

## METATAG 'ABUSE': WHERE TO TURN WHEN THE LAW FALLS SHORT

Enter 'COKE' into a search engine on the Internet and the hit list will contain hundreds, if not thousands, of websites. The first twenty hits in a recent search included 7UP, Pepsi, RC Cola, Dr Pepper Recipes in a Can, Reynold's Diet Coke Page, and even Alien Cola!<sup>1</sup> Astonishingly, the first listing for an authorised Coca Cola website was the Coke Home Page, found at number seventeen on the hit list. Welcome to the world of metatag 'abuse'.

Businesses like Coca Cola spend a fortune making themselves stand out from the crowd. In the traditional economy, the most common means of doing so is by using and marketing a trade mark,<sup>2</sup> which trade mark owners hope consumers will associate with the quality, nature and source of the goods or services that they offer for sale. A strong mark like 'COKE' can be an extremely valuable asset and the law has long accepted that it is in the public interest to afford such assets protection. Trade marks also play a valuable consumer-information role. They reduce search costs, enabling consumers to make informed purchasing decisions without having to reinvent the wheel every time they source goods or services. It can be as trivial a matter as knowing what a McDonald's hamburger will taste like no matter where in the world you buy it or as serious a matter as choosing to fly with Qantas because you value their safety record.

Traditionally the registered trade mark regime, the common law tort of passing off and the various fair trading statutes have interacted to form a legal framework that facilitates both of these important functions. But 'the more or less orderly world of trade marks has been somewhat disturbed by the arrival and wide spread use of the Internet'.<sup>3</sup> Suddenly, in a technological

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\* B Com (Adel), LLB (Adel). This article is an adaptation of a dissertation of the same name, submitted by the author to qualify for the Honours Degree in Law at Adelaide University. The dissertation was awarded the M F and P J Manetta Prize.

<sup>1</sup> Search performed using LookSmart <<http://www.looksmart.com>> on 20 June 2000.

<sup>2</sup> This paper uses the conventional Australian spelling of 'trade mark'. Note, however, most of the references and quotes in this paper use the American spelling 'trademark'.

<sup>3</sup> Scott, 'Trade Marks and the Internet: Some Practical Considerations' (1997) 49 *Australian Company Secretary* 293, 293.

and commercial revolution, the likes of which the world has never seen, the advent of the Internet means that a small family-owned business in outback Australia is able to reach the same potential market as any multinational. It is a quantum shift in market interaction that brings with it a host of legal quandaries and dilemmas. How do statutes cope with marketing techniques that were not dreamed of when the latest Australian trade mark legislation was passed in 1995,<sup>4</sup> much less when the first such legislation was passed in the late nineteenth and early twentieth centuries?<sup>5</sup> How does the cumbersome common law adapt to a technological shift that is equivalent to the Industrial Revolution occurring in the space of a week? And even if you can obtain a remedy, how do you enforce it if the offender is located on the other side of the world? Basically, how applicable is old world law to this new world technology?

Metatag ‘abuse’ is one of the latest legal dilemmas to be thrown up by Internet technology. It involves the unauthorised use of trade marks in the invisible markers, called metatags, that web publishers use to summarise the content of their website for search engines. It is the reason that Coca Cola’s site only appeared at number seventeen on the hit list in our recent search and it has the potential to harm proprietary rights, increase trade mark defence costs, frustrate the efficient operation of the Internet and increase user search costs. Yet, while it certainly raises concerns for trade mark owners and the Internet-using public at large, in some circumstances, metatag ‘abuse’ can also have legitimate uses and, at times, even serves the public interest. The trick is to balance the costs and benefits of metatag ‘abuse’, controlling its excesses, without negating its advantages.

This article looks at the issues raised by metatag ‘abuse’ and asks what should be done to address them. It reaches the conclusion that neither the current legal framework nor any of the alternatives posited in this article adequately provide society with an effective and fair mechanism for resolving the issues arising from metatag ‘abuse’. Accordingly, it suggests an alternative, less interventionist, approach, submitting that metatag ‘abuse’ should primarily be viewed as a technological issue, not a legal one. The main tool in its regulation should be technology itself. Combine technology with an effective self-regulatory regime and broad-based consumer protection laws like the ones already embodied in the *Trade Practices Act 1975* (Cth) (‘TPA’) and you have a regulatory framework that will not only

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<sup>4</sup> *Trade Marks Act 1995* (Cth).

<sup>5</sup> *Merchandise Marks Act 1862* (UK), *Trade Marks Registration Act 1875* (UK), *Trade Marks Act 1905* (Cth) and *Trade Marks Act 1955* (Cth).

resolve the metatag ‘abuse’ problem, but which will also be able to evolve to meet the next legal challenge thrown up by the Internet.

## THE PROBLEM

### *What Are Metatags?*

When a borrower goes into a library and uses its subject catalogue, the borrower is making use of a system that has taken a librarian hundreds of hours to establish and which works on readily understood logic. The librarian first selects a series of words that best describe the content of any particular book, being a best guess of the words that a borrower would use when searching for that book or a book of similar content. The librarian then cross-references those words to the book via a pre-established indexing protocol. Once this has been done for all the books in the library, borrowers are able to locate specific books or, alternatively, a number of books relating to a particular topic. Metaphorically speaking, metatags are to a website what the records in a subject catalogue are to a book. They summarise a website’s content and are intended to make finding it on the Internet easier.<sup>6</sup>

But the library analogy is just as useful for its contrasts as it is for its similarities. For if the Internet is a library, it is one with all its books scattered across the floor. There is no centrally coordinated subject catalogue and there is certainly no librarian to hold your hand. It is an open-ended and rapidly expanding repository of information that makes the closed indexing systems and logic of conventional libraries completely superfluous.<sup>7</sup> This obviously creates navigational problems for people wanting to find information on the Internet, commonly called ‘users’.

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<sup>6</sup> The US Supreme Court has even adopted the library analogy, describing the Internet as ‘a vast library including millions of readily available and indexed publications’: *Reno v ACLU*, 521 US 844, 853 (1997).

<sup>7</sup> On 1 January 1996 there were a mere 240 000 servers on the Internet, but by 1 January 2000 that number had grown to 72 398 092. All the evidence suggests that this growth rate will continue to increase exponentially for the foreseeable future: Zakon, ‘Hobbes’ Internet Timeline’, <<http://info.isoc.org/guest/zakon/Internet/History/HIT.html>> (visited 3 March 2001).

For useful summaries of Australian Internet history see Sinclair, ‘It Started with a Ping’ <<http://www.aarnet.edu.au/corporate/history/sinclair.html>> (visited 3 October 2000) or Clarke, ‘A Brief History of the Internet in Australia’ <<http://www.anu.edu.au/people/Roger.Clarke/II/OzIHist.html>> (visited 3 October 2000).

*In Technical Terms*

‘Search engines’ were developed to alleviate this problem. A search engine is a computer system designed to aid the Internet navigation process, to sort the books on the library floor.<sup>8</sup> It consists of three parts: a ‘spider’,<sup>9</sup> an ‘index’ and ‘sorting software’.<sup>10</sup> The spider automatically, and largely randomly, visits a website, reads it and then selects summary information about the content of the site to send back to its index. To continue the analogy, the spider and index interact to create a quasi subject catalogue. When a user makes a ‘search request’, the sorting software sifts through the index and returns a ‘hit list’ of the websites in its *own* index that may be relevant to the search request. It acts as the librarian or the user’s proxy borrower, guiding the user through the subject catalogue. In effect, search engines create closed systems within the Internet where traditional indexing logic can function efficiently.<sup>11</sup>

One website component that most search engines use to compile their indices is the metatag.<sup>12</sup> Metatags are markers written by a web publisher into the invisible computer code that underlies a site to make indexing easier for search engines by summarising the site’s content.<sup>13</sup> They are akin to an author providing a librarian with a summary sheet of his or her book. Metatags are not the only aspect of a website that a search engine will use to

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<sup>8</sup> Examples include HotBot <www.hotbot.com>, AltaVista <www.altavista.com>, Web Crawler <www.webcrawler.com>, Go.com <beta.go.com>, Excite <www.excite.com>, Lycos <www.lycos.com>, Google <www.google.com>, FAST <www.uscc.alltheweb.com> and Northern Light <www.northernlight.com> (all visited 3 March 2001).

<sup>9</sup> Also commonly called a ‘robot’, ‘bot’ or ‘crawler’.

<sup>10</sup> See generally Greenleaf, ‘Developing the Internet for Asian Law - Project DIAL (A Feasibility Study and Prototype)’ [1998] *COL* 1 and SEARCH ENGINE WATCH, ‘How Search Engines Work’ <<http://searchenginewatch.com/work.htm>> (visited 3 March 2001).

<sup>11</sup> Note that search engines are distinct from ‘directories’ like Yahoo (<www.yahoo.com>). With a directory a web publisher actually submits an indexing request to the directory, ie a piece of paper setting out the terms under which it would like its site indexed, as opposed to the use of a spider by a search engine. The directory uses this submitted summary to compile its index. Increasingly, search engines are providing both search engine and directory services, eg WebCrawler.

<sup>12</sup> Excite, Lycos and Google being notable exceptions.

<sup>13</sup> Websites and metatags are most commonly written in ‘hyper text mark-up language’ (HTML), but a new programming language known as ‘extendable mark-up language’ (XML) is also gaining popularity.

index a website,<sup>14</sup> but they are unique, being the only component used in the indexing process that is invisible to the user, a characteristic central to the legal status of metatag ‘abuse’ under the current legal framework.

There are actually two types of metatag: ‘key word tags’ and ‘description tags’. Key word tags are the metatags used by spiders in the indexing process. A simple example of a key word tag, written in computer code, for this article might be:

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<META name = “keywords” content = “metatags, Internet, confusion,
dilution, trade mark infringement, Australia”>.
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If this article were published on the Internet and someone submitted a search request for ‘metatags’ the site containing it would be listed on the hit list, *if* that search engine had indexed it.<sup>15</sup>

In contrast, description tags are what most search engines display in their hit lists to give users more information about the sites listed, enabling them to choose which one to visit.<sup>16</sup> An example of the description tag for this article might be:

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<META name = “description” content = “An article on the legal
implications of using someone else’s trade mark in your metatags”>
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If sourced, the sentence ‘An article on the legal implications of using someone else’s trade mark in your metatags’ would be visible to the user on the hit list along with the site’s title and location.

By facilitating the creation of search engine indices, metatags make the process of locating information on the Internet faster, more efficient and less frustrating, just as subject catalogues do in libraries.

<sup>14</sup> Text, title, domain name, files, video and sound are all important.

<sup>15</sup> Where a site appears on a hit list depends on the particular mathematical formula that the particular search engine uses to calculate the relevance of hits to a search request. These formulae are closely guarded commercial secrets and currently far from perfect. They take into consideration, among other things, the metatags, the text, graphics, the number of times a word appears, etc. The outcome of a relevance ranking will be different depending on which search engine is used, even if they have exactly the same sites indexed: see SEARCH ENGINE WATCH, ‘How Search Engines Rank Web Pages’ <<http://searchenginewatch.com/webmasters/rank.html>> (visited 3 October 2000).

<sup>16</sup> The actual text displayed on a hit list depends on the settings of the specific search engine.

*What is Metatag Abuse?*

But what happens if a rogue author were to get into a library and cross-reference his or her book to a host of other unrelated ones? When a borrower uses the subject catalogue, the rogue author’s book will appear as a reference, even if it is completely irrelevant to the borrower’s search. It may not be useful to the borrower, but at least the rogue author has had the book seen. Who knows, maybe it will spark some interest with the borrower; maybe the borrower will have a read. If it was only one rogue author, the borrower probably wouldn’t care too much, but what if every author did it? Would the entire cataloguing system be thrown into disarray?

Metatag ‘abuse’ can be thought of as akin to the manipulation of a library subject catalogue. It involves placing words which are arguably irrelevant to content in a website’s tags, thereby affecting a search engine’s indexing process. In practice, the most commonly ‘abused’ words are free, chocolate and sex.<sup>17</sup> This article focuses on a subset of this practice, using trade marks in a website’s *key word* tags without authorisation, which shall be referred to simply as ‘metatag abuse’.<sup>18</sup> For example:

<META name = “keywords” content = “NIKE, metatags, COKE, Internet, FORD, confusion, MCDONALDS, dilution, QANTAS, trade mark infringement, MICROSOFT, Australia”>.

This paper is targeted at this particular behaviour because it illustrates perfectly the potential dilemmas created by the interaction of established law and the Internet.

One further point needs to be made. While the act of placing a mark in a site’s tags is arguably a legal ‘use’ of the mark, it is submitted that the relevant consideration for present purposes is not the creation of the tag, but rather the result of the metatag ‘abuse’: the inclusion of the site in a hit list. The hit list stage is significant because it is the first point in the search process at which the user is actually exposed to metatag ‘abuse’ and, therefore, it is the earliest point that the actual relevance of a site to the user’s search can be ascertained because relevance is solely dependent on the

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<sup>17</sup> ‘MP3’ may well be high up on that list today as well.

<sup>18</sup> The reader must keep in mind that, while ‘metatag abuse’ is the term commonly used to describe this practice, and so will be used here, the use of the word ‘abuse’ clouds the fact that there are often legitimate reasons for using someone else’s trade mark in a tag without authorisation. One must try to avoid the negative presumptions that arise from the use of a negative term like ‘abuse’.

subjective intentions of the user. To consider the legality of metatag ‘abuse’ at any other point in the search process is neither practical nor logical.

*Why is Metatag ‘Abuse’ a Concern?*

Metatag ‘abuse’ raises potential concerns for both trade mark owners and the public interest. These concerns arise regardless of whether the user is performing a targeted search, using a mark because they want to find the particular trade mark owner’s site, or a class search, using the mark to search for information on a broader topic, which is related to it in some way.<sup>19</sup>

*The Concerns of Trade Mark Owners*

In *Playboy Enterprises v Calvin Designer Label* (‘*The Playboy Case*’)<sup>20</sup>, Playboy sued the defendant for using the ‘PLAYMATE’ and ‘PLAYBOY’ marks in the tags for its rival adult-content website. Playboy pleaded its concerns as follows:

34. [The] Defendants use of the PLAYMATE and PLAYBOY trademarks in conjunction with the rendering of their Internet services is likely to cause confusion, mistake or deception. In particular, consumers are likely to believe that [the] Defendants' services are authorized, sponsored or otherwise approved by PEI when in fact they are not.

...

36. Upon information and belief, [the] Defendants have performed the acts complained of herein willfully [sic] and with knowledge of the infringement that they would cause, and with intent to cause confusion, mistake or deception, and to appropriate and unfairly trade upon PEI's goodwill in the Playmate and Playboy trademarks.<sup>21</sup>

Playboy’s statement of claim reflects its desire to protect its economic and legal interests, a concern that would undoubtedly be shared by all trade mark owners. Playboy has invested in the ‘PLAYMATE’ and ‘PLAYBOY’ marks and it, understandably, does not appreciate anyone, much less a competitor, taking advantage of the goodwill that it has developed. The public have come to associate its marks with its products and when that association comes to be

<sup>19</sup> A targeted search can be analogised to using the White Pages, whereas a class search is akin to using the Yellow Pages: see Natherson, ‘Internet Infoglut and Invisible Ink: Spamdexing Search Engines with Metatags’ (1998) 12 *Harvard Journal of Law and Technology* 43, 141.

<sup>20</sup> 985 F Supp 1220 (ND Cal, 1997).

<sup>21</sup> <[www.patents.com/ac/playcpt.htm](http://www.patents.com/ac/playcpt.htm)> (visited 7 May 2000), no longer available on-line, copy on file.

utilised by a user, competitors, like the defendant, just hitch along for the ride. If the user decides to deal with the rival instead, Playboy loses business directly, providing an understandable economic motivation for opposing metatag ‘abuse’.

A more important motivating factor for trade mark owners, though, is the fear that metatag ‘abuse’ will lessen a trade mark’s ‘distinguishing’ capacity. If a user enters ‘PLAYBOY’ as a search request and the hit list returned contains a series of competitors’ sites, then in time the ‘PLAYBOY’ mark may well become a generic search request for information on ‘adult entertainment’, as opposed to being associated solely with the particular products that Playboy offers. All members of the industry might effectively own the mark equally, even though only one party has invested anything to develop it.

Metatag ‘abuse’ generates equally pressing concerns for trade mark owners when non-competitors are the ‘abusers’. Non-competitive metatag ‘abuse’ of a mark raises the spectre of it becoming a useless search term. *Oppedahl & Larson v Advanced Concepts* (*Oppedahl & Larson*)<sup>22</sup> is a prime example. An IT law firm, Oppedahl & Larson, sued Advanced Concepts, a website design company, for using the unregistered mark ‘OPPEDAHL & LARSON’ in its metatags. Oppedahl & Larson could really only have been concerned that the search value of their mark was under threat, as there was no risk of losing business or their mark becoming generic.<sup>23</sup> Interestingly, this case was also the genesis of an ironic example of non-commercial metatag ‘abuse’ and how it too raises the same concerns. Following the publicity that Oppedahl & Larson’s suit received, a satirical website entitled ‘Carl Oppedahl and Oppedahl & Larson Have Nothing to do With This Page’ was published on the Internet.<sup>24</sup> The site uses the ‘OPPEDAHL & LARSON’ mark repeatedly in its tags and contains text that explains, ad nauseam, that the site is in no way connected to the Oppedahl & Larson law firm.

In addition to the economic concerns that metatag ‘abuse’ raises for trade mark owners, it also raises legal concerns. Registered trade mark law and the common law tort of passing off both recognise trade marks as conferring personal proprietary rights.<sup>25</sup> Metatag ‘abuse’ is seen by trade mark owners,

<sup>22</sup> 1998 US Dist LEXIS 18359 (D Colo, 1998).

<sup>23</sup> Statement of claim available at <[www.patents.com/ac/complain.htm](http://www.patents.com/ac/complain.htm)> (visited 3 October 2000).

<sup>24</sup> Located at <<http://www.geocities.com/CapitolHill/Lobby/6620/index.htm>> (visited 3 October 2000).

<sup>25</sup> *Trade Marks Act 1995* (Cth) s 21; *ConAgra Inc v McCain Foods (Aust) Pty Ltd* (1992) 33 FCR 302, 355 (Gummow J).



and by most of the judges who have addressed it in the US, as a blatant exploitation of those proprietary rights that should be stopped as a matter of legal principle. Trade mark owners feel that it is they, and they alone, who should have the right to determine how, where and when their marks are used.<sup>26</sup>

### *Public Interest Concerns*

Parallel to these economic and legal concerns is the potential practical impact of metatag ‘abuse’ on Internet efficiency. Metatags are supposed to make Internet searching more efficient. Yet metatag ‘abuse’ potentially makes hit lists over-inclusive by including irrelevant sites and thereby arguably contributing to the much lamented ‘information overload’ that plagues modern society. If users are unable to easily distinguish relevant hits from irrelevant ones, they will become frustrated with the search process and, eventually, they will give up. This threatens the future of the Internet as an efficient and valuable information resource. It raises difficult questions about what constitutes the public interest on the Internet.<sup>27</sup>

### *What the US Courts Have Had to Say*

#### *The Value of the Cases*

As a result of its novelty, metatag ‘abuse’ has received very limited judicial consideration anywhere in the world. There are, however, a few notable American cases on point, but because none of these cases could be said to have received anything like a full hearing on the merits, some commentators have tended to prematurely discount their usefulness:

Many of the cases in this area of law are more in the nature of folklore rather than legitimate legal precedent established by judicial interpretation ... even in relation to those cases that have been

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<sup>26</sup> Under the current legal framework, trade mark rights do not grant trade mark owners exclusive control over their marks. The law has always recognised that trade marks are not like other property rights, with rights of exclusive use needing to be tempered in the public interest.

<sup>27</sup> User confusion is not listed as a public interest concern because it is the opinion of the author that confusion does not result from metatag ‘abuse’ alone, as discussed later.

decided judicially, many have arisen at an interlocutory stage only, so a full analysis may not have been undertaken.<sup>28</sup>

It must be recognised, though, that many, if not most, intellectual property disputes never reach the merits stage. More often than not, an interlocutory order or commercial pressure is all that is needed to resolve the dispute. These cases are as good an indication of the judicial attitude to metatag ‘abuse’ as we are ever likely to get and, therefore, their significance should not be understated.<sup>29</sup> At the very least, they have social consensus value, influencing the advice given by the legal profession and the behaviour of the business world. As one commentator puts it, ‘legal advice must be ever updating, appreciating what the courts and governments have said already, and willing to provide pragmatic solutions’.<sup>30</sup>

#### *Indications of Judicial Attitudes and Approaches*

The most prominent metatag cases, *The Playboy Case* and *Oppedahl & Larson*, never reached the merits stage. *The Playboy Case* ended with a preliminary injunction, without argument, while *Oppedahl & Larson* was settled just after the issue of proceedings. However, the limited hearings that did occur provide a clear indication that US courts are inclined to try to deal with metatag ‘abuse’ within the current legal framework.<sup>31</sup> The wording of the preliminary injunction in *The Playboy Case* is illustrative of this point:

The Court finds that [the] Plaintiff PEI is likely to succeed on the merits in proving inter alia trademark infringement ... in [the] Defendant’s ... repeated use of the PLAYBOY Trademark in machine readable code in [the] Defendant’s Internet Web pages, so that the PLAYBOY trademark is accessible to individuals or Internet search

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<sup>28</sup> Hourigan, ‘Domain Names and Trade Marks: Disputes From an Australian Perspective’ in Fitzgerald, Fitzgerald, Cook and Cifuentes (eds), *Going Digital: Legal Issues for Electronic Commerce, Multimedia and the Internet* 77.

