

The Costs of Confusion in Cyberspace

Planned Parenthood Federation of America, Inc. v. Bucci, No. 97 Civ. 0629 (KMW), 1997 WL 133313 (S.D.N.Y. Mar. 24, 1997).

Despite the Second Circuit's recent admonition that attempting to apply traditional trademark law principles to the rapidly developing online world is "like trying to board a moving bus,"¹ the federal district courts have wasted no time adjudicating disputes over ownership of Internet domain names.² While judges are often called upon to decide cases involving highly technical fields in which they possess little or no knowledge or experience,³ rarely have they been asked to venture into "uncharted territory" amidst such widespread pressure from politicians, multinational corporations, and private citizens.⁴

This Case Note argues that by manipulating and finessing traditional trademark principles to fit Internet disputes, as was done in *Planned Parenthood Federation of America, Inc. v. Bucci*,⁵ courts are likely to misallocate the "costs of confusion" incurred by users surfing the World Wide Web.⁶ Judges should instead recognize the effect that newly refined legal doctrines will inevitably have on the development of Internet technologies. In doing so, they will appreciate the potential for private, industry-oriented solutions.⁷ Judicial myopia of the type displayed in *Bucci* threatens to hinder the Internet's vigorous potential for growth.

1. *Bensusan Restaurant Corp. v. King*, 126 F.3d 25, 27 (2d Cir. 1997).

2. See, e.g., *Teletech Customer Care Mgmt., Inc. v. Tele-Tech Co.*, No. 96-8377 MRP (RCv), 1997 WL 405898 (C.D. Cal. May 9, 1997); *Panavision Int'l, L.P. v. Toeppen*, 945 F. Supp. 1296 (C.D. Cal. 1996); *Maritz, Inc. v. Cybergold, Inc.*, 947 F. Supp. 1338 (E.D. Mo. 1996); *MTV Networks, Inc. v. Curry*, 867 F. Supp. 202 (S.D.N.Y. 1994). Domain names are mnemonic, alphanumeric, user-friendly alternatives to the numeric Internet protocol (IP) addresses by which computers refer to one another. A fully qualified domain consists of three parts, delimited by periods: from right to left, the top-level domain (e.g., ".com"), the second-level domain (e.g., "plannedparenthood"), and the name of the individual server (e.g., "www"). See *Intermatic, Inc. v. Toeppen*, 947 F. Supp. 1227, 1230-31 (N.D. Ill. 1996); Kenneth Sutherland Ducker, Note, *Trademark Law Lost in Cyberspace: Trademark Protection for Internet Domain Names*, 9 HARV. J.L. & TECH. 483, 492-97 (1996).

3. See *Williams v. Commissioner*, 256 F.2d 217, 219-20 (9th Cir. 1958).

4. Byron F. Marchant, *On-Line on the Internet: First Amendment and Intellectual Property Uncertainties in the On-Line World*, 39 HOW. L.J. 477, 478 (1996).

5. No. 97 Civ. 0629 (KMW), 1997 WL 133313 (S.D.N.Y. Mar. 24, 1997).

6. Cf. *Sands, Taylor & Wood v. Quaker Oats Co.*, 34 F.3d 1340, 1355 (7th Cir. 1994) (Cudahy, J., dissenting) ("[T]he underlying purpose of the Lanham Act is consumer protection, and the damages measure is an effort to estimate the 'cost' of the confusion that would be created [by products competing in the marketplace using confusingly similar marks].").

7. Cf. *Reno v. ACLU*, 117 S. Ct. 2329, 2354 (1997) (O'Connor, J., concurring in the judgment in part and dissenting in part) (discussing the potential development of "screening" software designed to prevent minors from accessing online pornography).

I

Bucci arose after Planned Parenthood discovered that a radio talk show host had been using “plannedparenthood.com” as the address for a Web site promoting an anti-abortion book. The site greeted users with the message “Welcome to the PLANNED PARENTHOOD HOME PAGE” displayed across the top of the screen.⁸ Though the parties disputed the defendant’s motive in selecting Planned Parenthood’s registered mark as its domain name, some “unwitting users of the Internet”⁹ were duped into believing that the defendant’s site was Planned Parenthood’s actual home page.¹⁰ Its official Web site, however, had been located at “ppfa.org” since 1994.¹¹

Employing long-established Lanham Act principles,¹² Judge Wood found that *Bucci* had infringed the plaintiff’s mark.¹³ In reaching this conclusion, she made findings about “the nature of domain names and home page addresses,”¹⁴ and found *Bucci* liable based on the “likelihood of confusion” his site had engendered. First, because “.com” is a popular designation for domain names, the court found that an Internet user is “likely to assume that ‘.com’ after a corporation’s name will bring her to that corporation’s home page.”¹⁵ Second, Internet users face temporary delays between the time they type a domain name into their browsers and the time they actually get to view the page, and again each time they follow a link to retrieve more information about the site.¹⁶ According to the court, these “lengthy” delays between an attempt to access a page and the realization that one has specified the wrong

8. *Bucci*, 1997 WL 133313, at *1.

