

No. 05-397

IN THE
Supreme Court of the United States

1-800 CONTACTS, INC.,

Petitioner,

v.

WHENU.COM, INC.,

Respondent.

ON PETITION FOR A WRIT OF CERTIORARI TO THE
UNITED STATES COURT OF APPEALS
FOR THE SECOND CIRCUIT

BRIEF IN OPPOSITION

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CORPORATE DISCLOSURE STATEMENT

Pursuant to Supreme Court Rule 29.6, WhenU.com, Inc. certifies that it is a privately held company. WhenU.com, Inc. does not have any parent companies and there is no publicly held corporation that owns 10% or more of its stock.

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INTRODUCTION

Petitioner 1-800 Contacts, Inc. (“1-800”) is an online retailer of contact lenses which actively exploits the Internet for its own commercial purposes. It markets contact lenses through its website, and it pays search engines and other online advertisers to “drive” web traffic to its site. Respondent WhenU.com (“WhenU”) has developed a software that allows companies to advertise goods and services to computer users who appear to have an interest in their products. Once downloaded, the software scans the Internet activity of participating consumers, including the web addresses they enter into their computer browsers (e.g., www.1800contacts.com), and uses that information to deliver advertisements about goods and services in which they appear to have an immediate interest. WhenU’s software includes a directory which contains URLs, some of which (like www.1800contacts.com) embody marks. However, the directory resides on the hard drive of the computer and is not visible to the computer user. WhenU’s advertisements do not bear any marks other than those of WhenU and its advertisers and are conspicuously branded as a “WhenU offer.”

Based on these facts, the United States Court of Appeals for the Second Circuit concluded that WhenU does not “use” the 1-800 mark within the meaning of the trademark infringement provisions of the Lanham Act. The Second Circuit’s ruling is in accordance with two prior district court rulings which rejected the identical claim against WhenU. *See U-Haul Int’l, Inc. v. WhenU.com, Inc.*, 279 F. Supp. 2d 723 (E.D. Va. 2003) and *Wells Fargo & Co. v. WhenU.com, Inc.*, 293 F. Supp. 2d 734 (E.D. Mich. 2003).

1-800 argues that the Second Circuit held that the “covert” use of a trademark can never be actionable, thus

departing from established Lanham Act law, and creating a conflict in the Circuits. But the Second Circuit did not draw a distinction between “overt” and “covert” marks, nor did it issue a broad ruling about the use of marks on the Internet. It examined *WhenU*’s software, concluded that *WhenU*’s software does not employ the plaintiff’s mark in any source-identifying way, and held that 1-800 had failed to sustain its burden of showing that *WhenU* “used” its mark “in connection with the sale, offering for sale, distribution, or advertising of any goods or services.” 15 U.S.C. § 1114(1)(a). The Second Circuit’s opinion is limited to a particular form of online advertising and does not conflict with decisions of other Circuits, much less pose a threat to the enforcement of trademarks on the Internet.¹

STATEMENT OF THE CASE

The Business of WhenU

WhenU delivers online contextual marketing to consumers via a proprietary software program called “SaveNow.”² Contextual marketing endeavors to advertise

1 While the Second Circuit’s decision is narrow in scope, the district court opinion is extremely broad and does pose a threat to the development of the Internet. Suppose, for example, that a software company were to develop a “perfect price comparator” using a program that recognizes the names of trademarked products. If the user were to access a website to buy a product, the “price comparator” would automatically open a new window on the user’s screen that displays prices for all competing products. *See* Electronic Frontier Foundation, *Why Gator? An Interview with Fred von Lohmann*, <http://www.eff.org/IP/gator> (last visited October 21, 2005). Under the reasoning adopted by the district court, the price comparator’s use of marks in its database, and its display of information about competing products while the original site is displayed on the user’s screen, would constitute trademark infringement.

2. WhenU offers its software under two brand names: “Save” and “SaveNow.” The two applications are identical in function and
(Cont’d)

products and services to consumers who have a demonstrated interest in those products and services. Traditionally, contextual marketing has entailed the assembly of large databases containing a wide variety of personal information about consumers and their purchasing behavior. WhenU uses the Internet to deliver offers when they are most relevant *without* collecting personal information about the consumer. WhenU's software thus represents a significant advance in contextual marketing technology.³

WhenU's participating consumers receive advertisements and coupons, delivered to their computer screens (also known as "desktops").⁴ These advertisements are selected by SaveNow based on an analysis of users' immediate interests, as reflected by their Internet browsing activity, and are displayed subject to timing and other limitations built into the software. Since launching its service, WhenU has delivered online marketing for more than 400 advertisers, including such well-known companies as Priceline, British Airways and Citibank.

