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## ***Pop-Up Ads: Confusion (and Annoyance) Online and in Court***

By

Brian Darville

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### **Introduction**

In courts across the country a battle is underway pitting intellectual property owners against online advertisers whose pop-up ads appear on the owners' websites touting competing goods and services. The website owners want to control the use of their trademarks and hard fought good will as well as the presentation of their websites to consumers online. Advertisers relish the benefits provided by pop-up ads that permit the delivery of advertisements to computer users based on those users' interests as revealed by their immediate online browsing activity. Pop-up ads empower advertisers by delivering targeted ads to consumers in real time. But the software that directs pop-up ads uses others' trademarks and URLs to identify interested consumers. In addition, once the pop-up ads are delivered to a computer user's desktop, those ads often obscure, at least partially, the underlying website the user had been viewing.

This article reviews four conflicting decisions addressing the legality of pop-up advertisements under copyright and trademark law.<sup>1</sup> Only one court has held that pop-up ads displayed over a plaintiff's copyrighted website infringe that owner's exclusive rights to display its website and to prepare derivative works based on the site. Otherwise, the copyright theories of liability have failed.

In *Washington Post* and *1-800 Contacts*, the courts ruled that defendants whose software

enables pop-up ads as well as their advertising customers have used the plaintiffs' trademarks in commerce as required by the Lanham Act.<sup>2</sup> The court in *1-800 Contacts* expressly held that the use of the plaintiff's trademarks and URLs in the software directory used in triggering the pop-up ads also constituted trademark infringement and unfair competition. In contrast, the *U-Haul* and *Wells Fargo* courts hold that pop-up ad technology did not use the plaintiffs' marks in commerce and, in any event, a likelihood of confusion had not been shown.

These cases provide guidance to practitioners on potential theories of liability in redressing pop-up ads. The decisions reveal that the likelihood of prevailing in a pop-up advertisement case may turn on where the case is brought, the availability and strength of credible survey evidence and the applicability of the initial internet confusion doctrine. The law in this area is unsettled and will continue to evolve as courts are called on to assess the legality of pop-up ad technology.

*Washington Post-Newsweek Interactive Co., LLC et al. v. The Gator Corporation*, Civil Action No. 02-909-A (E.D. Va. July 16, 2002)

*Washington Post* was the first case to address pop-up advertisements and involved The Gator Corporation's software. Several publishing companies, including Washington Post-Newsweek Interactive, sued The Gator Corporation ("Gator") for copyright and trademark infringement as well as

other claims based on Gator's delivery of pop-up advertisements on behalf of its customers onto the computer screens of users who were viewing the Plaintiffs' websites. The pop-up ads would appear over and/or under pages from websites owned by plaintiffs and often touted products and services that competed directly with those offered by the plaintiffs.

Gator's software typically would be bundled with freeware available on the Internet without charge. Once downloaded, Gator's software resides on the user's computer. When the user browses the Internet, the software monitors the user's activity and when it finds a match between the user's apparent interests and elements of the Gator program it would transmit a pop-up ad to the computer user. Plaintiffs alleged, among other things, that Gator's program deliberately targeted popular and highly trafficked websites, including sites owned by the plaintiffs.

The publishers alleged that the pop-up ads infringed their exclusive rights to display and to create derivative works based on the plaintiffs' copyrighted websites. The publishers also asserted that the pop-up ads created the false impression that they originated with the underlying website and are authorized by the plaintiffs and that the ads operate in cooperation with the plaintiffs' websites, rather than in competition with them. As a result, plaintiffs' alleged that Gator's pop-up advertising scheme infringed plaintiffs' registered trademarks by creating consumer confusion as to plaintiffs' sponsorship or affiliation with Gator and its pop-up advertising practices. Plaintiffs submitted survey evidence indicating that 66% of survey respondents believed pop-up ads are sponsored or authorized by the website in which they appear.

At the preliminary injunction stage, the Court apparently accepted the Plaintiffs' copyright and trademark theories of liability because it granted the publishers' motion for a preliminary injunction and broadly enjoined Gator from:

- 1) Causing its pop-up advertisements to be displayed on any website owned by or affiliated with Plaintiffs without their express consent;
- 2) Altering or modifying, or causing any other entity to alter or modify, any part of any

website owned by or affiliated with the Plaintiffs, in any way, including its appearance or how it is displayed;

- 3) Infringing or causing any other entity to infringe Plaintiffs' copyrights;
- 4) Making any designations of origin, descriptions, representations or suggestions that Plaintiffs are the source, sponsor or in any way affiliated with Defendant's advertisers or their web sites, services and products, and;
- 5) Infringing, or causing any other entity to infringe, Plaintiffs' trademark and/or other service mark right.<sup>3</sup>

Unfortunately, the case was settled after the preliminary injunction was entered and there is no published decision by the Court revealing its analysis on each of the claims at issue.

#### *U-Haul, Wells Fargo and 1-800 Contacts*

The three reported decisions addressing the legality of pop-up ads involved WhenU.com, Inc. ("WhenU") and its SaveNow program which enabled pop-up technology to provide contextual marketing to prequalified computer users in real-time based on their online browsing activity.

#### *WhenU's SaveNow Program<sup>4</sup>*

WhenU is a software company that distributes the SaveNow program, which is a proprietary application that generates pop-up advertisements on behalf of WhenU's customers. WhenU does not guarantee to any of its customers that the customer's ad will be shown whenever a customer visits a particular website.<sup>5</sup> The SaveNow program delivers contextual advertising by marketing products and services to consumers who have demonstrated an interest in those products and services through their online browsing activities.<sup>6</sup>

The SaveNow software is installed on individual users' computers. Internet users typically download the software bundled with "freeware" software applications downloaded over the Internet at no cost. In downloading the SaveNow software, a computer user typically must click-through several screens one of which is a license agreement

with WhenU that requires the consumer to affirmatively click on an “I agree” button before the software can be downloaded. About 100 million consumers have downloaded the SaveNow program; about 75 million have uninstalled the program.<sup>7</sup>

Pop-up ads delivered through WhenU’s SaveNow program are placed on a WhenU server, “mapped” using an ad set-up table, and assigned a name and a variety of parameters including size, priority, and frequency. The WhenU “Advertising Operations Team ‘maps’ the ad by determining the various categories in the Directory (such as ‘Air Travel’) and keyword algorithms that will trigger the appearance of the advertisement, subject to priority and frequency limitations.”<sup>8</sup> Once an ad is “mapped” it is automatically recorded in the proprietary WhenU Directory, which is delivered to and saved on the user’s desktop when the user installs the SaveNow software. The Directory is updated on a daily basis.<sup>9</sup>

As of July 1, 2003, the Directory contained 32,000 URLs and URL fragments, 29,000 search terms and 1,200 keyword algorithms. The Directory categorizes these elements much like a Yellow Pages directory categorizes businesses. These categories were described as the “heart” of the WhenU system for delivering pop-up ads.<sup>10</sup> When the SaveNow software detects a match between a consumer’s online browsing and elements in the Directory, it identifies the associated product or service category, and selects an available pop-up ad based on the system’s priority rules, subject to frequency limitations.<sup>11</sup>