9. *Id.* at *2 (quoting Plaintiff’s Reply Memorandum at 2).

10. *See id.* at *8.

11. As of November 1997, Planned Parenthood no longer uses either “plannedparenthood.com” or “ppfa.org” as its home page. Its official Web site is currently located at “plannedparenthood.org.” *See Welcome to Planned Parenthood* (visited Nov. 7, 1997) <<http://www.plannedparenthood.org>>. Neither “plannedparenthood.com” nor “ppfa.org” provides any sort of notice or link to the official site.

12. The Lanham Act is the federal trademark infringement statute. Trademark (Lanham) Act of 1946, 15 U.S.C. §§ 1051-1127 (1994).

13. Unlike courts in other domain name cases that more closely resembled conventional trademark disputes, the court had difficulty fitting the statutory requirements to the facts. For example, the court finessed the issue of federal jurisdiction. *Cf.* 15 U.S.C. § 1114 (requiring that the unauthorized use of a trademark be “in connection with the sale, offering for sale, distribution or advertising of any good or services” in order to constitute infringement). The court held that promoting (yet not selling) a book, fund-raising (though not online), and criticizing the plaintiff’s activities (even though typically protected under the First Amendment) combined to bring *Bucci*’s activities under the purview of federal law. *See Bucci*, 1997 WL 133313, at *4.

14. *Bucci*, 1997 WL 133313, at *8.

15. *Id.* Judge Wood found that many of the visitors to *Bucci*’s Web site ceased searching for the official Planned Parenthood Web site “due to anger, frustration, or the belief that plaintiff’s home page does not exist.” *Id.* at *4. Yet the fact that Planned Parenthood’s Web site was located at “ppfa.org” and not “plannedparenthood.com” was the decision of the plaintiff, not the defendant. Thus users would have failed to reach “ppfa.org” even were there no content at “plannedparenthood.com.” Furthermore, the fact that users were angered or frustrated by their reaction to the site’s content should be irrelevant, given *Bucci*’s First Amendment right to “induce[] a condition of unrest, create[] dissatisfaction with conditions as they are, or even stir[] people to anger.” *Terminiello v. Chicago*, 337 U.S. 1, 4 (1949).

16. *See Bucci*, 1997 WL 133313, at *8.

address raise the possibility of user confusion.¹⁷ Finally, in gauging the sophistication of Internet users, the court determined that some “may not be so immediately perspicacious” as to recognize their failure to reach their intended destination.¹⁸ Based on these factors, the court found a likelihood of confusion sufficient to enjoin Bucci’s use of the domain.

The holding in *Bucci* is arguably in conflict with applicable precedent from cases involving traditional communications media. By assuming that Internet users are naive, credulous, and unable to recognize the “historic enmity” between pro-life and pro-choice forces, the opinion suggests the judiciary should hold them to an extremely low standard of sophistication, particularly in comparison to the level expected of those who rely on conventional media.¹⁹ More importantly for the purposes of this Case Note, however, the decision conflicts with the fundamental purpose of trademark law.

II

Trademark law is designed to protect the interests of consumers by denoting the sources of particular goods and services. Trademarks simplify the process through which consumers acquire product information, thus lowering the “search costs”²⁰ involved in distinguishing among different sellers and differentiating among goods the consumers may never have seen before.²¹ By relying on trademarks to signal various product characteristics, the consumer need not scrutinize each individual good every time he or she makes a purchase. Moreover, since consumers benefit from lower search costs, sellers can capture some of this surplus by charging higher prices.²² Confusion in the marketplace, however, eliminates these economic gains, for when trademarks

17. Although the court never articulated exactly *how* the delays exacerbate the likelihood of confusion, it implied that the confusion arises from extending the period during which the Internet user cannot absolutely determine the source behind the content of a Web site. See *id.* at *8.

18. *Id.* at *9.

