, 1995, Panavision's counsel sent a letter from California to Toeppen in Illinois informing him that Panavision held a trademark in the name Panavision and telling him to stop using that trademark and the domain name Panavision.com . Toeppen responded by mail to Panavision in California, stating he had the right to use the name Panavision.com on the Internet as his domain name. Toeppen stated:

If your attorney has advised you otherwise, he is trying to screw you. He wants to blaze new trails in the legal frontier at your expense. Why do you want to fund your attorney's purchase of a new boat (or whatever) when you can facilitate the acquisition of 'PanaVision.com' cheaply and simply instead?

Toeppen then offered to "settle the matter" if Panavision would pay him \$ 13,000 in exchange for the domain name. Additionally, Toeppen stated that if Panavision agreed to

his offer, he would not "acquire any other Internet addresses which are alleged by Panavision Corporation to be its property."

After Panavision refused Toeppen's demand, he registered Panavision's other trademark with NSI as the domain name Panaflex.com . Toeppen's web page for Panaflex.com simply displays the word "Hello."

Toeppen has registered domain names for various other companies including Delta Airlines, Neiman Marcus, Eddie Bauer, Lufthansa, and over 100 other marks. Toeppen has attempted to "sell" domain names for other trademarks such as intermatic.com to Intermatic, Inc. for \$ 10,000 and americanstandard.com to American Standard, Inc. for \$ 15,000.

Panavision filed this action against Toeppen in the District Court for the Central District of California. Panavision alleged claims for dilution of its trademark under the Federal Trademark Dilution Act of 1995, [15 U.S.C. § 1125\(c\)](#), and under the California Anti-dilution statute, [California Business and Professions Code § 14330](#). Panavision alleged that Toeppen was in the business of stealing trademarks, registering them as domain names on the Internet and then selling the domain names to the rightful trademark owners. The district court determined it had personal jurisdiction over Toeppen, and granted summary judgment in favor of Panavision on both its federal and state dilution claims. This appeal followed. ...

B. Trademark Dilution Claims

The Federal Trademark Dilution Act provides:

The owner of a famous mark shall be entitled . . . to an injunction against another person's commercial use in commerce of a mark or trade name, if such use begins after the mark has become famous and causes dilution of the distinctive quality of the mark

[15 U.S.C. § 1125\(c\)](#).

The California Anti-dilution statute is similar. *See Cal. Bus. & Prof. Code § 14330*. It prohibits dilution of "the distinctive quality" of a mark regardless of competition or the likelihood of confusion. The protection extends only to strong and well recognized marks. Panavision's state law dilution claim is subject to the same analysis as its federal claim.

In order to prove a violation of the Federal Trademark Dilution Act, a plaintiff must show that (1) the mark is famous; (2) the defendant is making a commercial use of the mark in commerce; (3) the defendant's use began after the mark became famous; and (4) the defendant's use of the mark dilutes the quality of the mark by diminishing the capacity of the mark to identify and distinguish goods and services. [15 U.S.C. § 1125\(c\)](#).

Toeppen does not challenge the district court's determination that Panavision's trademark is famous, that his alleged use began after the mark became famous, or that the use was in

commerce. Toeppen challenges the district court's determination that he made "commercial use" of the mark and that this use caused "dilution" in the quality of the mark.

1. Commercial Use

Toeppen argues that his use of Panavision's trademarks simply as his domain names cannot constitute a commercial use under the Act.... Toeppen contends that a domain name is simply an address used to locate a web page. He asserts that entering a domain name on a computer allows a user to access a web page, but a domain name is not associated with information on a web page. If a user were to type Panavision.com as a domain name, the computer screen would display Toeppen's web page with aerial views of Pana, Illinois. The screen would not provide any information about "Panavision," other than a "location window" which displays the domain name. Toeppen argues that a user who types in Panavision.com, but who sees no reference to the plaintiff Panavision on Toeppen's web page, is not likely to conclude the web page is related in any way to the plaintiff, Panavision.

Toeppen's argument misstates his use of the Panavision mark. His use is not as benign as he suggests. Toeppen's "business" is to register trademarks as domain names and then sell them to the rightful trademark owners. He "acts as a 'spoiler,' preventing Panavision and others from doing business on the Internet under their trademarked names unless they pay his fee." *Panavision, 938 F. Supp. at 621*. This is a commercial use. See *Intermatic Inc. v. Toeppen, 947 F. Supp. 1227, 1230 (N.D. Ill. 1996)* (stating that "one of Toeppen's business objectives is to profit by the resale or licensing of these domain names, presumably to the entities who conduct business under these names.").

As the district court found, Toeppen traded on the value of Panavision's marks. So long as he held the Internet registrations, he curtailed Panavision's exploitation of the value of its trademarks on the Internet, a value which Toeppen then used when he attempted to sell the Panavision.com domain name to Panavision....

Toeppen's reliance on *Holiday Inns, Inc. v. 800 Reservation, Inc., 86 F.3d 619 (6th Cir. 1996), cert. denied, 136 L. Ed. 2d 715, 117 S. Ct. 770 (1997)* is misplaced. In *Holiday Inns*, the Sixth Circuit held that a company's use of the most commonly *misdialed* number for Holiday Inns' 1-800 reservation number was not trademark infringement.

Holiday Inns is distinguishable. There, the defendant did not use Holiday Inns' trademark. Rather, the defendant selected the most commonly misdialed telephone number for Holiday Inns and attempted to capitalize on consumer confusion.

A telephone number, moreover, is distinguishable from a domain name because a domain name is associated with a word or phrase. A domain name is similar to a "vanity number" that identifies its source. Using Holiday Inns as an example, when a customer dials the vanity number "1-800-Holiday," she expects to contact Holiday Inns because the number is associated with that company's trademark. A user would have the same expectation

typing the domain name HolidayInns.com . The user would expect to retrieve Holiday Inns' web page.

Toeppen made a commercial use of Panavision's trademarks. It does not matter that he did not attach the marks to a product. Toeppen's commercial use was his attempt to sell the trademarks themselves. Under the Federal Trademark Dilution Act and the California Anti-dilution statute, this was sufficient commercial use.

2. Dilution

"Dilution" is defined 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." [15 U.S.C. § 1127](#).

Trademark dilution on the Internet was a matter of Congressional concern. Senator Patrick Leahy (D-Vt.) stated:

It is my hope that this anti-dilution statute can help stem the use of deceptive Internet addresses taken by those who are choosing marks that are associated with the products and reputations of others.

141 Cong. Rec. § 19312-01 (daily ed. Dec. 29, 1995) (statement of Sen. Leahy).

To find dilution, a court need not rely on the traditional definitions such as "blurring" and "tarnishment." Indeed, in concluding that Toeppen's use of Panavision's trademarks diluted the marks, the district court noted that Toeppen's conduct varied from the two standard dilution theories of blurring and tarnishment. [Panavision, 945 F. Supp. at 1304](#). The court found that Toeppen's conduct diminished "the capacity of the Panavision marks to identify and distinguish Panavision's goods and services on the Internet." *Id.* ...

Toeppen argues he is not diluting the capacity of the Panavision marks to identify goods or services. He contends that even though Panavision cannot use Panavision.com and Panaflex.com as its domain name addresses, it can still promote its goods and services on the Internet simply by using some other "address" and then creating its own web page using its trademarks.

We reject Toeppen's premise that a domain name is nothing more than an address. A significant purpose of a domain name is to identify the entity that owns the web site. "A customer who is unsure about a company's domain name will often guess that the domain name is also the company's name." [Cardservice Int'l v. McGee, 950 F. Supp. 737, 741 \(E.D. Va. 1997\)](#). "[A] domain name mirroring a corporate name may be a valuable corporate asset, as it facilitates communication with a customer base." [MTV Networks, Inc. v. Curry, 867 F. Supp. 202, 203-204 n.2 \(S.D.N.Y. 1994\)](#).

Using a company's name or trademark as a domain name is also the easiest way to locate that company's web site. Use of a "search engine" can turn up hundreds of web sites, and

there is nothing equivalent to a phone book or directory assistance for the Internet. *See Cardservice*, 950 F. Supp. at 741.

Moreover, potential customers of Panavision will be discouraged if they cannot find its web page by typing in "Panavision.com," but instead are forced to wade through hundreds of web sites. This dilutes the value of Panavision's trademark. We echo the words of Judge Lechner, quoting Judge Wood: "Prospective users of plaintiff's services who mistakenly access defendant's web site may fail to continue to search for plaintiff's own home page, due to anger, frustration or the belief that plaintiff's home page does not exist." *Jews for Jesus v. Brodsky*, 993 F. Supp. 282, 1998 U.S. Dist. LEXIS 2962, 1998 WL 111676 (D.N.J. 1998) at *22 (Lechner, J., quoting Wood, J. in *Planned Parenthood*, 1997 U.S. Dist. LEXIS 3338, 1997 WL 133313 at *4); *see also Teletech*, 977 F. Supp. at 1410 (finding that use of a search engine can generate as many as 800 to 1000 matches and it is "likely to deter web browsers from searching for Plaintiff's particular web site").

Toeppen's use of Panavision.com also puts Panavision's name and reputation at his mercy.....

We conclude that Toeppen's registration of Panavision's trademarks as his domain names on the Internet diluted those marks within the meaning of the Federal Trademark Dilution Act, [15 U.S.C. § 1125\(c\)](#), and the California Anti-dilution statute, [Cal.Bus. & Prof. Code § 14330](#).