When a computer user who has installed the SaveNow program browses the Internet, the program scans the user’s Internet activity comparing URLs, website addresses, search terms and web page content accessed by the user with a proprietary SaveNow directory using algorithms contained in the software. When the program detects a match between the user’s activity and the SaveNow directory, this can trigger the software to deliver a pop-up advertisement. Entering a URL into the Internet browser can also cause the SaveNow program to deliver a pop-up ad. The program will retrieve a pop-up ad from a server over the Internet and then display that pop-up ad in a new window appearing on the user’s computer screen.<sup>12</sup>

When a pop-up advertisement appears, the user can do one of three things: 1) click on the pop-up ad, in which case the Internet browser will navigate to the website of the advertiser featured in the pop-up ad; 2) close the pop-up ad; or 3) click on the 1-800Contacts window, in which case that website will move to the front of the user’s computer display, with the pop-up ad moving to the back.<sup>13</sup>

The SaveNow program generates three different types of ads: 1) a small “pop-up ad appearing in the bottom right hand corner of the user’s screen; 2) a “panoramic” ad that stretches across the bottom of the user’s screen; and 3) a pop-under ad that appears behind the webpage that the user initially visited.<sup>14</sup>

The SaveNow pop-up ads are branded—bearing a green “\$” symbol and the words “SaveNow!” On the upper right-hand corner of the pop-up ad window, the “?” symbol appears. When clicked, it opens a window containing a notice explaining the program and a link to a page containing information for uninstalling the program. At one point, the pop-up window bore text stating “A WhenU offer—click? For info.” Later WhenU changed this text to read: “This is a WhenU offer and is not sponsored or displayed by the websites you are visiting.”<sup>15</sup>

WhenU has no relationship with the companies on whose websites the pop-up ads appear.<sup>16</sup>

*U-Haul Intern’l, Inc. v. WhenU.com, Inc.*, 279 F. Supp. 2d 723 (E.D.VA. 2003)

In *U-Haul*, the United States District Court for the Eastern District of Virginia again addressed the legality of pop-up ads. U-Haul International, Inc. (“U-Haul”) sued WhenU and Avi Naider (collectively “WhenU”) and other defendants alleging that WhenU’s pop-up advertisements infringed plaintiff’s copyrights in its website, infringed plaintiff’s U-HAUL trademarks, diluted those marks, and otherwise constituted unfair competition. The Court rejected each of these theories and granted WhenU summary judgment on U-Haul’s copyright, trademark and unfair competition claims.

At the outset, the court emphasized that the pop-up ads can only occur if the computer user has downloaded—deliberately or

unwittingly—WhenU's SaveNow software, typically bundled with freeware available online. By downloading the SaveNow software, the computer user has consented to the appearance of pop-up ads while it is browsing the Internet.<sup>17</sup>

### *U-Haul's Trademark Claims*

To prove trademark infringement and unfair competition, a plaintiff "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.'"<sup>18</sup> A defendant's use of a plaintiff's mark in commerce is a fundamental prerequisite for an infringement or unfair competition claim.<sup>19</sup>

A mark is "used in commerce" in connection with goods when the mark 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 on the documents associated with the goods or their sale." 15 U.S.C. § 1127. A service mark is "used in commerce" in connection with services when the mark is "used or displayed in the sale or advertising of services and the services are rendered in commerce . . . ." *Id.*<sup>20</sup>

U-Haul argued that WhenU used U-Haul's marks "in commerce" in three ways: (1) by having WhenU pop-up ads appear on the same screen as U-Haul's website and logo; (2) by using the U-HAUL trademark in the SaveNow directory as part of the process by which pop-up ads are triggered; and (3) because the pop-up ads interfered with the use of U-Haul's website by its customers and dealers.<sup>21</sup>

The Court held that U-Haul failed to prove that a pop-up advertisement that obscures U-Haul's website constitutes a "use in commerce" of U-Haul's trademarks for four reasons.<sup>22</sup>

First, the WhenU pop-up ads are not "framed" by the U-Haul website and instead appear in a WhenU branded window separate and distinct from the window in which U-Haul's website appears.<sup>23</sup> Second, it did not constitute a use in commerce merely because the pop-up ad trademarks were simultaneously visible to consumers with the U-

Haul trademarks displayed on U-Haul's website. Rather, in the court's view, this constituted lawful comparative advertising which specifically contemplates the simultaneous display of competing trademarks to make a comparative pitch.<sup>24</sup> Moreover, the simultaneous display of the competing marks results more from how computer applications operate in the Windows environment.

Third, WhenU's incorporation of the URL for the U-Haul website and the U-HAUL trademark into the SaveNow directory did not constitute a "use" under the Lanham Act.<sup>25</sup> The Court reasoned that WhenU does not sell the U-Haul URL to its customers. WhenU also does not display the URL for U-Haul's website or the U-HAUL trademarks to its customers when the pop-up ad appears. In the court's view, there was no evidence that WhenU uses U-Haul's trademarks to identify the source of WhenU's its customers' goods or services.<sup>26</sup> The court added that WhenU does not place the U-Haul URL or trademarks in commerce; rather WhenU's SaveNow program "merely uses the marks for the 'pure machine-linking function' and in no way advertises or promotes U-Haul's web address or any other U-Haul trademark."<sup>27</sup>

Fourth, WhenU's pop-up ad technology does not interfere with the use of U-Haul's website by its customers and dealers because the SaveNow program does not interact with U-Haul's servers or systems and the program is voluntarily installed by computer users.<sup>28</sup> The SaveNow program and the ads it generates did not preclude U-Haul's customers and dealers from accessing the U-Haul website.<sup>29</sup> Moreover, the computer user controls his screen display when the pop-up ad appears, so the SaveNow program is "no different than an e-mail system that pops a window up when the registered user receives a new e-mail message."<sup>30</sup>

The court held that WhenU was entitled to summary judgment on U-Haul's trademark and unfair competition claims. Because U-Haul's trademark dilution claim also required proof that WhenU used U-Haul's trademarks in commerce, the Court also granted WhenU summary judgment on the dilution claim.<sup>31</sup>

### *U-Haul's Copyright Claims*

U-Haul alleged that WhenU's pop-up ads infringed U-Haul's exclusive rights to display its

website unaltered by the pop-up ads and its exclusive right to create derivative works based on its copyrighted website.<sup>32</sup> The Court rejected each of these theories and granted WhenU summary judgment on the copyright claims.<sup>33</sup>

In order to prove infringement of the display right, U-Haul would have to prove that WhenU displayed U-Haul's copyrighted website.<sup>34</sup> The Court rejected the argument that the SaveNow program presents computer users with an altered U-Haul web page. The program does not alter the web page because the SaveNow pop-up ad appears in a separate window that has no physical relationship to the window in which the U-Haul website appears. "It is undisputed that the U-Haul window remains unaltered, even when it is behind the SaveNow window."<sup>35</sup> And the computer user controls the display of windows on the computer desktop. Furthermore, the SaveNow program does not display the U-Haul website. For these reasons, the Court held that WhenU did not infringe U-Haul's display right in its website.<sup>36</sup>

U-Haul also alleged that modifying or obscuring the U-Haul website through the display of pop-up ads infringed U-Haul's exclusive right to make derivative works of its website.<sup>37</sup> The Court rejected this argument on the grounds that a derivative work must be independently copyrightable and the display of a WhenU pop-up ad obscuring a U-Haul web page "is a transitory occurrence that may not be exactly duplicated in that or another user's computer."<sup>38</sup>

Moreover, the computer user controls the display of windows in the Windows operating environment and can open multiple windows simultaneously and arrange them however it chooses. If a pop-up ad's transitory alteration of an underlying website constituted copyright infringement, a computer user would infringe copyrights held in websites every time the user opened a window on his desktop while that user was simultaneously viewing a copyrighted website.