<sup>29</sup> See Presson and Barney, ‘Trademarks as Metatags: Infringement or Fair Use?’ (1998) 26 *American Intellectual Property Law Association Quarterly Journal* 147, 150 fn 5; Moyer, ‘Frustrating the Internet Consumer and the Purposes Behind Trademark Law: The Unauthorised Use of Trademarks as Metatags’ (1999) 27 *American Intellectual Property Law Association Quarterly Journal* 335, 345.

<sup>30</sup> Fitzgerald, Gamertsfelder and Gulliksen, ‘Marketing Your Website: Legal Issues Relating to the Allocation of Internet Domain Names’ (1998) 21 *University of New South Wales Law Journal* 549, 565.

<sup>31</sup> See Moyer, above n 29; McCuaig, ‘Halve the Baby: An Obvious Solution to the Troubling Use of Trademarks as Metatags’ (2000) 18 *J Marshall Journal of Computer & Information Law* 643, 654.

engines which attempt to access [the] Plaintiff[']s [website] under [the] Plaintiff's PLAYBOY registered trademark.<sup>32</sup>

The limited proceedings in other US metatag cases, including *Playboy Enterprises v AsiaFocus* ('AsiaFocus'),<sup>33</sup> *Insituform v EnviroTech* ('Insituform'),<sup>34</sup> and *The Ken Roberts Company v Goto.com* ('The Ken Roberts Case'),<sup>35</sup> reinforce the impression of judicial attitudes given by *The Playboy Case* and *Oppedahl & Larson*.<sup>36</sup> They also follow the same pattern of early resolution. *Insituform* was settled and a consent judgment issued, *The Ken Roberts Case* ended with a preliminary injunction and *AsiaFocus* resulted in a US\$3m default judgment because the defendant never turned up! Obviously, these defendants did not like their prospects at trial, emphasising the social consensus value that cases like these have. The threat of legal sanction is often just as effective as its reality.

Standing in contrast to these cases is *Playboy Enterprises v Welles* ('Welles' Case').<sup>37</sup> It is the exception to the rule, being an example of a trade mark owner failing to prevent the defendant from engaging in metatag 'abuse'. It too was resolved at an interlocutory stage, but as it is dependent on a set of unique facts, centred around a fair use defence, *Welles' Case* does not serve to displace the impression that, on the whole, US judges are opposed, in principle, to metatag 'abuse' and are willing to extend the current legal framework to accommodate it.

### *Be Wary of Clouding the Issues*

The other thing to take from these cases is that, apart from *Oppedahl & Larson*, all of them involved conduct which stretched beyond pure metatag 'abuse'. The defendants were all accused of using the plaintiffs' marks in their tags as well as in the *visible* domain names and/or actual content of

<sup>32</sup> 985 F Supp 1220, 1220 (Legge J) (emphasis added).

<sup>33</sup> 1998 US Dist LEXIS 10459 (ED Va, 1998).

<sup>34</sup> CA No 97-2064 (ED La, 1997).

<sup>35</sup> 2000 US Dist LEXIS 6740 (ND Cal, 2000).

<sup>36</sup> Indirect references to metatag 'abuse' in US case law (generally in cybersquatting cases) also support the impression derived from the cases mentioned here: see generally *The New York State Society of Certified Public Accountants v Eric Louis Associates*, 79 F Supp 2d 331, (SDNY, 1999); *Bally Total Fitness Holding v Faber*, 29 F Supp 2d 1161, (CD Cal, 1998); *Nettis Environmental v IWI*, West Law 239321 (ND Ohio, 1999); *Brookfield Communications v Westcoast Entertainment (Brookfield)*, 174 F 3d 1036 (9<sup>th</sup> Cir Cal, 1999).

<sup>37</sup> 78 F Supp 2d 1066 (SD Cal, 1999).

their websites. This is an important distinction, as exploitation of trade marks that is visible is readily conceptualised within the current legal framework, and thus tends to cloud the issue of whether metatag ‘abuse’, itself, is a legal wrong. This clouding is illustrated in Henderson J’s comments in *The Ken Roberts Case*, where he uses the confusion caused by the visible use of Ken Roberts’ image on the website to support his inference that the metatag ‘abuse’ engaged in was also a cause of confusion:

Given Hi-Tech Futures’ use of text and hidden code or meta-tags which do not accurately describe its site, and its use of the exact same image of Ken Roberts on its site as is used on the plaintiffs’ actual site, members of the public are likely to be deceived when they are searching for the plaintiffs on the Internet or when they are viewing Hi-Tech Futures’ website.<sup>38</sup>

Indeed, the reason that *Oppedahl & Larson* is seen as such a seminal case by commentators is that it is, as yet, the one and only claim predicated solely on metatag ‘abuse’. Unfortunately, without a full merits argument, as opposed to cursory judicial attitudes towards it, we are left to mere conjecture as to the true legal status of metatag ‘abuse’.

### *Indications Beyond the United States*

Even though the legal focal point for metatag abuse actions has been the US, a number of recent ‘Internet’ cases in New Zealand<sup>39</sup> and the UK<sup>40</sup> indicate

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<sup>38</sup> *The Ken Roberts Case* 2000 US Dist LEXIS 6740 (ND Cal, 2000) 11 (Henderson J). See also Jones Jr J in *AsiaFocus* 1998 US Dist LEXIS 10459 (ED Va, 1998) 21:

The defendants’ willfulness (sic) is further established by their purposeful tactic of embedding the trademarks PLAYMATE and PLAYBOY in the hidden computer source code. This strategy epitomizes the ‘blurring’ of PEI’s trademarks. When a search engine led a consumer to the asian-playmates Website in response to a search of PEI’s trademarks, the consumer would probably believe that the defendants’ Website was affiliated with PEI.

In *AsiaFocus* the defendant used the PLAYBOY and PLAYMATE marks in its metatags. In addition it used the domain names <asian-playmates.com> and <playmates-asian.com> and a site design that was strikingly similar to Playboy’s. The defendant also sold trinkets such as key rings through the site, which bore the PLAYBOY mark and logo.

<sup>39</sup> *Oggi Advertising Ltd v McKenzie* (1999) 44 IPR 661.

<sup>40</sup> *Direct Line Group v Direct Line Estate Agency* [1997] 24 FSR 374; *British Telecommunications Plc v One in a Million Ltd* (*‘One in a Million’*) (1999) 42 IPR 289.

that a similar approach would likely be taken there. The courts in these jurisdictions seem quite comfortable using the current legal framework to remedy wrongs committed using new technology, even if the fit between the two is somewhat strained.

This policy decision is made abundantly clear by Laddie J in *Direct Line Group v Direct Line Estate Agency*:

I think it is only right to say that this court will view with extreme displeasure any attempt by traders to embark upon a scam designed to make illegitimate use of other companies' trade marks ... I have already expressed my views on the way in which the personal defendants have decided to carry on business, the sooner they are left in no doubt that this is not a way of conducting business which the court will tolerate, the better.<sup>41</sup>

With this background it is not unreasonable to suppose that, if confronted with a case of metatag 'abuse', Australian courts would probably approach the issue in the same way that courts in these other common law jurisdictions have approached legal issues thrown up by the Internet. They would attempt to use old world law to tame new technology.

#### AGGRESSIVE INTERNET ADVERTISING OR UNJUSTIFIABLE EXPLOITATION OF TRADE MARKS?

Metatag 'abuse' is often compared to cybersquatting, reflecting an erroneous view, growing in prominence among trade mark owners and some parts of the legal fraternity, that practices which take advantage of new technology to the detriment of traditional rights are inherently wrong and should automatically be the subject of legal sanction.

I'm confident that a court will hold them [Advanced Concepts] liable, even though no court has been asked to apply trademark laws to this behaviour. Our hope is to make a public example of this case and discourage people from doing things they shouldn't.<sup>42</sup>

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<sup>41</sup> [1997] 24 FSR 374, 376ff (Laddie J) (in reference to the defendant's registration of several confusingly similar business names).

<sup>42</sup> Carl Oppedahl, managing partner of Oppedahl & Larson, as quoted in Gardner, 'Trademark Battles Simmer Behind Sites' *Internet.com*, 25 August 1997 <<http://www.internet.world.com/print/1997/08/25/news/19970825-battles.html>> (visited 3 October 2000), no longer available online, copy on file. Compare with the well-respected *Uniform Dispute Resolution Procedure* ('UDRP') panellist Andrew Christie's comments on the decision he recently handed down in

The difference though, is that while there is almost universal consensus that cybersquatting is inherently wrong,<sup>43</sup> no such consensus exists with respect to metatag ‘abuse’. Although trade mark owners lament the ‘damage’ done to their marks, others argue that, in certain circumstances, metatag ‘abuse’ should be allowed, if not encouraged, because it is justifiable and in the public interest. In addition, serious policy concerns about over-regulation of the Internet discourage sweeping conclusions about, and thus responses to, metatag ‘abuse’.

*Legitimate Reasons for Engaging in Metatag ‘Abuse’*

Implicit in the argument that metatag ‘abuse’ is inherently wrong is the belief that because metatag ‘abuse’ is invisible to the user it is, by definition, a deceitful practice. This reasoning is simplistic and reactionary in the extreme. What must be remembered is that metatag ‘abuse’ is a website design technique, nothing more, nothing less. A wide variety of parties may have valid reasons to utilise this design technique to their own advantage. To class all these potential uses as wrong as a matter of policy, regardless of the individual circumstances, is to pander to the vested interests of trade mark owners at the expense of the legitimate interests of the many others operating on the Internet — a fear raised in a copyright context by Professor Lawrence Lessig of Stanford Law School in his new book, *The Future of Ideas*, where he says that ‘the distinctive feature of modern American copyright law is its almost limitless bloating’.<sup>44</sup>

*Nothing More Than Aggressive Internet Advertising*

Consider metatag ‘abuse’ as a basic marketing technique. Just as one would locate a retail store in an area of high foot trade, web publishers have an obvious interest in locating their websites in high traffic parts of the Internet.

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*Telstra v Nuclear Marshmallows* (2000) Case No D2000-0003: ‘it is not possible to conceive of a plausible circumstance in which the respondent could legitimately use the domain name telstra.org.’ as quoted in Schmidt (2000), ‘Domain Name Enforcer Targets the Dot-Coms’ *Business Review Weekly*, 31 March 2000, 35, 35.

<sup>43</sup> WIPO, *The Management of Internet Names and Addresses: Intellectual Property Issues: Report of the WIPO Internet Domain Name Process* <<http://wipo2.wipo.int>>, 7.

<sup>44</sup> Zalweski, “‘The Future of Ideas’: Protecting the Old with Copyright Law’, *The New York Times*, 6 January 2002, available at: <<http://www.nytimes.com/2002/01/06/books/review/06ZALEWST.html?todaysh headlines=&pagewanted=print>> (visited 7 January 2002). *The Future of Ideas* was not available in Australia at the time of writing.

The logic is simple: the more people that pass your shop or your website, the more likely it is that a percentage of them will transact with you. And yet, while locating a shop right next door to your competitor or another successfully branded store is seen as completely uncontroversial outside of the Internet, metatag ‘abuse’ is instinctively viewed as some sort of pariah activity merely because it is invisible. Why? The methodology is different, but the theory is exactly the same; advantage is derived from co-locating with another person’s successful mark, using their prominence to bolster your own. Metatag ‘abuse’ just makes it easier, cheaper and more effective.

In most cases, and certainly within the current legal framework, metatag ‘abuse’ could arguably be said to be nothing more than another legitimate marketing activity. Indeed, those operating in the Internet market, at least those without established non-Internet businesses, tend to support this view. Naveen Jain, the CEO of InfoSpace,<sup>45</sup> maintains that using a competitor’s mark in your metatags is merely ‘competitive, aggressive marketing’,<sup>46</sup> while Barry Michaels, the CEO of Boots Online,<sup>47</sup> says:

When a movie like *Crocodile Dundee* would come out and people would associate that with boots in Australia you would be certain to then go and include *Crocodile Dundee* in your list of key words. When you’re opening a retail store every real estate agent will tell you that there’s really only three important things and that’s position, position, position. Nothing has changed on the Internet except that the position, position, position now relates to your position in the search engines.<sup>48</sup>

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<sup>45</sup> An Internet infrastructure company: see <[www.infospace.com](http://www.infospace.com)> (visited 3 October 2000).

<sup>46</sup> Gardner, above n 42.

<sup>47</sup> An on-line shoe retailer: see <[www.bootsonline.com](http://www.bootsonline.com)> (visited 3 October 2000).

<sup>48</sup> Interview with Barry Michaels, Managing Director, Boots Online, available at <<http://www.abc.net.au/ebiz/programs/prog2.htm>> (visited 3 October 2000). Note that this quote is especially ironic when one considers the position that the courts took on character merchandising in *Pacific Dunlop Ltd v Hogan* (1989) 14 IPR 398 and *Hogan v Koala Dundee Pty Ltd* (1988) 12 IPR 508. In these cases Burchett J and Pincus J respectively held that when it comes to character merchandising the issue is not necessarily one of deception, but rather mere association. See also *Twentieth Century Fox Film Corporation v South Australian Brewing Co Ltd* (*‘The Duff Beer Case’*) (1996) 34 IPR 225. The position with respect to metatag ‘abuse’ is distinguishable, though, due to the visibility distinction. If the ‘character’ is used invisibly, it makes the necessary association doubtful.

The Internet has thrown up a host of new marketing techniques and it will continue to do so. If the law starts from a presumption that each of these techniques is inherently wrong, it will be taking a stance that is conceptually untenable. Of course, if specific circumstances indicate that a marketing technique, like metatag ‘abuse’, has been misused, then there should be a legal remedy. We should not, however, fall into the trap of linking culpability to technology as a matter of policy.

### *Relevant Use*

There are a plethora of relevant, and well-recognised, reasons why a web publisher might want to use someone else’s trade mark in their metatags. From a department store advertising the brands that it stocks to a newspaper running an article on the trade mark owner, use of an unauthorised trade mark in metatags which are relevant to the content of the website could not be said to be inherently wrong without seriously threatening the ideal of relatively free public discourse and participation on the Internet. Users must be able to find sites.

In *Welles’ Case*, the defendant, a Ms Terri Welles, was the ‘Playmate of the Year 1981’ as crowned by the plaintiff’s *Playboy Magazine*. She set up a website containing adult photos of herself and used the registered marks ‘PLAYBOY’ and ‘PLAYMATE’ in the tags.<sup>49</sup> There is little doubt that Ms Welles exploited and benefited from the use of Playboy’s marks in her tags. She offered a product of the same genre as Playboy’s and users initially looking for Playboy’s site may well have been diverted to her site instead, never to return. But it was held that the marks were used in a descriptive manner, being a reasonable and fair description of Ms Welles herself. In other words, they were relevant to the content of her site irrespective of Playboy’s trade mark interests.

The WWW is a commercial market place. To give consumers access to it, the court must also be careful to give consumers the freedom to locate desired sites while protecting the integrity of trademarks ... The court stresses that ... the policies of free competition and free use

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<sup>49</sup> On the actual site the only mark that appeared was PLAYMATE, and that was only ever used in the context of the complete phrase ‘Terri Welles — Playmate of the Year 1981’. Her site contained disclaimers saying that there was no connection to Playboy and the domain name of her site was based on her own name: <www.terriwelles.com>.



of language dictate that trademark law cannot forbid the commercial use of terms in their descriptive sense.<sup>50</sup>

Now even Playboy might concede that the ‘PLAYMATE’ mark was descriptive of Ms Welles: after all, they had given her the title themselves. But the effect of the judgment was that Ms Welles could also use the ‘PLAYBOY’ mark in her tags, even though it was not strictly necessary for her to describe herself. *Welles’ Case* gives ‘relevant use’ the broad interpretation that it deserves in a metatag context. The public interest in comprehensive searching and access to information requires that the search process not be overly frustrated by legal or proprietary constraints. The relevance of a site to a search depends on the subjective intentions of the user, which means that there is an almost infinitely broad range of reasons why one might search using a trade mark. A natural corollary to this is an almost infinitely broad range of reasons why one might use another person’s trade mark in one’s tags. Any interpretation of relevant use in the courts must appreciate this breadth because overly strict legal interpretations of what amounts to relevant use have the potential to unduly limit the access of some users to information that may be directly or even peripherally relevant to what they are looking for and this is certainly contrary to the public interest.

#### *Comparative Advertising: Metatags and Supermarkets*

At the very least trade mark owners would surely expect that they should be able to prevent their own competitors from exploiting their marks through metatag ‘abuse’. After all, that is the very premise of the rights granted by trade mark registration and actionable under s 120(1) of the *Trade Marks Act 1995* (Cth) (*TMA*).

Unfortunately for trade mark owners, the legal position does not accord with this view. Section 122(1)(d) of the *TMA* recognises comparative advertising as a legitimate use of a competitor’s mark and the possibility that metatag ‘abuse’ could amount to comparative advertising was even mooted, although not discussed, in the important US case of *Brookfield Communications v Westcoast Entertainment (Brookfield)*.<sup>51</sup> Is using another’s mark in your tags wrong if it is nothing more than a technologically advanced method of comparative advertising?

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<sup>50</sup> *Welles’ Case* 78 F Supp 2d 1066, 1095 (SD Cal, 1999) (Keep J) (citations omitted).

<sup>51</sup> 174 F 3d 1036 (9<sup>th</sup> Cir Cal, 1999). *Brookfield* is more relevant for its discussion of initial interest confusion, as discussed later.

The public interest served by comparative advertising is recognised by it receiving its own exception in the *TMA* and a ringing endorsement from the US Federal Trade Commission:

Comparative advertising, when truthful and non-deceptive, is a source of important information to consumers and assists them in making rational purchase decisions. Comparative advertising encourages product improvement and innovation and can lead to lower prices in the marketplace.<sup>52</sup>

If a competitor has engaged in metatag ‘abuse’, a user is presented with a comparative alternative. The competitor’s website is turned up in the hit list along with the trade mark owner’s, ie PepsiCo with Coca Cola, Nike with Reebok, Playboy with Terri Welles. It accords with the former Clinton administration’s espoused regulatory philosophy, namely that market mechanisms which support competition and consumer choice should drive the management of the Internet because they will lower costs, promote innovation, encourage diversity and enhance user choice and satisfaction.<sup>53</sup> Presumably this view would not have altered under the new Bush administration.

In many ways Internet searching using a trade mark is much the same as going to a supermarket, where all the products of a similar nature are grouped together, ready for easy comparison.<sup>54</sup>

It is apparent that a search engine’s result list is meant to mimic the physical display of products within a brick-and-mortar shop. Responding to an ambiguous query, the search engine returns a list of options most likely to interest the consumer.<sup>55</sup>

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<sup>52</sup> Federal Trade Commission (US) 16 CFR at 14.15(c) (1997) as quoted in Presson and Barney, above n 29, 164.

<sup>53</sup> US Government, *Management of Internet Names and Addresses*, White Paper, 5 June 1998, available at <[http://www.ntia.doc.gov/ntiahome/domainname/6\\_5\\_98dns.htm](http://www.ntia.doc.gov/ntiahome/domainname/6_5_98dns.htm)> (visited 3 October 2000).

<sup>54</sup> Admittedly, the presence of a third party intermediary in the supermarket analogy may provide some scope for arguing that the consumer consents to the supermarket doing some filtering for them. But this is really no different to employing a search engine to do the same task. It locates what it determines to be relevant hits and groups them together, leaving the choice up to the user.

<sup>55</sup> McCuaig, ‘Halve The Baby: An Obvious Solution To The Troubling Use Of Trademarks As Metatags’ (2000) 18 *J Marshall J Computer & Info Law* 643, 662.

This opportunity for comparison has positive value for consumers, enabling them to see the relative strengths and weaknesses of the competitors' products, with minimal search costs, thus ensuring that they get the product that is best suited to their needs. The methodology employed by metatag 'abusers' is different, but the result for the user is the same. In the rapidly emerging Internet market, comparing products or services is harder than it is in our supermarkets and shops. Websites are hard to find and once one is found the average user is unlikely to search for a competitor's.<sup>56</sup> The value of comparative advertising would be lost to the consumer without metatag 'abuse'. By alerting the user to the presence of a competitor's alternative, metatag 'abuse' is serving the same public interest function that comparative advertising does in a supermarket. User decisions can be made more quickly and from a more informed basis, thereby improving the quality of their decision making.

Consider the example that one commentator gives of the various uses that a bed and breakfast operator might make of the 'SHERATON' mark in their tags.<sup>57</sup> They could be saying:

- this way to the Sheraton; or
- if you're interested in the Sheraton, we are cheaper; or
- if the Sheraton is full, try us; or
- three out of four travellers prefer staying with us to staying at the Sheraton.

All of these are legitimate comparative advertising uses of the 'SHERATON' mark. It is submitted that the marketing of competitive or complementary products via metatag 'abuse' should be tolerated because it is in the public interest and there is a reasonably close analogy to advertising practices in the non-Internet market. Owners of established trade marks have always been subject to aggressive marketing tactics, such as clustering stores around

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<sup>56</sup> This phenomenon of 'search fatigue' is one argument that the court in *Brookfield* used in support of the initial interest confusion doctrine. They argued that, as users were unlikely to go back to the trade mark owner's site after having been led to a competitor's who offered the same goods or services, infringement should be recognised at the hit list stage. In the US this is referred to as 'initial interest confusion'. The fallacy of this argument is discussed later; suffice to say here that if the only use of the trade mark is metatag 'abuse', the user should have gone to that competitor's site knowing full well that it was not the trade mark owner's. If that is the case, then it is a consumer's free will that has acted and the law should not act to restrict that in favour of trade mark owners: see generally McCuaig, *ibid.*

<sup>57</sup> Presson and Barney, above n 29, 173.

theirs, placing ads in the same papers and purchasing adjacent ads in the Yellow Pages.<sup>58</sup> Metatag ‘abuse’ by a competitor is merely a technologically advanced manner of pursuing the same tactic.