CONCLUSION

Toeppen engaged in a scheme to register Panavision's trademarks as his domain names on the Internet and then to extort money from Panavision by trading on the value of those names. Toeppen's actions were aimed at Panavision in California and the brunt of the harm was felt in California. The district court properly exercised personal jurisdiction over Toeppen.

We also affirm the district court's summary judgment in favor of Panavision under the Federal Trademark Dilution Act, [15 U.S.C. § 1125\(c\)](#), and the California Anti-dilution statute, [Cal.Bus. & Prof. Code § 14330](#). Toeppen made commercial use of Panavision's trademarks and his conduct diluted those marks.

People for the Ethical Treatment of Animals v. Doughney,

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

GREGORY, Circuit Judge:

People for the Ethical Treatment of Animals ("PETA") sued Michael Doughney ("Doughney") after he registered the domain name peta.org and created a website called "People Eating Tasty Animals." PETA alleged claims of service mark infringement under [15 U.S.C. § 1114](#) and Virginia common law, unfair competition under [15 U.S.C. § 1125\(a\)](#) and Virginia common law, and service mark dilution and cybersquatting under [15 U.S.C. § 1123\(c\)](#). Doughney appeals the district court's decision granting PETA's motion for summary judgment and PETA cross-appeals the district court's denial of its motion for attorney's fees and costs. Finding no error, we affirm.

I.

PETA is an animal rights organization with more than 600,000 members worldwide. PETA "is dedicated to promoting and heightening public awareness of animal protection issues and it opposes the exploitation of animals for food, clothing, entertainment and vivisection."

Doughney is a former internet executive who has registered many domain names since 1995. For example, Doughney registered domain names such as dubyadot.com, dubyadot.net, deathbush.com, RandallTerry.org (Not Randall Terry for Congress), bwtel.com (BaltimoreWashington Telephone Company), pmrc.org ("People's Manic Repressive Church"), and ex-cult.org (Ex-Cult Archive). At the time the district court issued its summary judgment ruling, Doughney owned 50-60 domain names.

Doughney registered the domain name peta.org in 1995 with Network Solutions, Inc. ("NSI"). When registering the domain name, Doughney represented to NSI that the registration did "not interfere with or infringe upon the rights of any third party," and that a "nonprofit educational organization" called "People Eating Tasty Animals" was registering the domain name. Doughney made these representations to NSI despite knowing that no corporation, partnership, organization or entity of any kind existed or traded under that name. Moreover, Doughney was familiar with PETA and its beliefs and had been for at least 15 years before registering the domain name.

After registering the peta.org domain name, Doughney used it to create a website purportedly on behalf of "People Eating Tasty Animals." Doughney claims he created the website as a parody of PETA. A viewer accessing the website would see the title "People Eating Tasty Animals" in large, bold type. Under the title, the viewer would see a statement that the website was a "resource for those who enjoy eating meat, wearing fur and leather, hunting, and the fruits of scientific research." The website contained links to various meat, fur, leather, hunting, animal research, and other organizations, all of which

held views generally antithetical to PETA's views. Another statement on the website asked the viewer whether he/she was "Feeling lost? Offended? Perhaps you should, like, exit immediately." The phrase "exit immediately" contained a hyperlink to PETA's official website.

Doughney's website appeared at "www.peta.org" for only six months in 1995-96. In 1996, PETA asked Doughney to voluntarily transfer the peta.org domain name to PETA because PETA owned the "PETA" mark ("the Mark"), which it registered in 1992. When Doughney refused to transfer the domain name to PETA, PETA complained to NSI, whose rules then required it to place the domain name on "hold" pending resolution of Doughney's dispute with PETA. Consequently, Doughney moved the website to www.mtd.com/tasty and added a disclaimer stating that "People Eating Tasty Animals is in no way connected with, or endorsed by, People for the Ethical Treatment of Animals."

In response to Doughney's domain name dispute with PETA, The Chronicle of Philanthropy quoted Doughney as stating that, "if they [PETA] want one of my domains, they should make me an offer." Non-Profit Groups Upset by Unauthorized Use of Their Names on the Internet, THE CHRONICLE OF PHILANTHROPY, Nov. 14, 1996. Doughney does not dispute making this statement. Additionally, Doughney posted the following message on his website on May 12, 1996:

"PeTa" has no legal grounds whatsoever to make even the slightest demands of me regarding this domain name registration. If they disagree, they can sue me. And if they don't, well, perhaps they can behave like the polite ladies and gentlemen that they evidently aren't and negotiate a settlement with me. . . . Otherwise, "PeTa" can wait until the significance and value of a domain name drops to nearly nothing, which is inevitable as each new web search engine comes on-line, because that's how long it's going to take for this dispute to play out.

...

A. Trademark Infringement/Unfair Competition

A plaintiff alleging causes of action for trademark infringement and unfair competition must prove (1) that it possesses a mark; (2) that the defendant used the mark; (3) that the defendant's use of the mark occurred "in commerce"; (4) that the defendant used the mark "in connection with the sale, offering for sale, distribution, or advertising" of goods or services; and (5) that the defendant used the mark in a manner likely to confuse consumers. [15 U.S.C. §§ 1114, 1125\(a\); Lone Star Steakhouse & Saloon v. Alpha of Virginia, 43 F.3d 922, 930 \(4th Cir. 1995\)](#).

There is no dispute here that PETA owns the "PETA" Mark, that Doughney used it, and that Doughney used the Mark "in commerce." Doughney disputes the district court's findings that he used the Mark in connection with goods or services and that he used it in a manner engendering a likelihood of confusion.

To use PETA's Mark "in connection with" goods or services, Doughney need not have actually sold or advertised goods or services on the www.peta.org website. Rather,

Doughney need only have prevented users from obtaining or using PETA's goods or services, or need only have connected the website to other's goods or services....

As the district court explained, Doughney's use of PETA's Mark in the domain name of his website

is likely to prevent Internet users from reaching [PETA's] own Internet web site. The prospective users of [PETA's] services who mistakenly access Defendant's web site may fail to continue to search for [PETA's] own home page, due to anger, frustration, or the belief that [PETA's] home page does not exist.

[Doughney, 113 F. Supp. 2d at 919](#) (quoting [Bucci, 1997 U.S. Dist. LEXIS 3338, 42 U.S.P.Q.2D \(BNA\) at 1435](#)). Moreover, Doughney's web site provides links to more than 30 commercial operations offering goods and services. By providing links to these commercial operations, Doughney's use of PETA's Mark is "in connection with" the sale of goods or services.

The unauthorized use of a trademark infringes the trademark holder's rights if it is likely to confuse an "ordinary consumer" as to the source or sponsorship of the goods.

[Anheuser-Busch, Inc. v. L&L Wings, Inc., 962 F.2d 316, 318 \(4th Cir. 1992\)](#) (citing 2 J. McCarthy, Trademarks and Unfair Competition § 23:28 (2d ed. 1984)). To determine whether a likelihood of confusion exists, a court should not consider "how closely a fragment of a given use duplicates the trademark," but must instead consider "whether the use in its entirety creates a likelihood of confusion." [Id. at 319.](#)

Doughney does not dispute that the peta.org domain name engenders a likelihood of confusion between his web site and PETA. Doughney claims, though, that the inquiry should not end with his domain name. Rather, he urges the Court to consider his website in conjunction with the domain name because, together, they purportedly parody PETA and, thus, do not cause a likelihood of confusion.

A "parody" is defined as a "simple form of entertainment conveyed by juxtaposing the irreverent representation of the trademark with the idealized image created by the mark's owner." [L.L. Bean, Inc. v. Drake Publishers, Inc., 811 F.2d 26, 34 \(1st Cir. 1987\)](#). A parody must "convey two simultaneous -- and contradictory -- messages: that it is the original, but also that it is not the original and is instead a parody." [Cliffs Notes, Inc. v. Bantam Doubleday Dell Publ. Group, Inc., 886 F.2d 490, 494 \(2d Cir. 1989\)](#) (emphasis in original). To the extent that an alleged parody conveys only the first message, "it is not only a poor parody but also vulnerable under trademark law, since the customer will be confused." *Id.* While a parody necessarily must engender some initial confusion, an effective parody will diminish the risk of consumer confusion "by conveying [only] just enough of the original design to allow the consumer to appreciate the point of parody." [Jordache Enterprises, Inc. v. Hogg Wyld, Ltd., 828 F.2d 1482, 1486 \(10th Cir. 1987\)](#).

Looking at Doughney's domain name alone, there is no suggestion of a parody. The domain name peta.org simply copies PETA's Mark, conveying the message that it is related to PETA. The domain name does not convey the second, contradictory message

needed to establish a parody -- a message that the domain name is not related to PETA, but that it is a parody of PETA.

Doughney claims that this second message can be found in the content of his website. Indeed, the website's content makes it clear that it is not related to PETA. However, this second message is not conveyed simultaneously with the first message, as required to be considered a parody. The domain name conveys the first message; the second message is conveyed only when the viewer reads the content of the website. As the district court explained, "an internet user would not realize that they were not on an official PETA web site until after they had used PETA's Mark to access the web page 'www.peta.org.'"