19. Compare the court’s reasoning with *International Ass’n of Machinists v. Winship Green Nursing Center*, 103 F.3d 196, 198-99 (1st Cir. 1996), in which the First Circuit refused to find likelihood of confusion where Winship’s management had attempted to influence a union election by distributing propaganda purportedly written on union letterhead. The fake letters and invoices, complete with reproductions of IAM’s service mark, had been intended to inform users of the potential negative effects of unionization. IAM alleged infringement, but the First Circuit found that the “historic enmity” between labor and management had “inevitably conditioned voters to view with suspicion any claims made by either party about the other” and that voters were therefore readily able to identify Winship as the actual source of the materials. *Id.* at 207. Any voter “of ordinary prudence and normal intelligence” would have recognized the prank, *id.* at 205, and though the more unsophisticated may have been a bit perplexed, confusion resulting from consumers’ “carelessness, indifference, or ennui [would] not suffice,” *id.* at 201.

Despite analogous facts, the *Bucci* court refused to give Web surfers the same credit the First Circuit imputed to Winship’s employees. See *Bucci*, 1997 WL 133313, at *9.

20. George J. Stigler, *The Economics of Information*, 69 J. POL. ECON. 213, 219 (1961).

21. See Peter E. Mims, Note, *Promotional Goods and the Functionality Doctrine: An Economic Model of Trademarks*, 63 TEX. L. REV. 639, 658 n.102 (1984).

22. See William M. Landes & Richard A. Posner, *Trademark Law: An Economic Perspective*, 30 J.L. & ECON. 265, 269-70 (1987).

convey misinformation, consumers' search costs rise substantially. Thus the benefits that trademarks generate relate to the efficiency of the marketplace and consumers' ability to find what they are looking for.

Domain names were intended to offer a user-friendly means by which to identify and locate particular Internet sites.²³ Many commentators have debated whether domain names serve the trademark function of identifying the source of particular products or services.²⁴ Yet the right question is not whether domain names *can* perform this source-denoting function, but whether they *should* play this role.²⁵ If the object of trademark law is to lower consumers' search costs, courts should look to economic principles in order to promote the development of a system that makes finding specific parties' Internet sites easier, not more difficult. To apply these principles, however, judges must first understand how users navigate through cyberspace.

There are three ways of searching for information on the Internet.²⁶ Domain names are the first, however, as the facts of *Bucci* demonstrate, this method involves significant guesswork and substantial risks of ending up at the wrong site.²⁷ A user's second option is to engage one of many search engines to find sites containing certain key words. Such searches, however, typically overwhelm the novice user by generating hundreds or thousands of site listings.²⁸ The third method involves searching through hierarchical indexes such as *Yahoo!*,²⁹ in which headings and categories allow the user to pinpoint the precise information he or she is seeking. Like their telephone counterparts, these directories require significant investments of time and effort to collect and organize the cornucopia of information available online.

The decision in *Bucci* legitimizes and encourages the first method at the expense of the other two, even though the other methods, in particular the

23. Cf. Joshua Quittner, *Life in Cyberspace: You Deserve a Break Today*, NEWSDAY, Oct. 7, 1994, at A5 (describing domain names as being "like postal addresses, vanity license plates and billboards, all rolled into one digital enchilada").

24. Compare Dan L. Burk, *Trademarks Along the Infobahn: A First Look at the Emerging Law of Cybermarks*, 1 RICH. J.L. & TECH. 1 ¶¶ 29-39 (Apr. 10, 1995) <<http://www.richmond.edu/~jolt/v1i1/burk.html>> (comparing domain names with geographic addresses, and suggesting that applying trademark law to domain disputes may be "problematic"), with Ira S. Nathenson, Comment, *Showdown at the Domain Name Corral: Property Rights and Personal Jurisdiction over Squatters, Pouchers and Other Parasites*, 58 U. PITT. L. REV. 911, 951-53 (1997) (concluding that domain names serve a source-denoting function).

25. Judges need not automatically confer trademark protection simply because a mark exhibits source-distinguishing ability. If there is a "special reason that convincingly militates against the use" of a particular product characteristic as a trademark, protection may be unavailable. *Qualitex Co. v. Jacobson Prods. Co.*, 514 U.S. 159, 166 (1995). For instance, a distinctive color is not entitled to trademark protection if the color serves to identify a particular type of medication, in addition to its source. See *Inwood Labs., Inc. v. Ives Labs., Inc.*, 456 U.S. 844, 858 n.20 (1982), cited in *Qualitex Co.*, 514 U.S. at 169.

