



WORLD

e-COMMERCE & IP REPORT

Monthly analysis of IP issues affecting e-commerce from around the world

ARTICLES

Trademark and Hyperlinks: Implied Rights and Express Agreements

Businesses have long understood that an advertisement can serve as an opening to connect the viewer to information and materials not included in the advertisement. Simple, traditional means of making this connection or link include: references to 800 numbers, tear-out sheets and postcards, and invitations to visit showrooms or to order printed materials or samples.

One of the unique characteristics and an essential, defining function of the Internet is the easy, instant, free connection afforded by HTML (the hypertext markup language that defines the world wide web). By entering or loading HTTP (the hypertext transfer protocol), you avail yourself of the world wide web (www) and acquire the electronic capability required to access websites and documents on the web. The power of the Internet is largely this easy ability to link to any document or site regardless of its authorship or physical location.

This easy linking is most often accomplished by clicking on a URL, highlighted text or an icon¹, any one of which may be someone else's trademark. Is this a permitted or fair use? Web advertisers and vendors have also learned to manipulate the HTML features of others' websites and search engines to attract (and distract) viewers. When is permission required?

The implied right or license discussed below may support the unauthorized use of URLs, home page linking and, to some extent, deep linking, but that support may be compromised or the implied right may be exceeded by other attributes of the link, the search engine, or the linked sites. This article considers implied rights and fair use, posted linking policies, linking agreements, and keyword purchases in connection with use of third-party trademarks and the linking features of the Internet.

Applicable IP Law

For linking questions the focus is often on copyright law, as well as laws related to trademarks and unfair competition. Under the Copyright Act in the United States, copyrights are the exclusive rights to

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reproduce, distribute, publicly perform, and publicly display a copyrighted work, and to create a derivative work. Copyrights are generally protected around the world under local laws and several treaties, some of which now specify the exclusive rights to access and transmit.

Much of the content of an advertisement is protected by copyrights. The same is true for text, graphics and the types of content made accessible on the Internet. In order to reproduce, distribute, or publicly display another's copyrighted materials without infringing the owner's copyrights, one of the following must apply: an express license or permission, an implied license or consent, or the right of "fair use".

The Copyright Act provides a multi-factor test for determining whether a use of someone else's copyrighted work is a "fair use". The factors include consideration of the nature and extent of the use, how much of the work is used, and the nature of that work. Often the most important factors are whether the use is a commercial use (which is likely if the work is used at a business website) and whether the use robbed the owner of its own commercial use or revenue.

In the United States, state and federal trademark laws apply to trademarks, logos, packaging, and other trade dress that may serve to identify the source of goods or services and symbolize the goodwill arising out of customer recognition and association. A domain name may incorporate an established mark (e.g., pepsa.com) or may become recognized as a mark (e.g., amazon.com). Domain names may also incorporate generic terms not traditionally afforded trademark protection (e.g., loans.com).

State and federal unfair competition laws in the United States also protect consumers and other customers from false or misleading statements of source, association, or sponsorship. As with copyrights, absent a legally protected or fair use, an express or implied license is usually required for non-infringing use of another's trademark.

Types of Links: URL, Hypertext Link to Home Page, and Deep Linking

The most common types of links used on the Internet are URLs and hypertext. URLs are commonly displayed in print and television advertising and other promotional materials (e.g., on business cards), as well as at websites and through the use of browsers on the Internet. The oldest and least risky method of linking to another's materials on the web is to furnish the URL.

So, for example, if the magazine *Consumer Reports* publishes an article that rates your products highly, you might mention the article in promotional materials or at your website, provide the URL for the *Consumer Reports* home page, and encourage viewers to visit the *Consumer Reports* website to read the article.

In this case, the user types the URL into a search engine. Since you are not accessing or distributing the

article, no copyrights are at stake. Of course, the usual rules apply to your reference to the "Consumer Reports" mark and domain name, as does the need to avoid suggesting any association or sponsorship where none exists.

An alternative and more popular approach is to provide a hypertext link, so that the user need only click on the hypertext. Offering a hypertext link to another's home page saves the viewer the added step of typing (or mistyping) the URL. A URL or a hypertext link can be used to link to the home page of a website, or to link directly to a document or inner page ("deep linking"). Connecting directly to the document certainly further speeds the viewer's access, but this form of linking bypasses the home page, which raises anew the question of whether permission is necessary.