The Court held that WhenU's pop-up ads do not infringe U-Haul's derivative works right. Because direct copyright infringement had not been proven, the court held that the contributory copyright infringement claim against WhenU failed as a matter of law.<sup>39</sup>

The Court granted WhenU summary judgment on U-Haul's copyright and contributory copyright infringement claims.<sup>40</sup>

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

In *Wells Fargo*, the U.S. District Court for the Eastern District of Michigan denied a motion for preliminary injunction to enjoin pop-up ads on the theory that use of trademarks to trigger pop-up ads was not "use in commerce" under the Lanham Act. The court also rejected the plaintiffs' copyright claims holding that defendants had not infringed either the display or derivative works rights by employing pop-up ad technology.

*Wells Fargo* involved a suit by Wells Fargo, one of its affiliated companies and Quicken Loans Incorporated ("Quicken") against WhenU based on pop-up ads generated by WhenU's proprietary SaveNow software on websites operated by Wells Fargo and Quicken. Both Wells Fargo and Quicken operate websites offering certain financial services to the general public. Wells Fargo offers online access to various financial services and products. Quicken offers mortgages online.

Wells Fargo owned a trademark registration for WELLS FARGO and for its corresponding logo. Intuit Inc. owned a federal trademark registration for QUICKEN LOANS, which it exclusively licensed in perpetuity to Quicken. Both companies had used their marks extensively in commerce and had substantial sales under the marks. Both Wells Fargo and Quicken registered copyrights in their respective websites.

The court observed that "[w]eb addresses (URLs) and search terms are included in the WhenU Directory solely as an indicator of a consumer's interest."<sup>41</sup> So, the URL for Wells Fargo's website, [www.wellsfargo.com](http://www.wellsfargo.com) is included in the "finance mortgage" category of the Directory to identify consumers who are potentially interested in mortgages.<sup>42</sup>

Under WhenU's category system, any given ad is mapped to scores of discrete elements. Thus, WhenU ads "do not specifically target individual websites such as Wells Fargo and Quicken Loans."<sup>43</sup>

In addition, WhenU sells its advertising to advertisers on the basis of product and service categories. When U does not guarantee its advertisers that their ads will appear when a consumer with the SaveNow software accesses content from a particular site.<sup>44</sup> In the court's view, "it is the user's browsing actions . . . that ultimately determine whether that consumer will see a particular advertisement."<sup>45</sup>

The court emphasized that WhenU ads do not use the words "WELLS FARGO," "WELLS FARGO ONLINE," "QUICKEN LOANS" or any other trademark registered to Plaintiffs in the pop-up ads themselves.<sup>46</sup> It observed that "URLs are included in the Directory only to identify the website itself for the purpose of determining the interests of participating consumers."<sup>47</sup> The court also recognized that the use of keyword terms in delivering advertisements online is a common practice and a source of revenue for search engines like Google.<sup>48</sup>

Assessing the technical aspects of how a webpage and pop-ad are displayed online, the court noted that once a computer user accesses a webpage, a copy of the HTML code file associated with that webpage is saved into the computer's general random access memory or "RAM."<sup>49</sup> The appearance of a SaveNow ad does not interfere with or erase the storage of another webpage's HTML code in RAM.<sup>50</sup>

Similarly, a computer also maintains a temporary video memory as part of the computer's display system. The video memory contains a "pixel-by-pixel 'snapshot' of whatever happens to be displayed on a computer screen at any given instant."<sup>51</sup> Although the appearance of pop-up ads alters a computer's video memory of a webpage this does not modify the web pages. The pixels are part of the computer user's computer and not part of the webpage. Moreover, while a user is using the computer, the video memory is altered and updated every 1/70<sup>th</sup> of a second. The Court concluded that the alteration of video memory is an ephemeral occurrence and does not constitute a modification of any web pages.<sup>52</sup>

#### *Wells Fargo's Copyright Claims*

Plaintiffs alleged that WhenU violated their exclusive right to prepare "derivative works" based

on their websites as well as their exclusive rights to display their sites without alteration.

To prevail on their claim that WhenU had violated the derivative works right, plaintiffs would have to show that WhenU had incorporated the plaintiffs websites into a new work. *Id.* at 769. A derivative work is defined as a "work based on one or more preexisting works" that is "recast, transformed or adopted."<sup>53</sup>

The court found that plaintiffs failed to prove that WhenU directly infringed the derivative work right because WhenU merely distributed software to computer users, and the SaveNow software does not access plaintiff's websites or incorporate those websites into a new work.<sup>54</sup>

Turning to the theory of contributory copyright infringement by WhenU based on direct infringement by the computer users, the court observed that SaveNow users do not infringe plaintiff's derivative works right because users whose browsing activity results in the display of pop-up ads on their screens do not alter plaintiff's websites, because those websites reside on separate servers. "The WhenU Window has no physical relationship to plaintiff's websites and does not modify the content displayed in any other window."<sup>55</sup> That the overlapping window of the pop-up ad altered the underlying window of the plaintiffs' websites does not create a "derivative work."<sup>56</sup> Any changes to the pixels on the users computer screen does not create a derivative work because the pixels are part of the computer hardware, are controlled by the computer user who chooses what to display on the screen, and are updated every 1/70<sup>th</sup> of a second. WhenU's pop-up ads only altered the display of plaintiffs' websites temporarily only until the pop-up ad is minimized or closed. A derivative work must be "fixed" in that it must be "sufficiently permanent or stable to permit it to be . . . reproduced."<sup>57</sup> The pop-up ads do not "create a work that is sufficiently permanent to be independently copyrightable, and hence does not create a derivative work."<sup>58</sup> As a result, WhenU could not be held liable for contributory copyright infringement either.

#### *Wells Fargo's Trademark Claims*

Plaintiffs' alleged that WhenU infringed their registered trademarks in violation of Section 32(1)

of the Lanham Act by causing a pop-up ad to be displayed on the plaintiffs' websites, which allegedly is inherently confusing to the consumer who will believe the ad emanates from plaintiffs' websites.<sup>59</sup>

The court first analyzed the threshold issue of whether WhenU was using the plaintiffs' marks in commerce "in connection with the sale, offering for sale, distribution or advertising' of goods or services."<sup>60</sup> When a defendant is using a plaintiff's trademark in a non-trademark way—not to identify the source of a product or service—"trademark infringement and false designation of origin laws do not apply."<sup>61</sup>

The court found that WhenU does not hinder access to plaintiffs' websites. Consumers who type in the URL for those sites actually reach those sites notwithstanding the presence of WhenU pop-up ads.<sup>62</sup>