26. See Kelly Kunsch, *Diogenes Wanders the Superhighway: A Proposal for Authentication of Publicly Disseminated Documents on the Internet*, 20 SEATTLE U. L. REV. 749, 758 n.43 (1997).

27. See *Bucci*, 1997 WL 133313, at *8.

28. For example, an *Altavista* search for "Planned Parenthood" turned up 18,543 documents. Search of *Altavista* <<http://altavista.digital.com>> (Nov. 7, 1997).

29. *Yahoo!* (visited Nov. 7, 1997) <<http://www.yahoo.com>>.

third, are comparatively more efficient.³⁰ The court should have equated the practice of guessing domain names with user carelessness³¹ and deemed it an inefficient way to navigate the Internet. Such a ruling would allow Web site operators to employ similar-sounding domain names,³² which might eliminate guesswork as an effective method of Internet searching. This in turn would promote alternative technologies, such as more expansive and better categorized directories, as well as techniques for Web site authentication.

III

There is certainly room for trademark law in resolving online trademark disputes. The key, however, is identifying those situations in which traditional trademark principles are applicable.³³ When legal precedents do not fit the

30. Unlike other search methods, directories guarantee that the user will reach his or her intended location (so long as the site is properly indexed), though the journey may require an extra click or two of the mouse. As directories become more advanced, the comparative efficiency of directories as opposed to domain guessing will rise, perhaps enough to obviate domain guessing as a common navigation strategy.

31. *Cf. United States v. 88 Cases, More or Less, Containing Bireley's Orange Beverage*, 187 F.2d 967, 971 (3d Cir. 1951) (explaining that Congress, in drafting the Lanham Act, "contemplated the reaction of the ordinary person who is neither savant nor dolt, [and] who exercises a normal measure of the layman's common sense and judgment"). Guessing a company's domain name can be considered careless in that it is somewhat like guessing a company's toll-free mnemonic telephone number (e.g., surmising that the number for Holiday Inns must be 1-800-HOLIDAY).

32. By refusing to allow the unauthorized use of any domain name similar to Planned Parenthood's mark, the court effectively reduced the number of available domain names. Thus, while making Web addresses easier to guess, the court limited other parties' opportunities to enjoy a distinctive Web address. Because a domain name is an integral part of an Internet home page, reducing the number of available domains has severe implications for certain forms of protected speech.

For example, although the court rejected the defendant's claim that his use was protected as a parody, this case may affect the future of parody and satire online. Parody depends on creating a spark of confusion in order to "convey two simultaneous—and contradictory—messages: that it is the original, but also that it is not the original and is instead a parody." *Cliffs Notes, Inc. v. Bantam Doubleday Dell Publ'g Group, Inc.*, 886 F.2d 490, 494 (2d Cir. 1989). There is no parody exception to the Lanham Act *per se*; rather, a parody defense is simply a rephrasing of the response that consumers are unlikely to be confused as to source or sponsorship. *See Dr. Seuss Enters., L.P. v. Penguin Books USA, Inc.*, 109 F.3d 1394, 1405 (9th Cir. 1997). If courts automatically assume a higher degree of confusion on the Internet based solely on unauthorized use, this defense may become impossible to plead. *See Jon H. Oram, Will the Real Candidate Please Stand Up?: Political Parody on the Internet*, 5 J. INTEL. PROP. L. (forthcoming 1998).

The decision may also have consequences for other forms of protected speech such as, for example, the use of another's mark as part of a communicative message (e.g., criticism, news reporting, or social commentary). *See, e.g., Yankee Publ'g, Inc. v. News Am. Publ'g, Inc.*, 809 F. Supp. 267, 276 (S.D.N.Y. 1992). In these instances, courts employ a balancing approach, weighing the likelihood of confusion against the defendant's First Amendment interests. *See Rogers v. Grimaldi*, 875 F.2d 994, 999 (2d Cir. 1989). By assuming a high likelihood of confusion, courts may implicitly tip the scales against free expression.

