Initial Interest Confusion

Eric Goldman
Marquette University Law School
eric.goldman@marquette.edu
http://www.ericgoldman.org
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

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 Equitrak’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?, con’t

- 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