How WhenU Software Is Distributed

WhenU works with third party software providers who "bundle" their software with SaveNow. These software

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differ only in their branding and method of distribution. Accordingly, references herein to SaveNow refer to both SaveNow and Save.

3. WhenU does not store, track or collect *any* personal information about its users. The SaveNow software monitors the activity in a user's browser, but the monitoring occurs on the user's own hard drive, and the data is not sent to WhenU.

4. Although the petition discusses only advertisements, the SaveNow software also delivers coupons to participating consumers, thus affording them savings at popular shopping sites.

companies rely on the revenue generated by advertising software, such as SaveNow, to offer their software for free and to provide service and support for their freeware programs.⁵ Consumers typically download the SaveNow software in return for obtaining a free software application.⁶

When the free application is downloaded, the consumer receives a notice stating that SaveNow is part of the download, and explaining how SaveNow functions. To proceed with the installation of SaveNow, the consumer must affirmatively accept a license agreement. The license agreement clearly explains that the SaveNow software generates advertisements utilizing “pop-up” and other formats, and informs the user that “SaveNow ads/offers are delivered independently from the site the user happens to be visiting when they see a SaveNow ad/offer, and are not endorsed or affiliated with anyone other than WhenU.com.” The software cannot be installed unless the consumer affirmatively accepts the terms of the license agreement.⁷

While 1-800 repeatedly implies that the decision below will encourage the proliferation of spyware, WhenU’s software is not spyware. It is installed consensually, users

5. Advertising is critical to sustaining and developing the Internet as a viable institution. In 2004, about \$9.6 billion was spent on Internet advertising in the U.S. market. *See* Rick E. Bruner, *The Decade in Online Advertising 1994-2004* 4 (Apr. 2005), http://www.doubleclick.com/us/knowledge_central/documents/RESEARCH/dc_decaderinonline_0504.pdf.

6. In some cases, consumers are offered a choice between paying for a “premium” version of the desired application, or obtaining the desired application for free, but bundled with SaveNow.

7. Consumers can easily uninstall WhenU’s software from their computers if they no longer wish to have it; each SaveNow advertisement is linked to instructions for removing the software.

are informed of the fact that the software will generate advertisements, including pop-up ads, *before* the license agreement is accepted, the software does not collect any personal information – indeed, it is highly protective of users’ privacy – and the advertisements are clearly labeled as WhenU offers. Thus, WhenU software is not “spyware” according to any reasonable definition of the term.⁸

How WhenU Delivers Advertisements to Participating Consumers

The heart of SaveNow’s system for delivering coupons and advertisements to participating consumers is its software directory, which includes over 40,000 web addresses, search phrases and keyword algorithms.⁹ The directory sorts these elements into various product and service categories (such as eye-care) in much the same way as a local Yellow Pages indexes businesses.

As a participating consumer browses the Internet, the SaveNow software studies his browsing activity and compares it against elements in the directory to determine whether: (a) any of those elements are associated with a category in the directory, and (b) whether those categories are associated with particular advertisements. If the software

8. For example, the Federal Trade Commission defines “spyware” as “software that aids in gathering information about a person or organization without their knowledge and that may send such information to another entity without the consumer’s consent, or that asserts control over a computer without the consumer’s knowledge.” FEDERAL TRADE COMMISSION, MONITORING SOFTWARE ON YOUR PC: SPYWARE, ADWARE, AND OTHER SOFTWARE 4 (2005), *available at* <http://www.ftc.gov/os/2005/03/050307spywarerpt.pdf>.

9. Keyword algorithms are combinations of words (*e.g.*, five occurrences of the word “contact” and two occurrences of the word “lens”).

finds a matching element, it identifies the associated category, determines whether an appropriate advertisement is available, and, if so, displays an advertisement subject to frequency-caps and other internal limitations.

Internet addresses (also known as “URLs”) are included in the directory as an indicator of a consumer’s interest in a category of goods or services.¹⁰ The plaintiff’s web address is just one of some 250 elements in an “eye-care” category. The inclusion of the 1-800 URL in the eye-care category is premised on the notion that a consumer who enters *www.1800contacts.com* into the address box of his browser, or who conducts a search using the phrase “1-800 Contacts” is interested in eye-care products.