Is There an Implied Right or License To Use a URL or Domain Name Link To a Third Party's Web Page?

Generally, "yes". As a general matter, companies independently choose or volunteer to participate in the Internet — operating a website is not a legal requirement for doing business in the United States. By taking this step, the website owner can be seen as voluntarily inviting others to access and view the publicly accessible portions of the site. This supports the proposition that everyone on the Internet has an implied license or consent to access and view public websites and to use the designated URLs to access those sites.

Where the URL is a trademark or embodies a trademark, the question arises whether displaying the URL for purposes of providing the link is covered by the general implied license to use a URL. By adopting a domain name that includes a trademark or by claiming trademark protection for a domain name, the owner can be seen as offering use of the domain name to the public for the purpose of accessing its website.

Absent evidence to the contrary, the implied license to use a URL for purposes of accessing the URL registrant's website should include a third party's display of the URL for that same purpose. This is one argument Microsoft offered in defense of its display of TicketMaster's URL in *TicketMaster Corp. v. Microsoft Corp.*, No.97-3055 DDP (C.D. Cal., filed April 28, 1997) before that case was settled.

If the URL is displayed in a manner that accurately attributes the source and does not suggest a false or misleading association, sponsorship, or approval, then infringement is not likely. Since display of the URL will necessarily include the "www" prefix and the ".com" or other common TLD (top-level domains) suffix, confusion is not likely because the user will recognize the URL as identifying a different site and will understand that using the URL or clicking on the hypertext URL will link to a different site. This is espe-

cially true when the link is to a home page where the owner's identity and marks will be displayed.

What happens if a trademark or logo is displayed instead of the URL or domain name? This issue was raised in a number of the early linking cases, such as *Washington Post Company v. Total News, Inc.*, 97 Civ. 1190 (S.D.N.Y. 1997), many of which settled without providing guidance or were decided on other issues. Certainly, where a trademark or logo button is used for a hyperlink, there is nothing about the button to indicate that the user is linking to a different website – the button is not adorned with the “www” prefix or TLD suffix of a URL. This increases the risk that a user will be misled as to the source of the linked content or the relationship between the linking site and the trademark owner.

On the other hand, where the relationship should be clear from the surrounding circumstances and there is no attempt at passing off or appropriation of goodwill, the unauthorized use of a mark may not be actionable.

The Ninth Circuit's “nominative fair use” doctrine also lends support to the proposition that unauthorized use of a word mark in a URL for the purpose of linking to the mark owner's site is a fair use. Under that court's “New Kids on the Block” test, such an unauthorized use would be a fair use to the extent the target site cannot be readily identified without use of the mark, the use is only so much as is reasonably necessary to identify the site, and the user does nothing to suggest sponsorship or endorsement.

Use of another's logo as a hyperlink is a riskier proposition, however. While the nominative fair use exception applies to use of another's word mark to identify it or its goods or services, this exception does not extend to logos. So, for instance, one may properly refer to COCA-COLA® brand products without authorization from The Coca-Cola Company, but if one does so using The Coca-Cola Company's distinctive logo, such use is more than what is reasonably necessary to identify the products and, thus, not a fair use. See, for example, *The New Kids on the Block v. News America Publishing, Inc.*, 971 F.2d 302, 308 n.7 (quoting *Volkswagenwerk Aktiengesellschaft v. Church*, 411 F.2d 350 (9th Cir. 1969) for the proposition that nominative fair use of word marks does not extend to related logos). This suggests that a hyperlink employing a proprietary icon or logo without the owner's consent would not be permissible under the nominative fair use doctrine.

But Implied Rights May Be Exceeded or Compromised

Implied rights to use others' marks are generally construed narrowly. Any implied right or license to display or use a domain name, URL, or trademark to link to another's website would not be construed to cover a display or use that runs afoul of other laws or IP rights. For example, if the URL is displayed in a

manner that falsely suggests an association or sponsorship where none exists, that would be actionable under Section 43 of the Lanham Act or other state unfair competition laws.