Of course the exact characterisation, and justifiability, of a particular instance of metatag ‘abuse’ as comparative advertising will depend on the specific facts of each case. If an ‘abuser’ places the marks of all its competitors in its metatags, then it follows that the ‘abuser’, or competitor, is not trying to benefit from the goodwill associated with the marks, but rather the goodwill associated with the actual nature of the goods or services themselves. It is creating the supermarket and thus engaging in legitimate metatag ‘abuse’. But if the ‘abuser’ is an obscure soft drink producer who selectively uses the ‘COKE’ mark in its tags, this intuitively feels less like a comparison and more like unjustifiable tailcoat riding. Then again, if it were PepsiCo that selectively used the ‘COKE’ mark, most people would feel comfortable with its use being comparative. If anything, this uncertainty as to when metatag ‘abuse’ is justifiable as comparative advertising reinforces the conclusion that metatag ‘abuse’ itself is not inherently wrong.

*So When is it Justifiable?*

Metatag ‘abuse’ is definitely not an inherent wrong, but it is also not justifiable on every occasion. The question is where to draw the line. It is submitted that, as long as metatag ‘abuse’ is intended to do no more than gain exposure, convey relevant content or alert the user to an alternative provider of goods or services, it is, as a general rule, a legitimate marketing practice, at least from the perspective of protecting trade mark rights and allaying the concerns of trade mark owners.

Examples of such justifiable metatag ‘abuse’ might include:

- Coca Cola using the ‘PEPSI’ mark;
- The Crows<sup>59</sup> using the ‘PORT POWER’ mark;
- *The Advertiser* using the ‘ANSETT’ mark when it has a story on the airline in the paper;
- David Jones using the ‘DKNY’ mark, if it stocks that brand; and indeed

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<sup>58</sup> The examples given by Presson and Barney are all visible and therefore arguably distinguishable from metatag ‘abuse’, which is invisible. They are, however, illustrative, irrespective of their theoretical shortcomings.

<sup>59</sup> The ‘Crows’ and ‘Port Power’ are rival football teams competing in the Australian Football League. Other examples in this list include locally famous or celebrated enterprises.

- the use of any mark to gain exposure on a hit list, as long as such use does not mislead or confuse the user performing the search.

If it does progress beyond that to a situation that misleads or deceives the user as to who is publishing a website or providing the goods and services, the metatag ‘abuse’ has gone beyond the bounds of what should be permissible and the law should intervene on grounds of public policy.

### *The Rights and Wrongs of Regulation*

The above policy conclusion is bolstered when one considers the debate that has been raging since the Internet’s beginnings as to the appropriate level of Internet regulation. A detailed discussion of Internet regulation is beyond the scope of this article. It suffices here to summarise the major issues that arise in the literature:<sup>60</sup>

- Whether the change of medium should affect the substance of the law or whether such a radical departure from the norms of the past as the Internet represents requires a reassessment of the law’s role in regulating human interaction. Contrast the following views:

Simply because one transfers conduct from a physical environment to an electronic environment does not automatically alter the nature of the conduct ... rights cannot, and should not, be undermined simply by changing the medium.<sup>61</sup>

And

The law attempts to place new or unknown circumstances into known or existing categorizations ... when the match results in analogies that are clumsy or intuitively unsound the integrity of the law — as an arbiter of information control and access disputes —

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<sup>60</sup> For a detailed analysis of the broader debate on Internet regulation see Dyson, ‘Intellectual Property on the Net’ (1995) <<http://www.topedge.com/rilw/docs/dyson.html>> (visited 21 April 2001); Barlow, ‘The Economy of Mind on the Global Net’ (1995) <<http://www.fastcompany.com/team/searson/economy.html>> (visited 19 December 2000); Fleischmann, ‘The Impact of Digital Technology on Copyright Law’ (1998) 23 *New England Law Review* 45; Mills, ‘New Technology and the Limitations of Copyright Law: An Argument for Finding Alternatives to Copyright Legislation in an Era of Rapid Technological Change’ (1989) 65 *Chicago-Kent Law Review* 307; Samuelson, ‘Digital Media and the Changing Face of Intellectual Property Law’ (1990) 16 *Rutgers Computer & Technology Law Journal* 323.

<sup>61</sup> Russell, ‘Postscript and Response’ [1998] *New Zealand Law Journal* 404.

is questioned ... If courts cannot adequately characterize new information disputes with consistency, the digital environment may threaten existing legal mechanisms of information order altogether.<sup>62</sup>

- Whether over-regulation will have a ‘chilling’ effect on innovation and growth of the Internet or whether the future commercialisation of the Internet is, in fact, dependent on strict regulation. Consider specifically that, while owners of intellectual property may argue that the successful commercialisation of the Internet is dependent on their rights being protected, overly strict regulation may tend to stifle the very commercial potential that they are seeking to tap. Movie studios would be kicking themselves today if they had been successful in their bid to stop Sony selling VCRs in 1984.<sup>63</sup> Are the music companies going to find the same thing with their attacks on MP3 facilitator Napster?<sup>64</sup>
- Whether the nature of the Internet makes strict regulation the only effective method of deterrence or whether other mechanisms exist to deter wrongdoing.
- Whether over-regulation threatens the free dissemination of information on the Internet and thus the very uniqueness that spurred its phenomenal growth or whether that was never even a reality in the first place.
- And, finally, even if regulation is thought to be desirable, how effective will it be to attempt enforcement of jurisdictional laws in what is, effectively, a non-jurisdictional medium?<sup>65</sup>

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<sup>62</sup> Lepinski, ‘The Developing Legal Infrastructure and the Globalization of Information: Constructing a Framework for Critical Choices in the New Millenium Project - Character, Content and Confusion’ (2000) 6 *Rich Journal of Law and Technology* 19, para 17ff.

<sup>63</sup> *Sony Corporation of America v Universal City Studios Inc* 464 US 417, (1981).

<sup>64</sup> Cohen, ‘Taps for Napster?’ *Time*, 31 July 2000, 68. Note that a recent study has found that the Napster website actually encourages music sales: Dancer, ‘e-bytes’ *The Bulletin*, 1 August 2000, 70. The music industry even went to the US Supreme Court in 1908 to argue against pianola rolls: *White-Smith Music v Apollo* 209 US 1, (1908).

<sup>65</sup> For a detailed analysis of the jurisdictional issues see Cutler, ‘Internet Jurisdiction: When & Where?’ (1998) 4 *Law and Technology* 4; Johnson and Post, ‘Law and Borders: The Rise of Law in Cyberspace’ (1996) 48 *Stanford Law Review* 1367; Mirzaian, ‘Y2k...Who Cares? We Have Bigger Problems: Choice of Law in Electronic Contracts’ (2000) 6 *Rich Journal of Law and Technology* 18; Whincop, ‘Choice of Law, Jurisdiction and the Internet: A

While there is undoubtedly a need to temper the excesses of metatag ‘abuse’, in the author’s opinion it is more important to err on the side of caution if there is any risk of over-regulating the Internet. There must be a balance between commercial interests and the public interest but, in the end, the public interest reigns supreme.

For electronic commerce to thrive, users need to feel that there is order on the Internet. Without the guiding hand of the courts, this order cannot be achieved. Ironically, established laws and judicial regulation simultaneously threaten the innovation, experimentation, and unique culture that makes the Internet so attractive to both users and commercial investors.<sup>66</sup>

#### APPLYING OLD WORLD LAW TO A NEW WORLD PROBLEM

A natural progression from the conclusion that metatag ‘abuse’ is not inherently wrong is to reason that the current legal framework is the appropriate way to address the issues raised by metatag ‘abuse’, as it already approaches traditional trade mark complaints on a case-by-case basis. But applying the current legal framework to the Internet has been described as akin to ‘trying to board a moving bus’.<sup>67</sup> The question is, has that bus left the station? Because if it has, ‘what we do not need is the Internet and its regulation to be distorted and falsified in a way that fits outdated models of law and the legal process’.<sup>68</sup>

#### *The Law*

In Australia, the three actions a trade mark owner could use in response to metatag ‘abuse’ are trade mark infringement, passing off and misleading and deceptive conduct. A recent journal aimed at corporate counsel said, ‘Australian trademark law principles would probably result in the same decisions [as in] *Oppedahl [& Larson]*, [*The Playboy Case*] and

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Policy Analysis’ [1998] *National Law Review* 10; Lepinski, above n 62, para 27.

<sup>66</sup> Weaver, ‘Signposts to Oblivion? Meta-tags Signal the Judiciary to Stop Commercial Internet Regulation and Yield to the Electronic Marketplace’ (1998) 22 *Seattle University Law Review* 667, 669.

<sup>67</sup> *Bensusan Restaurant v King*, 126 F 3d 25 J 27, (2d Cir NY, 1997) (Van Graafeiland, J).

<sup>68</sup> Whincop, above n 65, para 56.

*Insituform*.<sup>69</sup> If they do, it will not be through a justifiable application of Australian law as it currently stands.

### *Trade Mark Infringement*

A corollary to the limited right of exclusive use granted under the *Trademark Act* is the right to sue for infringement when somebody uses your registered mark in a manner that is contrary to that right.<sup>70</sup> If *The Playboy Case*, *Ken Roberts Case*, *AsiaFocus*, *Insituform* or *Welles’ Case* were tried in Australia, the appropriate section of the *TMA* to pursue infringement under would be s 120(1):

- s 120(1) A person infringes a registered trade mark if the person uses as a trade mark a sign that is substantially identical with, or deceptively similar to, the trade mark in relation to goods or services in respect of which the trade mark is registered.

In all these cases the defendants offered goods and/or services on their websites that were alternatives to the plaintiffs’ goods and/or services. Section 120(1) caters for this. In effect, it is the provision under which a trade mark owner would challenge the actions of a *direct competitor*.

If metatag ‘abuse’ is engaged in by someone other than a direct competitor, the trade mark owner would need to turn to s 120(2) or s 120(3) of the *TMA*. Section 120(2) provides a cause of action where a registered trade mark is used in connection with goods or services which are closely related. An example of such goods and services might include brandy and wine, builders and building equipment or a candy store and a confectionary brand.<sup>71</sup> As yet, there have been no cases of metatag ‘abuse’ pursued which would fit into this category.

- s 120(2) A person infringes a registered trade mark if the person uses as a trade mark a sign that is substantially identical with, or deceptively similar to, the trade mark in relation to:
- (a) goods of the same description as that of goods (*registered goods*) in respect of which the trade mark is registered; or
  - (b) services that are closely related to registered goods; or

<sup>69</sup> ‘Meta-tags and Intellectual Property’ (1998) 1(9) *Inhouse Counsel* 104, 104.

<sup>70</sup> Section 120. In the US, trademark infringement can be pursued under the Federal *Lanham Act*. The *Lanham Act* is the colloquial name for the *Federal Trademark Act*, 15 USC ss 1051–1127.

<sup>71</sup> See McKeough and Stewart, *Intellectual Property in Australia* (2<sup>nd</sup> ed, 1997) para [19.44].



- (c) services of the same description as that of services (*registered services*) in respect of which the trade mark is registered; or
  - (d) goods that are closely related to registered services.
- However, the person is not taken to have infringed the trade mark if the person establishes that using the sign as the person did is not likely to deceive or cause confusion.

Section 120(3) of the *TMA* extends protection to marks used in connection with completely unrelated goods or services, but only if the mark is ‘well known’ in Australia and, thus, is only of use in limited circumstances.<sup>72</sup> It would be the cause of action that Oppedahl & Larson would have had to use in Australia.

- s 120(3) A person infringes a registered trade mark if:
- (a) the trade mark is well known in Australia; and
  - (b) the person uses as a trade mark a sign that is substantially identical with, or deceptively similar to, the trade mark in relation to:
    - (i) goods (*unrelated goods*) that are not of the same description as that of the goods in respect of which the trade mark is registered (*registered goods*) or are not closely related to services in respect of which the trade mark is registered (*registered services*); or
    - (ii) services (*unrelated services*) that are not of the same description as that of the registered services or are not closely related to registered goods; and
  - (c) because the trade mark is well known, the sign would be likely to be taken as indicating a connection between the unrelated goods or services and the registered owner of the trade mark; and
  - (d) for that reason, the interests of the registered owner are likely to be adversely affected.

### *Passing Off*

If a mark is not registered under the *TMA*, the principal cause of action available is passing off.<sup>73</sup> The term was first coined in the old English case of

<sup>72</sup> Section 120(3) was added to the *Trademark Act* to comply with Australia’s obligations to protect well known marks under art 16.2 of the Trade Related Aspects of Intellectual Property Rights Agreement (TRIPS).

<sup>73</sup> Although the words ‘passing off’ are not used in the *Lanham Act* it is effectively available as a cause of action in the US as a derivative of unfair competition, in particular as a false designation of origin: 15 USC s 1125(a)(1)(A); *American Tel Co & Tel v Winback & Conserve Program* 42 F

*Perry v Truefit*,<sup>74</sup> but its modern formulation is attributed to Lord Diplock in *Erven Warnink Besloten Vennootschap v Townend & Sons (Hull) Ltd* (‘*The Advocaat Case*’).<sup>75</sup> Lord Diplock’s five requirements test was recently refined to the ‘classic trinity’ test by Lord Oliver in *Reckitt & Colman Products Ltd v Borden Inc* (‘*The Jif Lemon Case*’):

- the plaintiff must have a particular reputation amongst the public;
- persons wishing to buy goods or services from the plaintiff must be likely to be misled by the behaviour of the defendant; and
- the plaintiff must be likely to suffer damage as a result.<sup>76</sup>

Importantly, while trade mark infringement exists largely to protect a proprietary right, passing off has a second underlying rationale.<sup>77</sup> From the earliest days of judicial intervention to protect ‘business reputation’ the court has made it quite clear that confusion, not competition, is the foundation of an action in passing off.<sup>78</sup> ‘[T]he basis of the cause of action lies squarely in misrepresentation, for its underlying rationale is to prevent commercial dishonesty.’<sup>79</sup> This greater emphasis on confusion in passing off is demonstrated by the fact that the onus is on the plaintiff to establish the likelihood of confusion in a passing off claim, whereas it is merely a defence under ss 120(2) and 120(3) of the *TMA*.

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3d 1421, 1424, (3d Cir NJ, 1994) (went on appeal to the US Supreme Court on another matter: see 514 US 1103, (1995)).

<sup>74</sup> (1842) 6 Beav 66.

<sup>75</sup> [1979] AC 731.

<sup>76</sup> [1990] RPC 341, 406 (Ld Oliver).

<sup>77</sup> See Lyons, ‘One in a Million’ (1998) 11 *Australian Intellectual Property Law Bulletin* 25, 26.

<sup>78</sup> See *Southern v How* (1618) Pop 143; 79 ER 1243 and *Sykes v Sykes* (1824) 3 B & C 541.

<sup>79</sup> *ConAgra Inc v McCain Foods (Aust) Pty Ltd* (1992) 33 FCR 302, 308 (Lockhart J). See also *Maxims Ltd v Dye* [1978] 2 All ER 55 (‘Maxims’ was not allowed to be used as a mark in London due to the French restaurant’s reputation there); *Society of Accountants and Auditors v Goodway* [1907] 1 Ch 489 (The Society of Accountants and Auditors was able to prevent the use of the letters FSAA after non-member’s names); and *Wilts United Dairies Ltd v*

*Misleading and Deceptive Conduct*

An action for misleading and deceptive conduct is now the predominant action pleaded to protect business reputation in Australia,<sup>80</sup> and is probably the best option for an aggrieved trade mark owner to pursue because it is designed to have ‘a broad reach’.<sup>81</sup> ‘It is a provision to protect the consuming public from unfair trading practices, namely, from being misled or deceived.’<sup>82</sup> A trade mark owner would almost certainly argue that metatag ‘abuse’ breaches s 52 of the *TPA*:

s 52(1) A corporation shall not, in trade or commerce, engage in conduct that is misleading or deceptive or is likely to mislead or deceive.

The case law defines *misleading or deceptive conduct* as conduct that ‘leads into error’<sup>83</sup> or is likely to do so,<sup>84</sup> meaning that the likelihood of confusion required under the *TPA* is essentially the same as that required to make out passing off or to establish a defence under s 120(2) and s 120(3) of the *TMA*. In practice, s 52 is often pleaded in conjunction with other, more specific, provisions of the *TPA*. Indeed, Hughes argues that s 53(c) is the best provision with which to tackle metatag ‘abuse’.<sup>85</sup>

s 53 A corporation shall not, in trade or commerce, in connexion with the supply or possible supply of goods or services or in connexion with the promotion by any means of the supply or use of goods or services:

...

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*Thomas Robinson Sons & Co Ltd* [1958] RPC 94 (sale of second hand stock as new was considered to be passing off).

<sup>80</sup> See McKeough and Stewart, above n 71, para [16.31].

<sup>81</sup> *Hornsby Building Information Centre Pty Ltd v Sydney Building Information Centre Ltd* (1978) 140 CLR 216, 225 (Stephen J).

<sup>82</sup> See *Henjo Investments v Collins Marrickville* (1988) 39 FCR 546, 554 (Lockhart J). See also *World Series Cricket Pty Ltd v Parish* (1977) 16 ALR 181, 186–7 (Bowen CJ), 196 (Franki J) and 199 (Brennan J); and *Ex parte Pilkington ACI (Operations) Pty Ltd* (1978) 142 CLR 113, 128 (Mason J).

<sup>83</sup> See *Weitmann v Katies Ltd* (1977) 29 FLR 336, 343 (Franki J) and *Parkdale Custom Built Furniture Pty Ltd v Puxu Pty Ltd* (1982) 149 CLR 191, 198 (Gibbs CJ).

<sup>84</sup> See *Global Sportsman Pty Ltd v Mirror Newspapers Ltd* (1984) 55 ALR 25, 30 and generally in *Taco Co of Australia Inc v Taco Bell* (1982) 42 ALR 177.

<sup>85</sup> See Hughes, ‘Hidden Identifiers in Websites: Meta-tags and Intellectual Property’ (1998) 11 *Australian Intellectual Property Law Bulletin* 5, 5.

- (c) represent that the goods or services have sponsorship, approval, performance characteristics, accessories, uses or benefits they do not have,<sup>86</sup>

In practice, though, s 53(c) adds little to s 52.

### *The Commercial Use Threshold*

The current legal framework is centred on a broad division between the commercial and non-commercial exploitation of trade marks, with only commercial exploitation being of legal concern. A trade mark owner seeking to combat metatag ‘abuse’ needs to establish that their trade mark is being commercially exploited.

### *The Source of the Threshold*

#### *(a) Trade Mark Infringement*

Section 120 of the *TMA* makes no direct reference to a commercial use threshold, but it does require ‘use as a trade mark’. In defining ‘trade mark’, s17 of the *TMA* indirectly requires any infringement to occur in a commercial context.

- s 17 a sign used, or intended to be used, to distinguish goods or services dealt with or provided *in the course of trade* by a person from goods or services so dealt with or provided by any other person.

If there is no commercial use, a trade mark owner has no grounds under the *TMA* to prevent that use, no matter how damaging or audacious the metatag ‘abuse’ is.

#### *(b) Passing Off*

Passing off also has a commercial use threshold. In *The Advocaat Case*, the court held that ‘use in the course of trade’<sup>87</sup> is a prerequisite for passing off, while Lord Oliver’s test in *The Jif Lemon Case* requires that there must be a likelihood of confusion on behalf of persons ‘wishing to buy goods or

<sup>86</sup> There are equivalent provisions to ss 52 and 53 of the TPA in the various State fair trading statutes: *Fair Trading Act 1987* (NSW) ss 42, 44; *Fair Trading Act 1989* (Qld) ss 38, 40; *Fair Trading Act 1987* (SA) ss 56, 58; *Fair Trading Act 1990* (Tas) ss 14, 16; *Fair Trading Act 1985* (Vic) ss 11–12; *Fair Trading Act 1987* (WA) ss10, 12. See also *Fair Trading Act 1992* (ACT) ss 12, 14 and *Consumer Affairs and Fair Trading Act 1990* (NT) ss 42, 44.

<sup>87</sup> [1979] AC 731.

services from the plaintiff'.<sup>88</sup> However, passing off's commercial use threshold has been stretched conceptually to some pretty far-fetched, if not downright tenuous, fact situations. Professional associations,<sup>89</sup> charities<sup>90</sup> and even churches<sup>91</sup> have all successfully protected their 'business' reputations using passing off. Indeed, if an environmentalist group used the 'PLAYBOY' mark in its tags to attract hits, it would probably suffice as commercial use for the purposes of passing off, even though it almost certainly would not satisfy the commercial use threshold for infringement.<sup>92</sup>

*c) The Trade Practices Act*

Section 52 of the *TPA* requires that the conduct complained of be 'in the course of trade or commerce'. The trade or commerce threshold was inserted in the *TPA* 'to make it clear that the new standards of behaviour laid down by the [*TPA*] were to be imposed only on those who could be said in some sense to be acting in a business capacity'.<sup>93</sup> As with passing off, though, establishing a 'business capacity' is not a particularly onerous burden.<sup>94</sup>

What the action [s 52] is concerned with is the conduct of a corporation towards persons, be they consumers or not, with whom it (or those whose interests it represents or is seeking to promote) has or may have dealings in the course of those activities or transactions which, of their nature, bear a trading or commercial character.<sup>95</sup>

Though it is certainly arguable that our environmentalist group's use of the 'PLAYBOY' mark would be caught by s 52, as its metatag 'abuse' is akin to marketing, mere satire or commentary would not be, regardless of the effect

<sup>88</sup> [1990] RPC 341. See also *Consorzio del Prosciutto di Parma v Marks & Spencer Plc* [1991] RPC 351.