How WhenU Advertising Is Sold

WhenU sells its advertising on the basis of categories such as eye-care or mortgages. It does not “sell” specific keywords and a customer cannot pay to have its pop-up advertisement appear at the same time as any specific website or in connection with any particular trademark. Rather, advertisements are shown when the directory detects a match between a user’s interests and a directory category. Thus, even while Vision Direct was a WhenU advertiser, a SaveNow user might have seen SaveNow advertisements for Vision Direct’s competitors while accessing Vision Direct’s

10. Every website has an address called a domain name. Each page of a website has an identifier called a Uniform Resource Locator or “URL.” For example, “1800contacts.com” is a domain name; <http://www.1800contacts.com> is a URL. To access a webpage, a computer user types its URL into a browser, a software program such as Internet Explorer. The server that hosts that webpage then causes the HTML code of the webpage to be delivered to the user’s computer which, in turn, causes the webpage to be displayed on the user’s computer screen. A user who does not know a URL either makes an educated guess, or uses a search engine such as Yahoo! or Google.

website because the directory treats Vision Direct's URL in the same way it treats 1-800's URL.¹¹

How WhenU Advertisements Are Displayed

WhenU's advertisements do not display the words "1-800 CONTACTS" or any other trademark belonging to the plaintiff. To the contrary, WhenU's advertisements bear the trademarks and distinctive markings of WhenU and its advertisers.

WhenU's "pop-up" advertisements are displayed in a small window that typically appears flush to the bottom right-hand corner of the consumer's computer screen. WhenU's "pop-under" advertisements are larger, but are not designed to be seen by the consumer until after the consumer closes his browser window. Thus, a consumer would not normally see a WhenU pop-under advertisement at the same time the user has the 1-800 website displayed on his screen. WhenU also has a "panoramic" format, which is a horizontal window that runs along the bottom of the user's computer screen.

Regardless of the format, WhenU's advertisements appear in a distinct, separate window unique to the SaveNow application and represented by its own button on the user's task bar (the "WhenU Window").¹² The WhenU Window is

11. Vision Direct was a WhenU advertiser and was also sued by 1-800 Contacts. After the argument of the appeal, 1-800 agreed to dismiss its case against Vision Direct.

12. WhenU's software operates within the Microsoft Windows computer operating system. Microsoft Windows launches each software application in a separate "window," a graphical box on the user's computer screen within which all of the functions of that application are displayed and operate. Each application is also identified by a small rectangular box in the "task bar," the strip that
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conspicuously branded. At the time of the lawsuit, the branding of SaveNow advertisements included a bright neon green “\$” symbol and the SaveNow service mark; Save advertisements included a bull’s eye and the “SAVE!” mark. These and other branding elements give WhenU’s advertisements a distinctive look and feel that differentiates them from other advertisements distributed on the Internet as well as from the plaintiff’s webpages.

At the commencement of this lawsuit, WhenU advertisements included, on their face, the notice: “A WhenU.com offer – click ? for info.” Clicking on the “?” led to a disclaimer explaining that SaveNow offers “are not affiliated with the site you are visiting.” In December 2002, after the complaint was filed but several months before the preliminary injunction hearing, WhenU reworked the notice on the face of its advertisements to incorporate the disclaimer. Since then, each advertisement prominently states: “This is a WhenU offer and is not sponsored or displayed by the website you are visiting. *More. . .*” Clicking on “More . . .” opens a dialog box that contains additional information about SaveNow and WhenU.

SaveNow advertisements do not “transport” the user to a different webpage. When a SaveNow advertisement is displayed, any webpage previously accessed by the user remains on the screen. A user has several choices when a SaveNow advertisement is shown. He can get rid of the advertisement by clicking on the “X” box in the corner of the WhenU Window, he can make a pop-up or panoramic advertisement recede to the background for later viewing by clicking the screen outside the WhenU Window, or he can

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typically runs along the bottom of the desktop. Computer users can easily move these windows around the desktop by clicking and dragging. These steps are all familiar, widely understood means of operating a computer desktop in the Windows environment.

elect to access the advertiser's website by clicking within the WhenU Window itself. A user who clicks on the advertisement can easily return to the webpage that was previously on his screen via the browser's "Back" button.¹³

1-800 Contacts' Own Use of Contextual Advertising

1-800 Contacts pays search engines to drive web traffic to its site. When a computer user does a search using a "keyword" purchased by 1-800 (*e.g.*, contacts) he will receive – in addition to listings of search results – a link to the 1-800 website.¹⁴ WhenU adduced evidence that if a consumer were to do an Internet search using the trademarked names of certain 1-800 competitors (*e.g.*, Vision Direct, Coastal Contacts), the consumer would see an advertisement for 1-800 Contacts. Furthermore, that advertisement would be featured on the user's screen far more prominently than the listings for the competitors whose names were entered into the search engine.

No Evidence of Confusion

Petitioner asserts that WhenU's advertisements may cause confusion, but the record contains no evidence of actual confusion on the part of consumers. 1-800 offered a consumer survey, but the survey did not study SaveNow advertisements, and was riddled with methodological flaws. *See generally* Pet. App. 75a-77a and *Wells Fargo*, 293 F. Supp. 2d at 750-54. The district court rightly concluded that it was not evidence of actual confusion. Pet. App. 76a-77a.