Doughney, 113 F. Supp. 2d at 921. Thus, the messages are not conveyed simultaneously and do not constitute a parody.... The district court properly rejected Doughney's parody defense and found that Doughney's use of the peta.org domain name engenders a likelihood of confusion. Accordingly, Doughney failed to raise a genuine issue of material fact regarding PETA's infringement and unfair competition claims.

B. Anticybersquatting Consumer Protection Act

The district court found Doughney liable under the Anticybersquatting Consumer Protection Act ("ACPA"), 15 U.S.C. § 1125(d)(1)(A). To establish an ACPA violation, PETA was required to (1) prove that Doughney had a bad faith intent to profit from using the peta.org domain name, and (2) that the peta.org domain name is identical or confusingly similar to, or dilutive of, the distinctive and famous PETA Mark. 15 U.S.C. § 1125(d)(1)(A)....

Doughney's [argument] that he did not act in bad faith also is unavailing. Under 15 U.S.C. § 1125(d)(1)(B)(i), a court may consider several factors to determine whether a defendant acted in bad faith, including

- (I) the trademark or other intellectual property rights of the person, if any, in the domain name;
- (II) the extent to which the domain name consists of the legal name of the person or a name that is otherwise commonly used to identify that person;
- (III) the person's prior use, if any, of the domain name in connection with the bona fide offering of any goods or services;
- (IV) the person's bona fide noncommercial or fair use of the mark in a site accessible under the domain name;
- (V) the person's intent to divert consumers from the mark owner's online location to a site accessible under the domain name that could harm the goodwill represented by the mark, either for commercial gain or with the intent to tarnish or disparage the mark, by creating a likelihood of confusion as to the source, sponsorship, affiliation, or endorsement of the site;

- (VI) the person's offer to transfer, sell, or otherwise assign the domain name to the mark owner or any third party for financial gain without having used, or having an intent to use, the domain name in the bona fide offering of any goods or services, or the person's prior conduct indicating a pattern of such conduct;
- (VII) the person's provision of material and misleading false contact information when applying for the registration of the domain name, the person's intentional failure to maintain accurate contact information, or the person's prior conduct indicating a pattern of such conduct;
- (VIII) the person's registration or acquisition of multiple domain names which the person knows are identical or confusingly similar to marks of others that are distinctive at the time of registration of such domain names, or dilutive of famous marks of others that are famous at the time of registration of such domain names, without regard to the goods or services of the parties; and (IX) the extent to which the mark incorporated in the person's domain name registration is or is not distinctive and famous within the meaning of subsection (c)(1) of this section.

[15 U.S.C. § 1125](#)(d)(1)(B)(i). In addition to listing these nine factors, the ACPA contains a safe harbor provision stating that bad faith intent "shall not be found in any case in which the court determines that the person believed and had reasonable grounds to believe that the use of the domain name was fair use or otherwise lawful." [15 U.S.C. § 1225](#)(d)(1)(B)(ii).

The district court reviewed the factors listed in the statute and properly concluded that Doughney (I) had no intellectual property right in peta.org; (II) peta.org is not Doughney's name or a name otherwise used to identify Doughney; (III) Doughney had no prior use of peta.org in connection with the bona fide offering of any goods or services; (IV) Doughney used the PETA Mark in a commercial manner; (V) Doughney "clearly intended to confuse, mislead and divert internet users into accessing his web site which contained information antithetical and therefore harmful to the goodwill represented by the PETA Mark"; (VI) Doughney made statements on his web site and in the press recommending that PETA attempt to "settle" with him and "make him an offer"; (VII) Doughney made false statements when registering the domain name; and (VIII) Doughney registered other domain names that are identical or similar to the marks or names of other famous people and organizations. ...

Playboy Enters, Inc. v. Welles,

279 F.3d 796 (9th Cir. 2002)

T.G. NELSON, Circuit Judge:

...

Terri Welles was on the cover of Playboy in 1981 and was chosen to be the Playboy Playmate of the Year for 1981. Her use of the title "Playboy Playmate of the Year 1981," and her use of other trademarked terms on her website are at issue in this suit. During the relevant time period, Welles' website offered information about and free photos of Welles, advertised photos for sale, advertised memberships in her photo club, and promoted her services as a spokesperson. A biographical section described Welles' selection as Playmate of the Year in 1981 and her years modeling for PEI. After the lawsuit began, Welles included discussions of the suit and criticism of PEI on her website and included a note disclaiming any association with PEI.

PEI complains of four different uses of its trademarked terms on Welles' website: (1) the terms "Playboy" and "Playmate" in the metatags of the website [FN: Metatags are hidden code used by some search engines to determine the content of websites in order to direct searchers to relevant sites.]; (2) the phrase "Playmate of the Year 1981" on the masthead of the website; (3) the phrases "Playboy Playmate of the Year 1981" and "Playmate of the Year 1981" on various banner ads, which may be transferred to other websites; and (4) the repeated use of the abbreviation "PMOY '81" as the watermark on the pages of the website. PEI claimed that these uses of its marks constituted trademark infringement, dilution, false designation of origin, and unfair competition. The district court granted defendants' motion for summary judgment. PEI appeals the grant of summary judgment on its infringement and dilution claims. We affirm in part and reverse in part....

A. Trademark Infringement

Except for the use of PEI's protected terms in the wallpaper of Welles' website, we conclude that Welles' uses of PEI's trademarks are permissible, nominative uses. They imply no current sponsorship or endorsement by PEI. Instead, they serve to identify Welles as a past PEI "Playmate of the Year."

We articulated the test for a permissible, nominative use in *New Kids On The Block v. New America Publishing, Inc.* The band, New Kids On The Block, claimed trademark infringement arising from the use of their trademarked name by several newspapers. The newspapers had conducted polls asking which member of the band New Kids On The Block was the best and most popular. The papers' use of the trademarked term did not fall within the traditional fair use doctrine. Unlike a traditional fair use scenario, the defendant newspaper was using the trademarked term to describe not its own product, but the plaintiff's. [FN: The "classic fair use case" is one in which "the defendant has used the plaintiff's mark to describe the defendant's own product."] Thus, the factors used to

evaluate fair use were inapplicable. The use was nonetheless permissible, we concluded, based on its nominative nature.

We adopted the following test for nominative use:

First, the product or service in question must be one not readily identifiable without use of the trademark; second, only so much of the mark or marks may be used as is reasonably necessary to identify the product or service; and third, the user must do nothing that would, in conjunction with the mark, suggest sponsorship or endorsement by the trademark holder.

We noted in *New Kids* that a nominative use may also be a commercial one.

In cases in which the defendant raises a nominative use defense, the above three-factor test should be applied instead of the test for likelihood of confusion set forth in *Sleekcraft*. The three-factor test better evaluates the likelihood of confusion in nominative use cases. When a defendant uses a trademark nominally, the trademark will be identical to the plaintiff's mark, at least in terms of the words in question. Thus, application of the *Sleekcraft* test, which focuses on the similarity of the mark used by the plaintiff and the defendant, would lead to the incorrect conclusion that virtually all nominative uses are confusing. The three-factor test -- with its requirements that the defendant use marks only when no descriptive substitute exists, use no more of the mark than necessary, and do nothing to suggest sponsorship or endorsement by the mark holder -- better addresses concerns regarding the likelihood of confusion in nominative use cases.

We group the uses of PEI's trademarked terms into three for the purpose of applying the test for nominative use. First, we analyze Welles' use of the terms in headlines and banner advertisements. We conclude that those uses are clearly nominative. Second, we analyze the use of the terms in the metatags for Welles' website, which we conclude are nominative as well. Finally, we analyze the terms as used in the wallpaper of the website. We conclude that this use is not nominative and remand for a determination of whether it infringes on a PEI trademark.

1. Headlines and banner advertisements.

To satisfy the first part of the test for nominative use, "the product or service in question must be one not readily identifiable without use of the trademark[.]" This situation arises "when a trademark also describes a person, a place or an attribute of a product" and there is no descriptive substitute for the trademark. In such a circumstance, allowing the trademark holder exclusive rights would allow the language to "be depleted in much the same way as if generic words were protectable." In *New Kids*, we gave the example of the trademarked term, "Chicago Bulls." We explained that "one might refer to the 'two-time world champions' or 'the professional basketball team from Chicago,' but it's far simpler (and more likely to be understood) to refer to the Chicago Bulls." Moreover, such a use of the trademark would "not imply sponsorship or endorsement of the product because the mark is used only to describe the thing, rather than to identify its source." Thus, we concluded, such uses must be excepted from trademark infringement law.

The district court properly identified Welles' situation as one which must also be excepted. No descriptive substitute exists for PEI's trademarks in this context. The court explained:

There is no other way that Ms. Welles can identify or describe herself and her services without venturing into absurd descriptive phrases. To describe herself as the "nude model selected by Mr. Hefner's magazine as its number-one prototypical woman for the year 1981" would be impractical as well as ineffectual in identifying Terri Welles to the public.

We agree. Just as the newspapers in New Kids could only identify the band clearly by using its trademarked name, so can Welles only identify herself clearly by using PEI's trademarked title.