<sup>89</sup> See *Australian Society of Accountants v Federation of Australian Accountants Inc* (1987) 9 IPR 282.

<sup>90</sup> See *Dr Barnardo's Homes v Barnardo Amalgamated Industries Ltd* (1949) 66 RPC 103 and *The British Diabetic Association v The Diabetic Society* [1996] FSR 1.

<sup>91</sup> See *Re Attorney General (NSW); ex rel Elisha (Ancient Church of the East Case)* (1989) 14 IPR 609.

<sup>92</sup> See McKeough and Stewart, above n 71, para [16.6].

<sup>93</sup> Carter & Harland, *Contract Law in Australia* (3<sup>rd</sup> ed, 1996) para [1104].

<sup>94</sup> See generally *O'Brien v Smolonogov* (1983) 53 ALR 107; *Argy v Blunts & Lane Cove Real Estate Pty Ltd* (1990) 94 ALR 719; and *Franich v Swannell* (1993) 10 WAR 459.

<sup>95</sup> *Concrete Constructions (NSW) Pty Ltd v Nelson* (1990) 169 CLR 594, 604; see also *Bevanere v Lubidineuse* (1985) 59 ALR 334.

that it has on the trade mark owner or the public interest. As always, the difficult questions come at the margin. What happens when satirical websites start offering t-shirts for sale? Does this make it use in trade or commerce even though its purpose is still satire? What if the revenue raised just went to meeting the costs of keeping the website up and running? These are questions to which there are no easy answers.

### *Its Significance*

Generally speaking, the commercial use threshold is not hard to satisfy, especially for passing off and misleading and deceptive conduct. Furthermore, it is not dependent on any unique characteristics possessed by metatags. Why then give the commercial use threshold any separate consideration?

The threshold is particularly significant in a metatag ‘abuse’ context because the potential damage done to trade marks and the public interest by metatag ‘abuse’ is just as much caused by non-commercial metatag ‘abuse’ as it is by commercial ‘abuse’. The current law was designed to deal with traditional marketing techniques, not the low-cost, mass exposure of the Internet. Pre-Internet, trade mark owners did not have to worry about non-commercial exploitation of their marks. If the exploiters wanted to run ads, the network executives and editors stood in their way. If they wanted to print fliers, the cost was prohibitive. The current legal framework was conceived at a time when satirists, critics and other non-commercial users of trade marks would have had no chance of getting the exposure that they can now get and when trade mark owners could not have cared less about the minor irritation that such people could cause. But a minor irritation in the pre-Internet world has the potential to turn into a major headache on-line.

### *The Trade Mark Use Threshold*

#### *Significance of the Trade Mark Use Threshold*

Conceptually more fundamental is the debate about what function trade marks in tags are serving. For there to be infringement under s 120 of the *TMA*, a trade mark must be used ‘as a trade mark’. If there is no trade mark use, there is no infringement. It is the first barrier facing trade mark owners that derives from the unique invisible nature of metatags themselves.

The trade mark use threshold may also be significant, to a limited extent, under s 53(c) of the *TPA*. While s 53(c) contains no express trade mark use requirement, it does still warrant some consideration because what s 53(c) sets out as prohibited conduct, namely representation of sponsorship,

approval, etc, accords very closely with what the case law says use as a trade mark is. Thus, if there is no use as a trade mark, there is also almost certainly no remedy under s 53(c).

### *The Traditional Approach to Trade Mark Use*

The trade mark use threshold arises from the wording of s 17 of the *TMA*. The traditional approach has been to interpret this section as meaning that trade mark use occurs only when the use of the trade mark indicates some sort of connection or affiliation between the goods or services on offer and the trade mark owner.<sup>96</sup> Some terms that have been used include use as a ‘badge of origin’<sup>97</sup> or use that indicates ‘a commercial origin’.<sup>98</sup>

[T]he fundamental question remains ... whether those to whom the user is directed are being invited to purchase goods (or services) of the defendants which are to be distinguished from the goods of other traders ‘partly because’ they are described by the words in question ... [T]he primary function of a trade mark ... is that of distinguishing the commercial origin of goods or services sold under the mark. The registered mark serves to indicate, if not the actual origin of the goods or services, nor their quality as such, the origin of that quality in a particular business, whether known or unknown by name.<sup>99</sup>

It is not enough that the trade mark be used to someone else’s advantage; there can be exploitation without trade mark use. It is the *distinguishing* use of the trade mark that the *TMA* seeks to protect, not any inherent right found in the mark itself.<sup>100</sup>

The courts ... have generally confined legal protection to the trademark’s source identification function for reasons grounded in the public policy favouring a free, competitive economy.<sup>101</sup>

<sup>96</sup> See *Aristoc v Rysta* [1945] AC 68, 69 and Leonard and Leong, ‘Advertising and Marketing on the Internet: The Law of Links’ (1998) 1(3) *Internet Law Bulletin* 44, 46.

<sup>97</sup> Repeatedly, in *Johnson & Johnson Australia Pty Ltd v Sterling Pharmaceuticals Pty Ltd* (*The Caplets Case*) (1991) 21 IPR 1.

<sup>98</sup> Hughes, above n 85, 5.

<sup>99</sup> *Johnson & Johnson Australia Pty Ltd v Sterling Pharmaceuticals Pty Ltd* (1991) 21 IPR 1, 24–5 (Gummow J) relying on the High Court’s decision in *Mark Foy’s v Davies Co-op and Co* (1956) 95 CLR 190.

<sup>100</sup> See generally *Levi Strauss & Co v Wingate Marketing* (1993) 116 ALR 298.

<sup>101</sup> *Smith v Chanel Inc* 402 F 2d 562, 566, (9th Cir Cal, 1968) (Browning J) .

If we regulate metatag ‘abuse’, we must be careful to preserve this public interest and ensure that we are not giving quasi-exclusivity to trade mark owners.

*A Recent Departure From the Traditional Approach*

The trade mark use threshold did not get much consideration in any of the US metatag cases,<sup>102</sup> but cybersquatting cases like *One in a Million* in the UK, *Panavision International v Toeppen*<sup>103</sup> in the US and the New Zealand case of *Oggi Advertising Ltd v McKenzie*<sup>104</sup> all indicate that common law courts in many jurisdictions are willing to push the boundary of what constitutes trade mark use to new limits to accommodate the Internet.<sup>105</sup> The tangent that these courts have chosen to take threatens to grant trade mark owners the monopoly that the trade mark use threshold was originally designed to prevent.

*One in a Million* illustrates this concern perfectly. In it, the UK Court of Appeal held that the mere registration of a domain name that included another person’s trade mark was trade mark infringement. It did not require the defendant to actually publish a website or the domain name to be applied to any goods or services, much less indicate their origin. The fact that the domain name was registered was enough. The court argued that cybersquatting was a bad faith act, with the registration being an ‘instrument of fraud’, thereby demanding a remedy and a conclusion that it was trade mark use.

But this is akin to saying that any unauthorised use of a mark that derives an advantage for the user constitutes trade mark use. *One in a Million* seeks to make the act of cybersquatting actionable per se, without looking at the individual circumstances, departing significantly from the traditional approach taken to the trade mark use threshold. A trade mark is supposed to be a ‘badge of origin and not of control’.<sup>106</sup> The *One in a Million* decision seeks to make it a badge of control. Registration of a domain name is merely reserving it. It does not indicate the origin of any goods and services. It just prevents the trade mark owner from using that domain name. This may be ethically questionable, but it is not *trade mark use*.

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<sup>102</sup> The trade mark use threshold exists in US trade mark law: see *Lanham Act*, 15 USC s 1127.

<sup>103</sup> 141 F 3d 1316 (9<sup>th</sup> Cir Cal, 1998).

<sup>104</sup> (1999) 44 IPR 661.

<sup>105</sup> See Fitzgerald, Gamertsfelder and Gulliksen, above n 30, 560.

<sup>106</sup> *Levi Strauss & Co v Wingate Marketing Pty Ltd* (1993) 116 ALR 298, para 71 (Sheppard J).



Cases like *One in a Million* certainly leave one with the ‘nagging suspicion’ that they are more akin to policy decisions than straight applications of the current law.<sup>107</sup> The courts should not be bending over backwards to reinterpret the law just to get around the trade mark use threshold.

*What Use is Made of Trade Marks in Metatags?*

While not addressing the trade mark use threshold directly, American courts have generally shown an ‘unwillingness to distinguish potential legal differences between conventional (ie visible) trademark infringement and the use of invisible trademarks on the Internet’.<sup>108</sup> This, together with the UK and New Zealand cybersquatting cases, indicates that metatag ‘abuse’ is likely to be deemed to be trade mark use, if it comes to a full trial in any of these jurisdictions.<sup>109</sup>

Because of the visibility distinction, metatag ‘abuse’, by itself, does not accord with the traditional conception of trade mark use. You are not putting someone else’s mark on your product, you are not alleging your product is sourced from the trade mark owner and you are not making representations as to the quality of your product. It is not a badge of origin.

Technically, a tag is designed to indicate the content of a website. Metatag ‘abuse’ may or may not do this, but failing to indicate content is not necessarily equivalent to indicating origin or trade source. Some might argue that metatag ‘abuse’ *implies* some sort of association with the trade mark owner,<sup>110</sup> but that implication would still require some sort of association to be made in the user’s mind. As will be discussed later, if the mark is not visible, no such association is made. Without more, a tag is purely a red flag to a search engine, similar to an advertisement featuring prominently in the Yellow Pages or a telephone directory. Of course, there may be particular fact situations where metatag ‘abuse’ is intended to deceive users as to the origin of the website that they are looking at, but generally use of the mark in the domain name or content will also be required in order to force the

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<sup>107</sup> See Thorne and Bennett, ‘Domain Names: Internet Warehousing: Has Protection Of Well Known Names On The Internet Gone Too Far?’ (1998) 20 *European Intellectual Property Review* 468, 469.

<sup>108</sup> Presson & Barney, above n 29, 151.

<sup>109</sup> Gunning thinks that this approach may well be followed here: see generally Gunning, ‘Law of Trade Marks and Domain Names Part 2’ (1999) 12 *Australian Intellectual Property Law Bulletin* 5.

<sup>110</sup> This line of reasoning would have implications beyond metatag ‘abuse’, almost certainly leading to the conclusion that hyperlinking would constitute trade mark use in the vast majority of situations.

crossover to indicating source, association, sponsorship or affiliation, as was the case in *AsiaFocus*.

An analogy can be drawn with the facts in *Playboy Enterprises v Netscape Communications* (‘Netscape’).<sup>111</sup> Netscape operates search engines on the Internet, selling advertising space on its hit list pages, commonly known as banner ads. If users click on the ads, they are transported to the advertiser’s website. Netscape seeks to maximise the efficacy of its ads by targeting users matching a certain demographic profile, ‘keying’ its ads to search terms entered by users. That is, instead of posting ads in a random rotation, Netscape programs its servers to link a pre-selected set of banner ads to certain search terms. The case concerned Netscape’s linking of various adult entertainment ads to a group of over 450 terms related to adult entertainment, including the marks ‘PLAYBOY’ and ‘PLAYMATE’. The user never sees the marks; they are just used by Netscape to determine which ads to show, paralleling the metatag visibility distinction. Playboy contended that the keying process violated its trade mark rights.

Netscape’s ‘keying’ practice is very similar to metatag ‘abuse’ and, significantly, the court in that case ruled that it was not trade mark use. It even ruled that Playboy had failed to establish ‘use in commerce’, which does seem a bit far-fetched.

The Court is mindful of the difficulty of applying well-established doctrines to what can only be described as an amorphous situs of information, anonymous messenger of communication, and seemingly endless stream of commerce ... [The] Plaintiff has not shown that [the] defendants use the terms in their trademark form, ie PLAYBOY and PLAYMATE, when marketing to advertisers or in the algorithm that effectuates the keying of the ads to the keywords. Thus, [the] plaintiff’s argument that defendants ‘use’ [the] plaintiff’s trademarks falls short.<sup>112</sup>

While Stotler J was influenced by the fact that ‘PLAYBOY’ and ‘PLAYMATE’ also have non-trade mark meanings in the English language, this does not detract from the fact that she supported the proposition that metatag ‘abuse’ was not, of itself, trade mark use.

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<sup>111</sup> 55 F Supp 2d 1070, (CD Cal, 1999); upheld on appeal: 202 F 3d 278, (9<sup>th</sup> Cir Cal, 1999). A similar claim was filed by Estee Lauder against Excite around the same time: *Estee Lauder v Fragrance Counter* 189 FRD 269, (SDNY, 1999).

<sup>112</sup> *Netscape* 55 F Supp 2d 1070, 1074 (CD Cal, 1999) (Stotler J).

*What to Take Away*

This is not to say that using a trade mark in a site's tags without authorisation may not be wrong in some situations. Indeed, it is. But what the trade mark use threshold does mean, is that in all cases of metatag 'abuse', justifiable or not, an action for trade mark infringement, and probably breach of s 53(c) of the *TPA*, should fail, if the courts apply the law as it currently stands.

*The Need For A Representation*

As already established, metatag 'abuse' does not result in the exploited trade mark becoming visible to the user at any stage in the search process. Yet under the *TMA* and the common law of passing off there is a central requirement that the alleged confusion be caused by a *representation*; representation being the linchpin for confusion.<sup>113</sup>

The case law on what amounts to a representation is clearly based on the implicit assumption that the victim actually *perceives* something, whatever sense they use.<sup>114</sup>

It is most often the visibility of the mark that is significant.<sup>115</sup> The fact that the visibility requirement is not actually expressed in the case law is more a reflection of the state of technology that courts have been confronted with in the past, than a reflection of the law's position on the matter. And while they have never been asked the question, the assumption is clear: it is only through sight of the actual mark that the user can make the *incorrect mental association* that the law requires.

Under the *TMA* the assumption of visibility is particularly glaring. The *TMA* refers to the trade mark use in term of marks being 'applied'. It defines 'applied' in the following terms:

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<sup>113</sup> See *Reddaway v Banham* [1896] AC 199, 204 (Lord Halsbury LC).

<sup>114</sup> See generally *Australian Woollen Mills Ltd v FS Walton & Co Ltd* (1937) 58 CLR 641; *Walter v Ashton* [1902] 2 Ch 282; *Harrods Ltd v R Harrod Ltd* (1924) 41 RPC 74; and *Henderson v Radio Corporation Pty Ltd* (1960) 60 SR (NSW) 576.

<sup>115</sup> Sound may also be relevant and is definitely taken into consideration by the ATMO when considering applications for registration of marks. However the arguments in relation to visibility in this paper can just as easily be made in relation to sound; it is just that the Internet, to date, is primarily a visual medium, so discussion will be limited to this distinction.

- s 9(1) For the purposes of this Act:
- (a) a trade mark is taken to be applied to any goods, material or thing if it is woven in, impressed on, worked into, or affixed or annexed to, the goods, material or thing; and
  - (b) a trade mark is taken to be applied in relation to goods or services:
    - (i) if it is applied to any covering, document, label, reel or thing in or with which the goods are, or are intended to be, dealt with or provided in the course of trade; or
    - (ii) if it is used in a manner likely to lead persons to believe that it refers to, describes or designates the goods or services; and
  - (c) a trade mark is taken also to be applied in relation to goods or services if it is used:
    - (i) on a signboard or in an advertisement (including a televised advertisement); or
    - (ii) in an invoice, wine list, catalogue, business letter, business paper, price list or other commercial document;
- and goods are delivered, or services provided (as the case may be) to a person following a request or order made by referring to the trade mark as so used.

Section 9(1) indicates that the *TMA*'s drafters gave no thought whatsoever to the possibility of an invisible trade mark being used by an alleged infringer. Being 'applied to' or 'in relation to' goods or services, in these terms, makes no sense when you are talking about placing an invisible trade mark in your tags. This omission is understandable. Invisible use goes against all the logic underpinning the trade mark system. The traditional idea is for them to be seen so that an association can be formed between the mark and the goods or services. If they are not seen, there is no association.

A parallel exists between metatag 'abuse' and the law's position on misrepresentations through silence. There is a general principle that silence does not amount to a misrepresentation, as, logically, the law requires a *representation* to be made before one can speak of a *misrepresentation*.<sup>116</sup> As a corollary, if the lack of an oral representation is insufficient for an action in misrepresentation, the lack of a visual representation should preclude a remedy for metatag 'abuse' through the *TMA* or passing off.

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<sup>116</sup>

See generally *Taylor v Johnson* (1983) 151 CLR 422 and Carter & Harland, above n 92, [1002].

Because the relevant test for trademark infringement is the public's likelihood of confusion, [the] visibility distinction makes all the difference in the world. The *Lanham Act* was simply not enacted to regulate invisible programming code and should therefore not be used for that purpose ... Courts should be aware of the distinction between the visible [content] of websites and invisible metatags and the potential for each to confuse the public.<sup>117</sup>

The position under s 52 of the *TPA* is different. Where there is deliberate subterfuge involving silence, the courts have found s 52 to be breached.<sup>118</sup> It is certainly arguable that conduct involving metatag 'abuse' could be misleading and deceptive, regardless of whether a *representation* is made, as long as there is *conduct*. The plaintiff would, however, still need to establish that the metatag 'abuse' does, in fact, mislead and deceive or create a likelihood thereof. And to do this they would need to look at each case of metatag 'abuse' individually. In *AsiaFocus* and *The Playboy Case* the facts would likely suffice, but that conclusion is not so readily reached in *Oppedahl & Larson* and *Welles' Case*, where metatag 'abuse' was the sole basis of the complaint.

#### *Establishing Confusion*

There is no deception in what is happening. This is analogous to using a library's card index to get reference to particular items, albeit faster and more efficiently.<sup>119</sup>

The final hurdle facing trade mark owners, and arguably the decisive one, is the need to establish that metatag 'abuse' causes confusion or a likelihood thereof on the part of users. Confusion is a requisite element for the *TPA* and passing off and lack of it is a defence under ss 120(2) and 120(3) of the *Trademark Act*. In truth, if there is no confusion caused by metatag 'abuse', is there any public interest in stopping it at all?

#### *Intention Does Not Equal Confusion*

Just because a person deliberately puts another person's mark in their tags does not mean that a likelihood of confusion necessarily exists.<sup>120</sup> While the

<sup>117</sup> Weaver, above n 66, 670, 678

<sup>118</sup> See *Henjo Investments v Collins Marrickville* (1988) 39 FCR 546.

<sup>119</sup> *Ticketmaster v Microsoft* (unreported, CD Cal, Hupp J, 1997). Note that Hupp J was speaking in reference to hyperlinking, but his comments are equally pertinent in the current context.

<sup>120</sup> See generally *ConAgra Inc v McCain Foods (Aust) Pty Ltd* (1992) 33 FCR 302; *McIlhenny Co v Blue Yonder Holdings Pty Ltd* ('*The Tabasco Case*') (1997) 39

intention of the ‘abuser’ is certainly relevant in establishing whether or not there is confusion, it is not, of itself, determinative. What must be established is that the overall impression created by the ‘abuser’s’ behaviour is *likely to create confusion* on the part of the user.<sup>121</sup> In the case of the *TPA*, proof that it has actually caused confusion will also suffice. It is the effect of the conduct that is central, not the motives that lie behind it.

The distinction between intention and confusion is illustrated by comparing *AsiaFocus* and *Oppedahl & Larson*. In *AsiaFocus*, there was no doubt what the intentions of the defendants were; they intended to mislead users who visited their site into thinking that they were, in fact, at Playboy’s site. From a legal point of view, it was not the intention to mislead that was relevant, but rather the fact that the defendants engaged in metatag ‘abuse’, created a website that had a similar appearance to Playboy’s and even offered products for sale through the website that utilised Playboy’s marks. The defendants’ clear intention aided in the interpretation of this conduct, but it was not, of itself, determinative.

In contrast stands *Oppedahl & Larson*. The defendants in this case also intended to derive an advantage from exploiting the plaintiff’s mark, but if the case had gone to trial, establishing that there was a likelihood of confusion would not have been nearly so straightforward. Once a user got to the defendant’s site, they found no reference to *Oppedahl & Larson* at all. Rather, they were confronted with a site for a totally different business and with a totally different appearance. People would surely have been hard put to think that there was any association between the two parties at all. If *Oppedahl & Larson* were tried in Australia, the defendant’s intention alone would not be sufficient to establish the requisite likelihood of confusion.

For Australian authority on this proposition see *McIlhenny Co v Blue Yonder Holdings Pty Ltd* (*The Tabasco Case*),<sup>122</sup> which, while not a metatag ‘abuse’ case, illustrates the intention–conduct divide perfectly. The case concerned the use of the TABASCO mark and its *identical* appearance by a company that produced display stalls for trade fairs. The court held that this was not passing off or a breach of s 52 of the *TPA*. The fact that the copying was deliberate, identical and in a commercial context was not enough to establish that there was a likelihood of confusion. An important factor was

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IPR 187; and *McWilliam’s Wines Pty Ltd v McDonald’s Systems of Australia Pty Ltd* (*The Big Mac Case*) (1980) 33 ALR 394.

<sup>121</sup>

See Carter and Harland, above n 92, para [1105].

<sup>122</sup>

(1997) 39 IPR 187.

that the parties were in completely different industries, which invites direct comparison with *Oppedahl & Larson*.<sup>123</sup>

The intention–confusion distinction is one that often seems to be too easily overlooked when courts and commentators consider new technology and Internet-generated trade mark issues. Just because we may not like the motives behind an ‘abuser’s’ behaviour does not mean that they have necessarily contravened the law.