13. The "Back" button, "X" box, and "?" box are standard features of Windows, and Internet users are familiar with their functions.

14. For a description of the keyword advertising employed by one search engine, *see Government Employees Insurance Co. ("GEICO") v. Google, Inc.*, 330 F. Supp. 2d 700, 701-02 (E.D. Va. 2004).

The district court nevertheless found that the survey was “suggestive of the likelihood of initial interest confusion.” Pet. App. 77a. While the Second Circuit did not review the district court’s application of the initial interest confusion doctrine, it noted that “1-800’s claim that [computer users] will likely be confused into thinking that 1-800 has sponsored its competitor’s pop up ads is fairly incredulous given that [computer users] who have downloaded the SaveNow software receive numerous WhenU pop-up ads – each displaying the WhenU brand – in varying contexts for a broad range of products.” Pet. App. 19A, n.14.¹⁵

REASONS FOR DENYING THE PETITION

This Court’s “considerations governing review on certiorari” are stringent. Sup. Ct. R. 10. A petition for a writ of certiorari will be granted only for “compelling reasons.” *Id.* As relevant there, those considerations include whether “a United States court of appeals has entered a decision in conflict with the decision of another United States court of appeals on the same important matter.” *Id.* Further, a petition for a writ of certiorari is “rarely granted” when the asserted error is the misapplication of a properly stated rule of law. *Id.*

15. Numerous other features of WhenU advertisements undermine the district court’s conclusion that a SaveNow user might believe that an advertisement touting VisionDirect.com – a competitor of 1-800 Contacts – is sponsored by or affiliated with the plaintiff, including the undisputed facts that: (i) SaveNow advertisements bear the “SaveNow” mark and a bold neon green \$ logo; (ii) SaveNow advertisements state on their face that they are a “WhenU offer;” (iii) consumers are informed when they download SaveNow (and on the face of every WhenU advertisement) that WhenU offers are independent of any website they may be visiting when the offer is displayed; and (iv) SaveNow advertisements are displayed in a separate computer window and bear all the other indicia of a distinct software application.

None of the considerations governing review on a writ of certiorari are present in this case. 1-800 mischaracterizes the decision below as holding that the “covert” use of a trademark can never support an infringement claim. But the Second Circuit did not rule that the unseen use of a trademark can never be infringing; it merely held that the particular manner in which WhenU employs the plaintiff’s mark to generate online advertisements does not constitute the “use” of a mark. Petitioner also argues that the decision below is at odds with cases involving metatags, cybersquatting and keyword advertising. But the Second Circuit addressed each of those situations in its opinion, explained why they differ from WhenU’s advertising, and expressly stated that it was expressing no view on the validity of other Internet cases. Accordingly, the conflict posited by 1-800 simply does not exist.

The “breakneck speed of development on the Internet” (Pet. 17) counsels against review, not in its favor. Courts have repeatedly recognized the need for caution in fashioning rules of law with respect to the Internet. *See, e.g., Name.Space, Inc. v. Network Solutions, Inc.*, 202 F.3d 573, 584 (2d Cir. 2000) (“[T]he lightning speed development of the Internet poses challenges for the common-law adjudicative process. . . . Mindful of the often unforeseeable impact of rapid technological change, we are wary of making legal pronouncements based on highly fluid circumstances, which almost certainly will give way to tomorrow’s realities.”). That caution is especially warranted here, where this Court is being asked to review an interlocutory ruling, *see VMI v. United States*, 508 U.S. 946, 946 (1993) (court “generally await[s] final judgment in the lower court before exercising [its] certiorari jurisdiction”) (citing *American Constr. Co. v. Jacksonville, T. & K.W.R.*, 148 U.S. 372 (1983) and *Locomotive Fireman v. Bangor & Aroostook R. Co.*, 389 U.S. 327 (1967) (*per curiam*), on an issue that has received

relatively little attention in the Circuit Courts. *See, e.g., Brown v. Texas*, 522 U.S. 940, 940 (1997) (one of the reasons for denying certiorari is the increased likelihood that the issue will be resolved correctly if the Court “allows other tribunals to ‘serve as laboratories in which the issue receives further study before it is addressed by this Court.’”) (quoting *McCray v. New York*, 461 U.S. 961, 962-63 (1983)).

I.