And, to the extent the URL is used to appropriate and display the contents of the other site in a manner likely to mislead or confuse consumers, either copyright or trademark infringement might be found. The decision in *Kelly v. Arriba Soft Corp.*, 280 F.3d 934 (9th Cir.) (see *World E-Commerce & IP Report, March 2002, p. 20; April 2002, p. 7 (commentary)*) illustrates this risk.

The court concluded that Arriba made only fair use of thumbnail copies of Kelly's copyrighted images in its search engine. However, Arriba's deep linking and framing of the full-sized images was treated by the court as “importing” the images to Arriba's website, and Arriba was held liable for that unauthorized public display of the works. The combination of deep linking and framing obscured all reference to the target site – which could also set the stage for passing off or other trademark infringement.

Another example of wrongful acts putting the actor outside the scope of an implied right to access is *Playboy Enterprises, Inc. v. Universal Tel-a-Talk, Inc.*, 1998 U.S. Dist. LEXIS 17282 (E.D. Pa.). A defendant who had engaged in other forms of trademark infringement, including using plaintiff Playboy Enterprises' marks to identify goods and services not originating with Playboy Enterprises, was enjoined from such infringing uses – and enjoined from any manner of linking its website to Playboy Enterprises' site. Linking is not discussed in the case, but the outcome is likely related to the defendant's other infringing acts.

Similarly, use of another's mark in a domain that does not link to the trademark owner's site would not be covered by the implied license discussed above. For example, a defendant who registered the domain name *www.painewebber.com* (capitalizing on users' occasional tendency to omit the “dot” between *www* and the intended domain name, here *painewebber.com*), was preliminarily enjoined from using the domain name to link to a pornographic website on the grounds that PaineWebber Incorporated was likely to succeed on the merits in its trademark infringement case. *PaineWebber Incorporated v. WWWPAINEWEBBER.COM*, 1999 U.S. Dist. LEXIS 6552 (E.D. Va.).

Some sites also require passwords or an agreement to terms of use before the user can proceed to pages deeper within the site. In that case, a password holder who provides others with access to the password-protected inner pages could not claim an implied right to do so and is probably violating the terms and conditions of use of the password and the content it protects.

Home Page Linking vs. Deep Linking

The closer question is whether the implied license to use a URL for purposes of linking to the URL owner's site also applies when the link is accomplished

by means other than the target's "home page" or front page. The home page usually identifies the site's owner or operator, and provides menu or index links to the various pages of the site, as well as any legal notices and terms of use. Websites are often constructed so that the initial page may also expose the user to advertising and third-party content, for which the site owner is paid a fee based on traffic at the page. In short, the site operator may have legal or business reasons for exposing the user to certain notices or content, and those purposes will be defeated if the user directly accesses an inner page without navigating through the pages that display such content.

Providing a direct link to an inner page, bypassing the home page and all its attributes, is commonly referred to as "deep linking". A site owner's objection to another's deep linking is illustrated by the decision in *TicketMaster v. Tickets.com*, 54 U.S.P.Q.2d 1344 (C.D. Cal. 2000). In that case, Tickets.com sold tickets for certain events at its own site and also provided information for other events via the hypertext "Buy this ticket from another online ticketing company." The hyperlink connected the user directly to an inner page of the TicketMaster site, bypassing a home page that included third-party paid advertising and a link to TicketMaster's terms and conditions.

TicketMaster had strong legal and business reasons for objecting to deep linking. And, the court recognized that deep linking combined with other conduct could result in unfair competition. The court, however, rejected TicketMaster's unfair competition claims, noting in this case there was no likely confusion as to source because it was clear to the user that the linked page was at TicketMaster's site.

Following the earlier *TicketMaster v. Microsoft* case discussed above, many websites attempted to prevent deep linking by posting notices forbidding the practice or by installing software that blocks access to the site by any means of entry other than the home page. Such sites may insist upon written agreements for authorized linking. Other sites attempt to limit or control deep linking by adopting and posting linking policies, which are discussed below.

Trespass Concerns

Unauthorized deep linking may also be actionable as a trespass on the target site. The decision in *eBay, Inc. v. Bidder's Edge, Inc.*, 100 F. Supp. 2d 1058 (N.D. Cal. 2000), is one of several cases using trespass theories to prevent unauthorized uses of target websites. eBay objected to Bidder's Edge's use of software web crawlers to mine data from eBay's site for publication on Bidder's Edge's own site. eBay based its claim on a number of grounds, including trespass. An injunction was issued on the court's finding that Bidder's Edge's unauthorized access (which contravened eBay's posted prohibition on linking and aggregating), coupled with the injury caused by the effect of the web crawler on the capacity of eBay's server, constituted trespass on the eBay site.