*Who (or What) is Confused?*

Admittedly, metatag ‘abuse’ is intended to cause confusion in many cases ... but not to humans. It is designed to take advantage of the lack of sophistication of search engine indexing techniques. The ‘abuser’ wants the search engine to look at a site like the Advanced Concepts one in *Oppedahl & Larson* and say, ‘Yes, I think this website is relevant to your search for OPPEDAHL & LARSON. Maybe you should have a look at it.’ But is confusion of a computer system enough to satisfy the requirements of the current law?

The answer must surely be no.<sup>124</sup> A search engine’s role is not to give a definitive list of websites that perfectly match a user’s intentions, but rather to provide a range of possible options. It is still the human being sitting at the computer terminal that is best placed to determine the true relevance of a site to their search request. This is one of the reasons why the relevant point in time for consideration of metatag ‘abuse’ is the hit list stage — where the

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<sup>123</sup> The only difference being that in *The Tabasco Case* the use of the trade mark was visible, which arguably makes it even more likely to cause confusion.

<sup>124</sup> Could liability for metatag ‘abuse’ be established through agency principles? It has been posited by some that agency principles could be used to extend the confusion experienced by the search engine to the user, thereby establishing liability. This approach faces three practical barriers. First, it would require an extension of agency principles to cover computer programs, something which may or may not be possible, but which is beyond the scope of this paper. Second, it ignores the fact that the search engine is still only searching using one or two words and an imperfect relevance ranking formula, without any idea of the intentions of the user. There would be a host of sites which may or may not be relevant in that context, but which would still raise the concerns that come with metatag ‘abuse’; for example of a direct competitor using your trade mark. And finally, as argued in this section, you still have to contend with the fact that in most cases the user is not, in fact, confused on viewing the hit list. All of these augur against using agency principles in this way, although the advent of more sophisticated search engines as the years go by may force a reassessment of this conclusion.

human element first intervenes. How is a computer program able to make any real judgment about the relevance of a site to a search request like ‘OPPEDAHL & LARSON’? There is not enough information in that search request for any true consideration to be undertaken. The user may well be searching for the law firm, but they could also be searching for people with similar surnames, an obscure Scandinavian town, or the metatag case. Metatag ‘abuse’ may take advantage of this fact, but no one has yet stopped to think whether the current legal framework actually caters for such behaviour. In order for the requirements of passing off and misleading and deceptive conduct to be established or the defences to trade mark infringement to be defeated, it is the *human* user that needs to be at risk of confusion, not the search engine.

#### *A User’s Possible Mental States*

There are three possible mental states a user could be in on viewing a hit list:

- the user actually thinks that the trade mark owner’s site is listed; or
- the user is unsure about the affiliation of the site; or
- the user knows that it is not the trade mark owner’s site or connected to it.<sup>125</sup>

Obviously, it is the second of these possibilities that raises questions unique to metatag ‘abuse’. Are users unsure of a website’s affiliation when it is returned on a hit list? If they are, does that uncertainty amount to confusion? Or can there be exploitation without confusion?<sup>126</sup>

In contrast, the first possibility is a clear case of confusion that would suffice for any of the causes of action. In reality, though, a user would only be so confused if the domain name and/or description tag contained material that led to confusion in the aggregate.<sup>127</sup> It would not be the metatag ‘abuse’ alone

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<sup>125</sup> See Presson and Barney, above n 29, 168.

<sup>126</sup> Fitzgerald, Gamertsfelder and Gulliksen think so. In their 1998 article they argue that cybersquatting is not confusing, per se, and that there could be exploitation without confusion. If cybersquatting is not confusing, it is hard to see how metatag ‘abuse’ could be: see Fitzgerald, Gamertsfelder and Gulliksen, above n 30, 554.

<sup>127</sup> There is a possible exception to this where a user just ‘clicks through’ on the first hit returned on a hit list, believing it to be the trade mark owner’s. If the user did do that, then it would be clear that the metatag ‘abuse’ did, in fact, mislead and deceive the user and a literal interpretation of s 52 of the *TPA* would have to conclude that the *TPA* has been breached. Whether or not the



that caused it. The third of these possibilities does not evidence any confusion at all. The user knows exactly what they are looking at and can make a conscious decision to visit the site or not.

### *Exploitation Without Confusion*

Many commentators assume that metatag ‘abuse’ causes user confusion, probably based on little more than an extrapolation of the confusion caused to the search engine.<sup>128</sup> Those that look for a legal foundation for this assumption often start with the interesting US doctrine of ‘initial interest confusion’, which was first referred to in the metatag context in *Brookfield*,<sup>129</sup> although only in obiter with *Brookfield* being a domain name

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user’s actions are reasonable or not (and it is contended that they are not in light of the function and purpose of search engines) is something that can be considered in the remedy, a discretion which the *TPA* allows. But this analysis runs contrary to the High Court’s recent interpretation of s 52 of the *TPA* in *Campomar Sociedad Limitada v Nike International Ltd* (2000) 169 ALR 677. In it, the Full Court of the High Court of Australia ruled that, in deciding whether there has been any misleading or deceptive conduct under s 52 of the *TPA*, one has to look at the ‘reasonable’ or ‘ordinary’ consumer and discard the ‘extreme and fanciful’ one. Consider the court’s comments at para 105 in the context of a user that just clicks straight through a hit list:

Nevertheless, in an assessment of the reactions or likely reactions of the ‘ordinary’ or ‘reasonable’ members of the class of prospective purchasers of a mass-marketed product for general use ... the court may well decline to regard as controlling the application of s 52 those assumptions by persons whose reactions are extreme or fanciful ... Such assumptions were not only erroneous but extreme and fanciful. They would not be attributed to the ‘ordinary’ or ‘reasonable’ members of the classes of prospective purchasers ... The initial question which must be determined is whether the misconceptions, or deceptions, alleged to arise or to be likely to arise are properly to be attributed to the ordinary or reasonable members of the classes of prospective purchasers.

A reasonable user does not expect to be able to click through on the first hit.

<sup>128</sup> See generally Chong, ‘Internet Meta-tags and Trade Mark Issues’ (1998) 20 *European Intellectual Property Review* 275.

<sup>129</sup> 174 F 3d 1036 (9<sup>th</sup> Cir Cal, 1999). See also *Foxworthy v Custom Tees Inc*, 879 F Supp 1200, 1216 (ND Ga, 1995) (Freeman J); but contrast *Astra Pharmaceutical Products Inc v Beckam Instruments Inc*, 718 F 2d 1201, 1206ff, (1<sup>st</sup> Cir Mass, 1983) Skelton J, which rejects the concept of initial interest confusion totally.

dispute.<sup>130</sup> In *Brookfield*, the court ruled that any state of uncertainty, no matter how transient, is sufficient to establish the requisite confusion for a trade mark infringement action.<sup>131</sup> Thus, when a user is confronted by a hit list, they are more likely than not to be unsure about the relevance of any site listed therein. Under the initial interest confusion doctrine this uncertainty is legally actionable. First impressions are everything and there is, effectively, a rebuttable presumption of confusion.

However, the decision in *Brookfield* is not a good base from which to analyse metatag ‘abuse’. Its inadequacies stem from a misunderstanding of metatag technology itself:

[The judge’s] fundamental misunderstanding about how Internet search engines operate led him to the wrong result in *Brookfield*.<sup>132</sup>

Importantly, search engines do not *take* users to websites, they merely give them the option of going there. As such, users do not expect ‘correct’ answers to their searches.<sup>133</sup> Rather they expect and, more often than not, want to receive a series of options in the hit list. Even trade mark owners tend to have several sites with alternate purposes. To argue, as the initial interest confusion doctrine does, that mere uncertainty at the hit list stage is

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<sup>130</sup> *Brookfield*, the plaintiff, provided a searchable entertainment database, while West Coast, the defendant, provided similar entertainment services, including video stores. The dispute involved the trade mark MOVIEBUFF, which was owned by Brookfield. Brookfield had tried to register the domain name <www.moviebuff.com> in 1996 but found that it was already registered by West Coast and so registered and used <www.moviebuffonline.com> instead. West Coast held the service mark MOVIE BUFF’S MOVIE STORE, and in 1998 sought to expand its services by offering a searchable database at its <www.moviebuff.com> website. Brookfield sued to prevent it. The 9<sup>th</sup> Circuit Court of Appeals applied the initial interest confusion doctrine, saying that, even though there might be no actual confusion when a website was visited by a user, the uncertainty created by the domain name used by the defendant was enough to require a remedy.

<sup>131</sup> Having already established that the confusion required for a defence to be defeated under s 120(2) or s 120(3) of the *Trademark Act* is equivalent to the confusion required to make out passing off or misleading and deceptive conduct, the present discussion on initial interest confusion is applicable across the board, regardless of its origins being found in US trade mark infringement cases.

<sup>132</sup> McCuaig, above n 31, 658.

<sup>133</sup> This fact was even acknowledged in *Brookfield*, but was not pursued by the court.

enough to create the need for a legal remedy is to misunderstand the very purpose and operation of search engines themselves.<sup>134</sup>

The surfer is ... free to move either straight to the site for which she was searching — if she did indeed have such a definite goal in mind — or to use the search list's hyperlinks and her browser's 'back' button to perform the functional equivalent of picking up a number of boxes [from a store shelf] and looking over them before deciding which product to buy.<sup>135</sup>

Search engines give options, not certainties, and imprecise searches are really just like misdialling a phone number if the telephone system allowed you to be given numbers close to what you dialled.<sup>136</sup> It is hard to see how a user could be confused by metatag 'abuse' if they expect to have to do their own filtering at the hit list stage.<sup>137</sup>

Admittedly, the law does not expect a great degree of sophistication from the consumer,<sup>138</sup> but even the least savvy user could not reasonably expect every

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<sup>134</sup> Support for the proposition that search engine technology has to be taken into account in determining whether or not there is confusion can be found in the recent Federal Court case of *Capital Webworks Pty Ltd v Adultshop.Com Ltd* [2000] FCA 492 (Unreported, Nicholson J, 5 April 2000). The court said that Adultshop.com's use of the plaintiff's trade mark in its domain name was not actionable under s 52 because if they selected the defendant's domain name from a hit list, that was where they were taken — to the owner of the domain name. Nicholson J said that any error or misconception was not caused by the conduct of the defendant, but by outside factors for which the defendant was not responsible.

<sup>135</sup> McCuaig, above n 31, 662.

<sup>136</sup> See Natherson, above n 19, 118.

<sup>137</sup> Importantly, that is not the intention of most metatag 'abusers' either. They want to increase exposure, but they also want the user to know that it is their website, and not the trade mark owner's, that they are visiting: see Chancey, 'Meta-tags and Hypertext Deep Linking: How Essential Components of Web-Authoring and Internet Guidance are Strengthening Intellectual Property Rights on the World Wide Web' (1999) 29 *Stetson Law Review* 203, 224.

<sup>138</sup> In *Campomar Sociedad Limitada v Nike International Ltd* (2000) 169 ALR 677 the High Court unanimously ruled that confusion had to be measured with regard to the 'ordinary' and 'reasonable' consumer, discounting the 'extreme and fanciful': see fn 126. This approach is in line with the approach advocated in *Parkdale Custom Built Furniture Pty Ltd v Puxu Pty Ltd* (1982) 149 CLR 191 and the US case of *In re NAD 754 F 2d 996* (Fed Cir, 1985). Some argue that a more generous test is appropriate, namely a consumer who is 'not particularly intelligent or well informed': see *Annand & Thompson Pty Ltd v Trade Practices Commission* (1979) 25 ALR 91, 102 (Franki J). And an even

site returned from a search request using a trade mark to have some connection to the actual trade mark owner. The ordinary and reasonable user is able to, and expects to have to, discern between genuine trade mark sites and the rest. They know that the trade mark owner’s website is likely to appear high on the hit list and those low down on the list are probably not even related at all. Furthermore, the reasonable Internet user would, and should, pay heed to the domain name and description tags of the site at the hit list stage.<sup>139</sup> If the user is still uncertain after taking these factors into account, liability should only be imposed if that uncertainty is not immediately dispelled on visiting the site itself. To impose it at the hit list stage is not a realistic match with the mechanics of the search process and comes with the very real risk of under-inclusive searches and consequent harm to the public interest.

[T]he average Internet user may want to receive all the information available on Bally. The user may want to access the official Internet site to see how Bally sells itself. Likewise, the user may also want to be apprised of the opinions of others about Bally. This individual will be unable to locate sites containing outside commentary unless those sites include Bally’s marks in the machine readable code upon which search engines rely. Prohibiting Faber from using Bally’s name in the machine readable code would effectively isolate him from all but the most savvy of Internet users.<sup>140</sup>

There can be exploitation of trade marks without confusion. Whether it be in an old world form like *The Tabasco Case* or a new world form like metatag ‘abuse’, a limited freedom to exploit other people’s trade marks is representative of the fact that trade mark rights do not, and should not, confer absolute exclusivity of use on the owner. Consider the ‘Carl Oppedahl and Oppedahl & Larson Have Nothing to do With This Page’ website. It could not possibly cause any confusion. The title of the page, which is the same as the description tag, is a pretty clear disclaimer in itself, while the site’s address, <<http://www.geocities.com/CapitolHill/Lobby/6620/index.htm>>, is more suggestive of a US political site than an IT law firm. Indeed, using this website as an example is actually being overly generous to the potential for there to be confusion. At least the text, title and description tag actually visibly use the mark in question. If an obscure human rights group used the

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wider test is advocated in *Taco Co of Australia Inc v Taco Bell* (1982) 42 ALR 177, 202 (Deane and Fitzgerald JJ).

<sup>139</sup> See Presson and Barney, above n 29, 171. Note that, as the Internet expands, the sophistication expected from users will decrease.

<sup>140</sup> *Bally Total Fitness Holding v Faber*, 29 F Supp 2d 1161, 1165 (CD Cal, 1998) (Pregerson J).

mark Nike in its tags, and engaged in no other deceptive behaviour, it is hard to see how a user could possibly be confused. If they read the title and the description tag, any uncertainty that might exist would usually be dispelled instantly and they would just think that they had got a dud hit.

In *Welles' Case*, the court recognised that metatag 'abuse' can occur without there being any confusion, much less a legal remedy:

The reasons ... for distinguishing 'metatags' cases from other trademark cases ... [concern] the special nature of confusion in the context of Internet searches via Internet search engines. Specifically the ... results listing produced by a search engine ... is likely to include both the defendant's and the plaintiff's websites, and in reviewing such a list, a user 'will often be able to find the particular website he is seeking'.<sup>141</sup>

Although the actual decision was based on unique facts, the above comment was made in direct response to *Brookfield* and the proposition that initial interest confusion was enough to establish liability. The court accepted one important proposition that should carry across into other disputes, especially in Australia where the doctrine has not been adopted. In determining whether or not metatag 'abuse' causes confusion, the mechanics of the search process and user expectations must be taken into account. Once that is done, it is clear that, without more, metatag 'abuse' does not cause confusion.

### *The Effect of Disclaimers*

While the hit list stage is the pertinent point in the search process, for the sake of completeness it is necessary to briefly consider confusion that may exist when a user actually visits a website and the effect of disclaimers.

When a user selects a site to visit, they do so having already seen its domain name, title and description tag. One would hope that the combination of these three indicators would give the user an indication of what to expect, but, admittedly, that may not always be the case. If any uncertainty is not immediately dispelled after seeing the actual website, the wrong goes beyond metatag 'abuse'. It is not the metatag that is creating the confusion, but the appearance of and impression created by the site itself. The current legal framework easily deals with this situation because the visibility distinction is not at issue.<sup>142</sup>

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<sup>141</sup> 78 F Supp 2d 1066, 1094 (SD Cal, 1999) (Keep J).

<sup>142</sup> Compare Natherson, above n 19, 67 discussing *The Playboy Case*, *Welles' Case* and *AsiaFocus*.

How then can legitimate users of unauthorised trade marks in metatags be certain that users will not be misled by their site? The most common, and effective, approach is to use a disclaimer. The ‘Carl Oppedahl and Oppedahl & Larson Have Nothing to do With This Page’ website provides a humorous example. It contains a series of disclaimers, apart from its title, clearly disavowing any connection to Oppedahl & Larson, as the following extract shows:

This page has nothing to do with Carl Oppedahl.  
 This page has nothing to do with Oppedahl & Larson.  
 This page is not affiliated with Carl Oppedahl.  
 This page is not affiliated with Oppedahl & Larson.  
 This page is not sponsored by Carl Oppedahl.  
 This page is not sponsored by Oppedahl & Larson.  
 If you think this page is about Carl Oppedahl, you are wrong.  
 If you think this page is about Oppedahl & Larson, you are wrong.  
 If you want information about Carl Oppedahl, you won't find it here.  
 If you want information about Oppedahl & Larson, you won't find it here.  
 Carl Oppedahl? Not here!  
 Oppedahl & Larson? Not here!  
 This could not be less about Carl Oppedahl if we tried.  
 This could not be less about Oppedahl & Larson if we tried.<sup>143</sup>

The existence of an adequately worded disclaimer like this, though probably in a more succinct and less sarcastic form, should remove any lingering uncertainty that may exist in a user's mind.<sup>144</sup> To be effective, it must serve to neutralise the effect of the trade mark's exploitation.<sup>145</sup> And while the courts have tended to be tough on disclaimers in the past,<sup>146</sup> there is no reason why a prominently placed disclaimer in reasonable size print and

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<sup>143</sup> <<http://www.geocities.com/CapitolHill/Lobby/6620/index.htm>> (visited 3 October 2000).

<sup>144</sup> As a practical consideration, it should be noted that many parties that engage in metatag ‘abuse’ do so using multiple trade marks. Therefore, a disclaimer may well have to be extremely lengthy to effectively disavow connection to all of those trade marks. Ultimately, it will be likely that advanced technology will make it possible to select disclaimers to display depending on the trade mark used as a search term in much the same way that banner ads are keyed to search terms.

<sup>145</sup> See generally *Norman v Bennett* [1974] 3 All ER 351 and *Musidor BV v Tansing* (1994) 29 IPR 203.

<sup>146</sup> See generally *Twentieth Century Fox Film Corporation v South Australian Brewing Co Ltd* (1996) 34 IPR 247 and *Sony Music Productions Pty Ltd v Tansing* (1993) 27 IPR 640.

plain English will not be effective to avoid liability. If the disclaimer is prominent enough, even the broad reach of s 52 liability will be excluded.<sup>147</sup>

### *The Net Effect*

The current legal framework appears to be up against a brick wall when it comes to metatag ‘abuse’. The trade mark use threshold hamstring trade mark infringement; the need for a representation further limits its usefulness, casting doubts over passing off at the same time; and the need to establish confusion even makes one think twice about the effectiveness of the *TPA*, much less the already compromised causes of action of trade mark infringement and passing off. All in all, the ability of the current legal framework to regulate metatag ‘abuse’ is doubtful at best.

### IF IT’S BROKE, FIX IT!

If the current legal framework is not up to the task, why not just change the law? And, while we are at it, would it not be possible to resolve some of the more general trade mark regulation issues posed by the Internet once and for all?

Broadly speaking, there are two alternatives for legal reform. The first involves changing the law on a domestic level to cater for metatag ‘abuse’, ie iron out the deficiencies already highlighted and/or introduce new, more effective causes of action. The second flows from the first, but recognises the global nature of the Internet, and is premised on the negotiation of an international regulatory regime for metatag ‘abuse’.

### *Dilution*

Of all the causes of action pleaded in the US metatag cases,<sup>148</sup> dilution was the most likely to succeed at a full trial.<sup>149</sup> It is certainly the favourite of US

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<sup>147</sup> See generally *Children’s Television Workshop Inc v Woolworths (NSW) Ltd* [1981] 1 NSWLR 273 and *Hutchence v South Seas Bubble Co Pty Ltd* (1986) 6 IPR 473. See also Leonard and Leong, above, n 95; Nieves and Kuester, ‘Hyperlinks, Frames and Meta-tags: An Intellectual Property Analysis’ (1998) 38 *IDEA* 243; and Hughes, above n 85.

<sup>148</sup> In *The Playboy Case* it was pleaded in the following terms: ‘49. Defendants’ unauthorized use of PEI’s famous PLAYMATE and PLAYBOY trademarks will tend to and does dilute the distinctive quality of said marks and will diminish and destroy the public association of said marks with PEI in violation of 15 USC § 1125(c).’ <[www.patents.com/ac/playcpt.htm](http://www.patents.com/ac/playcpt.htm)> (visited 7 May

commentators<sup>150</sup> and even US Congress has endorsed dilution as is its preferred answer to trade mark exploitation on the Internet.<sup>151</sup> Its scope is broad and its interpretation subjective, allowing the courts to adapt more readily to changing technology.

*What the Law has to Say*

Dilution requires that:

- the mark exploited be famous;
- the exploitation postdates the mark becoming famous;
- the mark be put to a commercial use,<sup>152</sup> and
- that the exploitation lessens the capacity of the mark to identify and distinguish the goods or services of the trade mark owner.<sup>153</sup>

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2000), no longer available on-line, copy on file. Similarly in *Oppedahl & Larson*: ‘45. Such acts by defendants are likely to deprive plaintiff of the benefit of the goodwill attached to the mark Oppedahl & Larson, injure plaintiff’s business reputation, and dilute the distinctive quality of plaintiff’s trademark in violation of 15 USC s 1125(c).’ <[www.patents.com/ac/complain.htm](http://www.patents.com/ac/complain.htm)> (visited 3 October 2000).

<sup>149</sup> Dilution is not available as a cause of action in Australia, although some argue that s 120(3) of the *TMA* provides equivalent protection. However, s 120(3) is much more limited than the US action for dilution and, in a metatag context, it still faces the hurdles of establishing confusion and trade mark use.