The Court next found that the simultaneous appearance of the pop-up ads on the plaintiffs' websites did not constitute a use in commerce. By displaying the pop-up ads, which partially obscure portions of the plaintiffs' websites, the WhenU SaveNow software did not frame the plaintiffs' websites. Moreover, the Court found that this display made apparent to the user that it was viewing two distinct sources of material. That the pop-up ads and the plaintiffs' sites appeared simultaneously did not constitute a use in commerce of plaintiffs' mark.<sup>63</sup>

Following *U-Haul*, the Court further held that the "juxtaposition of WhenU's advertisements with plaintiffs' websites in separate windows on a participating consumer's computer screen is a form of comparative advertising."<sup>64</sup>

The Court also found, contrary to plaintiffs' allegations, that the inclusion of URLs comprised of portions of plaintiffs' trademarked names in the WhenU Directory also did not constitute use in commerce.<sup>65</sup> The court reasoned that the URLs were included in the Directory to identify the category the consumer is interested in and to trigger a contextually relevant advertisement to that consumer." Hence the URL is used solely to identify the website just like the trademarked name of a store is used to describe that store. The court concluded this does not constitute use of "any of

the plaintiffs' trademarks to indicate anything about the source of the products and services it advertises."<sup>66</sup>

Having found no "use in commerce" of the plaintiffs' marks, the Court nevertheless analyzed whether a likelihood of confusion resulted from pop-up ads generated by WhenU's SaveNow software. The Court examined and applied the following factors for determining whether a likelihood of confusion exists:

- 1) The strength of the senior mark;
- 2) relatedness of the goods and services;
- 3) the similarity of the marks;
- 4) evidence of actual confusion;
- 5) the marketing channels used;
- 6) likely degree of purchaser care;
- 7) the intent of the defendant in selecting the mark; and
- 8) the likelihood of expansion of product lines.<sup>67</sup>

Although noting that "initial interest confusion" is a species of confusion recognized by other courts in the Internet context, the Court found that the Sixth Circuit had not adopted the initial interest confusion doctrine. Instead, in the Sixth Circuit the only important question in a trademark infringement action is whether there is a likelihood of confusion as to the origin of the goods and services offered by the parties.<sup>68</sup> The only factors in dispute were evidence of actual confusion, the marketing channels employed by the parties and the likely degree of purchaser care.<sup>69</sup>

Plaintiffs relied on survey evidence for each of these factors, but the Court found the survey fundamentally flawed and unpersuasive.<sup>70</sup> The survey did not sample the appropriate universe of respondents because Plaintiff sought to rely on separate surveys previously conducted in the *Washington Post* and *1-800 Contacts* lawsuits, which involved online media publications and online contact lense products, respectively. Neither survey involved the respondents' use or likely use

of online financial services.<sup>71</sup> The survey did not use any demonstrative stimuli or otherwise replicate market conditions because the respondents were not shown any WhenU pop-up ads. The survey questions were biased and leading, suggesting to respondents that there was a link between the pop-up ads and the plaintiffs' websites. In addition, unwarranted inferences were drawn from the survey; the survey did not ask proper control questions to generate an error rate; the survey was not administered properly, including the use of a panel of regular survey respondents; and the survey did not employ a design that established causation.<sup>72</sup>

Because of the deficiencies in the plaintiff's survey, the court found that plaintiffs failed to establish any likelihood of confusion resulting from the Defendants' use of the pop-up ads. As a result, plaintiffs failed to prove that they were likely to prevail on their trademark infringement claim.<sup>73</sup>

The court further held that plaintiffs' had failed to establish irreparable harm.<sup>74</sup> Because they had failed to prove a likelihood of success on their copyright and trademark infringement claims, plaintiffs were not entitled to a presumption of irreparable harm. Further, plaintiffs delayed filing suit for nine months awaiting the issuance of copyright registrations for their respective websites—a delay that belied any claimed irreparable harm. Although plaintiffs' had claimed that the WhenU pop-up ads implicated a federal banking regulation that places "certain obligations on banks that 'share electronic space, including a co-branded web site' with others," the court found that regulation had no bearing to the case.<sup>75</sup>

Moreover, the court found that the issuance of a preliminary injunction would significantly harm WhenU's business by disrupting its relationships with its advertising clients, impeding WhenU's ability to obtain new advertisers, and causing WhenU to lose specially trained staff, thereby further damaging the company.<sup>76</sup>

The court also found that an injunction would harm WhenU advertisers who would lose their ability to have competitive offers delivered to potential customers through pop-up ads "simply because those customers view content from plaintiffs' websites."<sup>77</sup> An injunction also would threaten the integrity of the competitive process by

restricting comparative advertising and limiting consumer choice.<sup>78</sup> The court concluded that "a preliminary injunction will cause significant harm to defendant, defendant's clients and users, and the general public."<sup>79</sup> The balance of hardships weighed against granting the injunction.<sup>80</sup>

*1-800 Contacts v. WhenU.com*, 309 F. Supp. 2d 467 (S.D.N.Y. 2003)

In *1-800 Contacts*, the United States District Court for the Southern District of New York rejected the copyright theories of liability, but granted a preliminary injunction on the trademark claims finding both "use in commerce" and trademark infringement.

1-800 Contacts markets and sells replacement contact lenses and related products through its website at the URL [www.1800Contacts.com](http://www.1800Contacts.com) and also by phone and mail order. 1-800 Contacts had registered copyrights in its website. At the time of its lawsuit, it had filed to register trademarks for 1-800 Contacts and for the company's logo 1-800 Contacts. It spent considerable sums marketing goods and services under its marks, including over \$27 million in 2001. Its sales had grown from \$3.6 million in 1995 to \$169 million in 2001.<sup>81</sup>

Defendant Vision Direct, a direct competitor of 1-800 Contacts, also markets and sells replacement contact lenses and related products through its website at the URL [www.visiondirect.com](http://www.visiondirect.com). Vision Direct also registered the domain name [www.1800Contacts.com](http://www.1800Contacts.com).

1-800 Contacts sued WhenU and Vision Direct based on the appearance of Vision Direct pop-up ads on 1-800 Contacts' website. When a customer having WhenU's SaveNow program did a search for 1-800 Contacts or otherwise arrived at its website at the URL [www.1-800contacts.com](http://www.1-800contacts.com), the WhenU software would deliver a pop-up advertisement to the user who had accessed the [1-800contacts.com](http://www.1-800contacts.com) website.

In considering WhenU.com's SaveNow program, the court emphasized, among other things that when a user enters plaintiff's URL [1-800Contacts.com](http://1-800Contacts.com) into its browser, the program will recognize that the consumer is interested in eye care category and retrieve and deliver a pop-up ad relating to that category. The directory contains

URLs, including the 1-800Contacts.com URL, keywords and other information. Since at least the Summer of 2002, when a user with the SaveNow program installed on his or her computer accessed Plaintiff's 1-800Contacts.com website, a pop-up or pop-under advertisement for Defendant Vision Direct would appear on the user's computer screen.<sup>82</sup>

### *1-800 Contacts' Copyright Claims*

In seeking to enjoin the defendants' pop-up ads on its website, 1-800Contacts asserted several distinct trademark and copyright theories of liability.