The second part of the nominative use test requires that "only so much of the mark or marks may be used as is reasonably necessary to identify the product or service[.]" New Kids provided the following examples to explain this element: "[A] soft drink competitor would be entitled to compare its product to Coca-Cola or Coke, but would not be entitled to use Coca-Cola's distinctive lettering." Similarly, in a past case, an auto shop was allowed to use the trademarked term "Volkswagen" on a sign describing the cars it repaired, in part because the shop "did not use Volkswagen's distinctive lettering style or color scheme, nor did he display the encircled 'VW' emblem." Welles' banner advertisements and headlines satisfy this element because they use only the trademarked words, not the font or symbols associated with the trademarks.

The third element requires that the user do "nothing that would, in conjunction with the mark, suggest sponsorship or endorsement by the trademark holder." As to this element, we conclude that aside from the wallpaper, which we address separately, Welles does nothing in conjunction with her use of the marks to suggest sponsorship or endorsement by PEI. The marks are clearly used to describe the title she received from PEI in 1981, a title that helps describe who she is. It would be unreasonable to assume that the Chicago Bulls sponsored a website of Michael Jordan's simply because his name appeared with the appellation "former Chicago Bull." Similarly, in this case, it would be unreasonable to assume that PEI currently sponsors or endorses someone who describes herself as a "Playboy Playmate of the Year in 1981." The designation of the year, in our case, serves the same function as the "former" in our example. It shows that any sponsorship or endorsement occurred in the past.

In addition to doing nothing in conjunction with her use of the marks to suggest sponsorship or endorsement by PEI, Welles affirmatively disavows any sponsorship or endorsement. Her site contains a clear statement disclaiming any connection to PEI. Moreover, the text of the site describes her ongoing legal battles with the company. [Note: By noting Welles' affirmative actions, we do not mean to imply that affirmative actions of this type are necessary to establish nominative use. New Kids sets forth no such requirement, and we do not impose one here.]

For the foregoing reasons, we conclude that Welles' use of PEI's marks in her headlines and banner advertisements is a nominative use excepted from the law of trademark infringement.

Welles includes the terms "playboy" and "playmate" in her metatags. Metatags describe the contents of a website using keywords. Some search engines search metatags to identify websites relevant to a search. Thus, when an internet searcher enters "playboy" or "playmate" into a search engine that uses metatags, the results will include Welles' site. Because Welles' metatags do not repeat the terms extensively, her site will not be at the top of the list of search results. Applying the three-factor test for nominative use, we conclude that the use of the trademarked terms in Welles' metatags is nominative.

As we discussed above with regard to the headlines and banner advertisements, Welles has no practical way of describing herself without using trademarked terms. In the context of metatags, we conclude that she has no practical way of identifying the content of her website without referring to PEI's trademarks.

A large portion of Welles' website discusses her association with Playboy over the years. Thus, the trademarked terms accurately describe the contents of Welles' website, in addition to describing Welles. Forcing Welles and others to use absurd turns of phrase in their metatags, such as those necessary to identify Welles, would be particularly damaging in the internet search context. Searchers would have a much more difficult time locating relevant websites if they could do so only by correctly guessing the long phrases necessary to substitute for trademarks. We can hardly expect someone searching for Welles' site to imagine the same phrase proposed by the district court to describe Welles without referring to Playboy -- "the nude model selected by Mr. Hefner's organization" Yet if someone could not remember her name, that is what they would have to do. Similarly, someone searching for critiques of Playboy on the internet would have a difficult time if internet sites could not list the object of their critique in their metatags.

There is simply no descriptive substitute for the trademarks used in Welles' metatags. Precluding their use would have the unwanted effect of hindering the free flow of information on the internet, something which is certainly not a goal of trademark law. n29 Accordingly, the use of trademarked terms in the metatags meets the first part of the test for nominative use.

We conclude that the metatags satisfy the second and third elements of the test as well. The metatags use only so much of the marks as reasonably necessary and nothing is done in conjunction with them to suggest sponsorship or endorsement by the trademark holder. We note that our decision might differ if the metatags listed the trademarked term so repeatedly that Welles' site would regularly appear above PEI's in searches for one of the trademarked terms....

B. Trademark Dilution

The district court granted summary judgment to Welles as to PEI's claim of trademark dilution. We affirm on the ground that all of Welles' uses of PEI's marks, with the

exception of the use in the wallpaper which we address separately, are proper, nominative uses. We hold that nominative uses, by definition, do not dilute the trademarks.

Federal law provides protection against trademark dilution:

The owner of a famous mark shall be entitled, subject to the principles of equity and upon such terms as the court deems reasonable, to an injunction against another person's commercial use in commerce of a mark or trade name, if such use begins after the mark has become famous and causes dilution of the distinctive quality of the mark ...

Dilution, which was not defined by the statute, has been described by the courts as "the gradual 'whittling away' of a trademark's value." Traditionally, courts have recognized two forms of dilution: blurring and tarnishment. Blurring occurs when another's use of a mark creates "the possibility that the mark will lose its ability to serve as a unique identifier of the plaintiff's product." Tarnishment, on the other hand, occurs "when a famous mark is improperly associated with an inferior or offensive product or service." As we recognized in Panavision, dilution may occur through uses on the internet as well as elsewhere.

Dilution works its harm not by causing confusion in consumers' minds regarding the source of a good or service, but by creating an association in consumers' minds between a mark and a different good or service. n38 As explained in a First Circuit case, in dilution (as compared to infringement) "an entirely different issue is at stake --not interference with the source signaling function but rather protection from an appropriation of or free riding on the investment [the trademark holder] has made in its [trademark]." n39 Thus, for example, if a cocoa maker began using the "Rolls Royce" mark to identify its hot chocolate, no consumer confusion would be likely to result. Few would assume that the car company had expanded into the cocoa making business. However, the cocoa maker would be capitalizing on the investment the car company had made in its mark.

Consumers readily associate the mark with highly priced automobiles of a certain quality. By identifying the cocoa with the Rolls Royce mark, the producer would be capitalizing on consumers' association of the mark with high quality items. Moreover, by labeling a different product "Rolls Royce," the cocoa company would be reducing the ability of the mark to identify the mark holder's product. If someone said, "I'm going to get a Rolls Royce," others could no longer be sure the person was planning on buying an expensive automobile. The person might just be planning on buying a cup of cocoa. Thus, the use of the mark to identify the hot chocolate, although not causing consumer confusion, would cause harm by diluting the mark.

Uses that do not create an improper association between a mark and a new product but merely identify the trademark holder's products should be excepted from the reach of the anti-dilution statute. Such uses cause no harm. The anti-dilution statute recognizes this principle and specifically excepts users of a trademark who compare their product in "commercial advertising or promotion to identify the competing goods or services of the owner of the famous mark." n40

For the same reason uses in comparative advertising are excepted from anti-dilution law, we conclude that nominative uses are also excepted. A nominative use, by definition, refers to the trademark holder's product. It does not create an improper association in consumers' minds between a new product and the trademark holder's mark.

When Welles refers to her title, she is in effect referring to a product of PEI's. She does not dilute the title by truthfully identifying herself as its one-time recipient any more than Michael Jordan would dilute the name "Chicago Bulls" by referring to himself as a former member of that team, or the two-time winner of an Academy Award would dilute the award by referring to him or herself as a "two-time Academy Award winner." Awards are not diminished or diluted by the fact that they have been awarded in the past.

Similarly, they are not diminished or diluted when past recipients truthfully identify themselves as such. It is in the nature of honors and awards to be identified with the people who receive them. Of course, the conferrer of such honors and awards is free to limit the honoree's use of the title or references to the award by contract. So long as a use is nominative, however, trademark law is unavailing.

The one exception to the above analysis in this case is Welles' use of the abbreviation "PMOY" on her wallpaper. Because we determined that this use is not nominative, it is not excepted from the anti-dilution provisions. Thus, we reverse as to this issue and remand for further proceedings. We note that if the district court determines that "PMOY" is not entitled to trademark protection, PEI's claim for dilution must fail. The trademarked term, "Playmate of the Year" is not identical or nearly identical to the term "PMOY." Therefore, use of the term "PMOY" cannot, as a matter of law, dilute the trademark "Playmate of the Year." ...

Conclusion

For the foregoing reasons, we affirm the district court's grant of summary judgment as to PEI's claims for trademark infringement and trademark dilution, with the sole exception of the use of the abbreviation "PMOY." We reverse as to the abbreviation and remand for consideration of whether it merits protection under either an infringement or a dilution theory. We also affirm as to PEI's claims for breach of contract. In a separate memorandum disposition, we resolve the issues raised by Welles' cross-appeal.

Lamparello v. Falwell,

420 F.3d 309 (4th Cir. 2005)

DIANA GRIBBON MOTZ, Circuit Judge:

Christopher Lamparello appeals the district court's order enjoining him from maintaining a gripe website critical of Reverend Jerry Falwell. For the reasons stated below, we reverse.

Reverend Falwell is "a nationally known minister who has been active as a commentator on politics and public affairs." *Hustler Magazine, Inc. v. Falwell*, 485 U.S. 46, 47, 99 L. Ed. 2d 41, 108 S. Ct. 876 (1988). He holds the common law trademarks "Jerry Falwell" and "Falwell," and the registered trademark "Listen America with Jerry Falwell." Jerry Falwell Ministries can be found online at "www.falwell.com," a website which receives 9,000 hits (or visits) per day.