THE SECOND CIRCUIT’S DECISION IS CONSISTENT WITH ESTABLISHED LAW AND IS NOT IN CONFLICT WITH OTHER CIRCUIT COURT DECISIONS

The Second Circuit found that WhenU’s software does not “use” plaintiff’s mark within the meaning of the Lanham Act.¹⁶ Turning first to the fact that the directory contains URLs, it observed that URLs are in the directory to identify consumer interest in a category of goods or services, not to identify the source of an advertiser’s goods or services or to pass them off as the plaintiff’s. In other words, the software includes 1-800’s website address “precisely because it is a website address, rather than because it bears any resemblance to 1-800’s trademark.”¹⁷ Pet. App. 14a. *See also Wells Fargo*,

16. Section 32(1)(a) of the Lanham Act, 15 U.S.C. § 1114(1) (a), forbids the “use in commerce” of a registered mark “in connection with” the sale, distribution or advertising of goods or services. Section 43(a), 15 U.S.C. § 1125 applies essentially the same prohibition to unregistered marks. Section 45 of the Lanham Act, 15 U.S.C. § 1127 further provides that a trademark is deemed to be used in commerce “on services when it is used or displayed in the sale or advertising of services.”

17. For this reason, the Second Circuit noted that the differences between 1-800’s mark (1-800 Contacts) and its website address
(Cont’d)

293 F. Supp.2d at 762 (“the SaveNow software only uses URLs to identify the website itself, just like one would have to use the word ‘Macy’s’ to describe the Macy’s department store.”).

The use of a mark to identify consumers who may be interested in learning about goods or services is not a source-identifying use. Marketers in the bricks and mortar world routinely employ marks to identify potential customers without running afoul of the Lanham Act:

A company’s internal utilization of a trademark in a way that does not communicate it to the public is analogous to an 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.

Pet. App. 15a.

Indeed, the record included a number of examples of marketing practices that employ marks to target potential customers. For example, CVS Pharmacy tracks its customers’ purchases as reflected by the trademarked names of the goods they buy (*e.g.* “Oil of Olay”). Marketers can use the CVS database to identify consumers who purchased a product (*e.g.* “Oil of Olay”) and send them coupons for a competing product. Similarly, the Catalina Marketing Corporation has

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(www.1800contacts.com) are 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.” Pet. App. 14a.

developed a technology that generates coupons at a supermarket check-out counter based on the brand names of the goods purchased by the customer, such that a shopper who buys Bounty paper towels might get a coupon with his receipt for Viva paper towels. While these technologies *employ* marks in various ways, they do not “*use*” marks within the meaning of the Lanham Act because they do not use a trademark holder’s mark to identify a competitor’s product.

Thus, the Second Circuit did not reject the inclusion of the 1-800 mark in the directory as a “use” of the plaintiff’s mark merely because it is unseen or “covert.” The Second Circuit also considered (among other things) the fact that the mark is not included any place other than the software directory, that the purpose of the directory is to identify potential customers, and that the resulting advertisements do not display or create a possibility of visual confusion with the 1-800 mark. Pet. App. 13a-14a & 19a n.14.

The Second Circuit next rejected the notion that the simultaneous display of advertisements on a user’s computer screen with the 1-800 website is a “use” of the 1-800 mark. Once again, while the Second Circuit noted that WhenU’s advertisements do not display the plaintiff’s marks, it did not rely on that fact alone. It also took into account the fact that the advertisements appear in a separate computer window, are prominently branded with the WhenU mark, and have no effect on the appearance or functionality of the 1-800 website. Of greatest importance, they are completely independent of any content in any other window on the user’s computer screen. Thus, the appearance of a WhenU advertisement is not contingent upon or related to 1-800’s

display of its trademark in its website or website address. Pet. App. 16a-17a.¹⁸

The Second Circuit observed that competitors in the bricks and mortar world routinely juxtapose their marks with those of their competitors without “using” them within the meaning of the Lanham Act. As the Second Circuit explained:

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-expenses alternative. WhenU employs this same marketing strategy by informing [computer users] who have sought out a specific trademarked product about available coupons, discounts, or alternative products that may be of interest to them.

Pet. App. 18a.¹⁹

18. Indeed, because the directory serves only to identify categories of consumer interest, it makes no difference whether the URLs in the directory are for established contact lens providers or new entrants, popular brands or unpopular ones. The directory’s function is to identify the category of potential interest the URL suggests, *e.g.*, an interest in eye-care products. Thus, 1-800 is wrong when it asserts that “advertising opportunities are worth more” based on the presence of “well-known marks” in the directory. Pet. 13.

19. The record contained other examples of side-by-side displays, such as a retailer who hands out leaflets in front of his competitor’s store; a fast food shop which pioneers a location, only to find that competitors locate adjacent to it to compete for the traffic drawn by the first shop; and a company who erects a billboard next to a sports arena which has granted exclusive rights to a competitor.