1-800 contacts alleged that the pop-up ads interfered with, disrupted, and altered the display of plaintiff's copyrighted website, thereby infringing plaintiff's exclusive right to display its 1-800Contacts website in violation of 17 U.S.C. § 106(1), and its exclusive right to create derivative works based on the website in violation of 17 U.S.C. § 106(2).<sup>83</sup>

In asserting copyright infringement based on its exclusive right to display its website, plaintiff argued that by delivering pop-up ads to a user's computer while that user is viewing plaintiff's website, "Defendants create a new screen display that incorporates Plaintiff's copyrighted work, thereby infringing Plaintiff's exclusive right to display its copyrighted work."<sup>84</sup>

On practical grounds, the Court rejected this argument:

"For this Court to hold that computer users are limited in their use of Plaintiff's website to viewing the website without any obstructing windows or programs would be to subject countless computer users and software developers to liability for copyright infringement and contributory copyright infringement, since the modern computer environment in which Plaintiff's website exists allows users to obscure, cover, and change the appearance of browser windows containing Plaintiff's website."<sup>85</sup>

The court added that without authority or evidence that users exceed their license to view plaintiff's 1-800 Contacts website when they obscure the website with other browser windows,

plaintiff had not established that defendants' infringed the display right.<sup>86</sup>

The court reached a similar conclusion regarding plaintiff's claim that defendants violated plaintiff's exclusive right to create derivative works based on its website, holding that plaintiff failed to prove that defendants created a derivative work that could infringe that right.<sup>87</sup>

Plaintiff argued that by delivering pop-up ads to a user's computer while the user is viewing plaintiff's website, defendants are adding a Vision Direct advertisement to plaintiff's screen display, thereby creating a derivative work of plaintiff's copyrighted screen display which exceeds the license granted by plaintiff and destroys 1-800 Contacts control over the manner in which its work is presented.<sup>88</sup>

Because of a lack of authority and evidence that users violated the license granted to them by viewing pop-up ads through their browser when viewing the plaintiff's website, the court rejected the theory that the defendants violated the derivative work right on this ground.<sup>89</sup>

Plaintiff's alternative theory asserted that defendants' created a derivative work by adding to, changing or deleting from plaintiff's copyrighted website and thereby transformed or recast the website in violation of the derivative works right. The court rejected this argument on the grounds that the defendants did not create a derivative work. Relying on the definition of a derivative work and the Act's fixation requirement, the court found that the Plaintiff failed "to show that its website, and Defendants' pop-up advertisements are 'sufficiently permanent or stable to permit it to be perceived, reproduced or otherwise communicated for a period of more than transitory duration' as is required for a work to be "fixed" within the meaning of the Copyright Act.<sup>90</sup> The court reasoned that "the pop-up ad windows may be moved, obscured, or "closed" entirely—thus completely disappearing from perception, with a single click of a mouse." It added that "to the extent pop-up advertisements fit the description of "transmitted images," they are not "fixed" works, since there is no evidence that a fixation is made "simultaneously with" the pop-up advertisements' "transmission" to the viewer of the website." "Given that the screen display of the 1-800

Contacts website with Defendant's pop-up ads is not "fixed" in any medium, it is not sufficiently "original" to qualify as a derivative work under the second sentence of 17 U.S.C. § 101."<sup>91</sup>

The court held that Plaintiff was not likely to prevail on its copyright infringement claims and denied its motion for preliminary injunction on copyright grounds.<sup>92</sup>

### *1-800 Contacts' Trademark Claims*

On the trademark side, 1-800Contacts alleged that the pop-up ads were likely to result in consumer confusion by creating a false association or endorsement between plaintiff and defendants suggesting that the ads act in cooperation with plaintiff and not in competition with it. 1-800Contacts also alleged that defendants were free-riding on plaintiff's name, reputation and goodwill and that the ads were likely to cause confusion between plaintiff and Vision Direct thereby constituting trademark infringement.<sup>93</sup>

The court observed that the Lanham Act prohibits the use in commerce, without consent, of any registered or unregistered mark in connection with the sale, distribution, or advertising of any goods in a manner that is likely to cause confusion among the relevant consuming public.<sup>94</sup>

A mark is used "in commerce" under the Lanham Act "when it is used or displayed in the sale or advertising of services and the services are rendered in commerce, or the services are rendered in more than one State or in the United States and a foreign country and the person rendering the services is engaged in commerce in connection with the services."<sup>95</sup> WhenU argued that it was not using Plaintiff's mark for purposes of the Lanham Act by generating a pop-up window through the SaveNow software that is simultaneously visible as the window containing the 1800Contacts website.<sup>96</sup>

The Court rejected this argument finding that defendants used the Plaintiff's 1-800 Contacts mark in two ways. First, "in causing pop-up advertisements for Defendant Vision Direct to appear when SaveNow users have specifically attempted to access Plaintiff's website—on which Plaintiff's trademark appears—Defendants are displaying Plaintiff's mark "in the . . . advertising of" Defendant Vision Direct's services." The

court observed that Internet users who sought plaintiff's website by typing the URL for the site or entering 1-800 Contacts into a search engine were seeking to locate plaintiff's site based on the goodwill plaintiff had generated in its marks. "Thus, by causing pop-up advertisements to appear when SaveNow users have specifically attempted to find or access Plaintiff's website, Defendants are "using" Plaintiff's marks that appear on Plaintiff's website."<sup>97</sup>

Second, the court found that WhenU uses plaintiff's mark by including a version of plaintiff's 1-800 Contacts mark to advertise or publish pop-up ads concerning companies that are in direct competition with plaintiff.<sup>98</sup>

Accordingly, the court held that defendants have "used" plaintiff's mark in commerce.<sup>99</sup> In so holding, the court emphasized that WhenU's advertisements are delivered to a SaveNow user when that user directly accesses Plaintiff's website thereby enabling Vision Direct to profit from the goodwill and reputation of plaintiff's website that led the user to access the website in the first place.<sup>100</sup> The court in *1-800 Contacts* unequivocally rejected the findings by the courts in *U-Haul* and *Wells Fargo* that WhenU had not used the Plaintiff's marks "in commerce."<sup>101</sup>

Having found a use in commerce of plaintiff's mark, the court turned to assessing a likelihood of confusion. The court noted that initial interest confusion occurs when "potential consumers of one website will be diverted and distracted to a competing website."<sup>102</sup> The court found that 1-800 Contacts was harmed by initial interest confusion:

The harm to Plaintiff from initial interest confusion lies not in the loss of Internet users who are unknowingly whisked away from Plaintiff's website; instead, harm to the Plaintiff from initial interest confusion lies in the possibility that, through the use of pop-up advertisements Defendant Vision Direct would gain crucial credibility during the initial phases of a deal.<sup>103</sup>

The court ruled that the doctrine of initial interest confusion applies in the context of Internet sales.<sup>104</sup>

The court next turned to the application of the *Polaroid* factors for assessing the likelihood of consumer confusion by examining:

- 1) the strength of the plaintiff's mark;
- 2) the similarity between the plaintiff's and defendant's marks;
- 3) proximity of the parties' services;
- 4) the likelihood that one party will "bridge the gap" into the other's product line;
- 5) the existence of actual confusion between the marks;
- 6) the good faith of the defendant in using the mark;
- 7) the quality of the defendant's services; and
- 8) the sophistication of the consumers.<sup>105</sup>

The court found that plaintiff's 1-800 Contacts mark was not descriptive but suggestive, because it did not describe the ingredients, qualities or characteristics of the contact lens products sold by Plaintiff but instead suggested plaintiff's product.<sup>106</sup> Because it found the mark suggestive, the court concluded that the mark was inherently distinctive.<sup>107</sup> The court also found the mark distinctive in the marketplace due to extensive promotion and marketing and product sales.<sup>108</sup> The court emphasized that Defendant WhenU.com included the mark in its directory of terms that will trigger a pop-up advertisement for eye care products. The court found plaintiff's mark to be strong.