Lamparello registered the domain name "www.fallwell.com" on February 11, 1999, after hearing Reverend Falwell give an interview "in which he expressed opinions about gay people and homosexuality that [Lamparello] considered . . . offensive." Lamparello created a website at that domain name to respond to what he believed were "untruths about gay people." Lamparello's website included headlines such as "Bible verses that Dr. Falwell chooses to ignore" and "Jerry Falwell has been bearing false witness (Exodus 20:16) against his gay and lesbian neighbors for a long time." The site also contained in-depth criticism of Reverend Falwell's views. For example, the website stated:

Dr. Falwell says that he is on the side of truth. He says that he will preach that homosexuality is a sin until the day he dies. But we believe that if the reverend were to take another thoughtful look at the scriptures, he would discover that they have been twisted around to support an anti-gay political agenda . . . at the expense of the gospel.

Although the interior pages of Lamparello's website did not contain a disclaimer, the homepage prominently stated, "This website is NOT affiliated with Jerry Falwell or his ministry"; advised, "If you would like to visit Rev. Falwell's website, you may click here"; and provided a hyperlink to Reverend Falwell's website.

At one point, Lamparello's website included a link to the Amazon.com webpage for a book that offered interpretations of the Bible that Lamparello favored, but the parties agree that Lamparello has never sold goods or services on his website. The parties also agree that "Lamparello's domain name and web site at www.fallwell.com," which received only 200 hits per day, "had no measurable impact on the quantity of visits to [Reverend Falwell's] web site at www.falwell.com."

Nonetheless, Reverend Falwell sent Lamparello letters in October 2001 and June 2003 demanding that he cease and desist from using www.fallwell.com or any variation of Reverend Falwell's name as a domain name. Ultimately, Lamparello filed this action

against Reverend Falwell and his ministries (collectively referred to hereinafter as "Reverend Falwell"), seeking a declaratory judgment of noninfringement. Reverend Falwell counter-claimed, alleging trademark infringement under [15 U.S.C. § 1114 \(2000\)](#), false designation of origin under [15 U.S.C. § 1125\(a\)](#), unfair competition under [15 U.S.C. § 1126](#) and the common law of Virginia, and cybersquatting under [15 U.S.C. § 1125\(d\)](#).

The parties stipulated to all relevant facts and filed cross-motions for summary judgment. The district court granted summary judgment to Reverend Falwell, enjoined Lamparello from using Reverend Falwell's mark at www.fallwell.com, and required Lamparello to transfer the domain name to Reverend Falwell. ... Lamparello appeals the district court's order...

II.

We first consider Reverend Falwell's claims of trademark infringement and false designation of origin.

Section 32 of the Lanham Act creates a cause of action against:

any person who shall, without the consent of the registrant -- (a) use in commerce any reproduction, counterfeit, copy, or colorable imitation of a registered mark in connection with the sale, offering for sale, distribution, or advertising of any goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive.

[15 U.S.C. § 1114\(1\)](#). Similarly, Section 43(a) creates a cause of action against:

any person who, on or in connection with any goods or services, . . . uses in commerce any word . . . [or] name . . . , or any false designation of origin, false or misleading description of fact, or false or misleading representation of fact, which -- (A) 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\(a\)\(1\)\(A\)](#).

Both infringement and false designation of origin have five elements. To prevail under either cause of action, the trademark holder must prove:

(1) that it possesses a mark; (2) that the [opposing party] used the mark; (3) that the [opposing party's] use of the mark occurred "in commerce"; (4) that the [opposing party] used the mark "in connection with the sale, offering for sale, distribution, or advertising" of goods or services; and (5) that the [opposing party] used the mark in a manner likely to confuse consumers.

PETA, 263 F.3d at 364 (citing [15 U.S.C. §§ 1114, 1125](#), and *Lone Star Steakhouse & Saloon*, 43 F.3d at 930).

Trademark law serves the important functions of protecting product identification, providing consumer information, and encouraging the production of quality goods and services. But protections "'against unfair competition'" cannot be transformed into "'rights to control language.'" ... "Such a transformation" would raise serious First Amendment concerns because it would limit the ability to discuss the products or criticize the conduct of companies that may be of widespread public concern and importance. Much useful social and commercial discourse would be all but impossible if speakers were under threat of an infringement lawsuit every time they made reference to a person, company or product by using its trademark.

...In the case at hand, we need not ... determine whether [Sections 32](#) and [43\(a\)](#) apply exclusively to commercial speech because Reverend Falwell's claims of trademark infringement and false designation fail for a more obvious reason. The hallmark of such claims is a likelihood of confusion - and there is no likelihood of confusion here.

B.1.

"The use of a competitor's mark that does not cause confusion as to source is permissible." *Dorr-Oliver, Inc. v. Fluid-Quip, Inc.*, 94 F.3d 376, 380 (7th Cir. 1996). Accordingly, Lamparello can only be liable for infringement and false designation if his use of Reverend Falwell's mark would be likely to cause confusion as to the source of the website found at www.fallwell.com. This likelihood-of-confusion test "generally strikes a comfortable balance" between the [First Amendment](#) and the rights of markholders. *Mattel, Inc. v. MCA Records, Inc.*, 296 F.3d 894, 900 (9th Cir. 2002).

We have identified seven factors helpful in determining whether a likelihood of confusion exists as to the source of a work, but "not all these factors are always relevant or equally emphasized in each case." *Pizzeria Uno Corp. v. Temple*, 747 F.2d 1522, 1527 (4th Cir. 1984) (internal quotation marks, citations, and brackets omitted). The factors are: "(a) the strength or distinctiveness of the mark; (b) the similarity of the two marks; (c) the similarity of the goods/services the marks identify; (d) the similarity of the facilities the two parties use in their businesses; (e) the similarity of the advertising used by the two parties; (f) the defendant's intent; (g) actual confusion." *Id.* (citation omitted).

Reverend Falwell's mark is distinctive, and the domain name of Lamparello's website, www.fallwell.com, closely resembles it. But, although Lamparello and Reverend Falwell employ similar marks online, Lamparello's website looks nothing like Reverend Falwell's; indeed, Lamparello has made no attempt to imitate Reverend Falwell's website. Moreover, Reverend Falwell does not even argue that Lamparello's website constitutes advertising or a facility for business, let alone a facility or advertising similar to that of Reverend Falwell. Furthermore, Lamparello clearly created his website intending only to provide a forum to criticize ideas, not to steal customers.

Most importantly, Reverend Falwell and Lamparello do not offer similar goods or services. Rather they offer opposing ideas and commentary. Reverend Falwell's mark identifies his spiritual and political views; the website at www.fallwell.com criticizes those very views. After even a quick glance at the content of the website at www.fallwell.com, no one seeking Reverend Falwell's guidance would be misled by the domain name -- www.fallwell.com -- into believing Reverend Falwell authorized the content of that website. No one would believe that Reverend Falwell sponsored a site criticizing himself, his positions, and his interpretations of the Bible. *See New Kids on the Block v. News Am. Publ'g, Inc.*, 971 F.2d 302, 308-09 (9th Cir. 1992) (stating that use of a mark to solicit criticism of the markholder implies the markholder is not the sponsor of the use).

Finally, the fact that people contacted Reverend Falwell's ministry to report that they found the content at www.fallwell.com antithetical to Reverend Falwell's views does not illustrate, as Reverend Falwell claims, that the website engendered actual confusion. To the contrary, the anecdotal evidence Reverend Falwell submitted shows that those searching for Reverend Falwell's site and arriving instead at Lamparello's site quickly realized that Reverend Falwell was *not* the source of the content therein.

For all of these reasons, it is clear that the undisputed record evidences no likelihood of confusion. In fact, Reverend Falwell even conceded at oral argument that those viewing the content of Lamparello's website probably were unlikely to confuse Reverend Falwell with the source of that material.

2.

Nevertheless, Reverend Falwell argues that he is entitled to prevail under the "initial interest confusion" doctrine. This relatively new and sporadically applied doctrine holds that "the [Lanham Act](#) forbids a competitor from luring potential customers away from a producer by initially passing off its goods as those of the producer's, even if confusion as to the source of the goods is dispelled by the time any sales are consummated." *Dorr-Oliver*, 94 F.3d at 382. According to Reverend Falwell, this doctrine requires us to compare his mark with Lamparello's website domain name, www.fallwell.com, without considering the content of Lamparello's website. Reverend Falwell argues that some people who misspell his name may go to www.fallwell.com assuming it is his site, thus giving Lamparello an unearned audience -- albeit one that quickly disappears when it realizes it has not reached Reverend Falwell's site. This argument fails for two reasons.

First, we have never adopted the initial interest confusion theory; rather, we have followed a very different mode of analysis, requiring courts to determine whether a likelihood of confusion exists by "examining the allegedly infringing use *in the context in which it is seen by the ordinary consumer.*" *Anheuser-Busch, Inc. v. L & L Wings, Inc.*, 962 F.2d 316, 319 (4th Cir. 1992) (emphasis added) (citing cases); *see also What-A-Burger of Va., Inc. v. WHATABURGER, Inc.*, 357 F.3d 441, 450 (4th Cir. 2004).