The Second Circuit specifically rejected the notion, urged by 1-800 below and in the petition, that the Lanham Acts protects a trademark holder against *any* effort to capitalize on the holder's good will or reputation. In so doing, the Second Circuit followed a long line of cases holding that as long as a party does not use a mark improperly – *i.e.*, to pass off its goods as those of the holders – it may employ another's mark. Pet. App. 18a (citing *TraFFix Devices, Inc. v. Mktg. Displays, Inc.*, 532 U.S. 23, 29 (2001) and *Kellogg Co. v. Nat'l Biscuit Co.*, 305 U.S. 111, 122 (1938)). *See also Qualitex Co. v. Jacobson Products Co., Inc.*, 514 U.S. 159, 163-64 (1995) (the purpose of trademark law is to prevent others from copying a “source-identifying mark” so a potential customer can be assured that “*this* item – the item with this mark – is made by the same producer as other similarly marked items that he or she liked (or disliked) in the past”); *Prestonettes, Inc. v. Coty*, 264 U.S. 359 (1924) (a trademark “does not confer a right to prohibit the use of the word or words;” it only “gives the right to prohibit the use of it so far as to protect the owner's good will against the sale of another's product as his.”) (citing *United Drug Co. v. Theodore Rectanus Co.*, 248 U.S. 90, 97 (1918)); *Societe Comptoir de L'Industrie Cotonniere Establissements Boussac v. Alexander's Dep't Stores, Inc.*, 299 F.2d 33, 36 (2d Cir. 1962) (a competitor is entitled to use another's mark to truthfully denominate his goods a copy of the plaintiff's even though doing so may take advantage of the trademark holder's goodwill); *Hypertherm, Inc. v. Precision Prod., Inc.*, 832 F.2d 697, 701-02 (1st Cir. 1987) (same); *G.D. Searle & Co. v. Hudson Pharm. Corp.*, 715 F.2d 837, 841 (3d Cir. 1983) (same).²⁰

20. The Second Circuit also rejected the notion that the Lanham Act gives 1-800 the right to limit the ability of computer users to display content in other windows on their desktops when they access the 1-800 site: “WhenU does not need 1-800's authorization to display a separate window containing an ad any more than Corel
(Cont'd)

While 1-800 asserts that the Second Circuit’s ruling is a departure from the manner in which the “use” requirement has been construed, 1-800 cites no case holding that “use” is not an element of a trademark infringement claim or that finds a non-source identifying use to be a trademark “use.”²¹ Nor does it address other Circuit Court decisions which have rejected Lanham Act claims because they found no trademark “use.” See, e.g., *DaimlerChrysler AG v. Bloom*, 315 F.3d 932, 936 (8th Cir. 2003) (plaintiff not entitled to relief against defendant’s use of a vanity telephone number unless defendant advertises or promotes the alphanumeric translation of the number, thereby causing the public to see the protected mark and associate defendant’s goods or services with those of the mark holder); *Holiday Inns, Inc. v.*

(Cont’d)

would need authorization from Microsoft to display its WordPerfect word-processor in a window contemporaneously with a Word word-processing window.” Pet. App. 20a.

21. As noted above, the Lanham Act does not forbid the use of a trademark. It only forbids the “use in commerce . . . of a registered mark in connection with the sale, offering for sale, distribution or advertising” of goods or services. 15 U.S.C. § 1114(1)(a). A trademark is deemed to be used in commerce only “when it is used or displayed in the sale or advertising of services.” 15 U.S.C. § 1127.

Petitioner stresses the word “use” in the phrase “used or displayed.” Pet. 15. But if the word “use” was meant in the broad dictionary definition of the word, the phrase “or display” would be superfluous. See *TRW Inc. v. Andrews*, 534 U.S. 19, 31 (2001) (a “statute ought . . . to be so construed that, if it can be prevented, no clause, sentence, or word shall be superfluous, void, or insignificant.”) (quoting *Duncan v. Walker*, 533 U.S. 167, 174 (2001)). The word “use” is obviously meant to capture situations where a party employs a non-visual mark to identify its good or services, such as a sound or a scent. Because these kinds of marks are not visual they cannot be “displayed” but they can be “used.”

800 Reservation, Inc., 86 F.3d 619, 623-26 (6th Cir. 1996) (same; the fact that the defendant took advantage of the confusion created when consumers misdialed the plaintiff's vanity telephone number does not give rise to liability under the Lanham Act because the defendant did not "use" the alphanumeric version of the number to identify its services to the public), *cert. denied*, 519 U.S. 1093 (1997).²²

This fundamental requirement of a trademark use does not change simply because the defendant is selling its wares on the Internet. Where, as here, a defendant is "only using [the plaintiffs'] trademark in a 'non-trademark' way – that is, in a way that does not identify the source of a product – then trademark infringement and false designation of origin laws do not apply." *Interactive Prods. Corp. v. A2Z Mobile Office Solutions, Inc.*, 326 F.3d 687, 695 (6th Cir. 2003). This is so regardless of whether the web address is also a registered trademark. *Bird v. Parsons*, 289 F.3d 865, 878-79 (6th Cir. 2002) (when a domain name is used to indicate an address on the Internet, and not to identify the source of goods and services, it is not functioning as a trademark).