Turning to the similarity of the marks, the court recognized that in the Internet context the issue is not whether the defendants' marks are similar to the plaintiff's but whether the marks used by the defendants are so similar to the plaintiff's as to cause consumer confusion.<sup>109</sup> Here, WhenU included the URL address of plaintiff's website [www.1800Contacts.com](http://www.1800Contacts.com) in its proprietary directory of terms and also used that address in advertising defendant Vision Direct's products by causing pop-up ads to appear when a user types that URL into an Internet browser.<sup>110</sup> That URL used by defendants differed only minimally from Plaintiff's 1-800 Contacts mark—deletion of the hyphen and spaces and the addition of [www](http://www) and [.com](http://.com). As a result, the court found that the plaintiff's mark and the mark used by the defendants were "extremely

similar" and this factor weighed in favor of finding a likelihood of confusion.<sup>111</sup>

Plaintiff and Vision Direct are competitors who offer identical services. Defendant WhenU's software relied on the close similarity between the Plaintiff's and Vision Direct's services in a manner that is likely to divert consumers from Plaintiff's website to Vision Direct's. Hence, this factor also favored plaintiff.<sup>112</sup>

The "bridging the gap" factor was irrelevant, because the parties' services were the same.<sup>113</sup>

As for actual confusion, the court rejected the plaintiff's survey as not dispositive of whether pop-up ads generated by the SaveNow software caused actual confusion. The survey had several fundamental flaws: 1) it relied on leading questions; 2) it did not research a specific trademark; 3) survey respondents were not shown a SaveNow pop-up ad; 4) they were not asked whether they had ever seen a SaveNow pop-up ad; 5) the survey did not distinguish between SaveNow pop-up ads and other pop-up ads; and 6) the survey did not determine whether differences between SaveNow pop-up ads and other pop-up ads might have impacted users' perceptions of SaveNow pop-up ads.<sup>114</sup>

Although the plaintiff's survey was not dispositive on the issue of actual confusion, the Court remarked that it was "at least suggestive of the likelihood of initial confusion."<sup>115</sup> The survey suggested that a significant number of SaveNow users may believe that pop-up ads are associated with the owner of the website on which the ad appears which meant that a consumer would likely believe that a Vision Direct pop-up ad was associated with 1-800 Contacts.<sup>116</sup> Because of this likelihood, the Court surmised that such a user would be likely to click on the Vision Direct pop-up ad thereby navigating to the Vision Direct website increasing the likelihood of a purchase from Vision Direct, which would be business diverted from 1-800 Contacts.<sup>117</sup> Ultimately, however, the Court concluded that the survey had weak probative value on the issue of likelihood of confusion, and found that this factor was neutral, favoring neither plaintiff nor defendants.<sup>118</sup>

The court next found bad faith on the part of the defendants finding that WhenU included Plaintiff's

1-800 Contacts trademark in WhenU's proprietary directory in an effort to increase the competitive advantage of Vision Direct.<sup>119</sup>

There was an absence of evidence regarding the quality of the defendants' products, so this factor was neutral.<sup>120</sup>

In assessing consumer sophistication, the court noted that "whether or not consumers of replacement contact lenses on the Internet are sophisticated will not change the harm that flows from initial interest confusion, since that harm arises when consumers' interest is diverted from Plaintiff's products by association of Plaintiff's trademark with Defendants' products."<sup>121</sup> The court reasoned that because "the harm from initial interest confusion does not depend on actual confusion, the sophistication of consumers does not mitigate the likelihood of initial interest confusion."<sup>122</sup> Hence, this factor favored the plaintiff.<sup>123</sup>

The court further found that WhenU's branding of its website and use of a disclaimer were insufficient to dispel consumer confusion stemming from pop-up ads where the disclaimers had "terms that are buried in other web pages, requiring viewers to scroll down or click on a link."<sup>124</sup> There was no evidence that the disclaimer would dispel consumer confusion.<sup>125</sup> Moreover, the Court concluded, evidence of the affect of WhenU's branding and disclaimers "would do little to counter Plaintiff's showing of the likelihood of initial interest confusion."<sup>126</sup>

The Court held that the *Polaroid* factors weighed heavily in favor of plaintiff's showing of a likelihood of both source confusion and initial interest confusion.<sup>127</sup> As a result, plaintiff established a likelihood of success on the merits and irreparable harm on its trademark infringement claim.<sup>128</sup>

### *Cybersquatting*

Applying the Anticybersquatting Consumer Protection Act ("ACPA"), the court found that Vision Direct registered in bad faith the domain name [www.www1800Contacts.com](http://www.www1800Contacts.com) with an intention to divert consumers from the 1-800 Contacts website to Vision Direct's website, thereby profiting from the use of plaintiff's

mark.<sup>129</sup> The court held that plaintiff established a likelihood of success on its cybersquatting claims under the ACPA, and issuance of a preliminary injunction against Vision Direct's use of the domain name was appropriate.<sup>130</sup>

The court granted 1-800 Contacts motion for preliminary injunction in part and preliminarily enjoined Defendants from: (1) including the 1-800 Contacts mark, and confusingly similar terms, as elements in the SaveNow software directory, and (2) displaying Plaintiff's mark "in the . . . advertising of" Defendant Vision Direct's services, by causing Defendant Vision Direct's pop-up advertisements to appear when a computer user has made a specific choice to access or find Plaintiff's website by typing Plaintiff's mark into the URL bar of a web browser or into an Internet search engine.<sup>131</sup> The Court also ordered Vision Direct to cancel its registration of the [www.www1800Contacts.com](http://www.www1800Contacts.com) domain name.<sup>132</sup>

### *Conclusion*

With the exception of the *Washington Post* decision, copyright theories of liability have proven unsuccessful in pop-up advertisement litigation to date. The courts in *U-Haul*, *Wells Fargo* and *1-800 Contacts* each analyzed the copyright claims in depth and rejected theories that pop-up ad technology employed by the defendants infringed the display or derivative works rights under the Copyright Act. These courts' analyses of the technical aspects of the interaction of the users' computer hardware with the display of the pop-up ads on their screens proved dispositive of the display right claim. Because the pop-up ads obscuring of the plaintiffs' websites was transitory and ephemeral, no violation of the display right was found. These courts emphasized that the pop-up ads did not alter the plaintiff's underlying website, and the transitory alteration of the display of the website on the user's computer screen was a result of the WINDOWS operating environment and ultimately was under the control of the user.

Similarly, any claimed modification of the plaintiffs' websites was held not to constitute a derivative work because no independently copyrightable work had been created and the temporary alteration of the display of the websites on the users' computer screens was not "fixed" within the meaning of Section 101 of the Copyright

Act. It remains to be seen whether copyright claims will succeed in other, currently pending pop-up ad cases.