Contrary to Reverend Falwell's arguments, we did not abandon this approach in *PETA*. Our inquiry in *PETA* was limited to whether Doughney's use of the domain name

"www.peta.org" constituted a successful enough parody of People for the Ethical Treatment of Animals that no one was likely to believe www.peta.org was sponsored or endorsed by that organization. For a parody to be successful, it "must convey two simultaneous -- and contradictory -- messages: that it is the original, but also that it is *not* the original and is instead a parody." *PETA*, 263 F.3d at 366 (internal quotation marks and citation omitted). Doughney argued that his domain name conveyed the first message (that it was PETA's website) and that the content of his website conveyed the requisite second message (that it was not PETA's site). *Id.* Although "the website's content made it clear that it was not related to PETA," *id.*, we concluded that the website's content could not convey the requisite second message because the site's content "was not conveyed *simultaneously* with the first message, [i.e., the domain name itself,] as required to be considered a parody." *Id. at 366*. Accordingly, we found the "district court properly rejected Doughney's parody defense." *Id. at 367*.

PETA simply outlines the parameters of the parody defense; it does not adopt the initial interest confusion theory or otherwise diminish the necessity of examining context when determining whether a likelihood of confusion exists. Indeed, in *PETA* itself, rather than embracing a new approach, we reiterated that "to determine whether a likelihood of confusion exists, a court should not consider how closely a *fragment* of a given use duplicates the trademark, but must instead consider *whether the use in its entirety creates a likelihood of confusion*." *Id. at 366* (internal quotation marks and citation omitted) (emphasis added). When dealing with domain names, this means a court must evaluate an allegedly infringing domain name in conjunction with the content of the website identified by the domain name.

Moreover, even if we did endorse the initial interest confusion theory, that theory would not assist Reverend Falwell here because it provides no basis for liability in circumstances such as these. The few appellate courts that have followed the Ninth Circuit and imposed liability under this theory for using marks on the Internet have done so only in cases involving a factor utterly absent here -- one business's use of another's mark for its own financial gain. ...

Profiting financially from initial interest confusion is thus a key element for imposition of liability under this theory. When an alleged infringer does not compete with the markholder for sales, "some initial confusion will not likely facilitate free riding on the goodwill of another mark, or otherwise harm the user claiming infringement. Where confusion has little or no meaningful effect in the marketplace, it is of little or no consequence in our analysis." ...

This critical element -- use of another firm's mark to capture the markholder's customers and profits -- simply does not exist when the alleged infringer establishes a gripe site that criticizes the markholder. ... Applying the initial interest confusion theory to gripe sites like Lamparello's would enable the markholder to insulate himself from criticism -- or at least to minimize access to it. We have already condemned such uses of the [Lanham Act](#), stating that a markholder cannot "shield itself from criticism by forbidding the use of its name in commentaries critical of its conduct." *CPC Int'l*, 214 F.3d at 462 (quoting *L.L. Bean, Inc. v. Drake Publishers, Inc.*, 811 F.2d 26, 33 (1st Cir. 1987)). "Just because

speech is critical of a corporation and its business practices is not a sufficient reason to enjoin the speech." *Id.*

In sum, even if we were to accept the initial interest confusion theory, that theory would not apply in the case at hand. Rather, to determine whether a likelihood of confusion exists as to the source of a gripe site like that at issue in this case, a court must look not only to the allegedly infringing domain name, but also to the underlying content of the website. When we do so here, it is clear, as explained above, that no likelihood of confusion exists. Therefore, the district court erred in granting Reverend Falwell summary judgment on his infringement, false designation, and unfair competition claims.

III.

We evaluate Reverend Falwell's cybersquatting claim separately because the elements of a cybersquatting violation differ from those of traditional Lanham Act violations. To prevail on a cybersquatting claim, Reverend Falwell must show that Lamparello: (1) "had a bad faith intent to profit from using the [www.fallwell.com] domain name," and (2) the domain name www.fallwell.com "is identical or confusingly similar to, or dilutive of, the distinctive and famous [Falwell] mark." *PETA, 263 F.3d at 367* (citing [15 U.S.C. § 1125\(d\)\(1\)\(A\)](#)).

"The paradigmatic harm that the ACPA was enacted to eradicate" is "the practice of cybersquatters registering several hundred domain names in an effort to sell them to the legitimate owners of the mark." *Lucas Nursery & Landscaping, Inc. v. Grosse, 359 F.3d 806, 810 (6th Cir. 2004)*. The Act was also intended to stop the registration of multiple marks with the hope of selling them to the highest bidder, "distinctive marks to defraud consumers" or "to engage in counterfeiting activities," and "well-known marks to prey on consumer confusion by misusing the domain name to divert customers from the mark owner's site to the cybersquatter's own site, many of which are pornography sites that derive advertising revenue based on the number of visits, or 'hits,' the site receives." The Act was not intended to prevent "noncommercial uses of a mark, such as for comment, criticism, parody, news reporting, etc.," and thus they "are beyond the scope" of the ACPA.

To distinguish abusive domain name registrations from legitimate ones, the ACPA directs courts to consider nine nonexhaustive factors :

- (I) the trademark or other intellectual property rights of the person, if any, in the domain name;
- (II) the extent to which the domain name consists of the legal name of the person or a name that is otherwise commonly used to identify that person;
- (III) the person's prior use, if any, of the domain name in connection with the bona fide offering of any goods or services;
- (IV) the person's bona fide noncommercial or fair use of the mark in a site accessible under the domain name;

- (V) the person's intent to divert consumers from the mark owner's online location to a site accessible under the domain name that could harm the goodwill represented by the mark, either for commercial gain or with the intent to tarnish or disparage the mark, by creating a likelihood of confusion as to the source, sponsorship, affiliation, or endorsement of the site;
- (VI) the person's offer to transfer, sell, or otherwise assign the domain name to the mark owner or any third party for financial gain without having used, or having an intent to use, the domain name in the bona fide offering of any goods or services, or the person's prior conduct indicating a pattern of such conduct;
- (VII) the person's provision of material and misleading false contact information when applying for the registration of the domain name, the person's intentional failure to maintain accurate contact information, or the person's prior conduct indicating a pattern of such conduct;
- (VIII) the person's registration or acquisition of multiple domain names which the person knows are identical or confusingly similar to marks of others that are distinctive at the time of the registration of such domain names, or dilutive of famous marks of others that are famous at the time of registration of such domain names, without regard to the goods or services of the parties; and
- (IX) the extent to which the mark incorporated in the person's domain name registration is or is not distinctive and famous within the meaning of subsection (c)(1) of this section.

15 U.S.C. § 1125(d)(1)(B)(i); see also H.R. Rep. No. 106-412 (1999).

These factors attempt "to balance the property interests of trademark owners with the legitimate interests of Internet users and others who seek to make lawful uses of others' marks, including for purposes such as comparative advertising, *comment*, *criticism*, parody, news reporting, fair use, etc." "The first four [factors] suggest circumstances that may tend to indicate an absence of bad-faith intent to profit from the goodwill of a mark, and the others suggest circumstances that may tend to indicate that such bad-faith intent exists." *Id.* However, "there is no simple formula for evaluating and weighing these factors. For example, courts do not simply count up which party has more factors in its favor after the evidence is in." *Harrods Ltd. v. Sixty Internet Domain Names*, 302 F.3d 214, 234 (4th Cir. 2002). In fact, because use of these listed factors is permissive, "we need not . . . march through" them all in every case. *Virtual Works, Inc. v. Volkswagen of Am., Inc.*, 238 F.3d 264, 269 (4th Cir. 2001). "The factors are given to courts as a guide, not as a substitute for careful thinking about whether the conduct at issue is motivated by a bad faith intent to profit." *Lucas Nursery & Landscaping*, 359 F.3d at 811.

After close examination of the undisputed facts involved in this case, we can only conclude that Reverend Falwell cannot demonstrate that Lamparello "had a bad faith intent to profit from using the [www.falwell.com] domain name." *PETA*, 263 F.3d at 367. Lamparello clearly employed www.falwell.com simply to criticize Reverend

Falwell's views. Factor IV of the ACPA, [15 U.S.C. § 1125\(d\)\(1\)\(B\)\(i\)\(IV\)](#), counsels against finding a bad faith intent to profit in such circumstances because "use of a domain name for purposes of . . . comment, [and] criticism," H.R. Rep. No. 106-412, 1999 WL 970519, at *11, constitutes a "bona fide noncommercial or fair use" under the statute, [15 U.S.C. § 1125\(d\)\(1\)\(B\)\(i\)\(IV\)](#). [FN] That Lamparello provided a link to an Amazon.com webpage selling a book he favored does not diminish the communicative function of his website. The use of a domain name to engage in criticism or commentary "even where done for profit" does not alone evidence a bad faith intent to profit, and Lamparello did not even stand to gain financially from sales of the book at Amazon.com. Thus factor IV weighs heavily in favor of finding Lamparello lacked a bad faith intent to profit from the use of the domain name.

----- Footnotes -----
We note that factor IV does not protect a faux noncommercial site, that is, a noncommercial site created by the registrant for the sole purpose of avoiding liability under the FTDA, which exempts noncommercial uses of marks, *see* [15 U.S.C. § 1125\(c\)\(4\)\(B\)](#), or under the ACPA. As explained by the Senate Report discussing the ACPA, an individual cannot avoid liability for registering and attempting to sell a hundred domain names incorporating famous marks by posting noncommercial content at those domain names.