22. *See also* Restatement (Third), Unfair Competition, Sec. 20, comment b:

An actor is subject to liability for infringement only if it uses another's mark or name in identifying the actor's own goods, services, or business. . . . This Section does not apply to the use of another's protected mark for other purposes. Thus, the use of a term, not as a trademark, but solely to describe the actor's goods or services is not an infringement of any trademark rights in the term. . . . Nor does this Section subject to liability one who uses another's protected designation to refer to the other or the other's goods, services, or business, since such use does not create a likelihood of confusion. For example, use of another's trademark in comparative advertising, even if the comparison is unfavorable, does not subject the actor to liability under this Section.

Relying primarily on cases where one product was switched for another, 1-800 attempts to create a conflict among the Circuits by asserting that the Second Circuit refused to credit WhenU's "use" of its mark because it is "covert."²³ Pet. 14. The Second Circuit did not seek to answer the question of whether WhenU's "use" of the 1-800 mark is overt or covert, nor did it fashion a bright line overt/covert test for trademark infringement on the Internet. It simply analyzed the particular way in which WhenU's proprietary software uses the 1-800 mark and concluded that because it does not use the mark to identify the source of its advertisers' goods and services, it does not "use" the mark within the meaning of 15 U.S.C. §§ 1114 or 1125.

1-800 also argues that the Internet cases involving metatags, cybersquatting and keyword advertising create a conflict. But these cases are all distinguishable, as the Second Circuit noted in its opinion. *See* Pet. App. 15a, 19a-20a. Indeed, the Second Circuit made clear that it was not expressing any view on the holdings in those cases, and its opinion can be easily reconciled with the outcome of those cases.

A metatag is a coding statement (or "tag") that describes the content of the webpage to which it corresponds. *See, e.g., Brookfield Communications, Inc. v. West Coast Entm't*

23. In the product substitution cases cited by petitioner, the defendant implicitly used the plaintiff's mark to mislead customers about the source of its products. For example, in *Coca-Cola Co. v. Overland Inc.*, 692 F.2d 1250, 1252 (9th Cir. 1982), the defendant restaurant served Coke to customers who had ordered Pepsi without informing the customer of the substitution. By making an undisclosed substitution, the restaurant communicated – implicitly, but unmistakably – that it was delivering a "Coke." In fact, the Second Circuit agrees that the use of a mark in product substitution cases constitutes trademark infringement. *See Franchised Stores of New York, Inc. v. Winter*, 394 F.2d 664, 668 (2d Cir. 1968).

Corp., 174 F.3d 1036, 1045 (9th Cir. 1999). The metatag is not actually visible to someone viewing the webpage, but is present in the HTML code of the webpage. *Id.* at 1061 n.23. The main purpose of a metatag is to give guidance to search engines such as Google which use metatags, as well as other data, to determine what webpages to list in response to a user query and the order of the results listing. *Id.* at 1045. Thus, while metatags are not seen by ordinary computer users, they are “seen” by search engines.

In *Brookfield* and the other metatag cases cited by petitioner, the defendant included the plaintiff’s trademark as a metatag for the defendant’s own webpages with the intent to attract users who had entered the plaintiff’s mark into an Internet search engine. This case is fundamentally different. WhenU does not use anyone else’s mark in its metatags, and the purpose of the URLs in the directory is totally different from the purpose of the metatags in *Brookfield*. In contrast to metatags, which influence what consumers see when they use search engines to locate content on the Internet, URLs are included in the directory only so that WhenU can identify sites related to areas of consumer interest, such as eye-care.

Petitioner also relies on cybersquatting cases like *People for the Ethical Treatment of Animals (“PETA”) v. Doughney*, 263 F.3d 359, 362-65 (4th Cir. 2001) in which the defendant registered and used a domain name that incorporated the plaintiff’s mark. For example, in *PETA*, the defendant registered the domain name “www.peta.org.” A user who entered www.peta.org into his browser would access a website entitled “People Eating Tasty Animals” instead of the site of the animal rights organization. There was no dispute in *PETA* that the defendant used the plaintiff’s mark. Rather, the issue was whether the defendant used it “in connection with” the sale, distribution or advertising of goods

and services (15 U.S.C. §§ 1114, 1125(a)) and, if so, whether the use was confusing.²⁴

By contrast, WhenU does not use the plaintiff's mark in its domain name. Nor does it attempt to trick computer users into accessing its website or the website of its advertisers. A computer user who has installed SaveNow and who types the plaintiff's URL into his browser *will* be connected to the plaintiff's site. While he may thereafter be shown a SaveNow advertisement, that advertisement will not take him to a different webpage unless he affirmatively clicks on it.