<sup>150</sup> See Natherson, above n 19, 59; Tucker, ‘Information Superhighway Robbery: The Tortious Misuse of Links, Frames, Metatags, and Domain Names’ (1999) 4 *Virginia Journal of Law and Technology* 8, para 169; and Chancey, above n 137, 225.

<sup>151</sup> See Chancey, *ibid*, 217.

<sup>152</sup> Under the US Federal law that this article focuses on it also has to be used in ‘interstate commerce’, but that threshold is irrelevant for present purposes.

<sup>153</sup> Notably, the US Federal statute law only expressly refers to a type of dilution known as ‘blurring’. Blurring is defined as using or modifying the plaintiff’s mark to identify the defendant’s goods or services, raising the possibility that the mark will lose its ability to serve as a unique identifier of the plaintiff’s products: see *Deere & Co v MTD Products Inc* 41 F 3d 39, 43 (2d Cir NY, 1994) (Newman CJ). But the legislative history indicates that ‘tarnishment’ was also intended to be covered by the Federal anti-dilution laws: see 141 Cong R S19310 (daily ed 29 Dec 1995) (statement by Sen Hatch). The question that then arises is whether metatag ‘abuse’ results in blurring or tarnishment. Note also that in *Panavision International v Toeppen*, 141 F 3d 1316 (9<sup>th</sup> Cir Cal, 1998) the court said that ‘elimination’ was a form of dilution, but the wording



The US *Federal Trade Mark Dilution Act (FTDA)* puts it in the following terms:

The owner of a famous mark shall be entitled ... to an injunction against another person's commercial use in commerce of a mark or trade name, if such use begins after the mark has become famous and causes dilution of the distinctive quality of the mark.<sup>154</sup>

The *Lanham Act* defines 'dilution' as

the lessening of the capacity of a famous mark to identify and distinguish goods or services, regardless of the presence or absence of

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(1) competition between the owner of the famous mark and other parties; or (2) likelihood of confusion, mistake or deception.<sup>155</sup>

Theoretically therefore, dilution applies to any exploitation of a trade mark, in any technological format;<sup>156</sup> fair use in comparative advertising, non-commercial use and news reporting being exceptions.<sup>157</sup>

#### *The Advantage of Dilution in a Metatag Context*

Dilution has an obvious advantage over the current legal framework. It looks at the effect of exploitation on the mark itself, not its effect on the consumer. As long as the exploitation of the mark lessens the mark's capacity to distinguish, the absence of confusion or trade mark use is entirely irrelevant. With US courts having a tradition of interpreting what constitutes dilution fairly broadly in the new technology arena, it is seen as the answer to metatag 'abuse'. No technology- specific legislation is needed, no wholesale

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of the judgment indicates that the court's intention was to limit this extension to cybersquatting.

<sup>154</sup> *Federal Trademark Dilution Act*, 15 USC s 1125(c).

<sup>155</sup> *Lanham Act*, 15 USC s 1127 (The *Lanham Act* provides the definitions for the *FTDA*).

<sup>156</sup> Dilution is also an available cause of action in the UK under s 10(3) of the *Trade Marks Act 1994* (UK). Section 10(3) provides that, where a mark has a reputation in the UK, it is infringed if a mark is used 'for dissimilar goods' and the use of the mark 'takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the mark', without due cause. However, the UK provision will not be addressed in this paper. For a discussion of the effectiveness of the UK anti-dilution provisions, though not in relation to metatag 'abuse', see Lyons, 'Famous Marks' (1999) 12 *Australian Intellectual Property Law Bulletin* 1.

<sup>157</sup> *Lanham Act*, 15 USC s 1125(c)(4).

change, just the application of an established and well-recognised cause of action. It is privately enforced and, with reasonable exceptions, legitimate use of trade marks in metatags, such as for relevant use, could be immunised. Or could it?

*The Inevitable ‘But’...*

Despite its initial appeal, US-style dilution is not the answer to the issues raised by metatag ‘abuse’ in Australia. Like the current legal framework, it too has practical, conceptual and public interest hurdles to jump before it could be successful as a general regulatory tool.

First, a remedy is not available for dilution, under the US *FTDA*, in the absence of proof that the defendant has engaged in ‘commercial use in commerce’ of the mark or trade name. That is a significant impediment to a finding of metatag ‘abuse’ in view of concern that non-commercial use of a mark or trade name may be equally likely to dilute the effectiveness of the mark or trade name as a search term.

Another practical limitation on dilution is the fact that it only applies to ‘famous’ marks, implying that there are some not-so-famous marks that fall through the gap, in much the same way as they do with s 120(3) of the *TMA*.<sup>158</sup> In practice, US courts have interpreted the ‘famousness’ threshold very broadly. No one really doubts that Oppedahl & Larson would have had any less success than Playboy in its dilution claim, regardless of the fact that the fame of its mark could scarcely be compared with that of the Playboy mark. But the importance of this threshold should not be underestimated in Australia. Relatively little case law on what constitutes a ‘famous mark’ has emerged since the inclusion of s 120(3) in the *TMA* and that which has emerged has done little to resolve what the threshold actually is.<sup>159</sup>

Thresholds are dependent on facts. More important are the conceptual hurdles facing the application of dilution to metatag ‘abuse’. The first of these hurdles, visibility, has already been discussed extensively. As with the *TMA*, passing off and the *TPA*, the *FTDA* presupposes that the diluting use will be visible. From this flows the second, and most significant, conceptual dilemma. Does metatag ‘abuse’ lessen ‘the capacity of a famous mark to

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<sup>158</sup> One might well ask why one trade mark should attract greater protection than another on the basis of its fame alone, especially if they are both registered. However, the justification behind limiting dilution to famous marks is beyond the scope of this article.

<sup>159</sup> For example see *Telstra Corporation Ltd v Yellownet Co* (1999) 44 IPR 415.

identify and distinguish goods or services’? Despite preliminary indications to the contrary from US cases, the reality is that metatag ‘abuse’ does not affect the distinguishing capacity of a mark at all. When people are asked to make an association between the mark and the trade mark owner’s goods or services, the mark still serves that function, just as well as it did before the metatag ‘abuse’. Once the mark is seen, or *perceived*, the association can be made. But, without being able to see the mark, people do not associate it with anything. While metatag ‘abuse’ may effect a mark’s usefulness as a search term, it is a misnomer to call that effect ‘dilution’. One should not be too quick to assume that dilution will fit any better with the practice of metatag ‘abuse’ than the current causes of action available in Australia. The problem is one of navigation, not one of law.<sup>160</sup>

### *A Big Caveat*

More significant, though, is the fear that using a generalist and subjective cause of action like dilution will effectively grant trade mark owners, especially commercially dominant ones, monopoly rights over their marks on the Internet, at the expense of legitimate smaller players and the public interest. This potential is evident in a series of recent US cybersquatting cases, where the courts have seemed content to ignore the usual requirement of ‘predatory intent’ before finding that dilution has occurred.

In *Avery Dennison v Sumpton* (*‘Avery Dennison’*)<sup>161</sup> the plaintiff sought to restrain the defendants from leasing out vanity email addresses and domain names containing its registered marks AVERY and DENNISON.<sup>162</sup> The plaintiff argued that the defendants’ use of these marks in this manner caused dilution. In response the defendants pointed out that they were in the business of providing email addresses and domain names that contained people’s surnames. ‘Avery’ and ‘Dennison’ were both relatively common surnames in the US and Canada, and as such they had a legitimate right to use those names in that manner, regardless of whether or not they were also the plaintiff’s marks. However the court, obviously suspicious of new technology, held that the defendants were diluting the AVERY and DENNISON marks. The judgment was overprotective of trade mark rights in the extreme. It effectively granted Avery Dennison a monopoly over the words ‘Avery’ and ‘Dennison’ on the Internet, rather than just protecting

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<sup>160</sup> See Weaver, above n66, 681.

<sup>161</sup> 999 F Supp 1337, (CD Cal, 1998).

<sup>162</sup> A vanity email address or domain name is one that, in this case, contained the surname of the addressee or web publisher. Thus, the items at issue were in the form <name@avery.com> or <www.dennison.com>.

their use as trade marks.<sup>163</sup> This is arguably justifiable with respect to domain names, due to exclusivity considerations, but its extension to email addresses, where issues of exclusivity don’t arise, is a stark warning of the potential for dilution to be used to create unjustifiable trade mark monopolies on the Internet.<sup>164</sup>

This danger is highlighted by *Hasbro v IEG* (*‘Hasbro’*).<sup>165</sup> Hasbro owned the registered mark ‘CANDYLAND’, which it used on a very popular board game. The mark was also legitimately registered by several other parties for various products including dolls, chocolate, child care, clothing, groceries and real estate services. IEG registered the domain name <www.candyland.com>, publishing an adult entertainment site at the address. Some time later, Hasbro decided to pursue an on-line marketing strategy and, on discovering the previous registration, sued IEG for dilution. Hasbro complained of being prevented from using the domain name and tarnishing of the mark through its association with adult entertainment. It convinced the court that dilution had occurred, in spite of the fact that the mark was legitimately registered and used concurrently by numerous other parties already. What gave Hasbro a superior right just because the use was now Internet-based? What would the court have done if the defendant were one of the parties with established non-Internet activities?

In cases like *Avery Dennison* and *Hasbro*, all dilution does is reward trade mark owners for making their marks famous.<sup>166</sup> It does not regulate the market, it just reinforces the power structures within it, forgetting that there are still legitimate alternate uses for trade marks, regardless of the fact that they are used on the Internet.<sup>167</sup>

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<sup>163</sup> See Tucker, above n 150, para 169; and generally in Kelly and Goux, ‘Taking Thy Name in Vain’ *IP Magazine*, July 1998.

<sup>164</sup> *Avery Dennison* was reversed on appeal the following year: 189 F 3d 868, (9<sup>th</sup> Cir Cal, 1999). The appellate court reversed the district court’s decision on the grounds that the marks Avery and Dennison were not distinctive enough to be afforded protection from dilution. Significantly, however, the appeal court did not question the underlying principle in *Avery Dennison* and so it is still a useful example of the potential risks that dilution poses to the public interest.

<sup>165</sup> 1996 US Dist LEXIS 11626 (WD Was, 1996).

<sup>166</sup> See also *Ringling Bros - Barnum & Baily, Combined Shows v BE Windows* 937 F Supp 204, (SDNY, 1996) and *WAWA v Haaf*, 50 USPQ 2d (BNA) 1629, (ED Pa, 1996), affirmed without opinion in 116 F 3d 471 (3rd Cir Pa, 1997).

<sup>167</sup> See generally *Prince v Prince Sports Group* [1998] FSR 21; *Pitman Training v Nominet UK* [1997] FSR 797; and Manson, ‘Passing Off: A Look At Some Recent Developments — Part 2’ (1998) 10 *Australian Intellectual Property Law Bulletin* 124, 128.

The argument completely ignores the possibility that the seeker may be searching for comment or criticism of those products, and ignores the rights of competitors or third parties to offer any commentary they may have about the product.<sup>168</sup>

An analogous risk has been recognised by the High Court of Australia in respect of the potential effect of the overzealous application of s 52 of the *TPA*. In *Campomar Sociedad Limitada v Nike International Ltd*, discussing the Full Federal Court's decision in *Lego Australia Pty Ltd v Paul's (Merchants) Pty Ltd*,<sup>169</sup> the High Court agreed in a unanimous judgment that

a 'line ought to be drawn' lest there be no products in respect of which 'Lego' could be used without fear of contravention of s52 because, in all such cases, some members of the public would be under the misconception that those goods were manufactured by the maker of the 'Lego' toys.<sup>170</sup>

If using your own surname as an email address or merely reserving a domain name that you arguably have a right to amounts of dilution, then these courts would almost certainly hold that metatag 'abuse' is dilution as well.<sup>171</sup> The chilling effect that this approach would have on legitimate use of trade marks in metatags would be palpable. Legitimate users of marks would refrain from using them for fear of being hauled into court. And while this would make the trade mark owner's site much easier to find, it would also discriminate against other legitimate users and harm the public interest by making comprehensive searching much more difficult.

### *Unfair Competition*

Where exploitation of another's achievement becomes inequitable, unfair competition law ... provides a remedy.<sup>172</sup>

As remedies based on dilution are hamstrung by thresholds, conceptual problems and public interest concerns, perhaps an even more general tort, like unfair competition, is the answer. It was pleaded in the US metatag

<sup>168</sup> Tucker, above n 150, para 82.

<sup>169</sup> (1982) 42 ALR 344.

<sup>170</sup> *Campomar Sociedad Limitada v Nike International Ltd* (2000) 169 ALR 677, para 106.

<sup>171</sup> It is hard to see how these could be justifiably held to be dilution when *Welles' Case*, 78 F Supp 2d 1066, (SD Cal, 1999), was held to be fair use.

<sup>172</sup> Sanders, *Unfair Competition Law: The Protection of Intellectual and Industrial Creativity* (1997), 13, as quoted in Natherson, above n 19, 107 fn 314.

cases<sup>173</sup> and potentially offers Australia a non-technology specific tort that can evolve with the Internet, rather than continually playing catch up to it.

### *What Constitutes Unfair Competition*

Despite being codified at the federal level in the US, at heart, unfair competition is still a common law doctrine. Some Australian judges have advocated adoption of the unfair competition doctrine,<sup>174</sup> but the High Court has unequivocally rejected its existence in, or adoption by, the Australian common law without Parliamentary intervention.<sup>175</sup>

In the seminal American case on unfair competition, *International News Service v Associated Press*, the essence of the doctrine was summarised as follows:

An unauthorised interference with the normal operation of complainant’s legitimate business precisely at the point where the profit is to be reaped, in order to divert a material portion of the profit from those who have earned it to those who have not.<sup>176</sup>

The codified version in s43(a) of the *Lanham Act* is somewhat more specific, with unfair competition occurring where

any person who, on or in connection with any goods or services ... uses in commerce any word, term, name, symbol, or device, or any combination thereof, or any false designation of origin, false or misleading description of fact, or false or misleading representation of

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<sup>173</sup> For example see the complaint in *The Playboy Case*: ‘43. The aforesaid acts of Defendants are likely to cause confusion, mistake or deception among purchasers and potential purchasers of products bearing the PLAYMATE and PLAYBOY trademarks as to the source or origin of the services rendered and goods sold by Defendants by reason of the fact that purchasers are likely to believe that Defendants’ goods and services originate from, or are in some way properly connected with, approved by, sponsored by, or endorsed by PEI. 44. The confusion, mistake or deception referred to herein arises out of the aforesaid acts of Defendants which constitute false designation of origin and unfair competition in violation of section 43(a) of the *Trademark Act* of 1946, 15 USC s 1125(a).’ <[www.patents.com/ac/playcpt.htm](http://www.patents.com/ac/playcpt.htm)> (visited 7 May 2000), no longer available on-line, copy on file.

<sup>174</sup> For example see *Hexagon Pty Ltd v Australian Broadcasting Commission* (1975) 7 ALR 233, 251–2.

<sup>175</sup> See *Moorgate Tobacco Co Ltd v Philip Morris Ltd* (1984) 156 CLR 414, 445 (Deane J); see also *Cadbury Schweppes v Pub Squash* [1980] 2 NSWLR 864, 868–9.

<sup>176</sup> 248 US 215, 240, (1918) (Pitman J).

fact which - (1) is likely to cause confusion, or to cause mistake, or deceive as to the affiliation, connection or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services or commercial activities.

Section 43(a) of the *Lanham Act* is buttressed by s 5 of the *Federal Trade Commission Act* ('*FTCA*'), which prohibits 'unfair methods of competition ... and unfair or deceptive acts or practices in or effecting commerce'.<sup>177</sup> Acts are 'unfair' under the *FTCA* if they 'cause or are likely to cause substantial injury to consumers which are not reasonably avoidable by consumers themselves and are not outweighed by countervailing benefits to consumers or to competition'.<sup>178</sup> The *Lanham Act* and the *FTCA* are clearly consumer protection statutes, in the same mold as the *TPA*.<sup>179</sup>

### *Why Not Adopt It?*

Unfair competition stands for the proposition that people are under a duty to conduct their business so as to avoid unfairly or unnecessarily injuring another. In principle, its object seems laudable enough, but there are two factors that argue against Australia adopting the law against unfair competition.

First, there is the problem inherent in any codification of an equitable cause of action; making the codified law flexible enough to fit the practical and evolving reality of what is actually occurring in the marketplace. Invariably, codification leads to the sort of thresholds and conceptual hurdles that were

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<sup>177</sup> *Federal Trade Commission Act*, 15 USC s 45(a)(1).

<sup>178</sup> At s 45(n). Note that the wording of the *FTCA* echoes the philosophy behind the High Court's recent judgment in *Campomar Sociedad Limitada v Nike International Ltd* (2000) 169 ALR 677 as it places an onus on the consumer to be reasonable.

<sup>179</sup> There is arguably also a limited recognition of unfair competition in the UK. In *United Biscuits (UK) Ltd v Asda Stores Ltd (Penguin v Puffin)* [1997] RPC 513, the court granted an injunction against the defendant using similar packaging to the plaintiff, even though the defendant's brand was clearly visible on the packaging, with any confusion being negligible. While the court's judgment was phrased in passing off terms, it does stretch passing off's boundaries and Manson suggests that it is actually the beginnings of a tort of unfair competition: see Manson, above n 167, 125; also see generally Waelde, 'Domain Names and Trade Marks: What's in a Name?', in Edwards and Waelde eds, *Law and The Internet: Regulating Cyberspace* (2000) 45–6. A similar impression can be drawn from *One in a Million*, as it would appear the court in that case was in reality exercising a quasi-equitable jurisdiction, rather than strictly applying the law of passing off or trade mark infringement.

seen in the attempted application of the current legal framework to metatag ‘abuse’. Take for example the *FTCA* version of unfair competition. It merely requires an ‘unfair method of competition’, which one might think is about as flexible as one could get. But, in defining ‘unfair’, the *FTCA* requires the injury to be to the *consumer*, not the trade mark owner. Without confusion, the only injury to the consumer from metatag ‘abuse’ comes from the over-inclusiveness of the search; a few more sites to sift through. The effect of this ‘injury’ can be readily overcome by using better search techniques and digesting the titles, domain names and description tags that appear on the hit list. This is a factor that the *FTCA* says must be taken into consideration and it is possible that the *FTCA* would not apply to metatag ‘abuse’ in many, if not most, cases. The drafting of s 43(a) of the *Lanham Act* raises a similar problem in its application: confusion. If there is no confusion, there is no protection offered by s 43(a). Both US unfair competition statutes have in-built limitations, which make their successful application to metatag ‘abuse’ less likely.

The second argument against Australia adopting unfair competition is sourced from the very justification for including limitations on the scope of unfair competition in these statutes. The limitations were imposed because a tort of unfair competition without limitation was considered far too subjective in its potential applications. In *Moorgate Tobacco Co Ltd v Phillip Morris Ltd*, Deane J enunciated his dislike of unfair competition in the following terms:

Those limits, which define the boundary between the area of legal or equitable restraint and protection and the area of untrammelled competition, increasingly reflect what the responsible Parliament or Parliaments have determined to be the appropriate balance between competing claims and policies. Neither legal principle nor social utility requires or warrants the obliteration of that boundary by the importation of a cause of action whose main characteristic is the scope it allows, under high-sounding generalizations, for *judicial indulgence of idiosyncratic notions of what is fair in the market place*.<sup>180</sup>

The reality, however, is that unfair competition only offers advantages over existing actions because it is subjective. Changing circumstances require changing interpretations of what constitutes ‘unfairness’. It is the very reason the tort could arguably apply to metatag ‘abuse’, if it were adopted in its pure equitable form. But the debate about what is ‘unfair’ about metatag ‘abuse’ would parallel the debate as to whether it is inherently wrong. There is no

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(1984) 156 CLR 414, 445ff (Deane J, emphasis added).



right answer and there is certainly no consensus view. The view of the author is that if there is no confusion caused, metatag ‘abuse’ should be considered to be clever, not unfair, competition,<sup>181</sup> but judges would be left to form their own views, with little guidance and no grounds of appeal other than unreasonableness. Such subjectivity, at this fledgling point in the Internet’s development, would do nothing to resolve the uncertainty that exists about people’s rights to use trade marks and is certainly not cost efficient. It would increase litigation and encourage a legal and commercial mind-set that views litigation, and the threat thereof, as a weapon against legitimate and illegitimate trade mark users alike.

It is hard to fathom the public interest served by introducing such a tort. In some cases, there is a risk that trade mark owners could use the subjectivity to acquire dilution-like monopoly rights over their marks on the Internet<sup>182</sup> and in others there would be no certainty as to what use of a trade mark in metatags was actually legitimate. Unfair competition would merely replicate, if not magnify, the problems inherent in applying existing Australian law to metatag ‘abuse’.

#### *Sui Generis Legislation*

Whatever the approach taken to law reform in Australia, including the attempted rectification of the deficiencies in the current legal framework, it would require a statute to be drafted. An increasing trend is to attempt to draft Internet-specific statutes, dealing with issues raised by the Internet separately from those arising in the non-Internet market, in contrast to general torts like dilution and unfair competition.

#### *Learning From Previous Attempts*

Legislating to regulate aspects of Internet technology, both in Australia and overseas, tends to cast the net far too broadly in an effort to cover the technological gamut. In Australia, the most notorious example is the recent *Broadcasting Services Amendment (Online Services) Act 1999* (Cth), which was introduced to try to regulate Internet content. Prima facie, the legislation addresses many public concerns about the material that exists on the Internet

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<sup>181</sup> See McKeough and Stewart, above n 71, para [16.22]. See also *Coats v Merrick Thread*, 149 US 562 (1983) for US Supreme Court authority that participants in a market should be encouraged to lawfully compete for patronage.