----- End Footnotes -----

Equally important, Lamparello has not engaged in the type of conduct described in the statutory factors as typifying the bad faith intent to profit essential to a successful cybersquatting claim. First, we have already held, *supra* Part II.B, that Lamparello's domain name does not create a likelihood of confusion as to source or affiliation. Accordingly, Lamparello has not engaged in the type of conduct - "creating a likelihood of confusion as to the source, sponsorship, affiliation, or endorsement of the site," [15 U.S.C. § 1125\(d\)\(1\)\(B\)\(i\)\(V\)](#) -- described as an indicator of a bad faith intent to profit in factor V of the statute.

Factors VI and VIII also counsel against finding a bad faith intent to profit here. Lamparello has made no attempt -- or even indicated a willingness -- "to transfer, sell, or otherwise assign the domain name to [Reverend Falwell] or any third party for financial gain." [15 U.S.C. § 1125\(d\)\(1\)\(B\)\(i\)\(VI\)](#). Similarly, Lamparello has not registered "multiple domain names," [15 U.S.C. § 1125\(d\)\(1\)\(B\)\(i\)\(VIII\)](#); rather, the record indicates he has registered only one. Thus, Lamparello's conduct is not of the suspect variety described in factors VI and VIII of the Act.

Notably, the case at hand differs markedly from those in which the courts have found a bad faith intent to profit from domain names used for websites engaged in political commentary or parody. For example, in *PETA* we found the registrant of [www.peta.org](#) engaged in cybersquatting because [www.peta.org](#) was one of fifty to sixty domain names Doughney had registered, [PETA, 263 F.3d at 362](#), and because Doughney had evidenced a clear intent to sell [www.peta.org](#) to PETA, stating that PETA should try to "settle" with him and 'make him an offer.'" *Id. at 368*. *See also* [Virtual Works, 238 F.3d at 269-70](#).

...In contrast, Lamparello did not register multiple domain names, he did not offer to transfer them for valuable consideration, and he did not create a likelihood of confusion.

Instead, Lamparello, like the plaintiffs in two cases recently decided by the Fifth and Sixth Circuits, created a gripe site. Both courts expressly refused to find that gripe sites located at domain names nearly identical to the marks at issue violated the ACPA. In *TMI, Inc. v. Maxwell*, 368 F.3d 433, 434-35 (5th Cir. 2004), Joseph Maxwell, a customer of homebuilder TMI, registered the domain name "www.trendmakerhome.com," which differed by only one letter from TMI's mark, TrendMaker Homes, and its domain name, "www.trendmakerhomes.com." Maxwell used the site to complain about his experience with TMI and to list the name of a contractor whose work pleased him. After his registration expired, Maxwell registered "www.trendmakerhome.info." TMI then sued, alleging cyber-squatting. The Fifth Circuit reversed the district court's finding that Maxwell violated the ACPA, reasoning that his site was noncommercial and designed only "to inform potential customers about a negative experience with the company." *Id.* at 438-39. ...

Lamparello has not evidenced a bad faith intent to profit under the ACPA. To the contrary, he has used www.fallwell.com to engage in the type of "comment[] [and] criticism" that Congress specifically stated militates against a finding of bad faith intent to profit. And he has neither registered multiple domain names nor attempted to transfer www.fallwell.com for valuable consideration. We agree with the Fifth and Sixth Circuits that, given these circumstances, the use of a mark in a domain name for a gripe site criticizing the markholder does not constitute cybersquatting.

IV.

For the foregoing reasons, Lamparello, rather than Reverend Falwell, is entitled to summary judgment on all counts. Accordingly, the judgment of the district court is reversed and the case is remanded for entry of judgment for Lamparello.

1-800 Contacts, Inc. v. WhenU.com, Inc.

414 F.3d 400 (2d Cir. 2005)

JOHN M. WALKER, JR., Chief Judge:

Defendant-appellant WhenU.com, Inc. ("WhenU") is an internet marketing company that uses a proprietary software called "SaveNow" to monitor a computer user's internet activity in order to provide the computer user with advertising, in the form of "pop-up ads," that is relevant to that activity. Plaintiff-appellee 1-800 Contacts, Inc. ("1-800") is a distributor that sells contact lenses and related products by mail, telephone, and internet website. At the time 1-800 filed this action ... it owned a registered trademark in the service mark "WE DELIVER. YOU SAVE." and had filed applications ... to register the service mark "1-800CONTACTS"...

1-800 filed a complaint alleging, inter alia, that WhenU was infringing 1-800's trademarks, in violation of the Lanham Act, [15 U.S.C. §§ 1114\(1\), 1125\(a\)\(1\)](#), by causing pop-up ads of 1-800's competitors to appear on a [computer user]'s desktop when the [computer user] has accessed 1-800's website...

...

WhenU provides a proprietary software called "SaveNow" without charge to individual [computer user]s, usually as part of a bundle of software that the [computer user] voluntarily downloads from the internet. "Once installed, the SaveNow software requires no action by the computer user to activate its operations; instead, the SaveNow software responds to a computer user's 'in-the-moment' activities by generating pop-up advertisement windows" that are relevant to those specific activities. [1-800 Contacts, 309 F. Supp. 2d at 477](#). To deliver contextually relevant advertising to [computer user]s, the SaveNow software employs an internal directory comprising "approximately 32,000 [website addresses] and [address] fragments, 29,000 search terms and 1,200 keyword algorithms," that correlate with particular consumer interests to screen the words a [computer user] types into a web browser or search engine or that appear within the internet sites a [computer user] visits.

When the SaveNow software recognizes a term, it randomly selects an advertisement from the corresponding product or service category to deliver to the [computer user]'s computer screen at roughly the same time the website or search result sought by the [computer user] appears. As the district court explained,

The SaveNow software generates at least three kinds of ads--an ad may be a small 'pop-up' . . . [that appears] in the bottom right-hand corner of a computer user's screen; it may be a 'pop-under' advertisement that appears behind the webpage the computer user initially visited; or it may be a 'panoramic' ad[] that stretches across the bottom of the computer user's computer screen.

Each type of ad appears in a window that is separate from the particular website or search-results page the [computer user] has accessed. Id. In addition, a label stating "A WhenU Offer--click ? for info." appears in the window frame surrounding the ad, together with a button on the top right of the window frame marked "?" that, when clicked by the [computer user], displays a new window containing information about WhenU and its ads, as well as instructions for uninstalling the resident SaveNow software.

Usually there is a "few-second" delay between the moment a user accesses a website, and the point at which a SaveNow pop-up advertisement appears on the computer user's screen.

If a SaveNow user who has accessed the 1-800 Contacts website and has received a WhenU.com pop-up advertisement does not want to view the advertisement or the advertiser's website, the user can click on the visible portion of the [1-800] window . . . , [which will move] the 1-800 Contacts website . . . to the front of the screen display, with the pop-up ad moving behind the website window. Or, . . . the computer user can close the pop-up website by clicking on its "X," or close, button. If the user clicks on the pop-up ad, the main browser window (containing the 1-800 Contacts website) will be navigated to the website of the advertiser that was featured inside the pop-up advertisement.

- - - - - Footnotes - - - - -

Specifically, [computer user]s are informed that

"this offer is brought to you by WhenU.com, through the SaveNow service. SaveNow alerts you to offers and services at the moment when they are most relevant to you. SaveNow does not collect any personal information or browsing history from its users. Your privacy is 100 percent protected. The offers shown to you by SaveNow are not affiliated with the site you are visiting. For more about SaveNow, click here or e-mail information at WhenU.com. At WhenU, we are committed to putting you in control of your Internet experience."

- - - - - End Footnotes- - - - -

In its complaint, 1-800 alleges that WhenU's conduct infringes 1-800's trademarks, in violation of Sections 32(1) and 43(a) of the Lanham Act, [15 U.S.C. §§ 1114\(1\), 1125\(a\)](#), by delivering advertisements of 1-800's competitors (e.g., Vision Direct, Inc.) to [computer user]s who have intentionally accessed 1-800's website. Although somewhat difficult to discern from the complaint, the allegations that pertain specifically to 1-800's trademark claims appear to be as follows: (1) WhenU's pop-up ads appear "on," "over," or "on top of" the 1-800 website without 1-800's authorization, and change its appearance; (2) as a result, the ads impermissibly "appear to be an integral and fully authorized part of [1-800's] website"; (3) in addition, WhenU's unauthorized pop-up ads "interfere with and disrupt the carefully designed display of content" on the website, thereby altering and hindering a [computer user]'s access to 1-800's website; (4) WhenU

is thereby "free-riding" and "trad[ing] upon the goodwill and substantial customer recognition associated with the 1-800 Contacts marks"; and (5) WhenU is using 1-800's trademarks in a manner that creates a likelihood of confusion. ...

DISCUSSION

WhenU challenges the district court's finding that WhenU "uses" 1-800's trademarks within the meaning of the Lanham Act, [15 U.S.C. § 1127](#). See [1-800 Contacts, 309 F. Supp. 2d at 489](#). In the alternative, WhenU argues that the district court erred in finding that WhenU's pop-up ads create a likelihood of both source confusion and "initial interest confusion," as to whether WhenU is "somehow associated with [1-800] or that [1-800] has consented to [WhenU's] use of the pop-up ad[s]." [Id. at 494](#); see [id. at 503-04](#). Because we agree with WhenU that it does not "use" 1-800's trademarks, we need not and do not address the issue of likelihood of confusion.