The trademark claims also remain in flux as the courts reached different conclusions as to whether the defendants' pop-up ad technology constituted a "use in commerce" of the Plaintiffs' marks and whether a likelihood of confusion had been shown.

The *Wells Fargo* court's statement that WhenU ads do not specifically target individual websites such as the Plaintiffs' because ads are mapped to scores of discrete elements misses a fundamental point: The SaveNow Directory includes the Plaintiffs' trademarks and website URLs purposefully to determine when and where to trigger the pop-up ads. That the Directory also includes other companies' trademarks and URLs does not refute that the plaintiffs' marks are being used to drive pop-up ads to the plaintiffs' websites. That the Directory may seem egalitarian in its application by targeting not only Wells Fargo and Quicken but other online mortgage companies does not remedy its use of trademarks, among other data elements, to direct the placement of pop-up ads. The *1-800 Contacts* court found such use to be a "use in commerce" and at least a few other courts are likely to follow.

The issue of likelihood of confusion must be assessed on an ad hoc basis. However, the successful plaintiffs in *Washington Post* benefited greatly from their consumer survey at the preliminary injunction stage of the case. The survey evidence largely failed in *Wells Fargo* and *1-800 Contacts*, for among other reasons, the attempted use of prior surveys dealing with other goods and services offered online and the fact that the respondents were not shown the pop-up ads at issue. The survey methodology also was flawed in many other respects. Plaintiffs in future cases, who can successfully craft surveys that more accurately assess consumer's online perceptions of the actual pop-up ads at issue, are more likely to prevail on trademark infringement claims.

Cases alleging trademark infringement based on pop-up ads likely stand the greatest chance of success in those jurisdictions where initial interest confusion is recognized and accepted. Initial interest confusion proved instrumental to the court's finding of infringement in *1-800 Contacts*

and is the confusion theory most applicable to remedying pop-up ads because the SaveNow directory uses the plaintiffs' marks and URLs to provide advertisers a toe hold with customers who might otherwise not have noticed those advertisers. The Sixth Circuit's rejection of the initial interest confusion doctrine plainly was a factor in *Wells Fargo*, where trademark infringement was not proven. Pop-up ad technology, which by definition, seeks to divert customers in real time to the advertiser's website, lends itself to analysis under the initial interest confusion doctrine.

In addition, defendants should develop and pursue comparative advertising arguments, which were successful in *U-Haul* and *Wells Fargo*.

Of course, changes to the software programs used in connection with pop-up advertising can affect the viability of pop-up ad claims. For example, the exclusive use of pop-under ads could eliminate the copyright claims because pop-under ads would not change the online display of a website or otherwise modify the appearance of that site online. Similarly, if the involved software programs were altered to eliminate all proprietary trademarks and any trademarked URLs and instead relied solely on categorical and non-trademark, generic keyword algorithms, that would limit the trademark claims and increase the difficulty of proving infringement. Indeed, in such circumstances, it would seem that proving use of a plaintiff's trademark in commerce would be even more difficult and the likelihood of confusion analysis likely would turn on consumer perception of the pop-up ad which arrived at the computer users' screen without use of the plaintiffs' mark. Greater branding of the pop-up ad window and more apparent disclaimers, may also impact the analysis. But disclaimers may not mitigate or preclude initial internet confusion as the *1-800 Contacts* court recognized.

The fight concerning pop-up ads is far from finished. Earlier this month, L.L. Bean filed four separate lawsuits against Claria (formerly Gator) and several of its customers alleging multiple theories of liability based on its sale of pop-up advertising to various L.L. Bean competitors whose ads pop-up on L.L. Bean's website. Not to be outdone, Claria has sued L.L. Bean in the United States District Court for the Eastern District of Texas alleging that the L.L. Bean lawsuits

constitute sham litigation. Claria's press release, available through its website at [www.claria.com](http://www.claria.com), asserts that the L.L. Bean lawsuits are "disingenuous" because Claria advertisers buy "category" targeting (i.e., apparel, cars, etc.) based on consumer behavior not trademark targeting. Claria claims that category targeting undercuts L.L. Bean's claim of trademark infringement, as the

courts ruled in the *UHaul v. WhenU* cases. It remains to be seen how L.L. Bean's copyright, trademark and other claims will be resolved, but this case and others like it will further affect the competing balance between trademark owners and their competitors who direct pop-up ads to the owners' websites.

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### Notes

<sup>1</sup> Washington Post-Newsweek Interactive Co., LLC et al. v. The Gator Corporation,

Civil Action No. 02-909-A (E.D. Va. July 16, 2002) ("Washington Post"); *U-Haul Intern'l, Inc. v. WhenU.com, Inc.*, 279 F. Supp. 2d 723 (E.D.VA. 2003) ("U-Haul"); *Wells Fargo & Co. v. WhenU.com Inc.*, 293 F. Supp. 2d 734 (E.D. Mich. 2003) ("Wells Fargo"); and *1-800 Contacts v. WhenU.com*, 309 F. Supp. 2d 467 (S.D.N.Y. 2003) ("1-800 Contacts").

<sup>2</sup> 15 U.S.C. § 1127.

<sup>3</sup> July 16, 2002 Order. The Order also mandated that Plaintiff post a bond in the amount of \$250,000. *Id.*

<sup>4</sup> This description of WhenU's SaveNow software program is based on the descriptions of that program by the courts in *U-Haul*, *Wells Fargo* and *1-800 Contacts*, *supra*. n.l. As a result, every aspect of this description may not apply fully to the program as it existed in each of these three cases.

<sup>5</sup> 279 F. Supp. 2d at 726.

<sup>6</sup> 293 F. Supp. 2d at 743

<sup>7</sup> 309 F. Supp.2d at 474, 476-478; 279 F. Supp. 2d at 743.

<sup>8</sup> 293 F. Supp. 2d at 743.

<sup>9</sup> *Id.*

<sup>10</sup> *Id.*

<sup>11</sup> *Id.*

<sup>12</sup> 309 F. Supp.2d at 476-478.

<sup>13</sup> *Id* at 477.

<sup>14</sup> *Id* at 478.

<sup>15</sup> *Id.*

<sup>16</sup> *Id* at 479.

<sup>17</sup> 279 F. Supp. 2d at 725.

<sup>18</sup> *Id* at 727 (quoting *People for the Ethical Treatment of Animals v. Doughney*, 263 F.3d 359, 364 (4th Cir. 2005); 15 U.S.C. §§ 1114, 1125 (a)).

<sup>19</sup> *Id* at 727 (citing 15 U.S.C. §§ 1114 and 1125 (a)).

<sup>20</sup> 279 F. Supp. 2d at 727.

<sup>21</sup> *Id.*

<sup>22</sup> *Id* at 727.

<sup>23</sup> *Id* at 728.