Finally, 1-800 cites cases involving keyword advertising. As the Second Circuit noted (Pet. App. 15a & 20a), WhenU's model differs in significant respects from the keyword advertising of search engines.²⁵ Moreover, the lone Circuit Court decision cited by 1-800, *Playboy Enterprises, Inc. v. Netscape Communications Corp.*, 354 F.3d 1020 (9th Cir.

24. Similarly, in *Panavision Int'l L.P. v. Toeppen*, 141 F.3d 1316, 1324-26 (9th Cir. 1998), the defendant did not contend that he had not used the plaintiff's mark; rather, defendant argued that his use was not a "commercial use" under the Federal Trademark Dilution Act, 15 § U.S.C. 1125(c).

25. There are numerous differences between WhenU's advertising and that generated by search engines. For example, search engine advertising is activated by a computer user initiating a search and the resulting advertisements look like search results. While they may be labeled as "sponsored links," the identity of the sponsor is not stated explicitly. Furthermore, (unlike WhenU), search engines typically "sell" keywords to advertisers, including keywords which are marks (*e.g.*, "GEICO," "American Blind"). Noting the various differences between Google's advertising and WhenU's advertising, *Government Employees Insurance Company ("GEICO") v. Google, Inc.*, 330 F. Supp. 2d 700, 704 (E.D. Va. 2004) and *Google v. American Blind & Wallpaper Factory, Inc.*, No. C03-05340 JF, 2005 WL 832398, at *4 n.17 (N.D. Cal. Mar. 30, 2005) found that the complaints in those cases sufficiently alleged the use of a trademark.

2004), does not specifically address “use” as a separate element of trademark infringement.²⁶ Instead, it treated the issue as a purely jurisdictional issue, and after noting that there was “no dispute” concerning presence of an interstate commerce nexus, proceeded to analyze initial interest confusion without any discussion or analysis of trademark use. *Id.* at 1024 & n.11.²⁷

* * *

WhenU’s software is but one vehicle for delivering online advertising. There are many other vehicles for delivering content online that employ marks in some fashion. Each of these software products must be examined individually to determine whether they involve the kind of “use” with which the Lanham

26. In addition to all the other differences between advertising generated by a downloadable software and advertising generated by a search engine, *Playboy* involved *unlabeled* banner advertisements. This fact was critical to the Ninth Circuit’s holding: “Our opinion limits the present holding to situations in which the banner advertisements are not labeled or identified.” 354 F.3d at 1036 (Berzon, J., concurring). By contrast, all WhenU advertisements are labeled.

Notably, Judge Berzon wrote separately to express her concern about the possibility that *Playboy* might be applied to a case involving labeled advertisements: “There is a big difference between hijacking a customer to another website by making the customer think he or she is visiting the trademark holder’s website . . . and just distracting a potential customer with another *choice*, when it is clear that it is a choice.” *Id.* at 1035. Judge Berzon’s concurring opinion is consistent with the reasoning of the Second Circuit.

27. As the Second Circuit noted, the phrase “use in commerce” contains two distinct requirements for infringement: there must be a “use” of a mark and that “use” must be “in commerce.” Pet. App. 21a. Courts have uniformly recognized that the “in commerce” component is a jurisdictional pre-requisite, and construed it broadly. The same is not true of the “use” requirement. Accordingly, the cases petitioner cites for the proposition that jurisdictional prerequisites are to be construed broadly are correct, but irrelevant. *See* Pet. 6.

Act is concerned. While 1-800 makes broad generalizations about the Second Circuit decision, and predicts dire consequences for mark holders on the Internet, the opinion is confined to the particular advertising software developed by WhenU.²⁸ It does not create a conflict with the ruling of any other Circuit Court and there is no compelling reason for this Court to review it.

CONCLUSION

The petition for a writ of certiorari should be denied.

Respectfully submitted,

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28. The notion that the decision will create a haven in the Second Circuit for adware companies seeking to impair the rights of trademark holders is silly. *See* Pet. 29-30. Companies that do business over the Internet are subject to jurisdiction on a very broad basis. *See, e.g., Lakin v. Prudential Sec. Inc.*, 348 F.3d 704, 710-11 (8th Cir. 2003) (defendant’s website provides sufficient contacts for specific personal jurisdiction when the “defendant enters into contracts with residents of a foreign jurisdiction that involve the knowing and repeated transmission of computer files over the Internet. . . .”) (quoting *Zippo Mfg. Co. v. Zippo Dot Com, Inc.*, 952 F. Supp. 1119, 1124 (W.D. Pa. 1997)); *Gator.com Corp. v. L.L. Bean, Inc.*, 341 F.3d 1072, 1079-81 (9th Cir. 2003).