33. Ira Nathenson has identified four categories of domain disputes: squatters, twins, parasites, and poachers. *See Nathenson, supra* note 24, at 925-29. Each of these categories better resembles a traditional trademark dispute, in which parties using similar marks compete in the same geographical area. Hence, some cases are easier to decide than others, and for many, the traditional trademark cause of action still fits well. For example, when two competitors seek the same domain name, it is only fair that the registered trademark owner have access to its preferred address. *See, e.g., Juno Online Servs., L.P. v. Juno Lighting, Inc.*, No. 97 C 791, 1997 WL 613021 (N.D. Ill. Sept. 29, 1997). *Bucci* does not fit these categories because it involved an alleged infringer using a mark to criticize the trademark owner. In that sense, it is more akin to trademark dilution cases, in which the unauthorized use of a mark results in the "tarnishment" or "blurring" of the mark regardless of the existence of a "likelihood of confusion." *Mead Data Cent., Inc.*

particular facts, courts must look elsewhere for an approach to solving these disputes. For example, judges might defer to legislatures rather than apply an old law to technologies its drafters could not have foreseen.³⁴ Alternatively, both the judicial and legislative branches could look to private industry for solutions to the problem of cyberspace confusion.

Technological solutions often do a better job of solving intellectual property problems than legal institutions could ever hope to do.³⁵ Of course, it is impossible to predict the path of technology; one can only speculate. Perhaps a better and more expansive universal directory system could be developed to allow a user to jump directly from a directory to his or her Web site of choice.³⁶ Alternatively, the system of "digital signatures,"³⁷ developed to authenticate Web sites for online commerce, could be harnessed to verify the authorship of noncommercial content so that users could immediately determine whether a site is indeed what it purports to be.³⁸

Courts need to recognize that ad hoc decisionmaking is not the best way to design public policy for emerging technologies. To achieve the proper balance of property rights and incentives for innovation, judges and legislators alike must be willing to defer to the already flourishing "virtual community" to select the appropriate means for solving problems.³⁹ In the absence of judicial direction, market-driven industry-oriented approaches are bound to emerge to address online problems in an efficient and effective way.

—Jon H. Oram

v. Toyota Motor Sales, U.S.A., Inc., 875 F.2d 1026, 1031 (2d Cir. 1989). Judge Wood was prepared to apply the federal dilution statute, see *Bucci*, 1997 WL 133313, at *6, but because she found sufficient likelihood of confusion to find trademark infringement, there was no need to do so, see *id.* at *10.

34. For example, the 1909 and 1976 Copyright Acts were both undertaken in response to revolutionary technological advances. See Jessica D. Litman, *Copyright Legislation and Technological Change*, 68 OR. L. REV. 275, 282 (1989) (discussing Copyright Act of Mar. 4, 1909, Pub. L. No. 60-349, 35 Stat. 1075 (repealed 1976); Copyright Act of 1976, Pub. L. No. 94-553, 90 Stat. 2541 (codified as amended at 17 U.S.C. §§ 101-803 (1994))). Similarly, Congress passed the Trademark Dilution Act of 1995, Pub. L. No. 104-98, 109 Stat. 985 (codified at 15 U.S.C. §§ 1125(c), 1127 (Supp. I 1995)), in part due to the difficulties in applying traditional infringement law to domain disputes. See 141 CONG. REC. S19,312 (daily ed. Dec. 29, 1995) (statement of Sen. Leahy) (announcing his hope that the Act would "help stem the use of deceptive Internet addresses taken by those who are choosing marks that are associated with the products and reputations of others"); see also *Hasbro, Inc. v. Internet Entertainment Group, Ltd.*, No. C96-130WD, 1996 WL 84853 (W.D. Wash. Feb. 9, 1996) (fulfilling Leahy's desire).

35. There are numerous examples of this phenomenon. For instance, in the 1980s, manufacturers developed computer programs designed to prevent illegal in-home copying of software. See *Vault Corp. v. Quaid Software Ltd.*, 655 F. Supp. 750, 752 (E.D. La. 1987). More recently, Web site operators have begun to embed identifying information in nontextual works—particularly images and sounds—to allow them to track copyright violations across the Internet. This process is known as steganography. See Trotter Hardy, *Property (and Copyright) in Cyberspace*, 1996 U. CHI. LEGAL F. 217, 248.

36. See Nathenson, *supra* note 24, at 986-87.

37. See Hardy, *supra* note 35, at 244-45.

38. See Kunsch, *supra* note 26, at 760-61. A few states have passed digital signature acts to establish authorities that will issue "certificates" to verify the authenticity of online information. See, e.g., CAL. GOV'T CODE § 16.5 (West Supp. 1997); FLA. STAT. ANN. ch. 282.70 to .75 (Harrison Supp. 1996).

39. Marchant, *supra* note 4, at 500. Marchant defines the "virtual community" as an arrangement in which consumers, online providers, and governmental bodies work together to develop an integrated, cost-benefit approach that considers the impact of each player's role on the overall system. See *id.* at 501.