<sup>24</sup> *Id.*

<sup>25</sup> *Id.*

<sup>26</sup> *Id.*

<sup>27</sup> *Id.*

<sup>28</sup> *Id.*

- <sup>29</sup> *Id.*
- <sup>30</sup> *Id.* at 729.
- <sup>31</sup> *Id.*
- <sup>32</sup> *Id.*
- <sup>33</sup> *Id.* at 730—731.
- <sup>34</sup> *Id.* at 730.
- <sup>35</sup> *Id.*
- <sup>36</sup> *Id.*
- <sup>37</sup> *Id.* at 730.
- <sup>38</sup> *Id.* at 731.
- <sup>39</sup> *Id.*
- <sup>40</sup> *Id.* The Court also dismissed without prejudice counts VI—IX of the First Amended Complaint pursuant to Fed. R. Civ. P. 41(a)(2) contingent upon the condition that Plaintiff will be required to pay Defendants’ legal fees for all four claims should Plaintiff refile those claims. *Id.* at 732.
- <sup>41</sup> *Id.*
- <sup>42</sup> *Id.* at 743-744.
- <sup>43</sup> 293 F. Supp. 2d at 744.
- <sup>44</sup> *Id.* at 745.
- <sup>45</sup> *Id.*
- <sup>46</sup> *Id.* at 746.
- <sup>47</sup> *Id.* at 747.
- <sup>48</sup> *Id.*
- <sup>49</sup> *Id.* at 748.
- <sup>50</sup> *Id.*
- <sup>51</sup> *Id.*
- <sup>52</sup> *Id.*
- <sup>53</sup> *Id.* (quoting 17 U.S.C. § 101).
- <sup>54</sup> *Id.*
- <sup>55</sup> *Id.*
- <sup>56</sup> *Id.* (citing *Lewis Galoob Toys v. Nintendo of Am.*, 780 F. Supp. 1283, 1291 (N.D. Cal. 1991) (consumer may experiment with product and create new variations of play without creating derivative work), *aff’d*, 964 F.2d 965 (9th Cir. 1992)).
- <sup>57</sup> *Id.* at 771 (citing 17 U.S.C. §§ 101, 102).
- <sup>58</sup> *Id.*
- <sup>59</sup> *Id.* at 749.
- <sup>60</sup> *Id.* at 757.
- <sup>61</sup> *Id.* at 758 (quoting *Interactive Prods. Corp. v. A2Z Mobile Office Solutions, Inc.*, 326 F.3d 687, 695 (6th Cir. 2003)).
- <sup>62</sup> *Id.* at 759.
- <sup>63</sup> *Id.* at 759-60.
- <sup>64</sup> *Id.* at 761 (citing *U-Haul Int’l, Inc. v. WhenU.com, Inc.*, 279 F. Supp. 2d 723, 728 (E.D. Va. 2003) (even if mere simultaneous appearance of defendant’s ad and plaintiff’s marks constituted a “use” within the meaning of the Lanham Act, it is still immune from liability as a form of legitimate comparative advertising).
- <sup>65</sup> *Id.* at 762-764.
- <sup>66</sup> *Id.* at 762.
- <sup>67</sup> *Id.* at 764 (citing *Holiday Inns, Inc. v. 800 Reservation, Inc.*, 86 F.3d 619, (6th Cir. 1996) (citing *Frisch’s Rest. Inc. v. Elby’s Big Boy, Inc.*, 670 F.2d 642, 648 (6th Cir. 1982)).
- <sup>68</sup> *Id.* (citing *Taubman Co. v. Webfeats*, 319 F.3d 770, 776 (6th Cir. 2003).
- <sup>69</sup> *Id.* at 765.
- <sup>70</sup> *Id.*

- <sup>71</sup> *Id* at 753, n. 18.
- <sup>72</sup> *Id* at 765.
- <sup>73</sup> *Id* at 769.
- <sup>74</sup> *Id* at 771.
- <sup>75</sup> *Id* at 772.
- <sup>76</sup> *Id* at 772-773.
- <sup>77</sup> *Id*.
- <sup>78</sup> *Id*.
- <sup>79</sup> *Id* at 773.
- <sup>80</sup> *Id*.
- <sup>81</sup> 309 F. Supp.2d at 473.
- <sup>82</sup> *Id* at 476-478.
- <sup>83</sup> *Id* at 479, 484-485.
- <sup>84</sup> *Id* at 485.
- <sup>85</sup> *Id* at 485.
- <sup>86</sup> *Id*.
- <sup>87</sup> *Id* at 486.
- <sup>88</sup> *Id* at 486-487.
- <sup>89</sup> *Id* at 488.
- <sup>90</sup> *Id* at 487 (quoting 17 U.S.C. § 101).
- <sup>91</sup> *Id*.
- <sup>92</sup> *Id* at 488.
- <sup>93</sup> *Id*.
- <sup>94</sup> *Id* at 488 (citing 15 U.S.C. §§ 1114(1)(a) (registered marks) and 1125(a) (unregistered marks)).
- <sup>95</sup> 15 U.S.C. § 1127.
- <sup>96</sup> *Id*.
- <sup>97</sup> *Id* at 489.
- <sup>98</sup> *Id*.
- <sup>99</sup> *Id*.
- <sup>100</sup> *Id* at 490.
- <sup>101</sup> *Id*, n. 43 (“This Court disagrees with, and is not bound by these findings”) (citing *Wells Fargo & Co. v. WhenU.com, Inc.*, 293 F. Supp. 2d 734 (E.D. Mich. 2003); *U-Haul Intern’l, Inc. v. WhenU.com, Inc.*, 279 F. Supp. 2d 723 (E.D.Va. 2003)).
- <sup>102</sup> *Id* at 493 (quoting *Bihari v. Gross*, 119 F. Supp. 2d 309, 319 (S.D.N.Y. 2000)).
- <sup>103</sup> *Id* (quoting *Mobil Oil Corp. v. Pegasus Petroleum Corp.*, 818 F.2d 254, 259 (2d. Cir. 1987)).
- <sup>104</sup> *Id* at 491.
- <sup>105</sup> *Id* at 494 (citing *Polaroid Corp. v. Polarad Elecs. Corp.*, 287 F.2d 492, 495 (2d Cir.), *cert. denied*, 368 U.S. 820, 82 S. Ct. 36 (1961)).
- <sup>106</sup> *Id* at 496.
- <sup>107</sup> *Id*.
- <sup>108</sup> *Id*.
- <sup>109</sup> *Id* at 496-497.
- <sup>110</sup> *Id* at 497.
- <sup>111</sup> *Id*.
- <sup>112</sup> *Id* at 497-498.
- <sup>113</sup> *Id* at 498.
- <sup>114</sup> *Id* at 498-501.
- <sup>115</sup> *Id* at 500.
- <sup>116</sup> *Id* at 500-501.

<sup>117</sup> *Id* at 501.

<sup>118</sup> *Id.*

<sup>119</sup> *Id* at 501-502.

<sup>120</sup> *Id* at 502.

<sup>121</sup> *Id.*

<sup>122</sup> *Id* at 503 (citing *Mobil Oil Corp.*, 818 F.2d at 260).

<sup>123</sup> *Id.*

<sup>124</sup> *Id* at 504.

<sup>125</sup> *Id.*

<sup>126</sup> *Id* (citing *OBH, Inc. v. Spotlight Magazine, Inc.*, 86 F. Supp. 2d 176, 190 (W.D.N.Y. 2000)).

<sup>127</sup> *Id* at 504.

<sup>128</sup> *Id* at 505.

<sup>129</sup> *Id* at 505-506.

<sup>130</sup> *Id* at 506.

<sup>131</sup> *Id* at 509-510.

<sup>132</sup> *Id* at 510.

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