

Initial Interest Confusion

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IIC Defined

- ◆ Brookfield, 174 F.3d 1056 (9th Cir. 1999)
 - “The use of another’s trademark in a **manner reasonably calculated to capture initial consumer attention**, even though no actual sale is finally completed as a result of the confusion”
- ◆ Playboy v. Netscape, 354 F.3d 1020 (9th Cir. 2004)
 - “customer confusion that creates **initial interest in a competitor’s product**. Although dispelled before an actual sale occurs, initial interest confusion impermissibly capitalizes on the goodwill associated with a mark and is therefore actionable trademark infringement”



Selected 7th Circuit IIC Cases

- ◆ Dorr-Oliver, 94 F.3d 376 (1996)
 - Trade dress case between corn wet milling manufacturers
 - IIC requires competitive passing-off
 - ◆ “luring potential customers away from a product **by initially passing off its goods as those of the producer’s**”—not found here
- ◆ Rust Environment, 131 F.3d 1210 (1997)
 - Former employees launch environmental consulting firm under abandoned name
 - IIC evaluated under purchaser care factor—not found



7th Circuit IIC Cases, con't

- ◆ **Syndicate Sales, 192 F.3d 633 (1999)**
 - Trade dress case involving plastic baskets for funeral bouquets
 - IIC doesn't overcome a finding of no consumer confusion

- ◆ **Eli Lilly, 233 F.3d 456 (2000)**
 - Natural Prozac alternative marketed as "Herbrozac" and "Prozac" in metatags
 - District court analyzes IIC under actual confusion factor and finds likelihood of confusion
 - 7th circuit reverses IIC analysis but affirms ruling; bad faith demonstrated by metatag usage



Promatek v. Equitrac

300 F.3d 808 (7th Cir. Aug. 13, 2002, amended Oct. 18, 2002)

- ◆ Equitrac put “Copitrack” in metatags
 - Equitrac and Promatek compete in cost-recovery equipment business
 - Equitrac also services Copitrak equipment
 - Court ignores differences between “Copitrak” and “Copitrack”
- ◆ Court evaluates IIC under purchaser care factor



Promatek v. Equitrac, con't

- ◆ Likelihood of confusion found due to goodwill misappropriation
 - IIC occurs “when a **customer is lured to a product by the similarity of the mark**, even if the customer realizes the true source of the goods before the sale is consummated”
 - Duration of confusion irrelevant
 - ◆ “Equitrac cannot unring the bell”



Promatek v. Equitrac, con't

- ◆ 2 months later, Court amends its opinion
 - Metatag usage actionable only when TM use deceives consumers into thinking Equitrac was Copitrak
 - How did Equitrac's metatags deceive?
- ◆ Does IIC in 7th circuit require "passing off"?
 - AM General v. DaimlerChrysler, 311 F.3d 796 (Nov. 2002)
 - ◆ no IIC in trade dress case where there was no "bait and switch"



What Do We Know?

- ◆ IIC isn't an Internet-only doctrine
- ◆ Plaintiffs can find precedent for any proposition they want
- ◆ Courts routinely reverse themselves
 - Ninth Circuit: 6 cases from 1999-2004
 - Seventh Circuit: 3 cases from 2000-2002
 - No case has come out the same way
 - Berzon called on Ninth Circuit to overturn *Brookfield*
- ◆ State anti-adware statutes may codify IIC
 - Utah 13-40-102 to -302
 - Alaska SB 140



What Don't We Know?

◆ Which model will prevail?

- Sponsorship confusion (Grotrian, Mobil Oil)
- Attention diversion (Brookfield, Promatek I)
- Deceptive diversion (Dorr-Oliver, Promatek II, AM General)
- Competitive diversion (Playboy v. Netscape, Checkpoint)
- No IIC at all (1st Cir., Fed Cir?)



What Don't We Know?, cont'

- ◆ What must plaintiff prove?
 - Does IIC bypass LOC factors?
 - IIC v. likelihood of IIC
 - TM use in metatags
- ◆ Defenses?
 - Does website content/disclaimer cure IIC?
 - Does descriptive fair use/nominative use cure IIC?
- ◆ Intermediary liability



An Academic Critique

- ◆ IIC can shut down socially-beneficial speech
 - Parodies (PETA, Dr. Seuss)
 - Gripe sites (OBH, JK Harris)
 - Distributors/after-market suppliers (Promatek)
 - Publishers of relevant content (Key3Media, TeleScan, Nissan)
- ◆ IIC makes unsupported inferences from decontextualized keywords
 - IIC reaches too early in search process
 - IIC ignores effect of filtering content
 - IIC assumes strong brand loyalty and no loyalty
- ◆ LOC test has no defect that IIC fixes