Discounting Bidder's Edge's assertion that its web crawler only minimally burdened eBay's system, the court set a relatively low threshold for trespass via unauthorized access to a computer system: A defendant must have intentionally and without authorization interfered with the plaintiff's possessory interest in its computer system, resulting in damage to the plaintiff.

The data mining described in the eBay decision may appear more egregious than mere unauthorized linking to a target site, but the court's finding of trespass could apply equally to any deep linking that affects the capacity of the target site or, perhaps, other injurious linking in contravention of a target site's posted terms of use. Indeed, *eBay* was cited in *Oyster Software Inc. v. Forms Processing Inc.*, 2001 U.S. Dist. LEXIS 22520 (N.D. Cal.), as support for a trespass claim where the defendant's use placed only a "negligible" load on Oyster's computer system.

Posted Linking Policies or Terms

In an effort to prevent deep linking and the consequent bypassing of home page content, many websites post notices prohibiting deep-linking or post linking policies that specify terms for deep linking. Both types of postings are intended to serve the purpose of disclaiming or defeating any implication of unfettered public right or license to link to the public inner pages of the site.

Where a notice at the site specifies that linking is prohibited, an unauthorized link to any page other than the home page may be actionable. For example, the Grant Thornton site includes the following notice: "You may not provide a link to this website without our express written permission. If you would like to provide a link to this website, please contact webmaster@gt.com." Like a "keep out" sign, this notice is intended to prevent or defeat any implication of an implied license or invitation to link to the site.

Where a site posts a linking policy or other notice specifying the terms or rules for linking to inner pages, complying with those terms is advisable. Compliance, coupled with evidence of reliance on the posted terms, may provide the linking party with a defense based on quasi contract or estoppel.

Posted linking terms are intended to defeat any implied right to link – and to impose the site operator's terms for linking. For example, posted terms that authorize deep linking without framing or alteration of the linked page, but do not address the visual form of the link (text, word mark, logo, etc.) would appear to allow deep linking and leave open for interpretation the form of the link or the use of any trademark. From the point of view of the linking site, in the absence of posted terms, compliance with common Internet practices (*i.e.*, net etiquette) may be the safest practice. From the point of view of the target site, completeness in express linking terms is always desirable.

For an example of posted linking terms with an emphasis on trademark protection, see the terms posted at the International Trademark Association's website, www.inta.org.

Where a target site posts terms and conditions for linking and the linking site complies with those terms and conditions, the target site may be estopped from objecting to the link. It is not so clear, however, that restrictive terms could be enforced by the target. In *TicketMaster*, in addition to rejecting plaintiff's copyright and Lanham Act claims, the court examined Tickets.com's alleged violation of TicketMaster's terms of use for its site, which were posted via a link from its home page. The court concluded that merely posting one's terms of use did not bind users to follow them, instead suggesting that only an electronically submitted affirmative consent by a user (for instance, via an "I Agree" button that the user would have to click in order to view the full website) could conclusively bind a user to follow terms posted at the site. For this reason, some sites will only authorize linking pursuant to a written agreement.

Written Linking Agreements

One way to introduce greater certainty when linking to another's website by use of the site's URL or display of a mark, whether linking to the home page or deep linking, is to contract with the target site and obtain express authorization. Many popular sites have developed standard form agreements for this purpose. These agreements provide frameworks for sharing content, maintaining quality standards, establishing performance criteria, managing site capacity and availability, and sharing user and transaction data. The agreement may also authorize use of a trademark or a logo button.

The American Bar Association has developed model language for key provisions of linking agreements, which are included in the ABA publication "Web-Linking Agreements: Contracting Strategies and Model Provisions" by Elizabeth Blumenfeld, et al. (1997). The ABA model includes detailed legal and functional specifications. For example, provision is made for specification of a logo as an electronic file, and attention is given to the exact appearance and placement authorized by the trademark licensor.