<sup>182</sup> This was a concern voiced in *Winston & Newell v Piggly Wiggly Northwest*, 221 Minn 287 (1946).

and especially about children’s access to it. But the legislation is framed in such broad terms that it

fails on any test as a sensible approach to Internet regulation. It inhibits the domestic retail market for Internet services by increasing the data purchase costs of the ISPs least able to afford it. It hamstring Australian carriers in their efforts to seek reciprocal interconnection on a fair basis with foreign carriers. It puts in place a totally unworkable administrative process to implement regulation that Internet users do not want, and it casts its net so broadly as would serve quite adequately as the groundwork for a totalitarian state.<sup>183</sup>

Some of the legislation’s specific failings include not defining the term ‘push technology’ which arguably means it covers personal email communications; placing Australian content providers at a competitive disadvantage to their overseas counterparts; defining ‘Internet content host’ so broadly that it includes parties that do not even make information available to the public over the Internet; and failing to recognise truth or good faith as defences to defamation actions under the legislation. Furthermore, the legislation effectively puts the onus on Internet service providers (‘ISPs’) to monitor all traffic through their systems, including private communications, raising obvious privacy concerns.<sup>184</sup>

The tendency towards excessive breadth of prohibition is common to many jurisdictions. In the United States, these laws often fail on constitutional grounds. For example a *New York Penal Law*<sup>185</sup> amendment that sought to criminalise the transmission of ‘indecent’ material to minors was ruled unconstitutional.<sup>186</sup> Somehow, a New Mexico law successfully criminalised the transmission of communications that include material from the unbelievably broad category of ‘nudity, sexual intercourse or any other sexual conduct’.<sup>187</sup> But most of the US federal *Communications Decency Act*<sup>188</sup> was ruled unconstitutional because it was so broad that it potentially covered teenagers sending emails about ‘getting lucky’ on a date to their friends.<sup>189</sup> Note also that the tendency for Internet statutes to be overly broad

<sup>183</sup> See Scott, ‘The Dawn of a New Dark Age? Amendments to the Broadcasting Services Act’ (1999) 2 *Internet Law Bulletin* 32, 34.

<sup>184</sup> For a detailed criticism see Penfold, ‘Censorship Legislation: Wrecking the Internet?’ [2000] *National Law Review* 4.

<sup>185</sup> *New York Penal Law* s 235.21(3).

<sup>186</sup> See generally *ALA v Pataki* 969 F Supp 160 (SDNY, 1997).

<sup>187</sup> Senate Bill 127, enacted 3/98.

<sup>188</sup> *Telecommunications Act of 1996*, Pub L No 104-104, 110 Stat 56.

<sup>189</sup> See *Reno v ACLU*, 521 US 844 (1997). After the *Communications Decency Act* was struck down the *Child Online Protection Act of 1998 (COPA)*, Pub L No

in scope is not limited to being overly restrictive. The *Online Family Empowerment* provision of the *Communications Decency Act*,<sup>190</sup> which was not part of the constitutional challenge, has created a mega-tort-immunity for Internet service providers, who are unaware of the material on their system, even for negligence. The effect, certainly unintended, has been to give web publishers far greater immunity than their colleagues in the print world have ever enjoyed.<sup>191</sup>

The legislation referred to so far can all be loosely classed as ‘censorship’ legislation and much of the argument against such legislation is admittedly premised on US concepts of free speech, which have no place in Australian law, although there are certainly points of policy that can be argued.<sup>192</sup> While they need to be treated with some caution, these attempts at drafting *sui generis* legislation for the Internet do illustrate the difficulty in framing judicial wording to cope with such a complex and rapidly changing technological environment. It is quite certain that in most cases the intentions of the respective legislatures was not to cast the net as broadly as they did.

Nowhere is this more clear than in one of the very few attempts at drafting *sui generis* trade mark protection legislation, such as would be required to regulate metatag ‘abuse’. The US State of Georgia’s *Computer Systems Protection Act* (‘CSPA’) of 1997 made it an offence for anybody to

knowingly ... transmit any data through a computer network ... if such data uses any ... trade name, registered trademark, [or] logo, ... to ... falsely state or imply that such person, organization, or

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105-227, 112 Stat 2861 (1998) was passed. It was framed in narrower terms, but was also subjected to legal challenge.

<sup>190</sup> 47 USC s 230.

<sup>191</sup> For example see *Zeran v America Online*, 958 F Supp 1124 (ED Va, 1997) (upheld in 118 S Ct 2341 (1998)) and *Blumenthal v Drudge*, 992 F Supp 44 (DDC, 1998).

<sup>192</sup> Penfold points out that there is only a very limited concept of freedom of speech in Australia, with most anti-regulation arguments relying too heavily on American constitutional precepts. But in this limited context, it is clear that trade mark rights were limited to the commercial arena for that very purpose, even in Australia. While a trade mark owner’s commercial interests would be protected, there would also be a parallel, and dominant, protection for fair use, reporting, criticism, etc. See Penfold, above n 184, para 63. Australia only has a limited right to ‘freedom of political communication’: see *Lange v Australian Broadcasting Corporation* (1997) 189 CLR 520; *Levy v Victoria* (1997) 189 CLR 579; and *Brown v Members of the Classification Review Board of the Office of Film and Literature Classification* (1998) 154 ALR 67.

representative has permission or is legally authorized to use such trade name, registered trademark, [or] logo.<sup>193</sup>

This is a noteworthy attempt at covering the technological field, but the potential collateral damage caused by such a law is frightening. It even goes so far as to *criminalise* what, in a non-Internet environment, would merely be trade mark infringement! The court that overturned the *CSPA* even said that, if it were upheld, other provisions of the *CSPA* would outlaw hyperlinking and email addresses that failed to include the owner of the address!<sup>194</sup> Further examples of the difficulty of Internet regulation through *sui generis* legislation can be found in the numerous electronic signature statutes that have been passed recently.<sup>195</sup>

### *But is it Possible?*

Accepting that the task is a difficult one, it is still necessary to ask whether drafting *sui generis* legislation to regulate metatag ‘abuse’ is possible. A useful reference is the US *Anticybersquatting Consumer Protection Act* (‘*ACPA*’).<sup>196</sup> It provides a civil action where the defendant ‘registers, traffics in or uses a domain name’<sup>197</sup> with a ‘bad faith intent to profit’<sup>198</sup> from the mark, setting out a numerous factors that the court may consider when determining whether bad faith exists.<sup>199</sup> Importantly, the *ACPA* also provides an important defence for people with legitimate grounds for using a mark:

Bad faith intent described under subparagraph (A) shall not be found in any case in which the court determines that the person believed and had reasonable grounds to believe that the use of the domain name was a fair use or otherwise lawful.<sup>200</sup>

<sup>193</sup> Ga Code Ann 16 9 93.1 (1997).

<sup>194</sup> See *Civil Liberties Union of Ga v Miller* 977 F Supp 1228, 1232, (ND Ga, 1997) (Shoob J) .

<sup>195</sup> For example consider: *Electronic Signatures in Global and National Commerce Act 2000* (US); *California Assembly Bill No. 2503 1999* (California); *State Technology Law 1999* (includes Article I: The Electronic Signatures and Records Act) 1999 NY SB 6113 (New York); *Electronic Information and Documents Act 2000* (Bill 38) (Canada); *Electronic Transactions Act 1998* (Singapore); and *Electronic Communications Act 2000* (UK).

<sup>196</sup> *Anticybersquatting Consumer Protection Act* (US) 15 USC s 1117, 15 USC s 1125(d) and 15 USC s 1129.

<sup>197</sup> s 1125(d)(A)(ii).

<sup>198</sup> s 1125(d)(A)(i).

<sup>199</sup> s 1125(d)(A)(iii).

<sup>200</sup> s 1125(d)(B)(ii).

The *ACPA* is useful as a reference point because it is a relatively balanced attempt at regulating cybersquatting. While it provides a remedy against those with no rights to use a trade mark, it recognises that there are alternate legitimate uses for trade marks, ensuring that trade mark owners with the more ‘famous’ marks are not able to bully their way into an unjustifiable position of dominance on the Internet. Any attempt at drafting *sui generis* legislation for metatag ‘abuse’ should seek to emulate the *ACPA*’s balance.

Unfortunately, translating the *ACPA*’s approach to metatag ‘abuse’ is not easy. First, there is the exclusivity distinction. Domain name technology means that there are a limited number of ways in which a trade mark can be ‘abused’ in a domain name. In contrast, the potential uses for marks in tags are practically unlimited. Any number of people could be ‘abusing’ at the same time, making a scheme that requires individual enforcement costly and of questionable effectiveness. The spate of litigation that Playboy engaged in when metatag ‘abuse’ first arose as an issue is just a taste of what trade mark owners would have to go through to adequately protect their marks under an *ACPA* style scheme.

Second, compiling a list of what constitutes ‘bad faith’ metatag ‘abuse’ is far from a simple task. As shown before there is simply no consensus on the matter. The dilemma is made even more complicated by the fact that the relevance of a site to a search can only accurately be determined by the individual user. It is impossible to set a standard of use before the user’s intentions are known. It will lead to a situation in which courts are determining relevance with the benefit of hindsight, with no consistency or predicability as a result.

Finally, *sui generis* legislation is confronted by the fundamental quandary presented by the Internet. Even if an appropriate statute could be drafted for metatag ‘abuse’, new technology is likely to render it superfluous.

[T]he changes taking place in the law, the technology, and the industrial structure, related to telecommunications, we believe [make] it *unwise* and unnecessary definitively to pick one analogy or one specific set of words now.<sup>201</sup>

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*Denver Area Educational Telecommunications Consortium Inc v FCC* 518 US 727, 742 (1996) (Breyer J, emphasis added).

*It is Possible, But is it Worth it?*

It would be defeatist to concede that an adequate piece of legislation could not be drafted to regulate metatag ‘abuse’. The reality is that it probably could. A possible prototype might even be:

The court may provide a remedy against any person using a trade mark, other than one they own, in connection with a website on the Internet, if that use is not reasonably attributable to all or part of the visible content of the website.

Prima facie, such a provision would allow for the private enforcement of trade mark rights against the irrelevant use of a mark in tags, addressing both the concerns of trade mark owners and the public interest. It draws a line in the sand, declaring that metatag ‘abuse’ is not a legitimate marketing tactic, commercial context or not, unless the use made of a trade mark in tags is relevant to the site’s content. And yet it allows reasonable, relevant use of trade marks in tags to continue, allaying the monopoly concerns that dilution and unfair competition raise.

But even this apparently simple and reasonable provision raises a host of problems. How does this affect the indexing process that search engines use? Does it make keying banner ads to search terms illegal? Should it? What is the ‘reasonably attributable’ threshold going to be? These are all questions that can, and need to be, addressed in any legislation that is drafted, but the likely result is legislation so complicated that it would rival the tax Acts. If we are going to draft sui generis legislation, then we must be prepared for detailed and complicated legislation to ensure that the desired outcomes are achieved without causing the collateral damage that has been witnessed in previous attempts at Internet legislation. Unfortunately, experience tells us that the more detailed the legislation, the more likely it is that it will contain flaws and that technology will promptly bypass it. At best, an adequately drafted metatag ‘abuse’ statute will be a stop-gap until the next ‘competitive and aggressive’ marketing tactic comes along.

*International Arrangements*

The only way to really deal with the issues raised by the Internet is on an international basis and for this reason we must look to WIPO to provide some solutions to the unresolved tensions between freedom for all on the Internet and the rights of the individual.<sup>202</sup>

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<sup>202</sup>Findlay, ‘Internet Advertising’ (1998) 3 *Media and Arts Law Review* 93, 104.

Any domestic law reform will also face the problem of jurisdictional applicability. So if domestic law reform is not the answer, logic would suggest that some sort of international regulatory arrangement probably is because at least it would avoid those jurisdictional problems. It does have a precedent in relation to cybersquatting — the World Intellectual Property Organisation's ('WIPO') Uniform Domain Name Dispute Resolution Procedure ('UDRP').

### *What is UDRP?*

The UDRP had its origins in a 1998 US Government request for WIPO to initiate 'a balanced and transparent international process' for the resolution of domain name disputes. In other words, the US Government, undoubtedly pressured by trade mark owners, wanted an internationally effective means of stopping cybersquatting. The result was a limited dispute resolution scheme for domain names with the <.com>, <.org> and <.net> top level domain names.<sup>203</sup>

All domain name registrars that are accredited by the Internet Corporation for Assigned Names and Numbers ('ICANN') have agreed to recognise and give effect to UDRP decisions.<sup>204</sup> If a trade mark owner objects to the registration of a domain name within UDRP's jurisdiction, they can use it to attempt to have the domain name transferred to them in preference to, though not excluding, using the traditional court system.<sup>205</sup> To do so, the complainant has to establish that:

- they have a right to the mark;
- the domain name is confusingly similar to that mark;<sup>206</sup>
- the registrant has no legitimate interest in the mark; and that
- the mark was registered in bad faith.<sup>207</sup>

<sup>203</sup> A copy of the UDRP is available at <<http://www.icann.org/udrp/udrp-policy-24oct99.htm>> (visited 3 October 2000). Note also that Internet Names World Wide has adopted a mirror dispute resolution policy for the <.com.au> domain names it registers in Australia. Available at <<http://direct.internetnamesww.com/inww-dispute.shtml>> (visited 3 October 2000).

<sup>204</sup> ICANN is the peak body in the Internet's domain name system.

<sup>205</sup> There are currently four UDRP providers in the world: disputes.org/eResolution Consortium, the National Arbitration Forum, WIPO and CPR Institute for Dispute Resolution. See <[www.icann.org/udrp/approved-providers.htm](http://www.icann.org/udrp/approved-providers.htm)> (visited 3 October 2000).

<sup>206</sup> Although an early decision indicated that the issue of likelihood of confusion goes beyond the jurisdiction of UDRP: *Credit Management Solutions Inc v Collex Resource Management* WIPO D2000-0029.

From a practical point of view the UDRP is attractive as a dispute resolution procedure because of its relative low cost, easy access and efficient turn around time.<sup>208</sup> It only came into effect on 1 January 2000, and yet, as of 30 April 2001, 2,009 of the 2,459 applications lodged with WIPO had already been decided.<sup>209</sup> Examples of domain names that trade mark owners have successfully challenged include ‘microsoft.org’, ‘telstra.org’, ‘dior.org’ and ‘countryroad.com’.<sup>210</sup>

### *Similarities to Sui Generis Legislation*

The process of determining applications under the UDRP, and indeed the content of any international regulatory arrangement, is essentially the same as drafting a piece of sui generis legislation. Interestingly, though perhaps not surprisingly, the UDRP is framed in almost identical terms to the US *ACPA*. The factors that it takes into account to determine whether a domain name registration is in ‘bad faith’<sup>211</sup> and whether a registrant has a ‘legitimate interest’ in the domain name<sup>212</sup> are largely indistinguishable from those in the *ACPA*.<sup>213</sup>

Naturally enough, the difficulties inherent in drafting sui generis legislation are also applicable to international regulatory arrangements. In the metatag context there are two major hurdles. The first is the need to obtain consensus on what is and what is not ‘bad faith’ metatag ‘abuse’, to borrow the UDRP terminology. Though there is general agreement that cybersquatting is wrong and against the public interest,<sup>214</sup> opinion on metatag ‘abuse’ is far from unified. Negotiating a regulatory regime that is able to reconcile those conflicting attitudes is going to be particularly hard at an international level.

<sup>207</sup> UDRP, art 4(a).

<sup>208</sup> See generally Solomon, ‘Two New Tools to Combat Cyberpiracy: A Comparison’ (Paper presented to the 14<sup>th</sup> Annual IPSANZ Conference, Sanctuary Cove, July 2000).

<sup>209</sup> <<http://arbiter.wipo.int/domains/statistics/results.html>> (visited 18 May 2001).

<sup>210</sup> Interestingly the cases being decided by UDRP even go beyond pure trade mark exploitation, with celebrity status also receiving attention: see *Julia Fiona Roberts v Russell Boyd* WIPO D2000-0210; *Jeanette Winterson v Mark Hogarth* WIPO D2000-0235.

<sup>211</sup> UDRP, art 4(b).

<sup>212</sup> Article 4(c).

<sup>213</sup> The *ACPA* does have somewhat of a broader reach than the UDRP, though, as it applies to all domain names, provides some protection for personal names and has a wider array of remedies.

<sup>214</sup> The UDRP was the result of an extensive consultation process, which found little argument against this proposition: see WIPO, above n 43, 7.



Second, there is the obvious practical distinction between cybersquatting and metatag ‘abuse’, which was also highlighted in the discussion of the *ACPA*. Domain names are exclusive and therefore a regime premised on registrar compliance and enforcement is feasible. Using trade marks in metatags without authorisation, justifiable or not, can be engaged in by any number of people, casting doubt over whether any regime can offer the cost and efficiency benefits that the UDRP offers with respect to regulating cybersquatting.

There is a further point of distinction. While domain name technology is likely to be a mainstay of Internet infrastructure for some time, metatags are merely part of the ever-evolving Internet navigation technology. As with *sui generis* legislation, by the time an international regulatory arrangement is decided upon, the technology is likely to have left it behind.

#### *Lessons from the UDRP*

Drafting problems aside, there are lessons that can be learned from the UDRP experience. In particular, it shows the risk of international regulatory arrangements being biased towards established interests at the expense of the public interest in a relatively free and innovative Internet.

WIPO is being paid a lot of money by people who want to basically steal property under copyright laws ... These companies should have known a lot better than to not reserve their names on the Internet. I’m buying stock in the future of these names, and I would expect to get paid for them when they’re sold. It’s a huge market, and whoever’s in there has some rights — but they tend to get steamrolled by people with bigger guns.<sup>215</sup>

The lesson is evident in the statistics. Of the disputes resolved by WIPO under the UDRP to 30 April 2001, 64 per cent were resolved in favour of the trade mark owner.<sup>216</sup> When one looks at the statistics from all four UDRP providers<sup>217</sup> up to 30 August 2000 that percentage blows out to 76 per cent.<sup>218</sup> This is in spite of the relatively reasonable and broad ‘legitimate interest’ provisions in the UDRP<sup>219</sup> and the established principle that trade marks do not necessarily grant exclusive use. Admittedly, this might be a reflection of

<sup>215</sup> Per ‘Oxford University’, a serial cybersquatter, as quoted in Braue, ‘Com Job’ *The Bulletin*, 18 July 2000, 72, 73.

<sup>216</sup> <<http://arbiter.wipo.int/domains/statistics/results.html>> (visited 21 May 2001).

<sup>217</sup> For a list of UDRP providers see n 205.

<sup>218</sup> See Solomon, above n 208, 6.

<sup>219</sup> UDRP, art 4(c).

the type of disputes that have been submitted to the UDRP, but it is also an indication that the UDRP arrangement is essentially turning domain names into trade mark rights. A ready consequence of this is that the arrangement is open to ‘abuse’ by dominant trade mark owners, in much the same way as the torts of dilution and unfair competition are.<sup>220</sup> The way that the UDRP is framed and the way that it operates in practice assumes, to a large extent, that trade mark rights have been unjustly infringed from the very start.<sup>221</sup>

A specific example of this bias comes from art 4(c)(iii), which outlines one situation in which a registrant has a legitimate interest in a domain name. Under the UDRP such an interest exists if

the Registrant is making a legitimate non-commercial or fair use of the domain name, without intent for commercial gain to misleadingly divert consumers or to tarnish the trademark or service mark at issue.

This article appears reasonable at first. It exempts non-commercial and fair use of the mark, in accordance with established trade mark principles. However, the proviso to this exemption is a cause for concern; in particular, the reference to a lack of intention to ‘tarnish the trade mark’. Does this mean that legitimate criticism of a trade mark owner, which is invariably intended to tarnish the mark and its owner, is not considered a legitimate reason to claim an interest in a domain name? If so, the UDRP has effectively taken trade mark protection to a much higher level on the Internet than exists in the non-Internet market. Since when did a trade mark right confer an immunity from criticism? Even one of the UDRP’s architects, Francis Gurry, admits that it is a system of ‘rough justice’, ill-suited to dealing with the difficult cases.<sup>222</sup>

One thing that the UDRP certainly does contribute to the regulatory debate is an effective means of regulating metatag ‘abuse’ in practice. It focuses its regulatory muscle on the infrastructure of the Internet, the domain name registrars, rather than on the domain name registrant. Enforcement of any order is easy, as the compliance of the registrant is not required, just that of the registrar. This enforcement aspect of the UDRP is something that should be kept in mind with respect to metatag ‘abuse’ regulation, even if the idea of a comprehensive international arrangement is dismissed.

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<sup>220</sup> See Lepinski, above n 62, para 32.

<sup>221</sup> See Krieger, ‘Internet Domain Names and Trademarks: Strategies for Protecting Brand Names in Cyberspace’ (1998) 32 *Suffolk University Law Review* 47, 65, 69.

### *Conclusion*

It is clear that a purely legal response to metatag ‘abuse’ faces practical, conceptual and public policy concerns, which are significant, if not insurmountable in some respects. An alternative approach might be to take the focus off the law and place where it belongs — back on the technology. The remainder of the article considers this alternative.

### SOLUTIONS AND CONCLUSIONS

The law must accept that it needs to adapt its traditional approach to regulating human interaction to suit the new order brought about by the Internet. Traditionally, externally imposed legal sanctions like trade mark infringement, passing off and dilution have adequately regulated transactions and balanced competing interests. But the fundamentals of our society are changing, leaving traditional approaches behind. Just as metatag ‘abuse’ is a marketing technique without precedent, so too is the Internet a revolution in human interaction itself. The constructs that we have used to regulate that interaction for centuries may well have a completely different application, if they have any at all, in this new reality.