Lanham Act

In order to prevail on a trademark infringement claim for registered trademarks, pursuant to [15 U.S.C. § 1114](#), or unregistered trademarks, pursuant to [15 U.S.C. § 1125\(a\)\(1\)](#), a plaintiff must establish that (1) it has a valid mark that is entitled to protection under the Lanham Act; and that (2) the defendant used the mark, (3) in commerce, (4) "in connection with the sale . . . or advertising of goods or services," [15 U.S.C. § 1114\(1\)\(a\)](#), (5) without the plaintiff's consent.... In addition, the plaintiff must show that defendant's use of that mark "is likely to cause confusion . . . as to the affiliation, connection, or association of [defendant] with [plaintiff], or as to the origin, sponsorship, or approval of [the defendant's] goods, services, or commercial activities by [plaintiff]." [15 U.S.C. § 1125\(a\)\(1\)\(A\)](#); ...

The only issue before us on appeal is ... whether the district court erred in finding that 1-800 had demonstrated a likelihood of success on its trademark claims. ...

II. "Use" Under the Lanham Act

The Lanham Act defines "use in commerce," in relevant part, as follows:

. . . For purposes of this Chapter, 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

15 U.S.C. § 1127.

...

A. The SaveNow Directory

The district court held that WhenU's inclusion of 1-800's website address in the SaveNow directory constitutes a prohibited "use" of 1-800's trademark. *Id. at 489*. We disagree.

At the outset, we note that WhenU does not "use" 1-800's trademark in the manner ordinarily at issue in an infringement claim: it does not "place" 1-800 trademarks on any goods or services in order to pass them off as emanating from or authorized by 1-800. The fact is that WhenU does not reproduce or display 1-800's trademarks at all, nor does it cause the trademarks to be displayed to a [computer user]. Rather, WhenU reproduces 1-800's website address, identical, to 1-800's 1-800CONTACTS trademark. See *1-800 Contacts, 309 F. Supp. 2d at 478-79*.

The district court found that the differences between 1-800's trademarks and the website address utilized by WhenU were insignificant because they were limited to the addition of the "www." and ".com" and the omission of the hyphen and a space. See *id.* We conclude that, to the contrary, the differences between the marks are quite significant because they transform 1-800's trademark -- which is entitled to protection under the Lanham Act -- into a word combination that functions more or less like a public key to 1-800's website.

Moreover, it is plain that WhenU is using 1-800's website address precisely because it is a website address, rather than because it bears any resemblance to 1-800's trademark, because the only place WhenU reproduces the address is in the SaveNow directory.

Although the directory resides in the [computer user]'s computer, it is inaccessible to both the [computer user] and the general public. See *id. at 476* (noting that directory is scrambled to preclude access). Thus, the appearance of 1-800's website address in the directory does not create a possibility of visual confusion with 1-800's mark. More important, a WhenU pop-up ad cannot be triggered by a [computer user]'s input of the 1-800 trademark or the appearance of that trademark on a webpage accessed by the [computer user]. Rather, in order for WhenU to capitalize on the fame and recognition of 1-800's trademark - the improper motivation both 1-800 and the district court ascribe to WhenU - it would have needed to put the actual trademark on the list.

A company's internal utilization of a trademark in a way that does not communicate it to the public is analogous to a individual's private thoughts about a trademark. Such conduct

simply does not violate the Lanham Act, which is concerned with the use of trademarks in connection with the sale of goods or services in a manner likely to lead to consumer confusion as to the source of such goods or services. See [15 U.S.C. § 1127](#); see also Louis Altman, 4 Callmann on Unfair Competition, Trademarks and Monopolies § 22:25 n.1 (4th ed. 2004) ("A fortiori, a defendant who does not sell, but merely uses internally within his own company, the trademarked product of another, is not a trademark infringer or unfair competitor by virtue of such use.").

Accordingly, we conclude that WhenU's inclusion of the 1-800 website address in its SaveNow directory does not infringe on 1-800's trademark.

B. The Pop-up Advertisements

The primary issue to be resolved by this appeal is whether the placement of pop-up ads on a [computer user]'s screen contemporaneously with either the 1-800 website or a list of search results obtained by the [computer user]'s input of the 1-800 website address constitutes "use" under the Lanham Act, [15 U.S.C. §§ 1114\(1\), 1125\(a\)](#). The district court reasoned that WhenU, by "causing pop-up advertisements for Defendant Vision Direct to appear when SaveNow users have specifically attempted to access [1-800]'s website, . . . [is] displaying [1-800]'s mark in the . . . advertising of . . . Vision Direct's services." [1-800 Contacts, 309 F. Supp. 2d at 489](#).

The fatal flaw with this holding is that WhenU's pop-up ads do not display the 1-800 trademark. The district court's holding, however, appears to have been based on the court's acceptance of 1-800's claim that WhenU's pop-up ads appear "on" and affect 1-800's website. See, e.g., [id. at 479](#) (stating that WhenU has "no relationship with the companies on whose websites the pop-up advertisements appear") (emphasis omitted) (emphasis added). As we explained above, the WhenU pop-up ads appear in a separate window that is prominently branded with the WhenU mark; they have absolutely no tangible effect on the appearance or functionality of the 1-800 website.

More important, the appearance of WhenU's pop-up ad is not contingent upon or related to 1-800's trademark, the trademark's appearance on 1-800's website, or the mark's similarity to 1-800's website address. Rather, the contemporaneous display of the ads and trademarks is the result of the happenstance that 1-800 chose to use a mark similar to its trademark as the address to its web page and to place its trademark on its website. The pop-up ad, which is triggered by the [computer user]'s input of 1-800's website address, would appear even if 1-800's trademarks were not displayed on its website. A pop-up ad could also appear if the [computer user] typed the 1-800 website address, not as an address, but as a search term in the browser's search engine, and then accessed 1-800's website by using the hyperlink that appeared in the list of search results.

In addition, 1-800's website address is not the only term in the SaveNow directory that could trigger a Vision Direct ad to "pop up" on 1-800's website. For example, an ad could be triggered if a [computer user] searched for "contacts" or "eye care," both terms contained in the directory, and then clicked on the listed hyperlink to 1-800's website.

Exemplifying the conceptual difficulty that inheres in this issue, the district court's decision suggests that the crux of WhenU's wrongdoing -- and the primary basis for the district court's finding of "use" -- is WhenU's alleged effort to capitalize on a [computer user]'s specific attempt to access the 1-800 website. As the court explained it,

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.

1-800 Contacts, 309 F. Supp. 2d at 490. Absent improper use of 1-800's trademark, however, such conduct does not violate the Lanham Act. ... Indeed, it is routine for vendors to seek specific "product placement" in retail stores precisely to capitalize on their competitors' name recognition. For example, a drug store typically places its own store-brand generic products next to the trademarked products they emulate in order to induce a customer who has specifically sought out the trademarked product to consider the store's less-expensive alternative. WhenU employs this same marketing strategy by informing [computer user]s who have sought out a specific trademarked product about available coupons, discounts, or alternative products that may be of interest to them.

1-800 disputes this analogy by arguing that unlike a drugstore, only the 1-800 website is displayed when the pop-up ad appears. This response, however, ignores the fact that a [computer user] who has installed the SaveNow software receives WhenU pop-up ads in a myriad of contexts, the vast majority of which are unlikely to have anything to do with 1-800 or the [computer user]'s input of the 1-800 website address....

Perhaps because ultimately 1-800 is unable to explain precisely how WhenU "uses" its trademark, it resorts to bootstrapping a finding of "use" by alleging other elements of a trademark claim. For example, 1-800 invariably refers to WhenU's pop-up ads as "unauthorized" in an effort, it would seem, to establish by sheer force of repetition the element of unauthorized use of a trademark. Not surprisingly, 1-800 cites no legal authority for the proposition that advertisements, software applications, or any other visual image that can appear on a [computer user]'s computer screen must be authorized by the owner of any website that will appear contemporaneously with that image. The fact is that WhenU does not need 1-800's authorization to display a separate window containing an ad any more than Corel would need authorization from Microsoft to display its WordPerfect word-processor in a window contemporaneously with a Word word-processing window. Moreover, contrary to 1-800's repeated admonitions, WhenU's pop-up ads are authorized -- if unwittingly -- by the [computer user] who has downloaded the SaveNow software.

1-800 also argues that WhenU's conduct is "use" because it is likely to confuse [computer user]s as to the source of the ad. It buttresses this claim with a survey it submitted to the district court that purportedly demonstrates, *inter alia*, that (1) a majority of [computer

user]s believe that pop-up ads that appear on websites are sponsored by those websites, and (2) numerous [computer user]s are unaware that they have downloaded the SaveNow software. ... Again, this rationale puts the cart before the horse. Not only are "use," "in commerce," and "likelihood of confusion" three distinct elements of a trademark infringement claim, but "use" must be decided as a threshold matter because, while any number of activities may be "in commerce" or create a likelihood of confusion, no such activity is actionable under the Lanham Act absent the "use" of a trademark. [15 U.S.C. § 1114](#); see [People for the Ethical Treatment of Animals v. Doughney, 263 F.3d 359, 364 \(4th Cir. 2001\)](#). Because 1-800 has failed to establish such "use," its trademark infringement claims fail.

...

For the foregoing reasons, we reverse the district court's entry of a preliminary injunction and remand with instructions to (1) dismiss with prejudice 1-800's trademark infringement claims against WhenU, and (2) proceed with 1-800's remaining claims.