Keyword Purchase Agreements

Search engines commonly use both displayed and suppressed data at websites to identify content and rank the sites.² With this in mind, website owners often attempt to manipulate search results by the meta-tag information they include in the keyword and description fields for their site. Online directories, browsers, and other search engines are often willing participants in this manipulation, offering to "sell" search terms or keywords to companies wishing to target the consumers who conduct searches using the terms or keywords. The search engines charge a pre-

mium for manipulating the search results and for posting targeted advertisements or banners in conjunction with the search results.

Where the keyword is a generic term, the value to consumers and advertisers is evident and there is no infringement at issue. For example, Amazon.com, Blue Note Records, and the jazz band The Philadelphia Experiment might each wish to come up first (or nearer the top) in a given search engine's returned results for searches on keywords such as "jazz," "funk," "jazz piano," or "modern jazz".

The practice is called into question, however, where the "keyword" is a third-party's trademark or domain name. The sale of the keywords "playboy" and "playmate" by the Excite search engine led to a series of cases initiated by Playboy Enterprises in 1999 and 2000. The district court refused to enjoin those keyword sales, in part because the words have common non-trademark meanings and the court was not persuaded that the words "playboy" and "playmate" were used or sold by the search engine as trademarks. *Playboy Enterprises, Inc. v. Netscape Communications, Corp.*, 2000 U.S. Dist. LEXIS 13418 (C.D. Cal. 2000).

More recently, that district court suggested a different result might be reached when trademarks are purchased as keywords. *Nissan Motor Co. v. Nissan Computer Corp.*, 204 F.R.D. 460 (C.D. Cal. 2001). Because it had previously found that both parties have rights in the mark NISSAN for different goods and services, the court refused to enjoin one party's purchase of the keywords "nissan" and "nissan.com". The court noted, however, that its holding "[does] not suggest that Internet search terms are entirely 'up-for-grabs'." The court took care to point to other protections against trademark infringement and dilution in cyberspace and observed that there was "no good cause for not extending these protections and limitations to cases where one infringes or dilutes another's mark by purchasing a search term ... for the purpose of manipulating a search engine's result list."

And, more recently, a different district court in the Ninth Circuit carefully parsed the defendant's various uses of the plaintiff's name and found that uses for linking and to provide accurate information were permitted nominative fair use, but found that the repetition and emphasis created by use of header and underline metatags were unfair manipulations of search engines and outside the scope of the nominative fair use exception. *J.K. Harris v. Kassel*, 2002 U.S. Dist. LEXIS 7862 (N.D. Cal. 2002).

Internet directories, browsers, and other search engines have developed standard forms and terms for keyword purchase arrangements. Those agreements may grant the search engine the flexibility to refuse or change keywords in order to avoid or mitigate its exposure to liability for trademark infringement or contributory infringement. This exposure is even more acutely felt in light of the court's observations in the *Nissan* case quoted above. The search engine may also

insist on the right to make changes to keyword allocations so as to reflect changes in its keyword categorizations and new search features.

In recent years, users have become accustomed to linking as a means of easily and efficiently moving about the web. At the same time, online advertisers and promoters have sought and implemented new ways to attract and hold viewers. The combination of the traditional magnetism of trademarks and the easy connectivity of HTTP is a powerful and irresistible tool for advertising. In this environment, we should expect to face the continuing development of new combinations and uses of trademarks and linking to attract consumers – and to test the bounds of intellectual property laws.

FOOTNOTES

1 The link is accomplished by an embedded electronic address that points or directs a user to a location on the

Internet. These addresses are known as URLs (uniform resource locators). The most obvious means of linking to a website is to type in the site's URL or domain name and hit the Enter key. Another common means is to click on highlighted or underlined text (such as *www.foleyhoag.com*), or an icon. That text or icon overlays the electronic address of another site or document, and by means of HTTP the click transfers the user to the site.

2 In addition to the information visible to the viewer, websites include HTML code or "metatags" that are not normally visible. Originally, metatags were intended to provide descriptive information about a site so that browsers and search engines could identify and accurately categorize the site without searching the contents. Search engines use metatags to evaluate the relevance of a site to a search request and to rank the site among other sites. Website designers quickly learned to manipulate the search process by using metatags to provide information that attracts high-volume traffic or valued viewers and to influence ranking.