Rather than waiting for an international treaty or engaging in expensive litigation, trade mark holders must develop a cost effective strategy for maintaining the strength of their trade marks without being overwhelmed by infringers.<sup>223</sup>

Such a strategy should involve a mixture of technical protection measures, Internet self-regulation and broad-based consumer protection laws. A multi-faceted approach would be more responsive to the problems caused by Internet transactions and capable of evolving with technology.

#### *The Primary Strategy: Technology*

Metatag ‘abuse’ is only a problem because of search engine limitations. Search engines are unable to determine the subjective intentions of users submitting a search request and, as such, web publishers are able to take advantage of search engine indexing techniques to get their sites noticed.

A search on *penguin* is just as likely to generate a list of pages about Penguin-Putnam books, the Purple Penguin Design Group and why

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<sup>222</sup>

Quoted at the 14<sup>th</sup> Annual IPSANZ Conference, Sanctuary Cove, 15 July 2000.

<sup>223</sup>

Krieger, above n 221, 47.

Linus Torvalds chose the bird as Linux’s symbol as it is to uncover useful data on flightless aquatic birds of the tuxedoed, krill-munching variety.<sup>224</sup>

Therefore, in reality what we have is a technical problem, not a legal one at all. The onus should primarily be on technology to address the concerns raised by metatag ‘abuse’, not a legal system that is outmoded and ineffective in practice. Not only is it a more conceptually sound approach, given the difficulties demonstrated with applying legal solutions, but it is an approach which has worked in the past: search engines and metatags evolved in the first place to ease the navigational problems created by the increasing popularity of the Internet; ‘cybernannies’ were developed in response to parent’s fears about the exposure of their children to inappropriate content; and passwords, secure access systems and watermarks have gone some way to addressing the concerns that copyright owners have about the protection of their intellectual property on the Internet. Charles Clark said, ‘the answer to the machine is the machine’ and there is no reason why metatag ‘abuse’ should be any exception to this sensible general principle.<sup>225</sup>

Legal prohibitions do not negate the need for trade mark owners to protect themselves. After all, banks still have thick walls, big vaults and complex security systems, even though bank robbery has been a crime for centuries. The remainder of this section sets out the walls, vaults and security systems potentially available to combat metatag ‘abuse’.

### *Improved Internet Efficiency*

The first facet of technological improvement is likely to be improved Internet efficiency. There is already progress being made. Researchers at 112 universities around the world are developing ‘Internet 2’, a much quicker and more efficient Internet than the one we have now.<sup>226</sup> Their aim is to have an Internet that can download the equivalent of a 30-volume encyclopaedia in less than a second. If they succeed, which no doubt they will, this improved efficiency will make searching much easier and less frustrating, lessening the impact of metatag ‘abuse’ on the user, as they will be able to determine

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<sup>224</sup> Silberman, ‘The Quest for Meaning’; *Wired*, 8 February 2000, 5 <[http://www.wired.com/wired/archive/8.02/autonomy\\_pr.html](http://www.wired.com/wired/archive/8.02/autonomy_pr.html)> (visited 14 October 2000).

<sup>225</sup> As quoted in Marks and Turnbull, ‘Technical Protection Measures: The Intersection of Technology, Law and Commercial Licences’ (2000) 22 *European Intellectual Property Review* 198, 199.

<sup>226</sup> See generally Lichtenberg, ‘Net 2: New High Speed Network Seeks Publishers Input’ *Publishers Weekly*, 27 April 1998.

relevance for themselves far more quickly by scanning the results provided to them.

### *A 'Trade Mark' Metatag*

Complementary to improved Internet efficiency would be the creation of 'trade mark metatags'. This is an interesting technical solution posited by McCuaig to the metatag quandary. His vision is that the trade mark tag would complement the keyword and description tags that already exist on most websites.<sup>227</sup> If websites were designed with three tags, rather than the current two, web publishers could be forced to distinguish their sites from the trade mark owners, thereby removing the risk of consumers making any association between the mark and the trade mark owner.

McCuaig's suggestion is simple and attractive. Its efficacy centres on the interaction of the proposed trade mark tag and the keyword tag. The only people who would be allowed to put trade marks in the trade mark tag would be trade mark owners themselves, whereas anyone could put a trade mark in the key word tag, if they thought that it was relevant to the content of their site. When a user conducts a search, they would be able to instruct the search engine either to search all tags or to search specifically in trade mark tags. That way, if they are using the mark in a trade mark sense, ie looking for the trade mark owner's site, the search engine knows it and will search accordingly.

The suggestion is not perfect. In particular, it does not cater for unregistered marks, as to be effective the right to use the trade mark tag would have to be easily and readily ascertainable. Regardless of its limitations though, it does place the onus on the user to determine what they are looking for, thereby eliminating most, if not all, grounds for concern about user confusion.

### *Advanced Search Engines*

Improved Internet efficiency and a trade mark tag would go some way to lessening the negative impacts of metatag 'abuse' on the user and the trade mark owner, but they do not address the fundamental problem — the search engine's inability to accurately determine which sites are relevant to the user's search. While it is always going to be difficult, if not impossible, to determine with certainty what the intentions of a user are, and thus which sites are relevant to their search, improved search engine technology is also a vital component in any plan to tackle metatag 'abuse'.

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<sup>227</sup> See generally McCuaig, above n 31.

The aim is to develop better relevance ranking techniques. Indeed, recent searches for ‘FORD’, ‘NESTLE’, ‘MICROSOFT’ and ‘NIKE’ all turned up the trade mark owner’s site within the top ten hits, which indicates that improvements are already occurring.<sup>228</sup> Other approaches being taken include employing human ‘editors’ to monitor search engine indices to ensure that the terms used accurately reflect the content of the website and providing a system whereby trade mark owners can register their marks with search engines to ensure that their website is returned prominently on hit lists.<sup>229</sup>

Another promising development in search engine technology is the work being done on using Baynesian probability theory to construct new search engines. The aim is to enable search engines to ‘learn’ about user search intentions from past behaviour, thereby making it possible to select relevant websites with a much greater degree of accuracy. A UK tech company, Autonomy, is successfully developing software along these lines and Microsoft is using Baynesian probability theory in its ‘Office Wizards’ software. Assuming that this technology becomes available to the average Internet user, it offers the potential for much more accurate Internet searching, and thus less negative impact from metatag ‘abuse’.<sup>230</sup>

One must also appreciate that it is in the best interests of search engines to police and develop solutions for metatag ‘abuse’. Returning over-inclusive searches does nothing to inspire user confidence and satisfaction in the service that they provide. It is just not profitable. New technology, like improved relevance ranking techniques and Baynesian probability theory, are certain to be adopted as rapidly as they are developed.

#### *Addressing Trade Mark Owner Concerns*

These technological improvements offer hope for a resolution of the public interest concerns raised by metatag ‘abuse’, but trade mark owners are still likely to lament the fate of their marks. They must accept, though, that the nature of trade marks on-line is not the same as it is off the Internet. Things have changed. On the Internet, trade marks have to share their proprietary marketing role with a more practical searching role. If we can develop search

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<sup>228</sup> Searches done using AltaVista, <www.altavista.com>, on 10 September 2000.

<sup>229</sup> With the latter option, when a user conducts a search using that mark, the trade mark owner’s site appears first, regardless of where the relevance ranking would have placed it. On AltaVista it appears with a superscript ‘RN’ next to the site’s title, signifying ‘registered name’. Metatag ‘abuse’ still occurs and the abusing sites still get returned on the hit list, but the system ensures that the trade mark owner gets a prominent position.

<sup>230</sup> See generally Silberman, above n 224.

engines that remove any risk of user confusion and yet still allow users to search as widely as possible, using what terms they like, the public interest is served, though the proprietary control of trade mark owners may be diminished.

This is not to say that there is nothing that trade mark owners can do to protect the value of their marks, better search engines or not. Technological advancement works both ways and there is little doubt that trade mark protection technology will emerge, just as watermarking did to protect copyrights. Indeed, there are already steps that trade mark owners can take to address metatag ‘abuse’ without such technology being available. To begin with, they can give metatag ‘abusers’ a bit of their own medicine. As trade mark owners have the freedom to use their mark as they like on their websites, unlike metatag ‘abusers’ who need to hide behind the visibility distinction to escape liability, there are many ways in which trade mark owners can ensure that their site is among the most prominent on a hit list. They just need to make sure that their mark is used in the site’s title, metatags, URL, headlines and the first 200 words on the page. Furthermore, the mark needs to be used in the HTML rather than any embedded graphics. It would be extremely unlikely that a metatag ‘abuser’ could gain a higher relevance ranking, given present technology, than a trade mark owner exploiting one’s own mark to its full potential.<sup>231</sup> One might also like to put popular misspellings of their mark in the tags to pick up those hits as well.<sup>232</sup> Using these options will reduce the impact of metatag ‘abuse’ on the trade mark significantly and alleviate, if not eliminate, any need to enforce rights through the courts.

### *The Need for the Legal Backing of Technological Solutions*

While the onus for dealing with metatag ‘abuse’ should be on technology, it is necessary to point out that this does not mean that the law will not have a role to play. Indeed, legal sanctions against parties that try to circumvent technical measures will be central to the success of any technological solution. For example, if the approach of registering a mark with search engines gains favour, a party that hacks into a search engine to manipulate that system should face legal sanction as there is a clear element of bad faith

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<sup>231</sup> See generally Gardner, above n 42.

<sup>232</sup> See Lefko, ‘Ninth Circuit Weighs in on Use of Trademarks in Metatags and Disputes Between Owners of Trademarks and Domain Names’, Client Update, (Irell & Manella LLP, Los Angeles, 1999) 6.

behaviour.<sup>233</sup> Or if McCuaig’s trade mark tag approach is adopted, the use of unauthorised trade marks in a trade mark tag would need to be actionable.<sup>234</sup> The role that legal backing will need to play will naturally depend on what the technological solution is, but it is something that needs to be factored in. The difference is that the law should play an indirect role, complementing the technology rather than trying to put a yoke on it.

### *The Law and the Pace of Technological Change*

We must be particularly careful that the law does not inadvertently stand in the way of technological solutions, as the law has an unfortunate habit of inhibiting self-help technological solutions.

Once again domain name disputes provide a perfect example. The UDRP has no mechanism for resolving priority disputes between alternate, but legitimate, users of a domain name such as in *Hasbro*. The system, as it stands, requires someone to lose out. The irony is that a simple technological solution exists to this problem. It is called a ‘gateway’ and a great number of domain name disputes could be done away with if gateways were used as a mandatory solution to disputes between competing legitimate users. A gateway is simply a single website, using the disputed domain name, which contains nothing more than links to the various users that have rights to it.

This approach has been adopted by the registrars of the Indian Ocean, <.io>, domain name and the European Community submission to the UDRP development process supported its use.<sup>235</sup> Yet when WIPO set up the UDRP it did not give its panellists this option as a remedy. Why? Because trade mark owners resisted giving up their ‘unique identity’.<sup>236</sup> The folly of this argument, of course, is that if the other user of the domain name is a legitimate one, the identity is not unique at all. If trade mark owners were not so insistent on maintaining their perception of their legal rights, a technological solution would remove the need to resort to the courts every time a dispute arises.

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<sup>233</sup> Recent Commonwealth and New South Wales legislation now prohibits unauthorised impairment of and access to computer data. See *Cybercrime Act 2001* (Cth); *Crimes Amendment (Computer Offences) Act 2001* (NSW).

<sup>234</sup> This could be achieved by a simple amendment to the *TMA* to include use in a trade mark tag with the definition of ‘applied to’ in s 9. Indeed, it would potentially not even require an amendment, as use within a trade mark tag is arguably trade mark use by definition.

<sup>235</sup> See Krieger, above n 221, 68.



*Let the Experts Handle it*

But technical measures are not the only answer. Even technology has its limits. There also needs to be some form of regulatory framework, a 'rule book' for metatag use. Traditionally, writing the rule book has been the province of the law, either through the courts or parliaments, but we have already shown that in this arena that approach fails. On the Internet, it is more appropriate to let self-regulation determine the rules,<sup>237</sup> as this offers the best chance of providing an acceptable outcome, while minimising the social costs of rights enforcement, in particular, litigation.<sup>238</sup>

*Netiquette*

The reason that self-regulation is preferred to the imposition of external regimes is that it is more likely to deliver outcomes that reflect the dynamics of the new Internet economy. Trade mark owners, web publishers and users are the parties best placed to determine where the equilibrium lies between the costs and benefits of metatag 'abuse'. This paper has suggested that as long as metatag 'abuse' does not mislead or deceive users it should be permissible, but the equilibrium determined by the players on the Internet may be quite different: 'In the end, the cybermerchants and their market-oriented customers will [and should] decide who has it right.'<sup>239</sup>

Self-generated rules are already emerging. A social code of behaviour, dubbed 'netiquette', is emerging on the Internet, which guides the interpretation of good faith behaviour. It ranges from relatively innocuous conventions, such as not using all capitals in an email, to wide-ranging technical agreements like the 'robot exclusion protocol', which is largely adhered to by search engines.<sup>240</sup> Some jurisdictions are even giving netiquette

<sup>236</sup> See WIPO (1999), above n 43, para 124.

<sup>237</sup> See generally Kay, 'Sexuality, Live Without A Net: Regulating Obscenity And Indecency On The Global Network' (1995) 4 *Southern California Interdisciplinary Law Journal* 355; and Epstein and Tancer, 'Enforcement of Use Limitations By Internet Services Providers: "How To Stop That Hacker, Cracker, Spammer, Spoofer, Flamer, Bomber"' (1997) 9 *Hastings Communications and Entertainment Law Journal* 661.

<sup>238</sup> See Whincop, above n 65, para 19.

<sup>239</sup> Quirk, 'The Law Merchant: Model for Cyberlaw' (1997) 1 *Law and Technology* 1, 2.

<sup>240</sup> The 'robot exclusion protocol' is an agreement that sites should be able to determine whether or not they are indexed by search engines. The protocol means that websites that do not want to be indexed include a specific piece of

limited legal recognition, with courts in Canada implying terms to observe netiquette into ISP contracts.<sup>241</sup> Eventually netiquette conventions will emerge to deal with the issues posed by metatag ‘abuse’, in particular when it is justified and when it is not. Once that occurs, the application of netiquette rules could easily be effected through any number of means including:

- the willingness of search engines to deal with parties who are engaging in unjustifiable metatag ‘abuse’;
- distinguishing trade mark owners using a colour code on a hit list or a disclaimer;
- requiring non-owner users of a trade mark to distinguish their site through a standard disclaimer at the hit list stage; or even
- simply requiring that all marks used in metatags actually appear in the visible content of the page as well.

Whatever the form netiquette takes, it is likely to be more responsive to the needs of the Internet community than an externally imposed legal regime.

Moreover, self-regulation accords with the original ideals of a free Internet, as well as meeting user expectations and belief that the Internet is, in fact, unregulated. With self-regulation, the rules evolve with the technology and, while that will necessitate transition periods, the low cost and easy access of the Internet means that the process of achieving balance works at speeds on the Internet that are unimaginable off it and that law reform could not even dream of.

### *The Law Merchant and Jurisdiction*

The other major advantage of a self-regulatory regime is that it avoids the jurisdictional problems inherent in domestic law reform. The solution is not a novel one. During the Middle Ages, cross-border trade forced a change in the way that commercial interaction was governed. Parties started by negotiating the terms of their transactions via contract, but the extensive negotiation required increased the cost of doing business. Over time, a uniform body of ‘industry’ law, known as the ‘Law Merchant’ evolved.<sup>242</sup> Customary trade practices were applied to resolve disputes between traders, characterised by a

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code at the beginning of their page, so that a spider knows not to read on. By and large it is observed by all search engines.

<sup>241</sup>

See Neely, ‘Netiquette gains legal status’ (1999) 17 *Law and Technology* 6, 6.

<sup>242</sup>

Referred to by its Latin name, *Lex Mercatoria*, at the time.

flexible set of rules and the speedy resolution of disputes by specialist bodies.<sup>243</sup>

Quirk argues that the law merchant provides a valuable precedent for the regulation of the Internet.<sup>244</sup> While territorial legal systems and international conventions have taken the place of the Law Merchant in the traditional economy, the Internet is creating the very same problems that prompted the Law Merchant's emergence all those years ago. If the people using the technology can develop a customary set of rules for handling metatag 'abuse', it is preferable to the imposition of a regime on people who do not want it. Furthermore, it would allow the regulation of metatag 'abuse' through Internet architecture, rather than through the courts, as industry players would be party to the regulation process, rather than subject to it.

Having said that, the law needs to ensure that self-regulation does not allow monopoly forces to dominate the Internet. We still need a system of public law, but this is best pursued through competition, rather than trade mark, law.

Without a system of public law, private interests will dominate the rights of parties in information transactions. In this case, contract will dominate relationships between remote Internet actors.<sup>245</sup>

### *The Safety Net*

Technology and Internet self-regulation will largely resolve the issues raised by metatag 'abuse'. While the balance will tip from time to time, an equilibrium will be reached, as it always has been in the past. There is, however, one final, and fundamental, role for the law to play. It needs to provide a safety net to protect the consumer, especially when metatag 'abuse' does form part of a greater plan to actually deceive the consumer.<sup>246</sup>

It is unnecessary, however, to change the law to achieve this objective. The *TPA* is already designed to protect the consumer from being misled or deceived and it can and should still serve that function on the Internet. While this article has argued that metatag 'abuse' does not, of itself, cause confusion, there is no doubt that metatag 'abuse' is used by some parties as part of a deceptive scheme. In these cases the *TPA* is an appropriate

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<sup>243</sup> See generally Mirzaian, above n 65; and Quirk, above n 239.

<sup>244</sup> See generally Quirk, *ibid.*

<sup>245</sup> Lepinski, above n 62, para 52.

<sup>246</sup> See generally Greenleaf, 'An Endnote on Regulating Cyberspace: Architecture vs Law?' (1998) 21 *University of New South Wales Law Journal* 593.

mechanism for protecting the public interest. It is not technology-specific and if confusion can be established, then it is relatively easily pursued. The irony of much of the comment that has followed the US metatag cases is that s 52 of the *TPA* can already adequately cope with situations in which users are confused. The mistake that commentators have made is to assume the existence of confusion.<sup>247</sup>

### *Conclusion*

The facts in *AsiaFocus* or *The Playboy Case* deserved a remedy. The defendants had engaged in a deliberate plan to mislead users for their own profit. But these defendants could have been pursued under Australian law as it currently stands.<sup>248</sup> The totality of their behaviour was misleading and deceptive. No contest. No debate. Indeed, *AsiaFocus* and *The Playboy Case* were not about metatag ‘abuse’ at all. They were about a pattern of behaviour, of which metatag ‘abuse’ was merely a small part. The cases have been misunderstood by judges and commentators.

This becomes clear when our attention is turned to *Oppedahl & Larson*. While the plaintiffs saw the issue in black and white, the legal position, if it had ever been fully analysed, could not have been more grey. There was no trade mark infringement because there was no trade mark use. There was no passing off because there was no representation or confusion. And there was no misleading and deceptive conduct because no one was misled or deceived. *Oppedahl & Larson* wanted exclusive control over their marks, which the law as it currently stands cannot and should not give them.

Metatag ‘abuse’, on its own, is not inherently wrong and should not be used as a means of allowing trade mark owners to gain quasi-exclusivity over their marks on the Internet. As the law currently stands, that is not possible, but the trend of courts and regulators in the US, and by extrapolation here, is to make it so, wittingly or not. This article looked at alternate means for achieving a balance in the metatag ‘abuse’ debate, from generalist torts and sui generis schemes to formal international regulatory arrangements, but all of these are unsatisfactory for one reason or another. Therefore, it is better to avoid approaching metatag ‘abuse’ as solely a legal problem. The problem is primarily technological. The internet community should bear the onus of devising means to facilitate metatag ‘abuse’ when it is in the public interest

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<sup>247</sup> There are obviously still jurisdictional problems with using a domestic mechanism like the *TPA*.

<sup>248</sup> Although the pursuit of trade mark infringement and passing off claims would have failed.

and preventing it when it is not. Those cases that stray beyond fair metatag use, should then be left to the *TPA* to fulfil its consumer protection role. In doing so, an appropriate balance between trade mark owners and the public interest and a match with the technology will be reached.

‘Those who benefit from [trade mark] law are, therefore, threatened as the inherent controls of print are being lifted. In addition, however, the concepts themselves are vulnerable as the public acquires experience with information that was previously suppressed...’ It is erroneous to assume that ‘legal concepts that are widely accepted will be unaffected by the new media ... the ultimate effect of the new communications environment will be a new kind of accommodation, a new balance, and a new meaning’.<sup>249</sup>

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<sup>249</sup>

Katsh, *The Electronic Media and the Transformation of Law* (1989) as quoted in Natherson, above n 19, 110 fn 323.

## POSTSCRIPT

Since the thesis on which this article is based was originally written in 2000, search engine techniques to address the impact of metatag abuse have improved. So what relevance is any of this in 2002? The author submits that metatag abuse is still a useful foil against which to highlight the potential pitfalls posed by Internet regulation. The issues discussed in this article are issues that will continue to arise again and again as intellectual property law seeks to find a balance with rapidly evolving technology. Moreover, as Professor James Boyle of Duke University Law School is quoted as saying, ‘in the long run, it is the property rules that will shape the Internet’s future more thoroughly than the rules on censorship or filtering or taxation’,<sup>250</sup> and so we must be ready and able to learn from the past interaction of the law and technology.

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<sup>250</sup>See Kaplan, ‘Divining the Future of Law and Technology’ *The New York Times, Cyber Law Journal*, 11 January 2002.