



The Search Engine Economy's Achilles Heel?

Addressing Online Parallel Imports Resulting from Keyword and Metatag Misuse

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INTRODUCTION

¶1 Consider the following scenario: Jane Doe, who resides in country “A,” is in the market for a widget. She has a sense of how much she is willing to pay and knows that Brand X widgets are the most popular. The term “Brand X” is a registered trademark in country “A.” Jane Doe decides to look for Brand X widgets online and enters “Brand X” into the search field of a popular search engine. Jane Doe then clicks on the first search result in the list and is led to a website called widgetsellers.com, a company domiciled in country “B.” Finding that widgetsellers.com sells Brand X widgets for less than she expected, Jane Doe purchases the Brand X widget from them over the Internet.

¶2 Widgetsellers.com has entered into a license agreement with Brand X to sell Brand X widgets in various geographical territories, but has not licensed to sell those widgets over the Internet. In order to lead potential customers to its website, widgetsellers.com has purchased the right to use “Brand X” as a keyword from the search engine, so that when “Brand X” is entered into the search engine’s search field, a link to widgetsellers.com appears on the results page. Widgetsellers.com has also entered metatags into the hypertext mark-up language (HTML) code of its website. These metatags are recognized by search engines and trigger placement of widgetsellers.com’s website into search engine results.

¶3 This Article proposes that companies that utilize keywords or metatags to lure people to their websites and sell goods or services without first acquiring the right to do so, like the fictitious widgetsellers.com, should be subject to liability for trademark infringement. Since the Internet is inherently a global territory, international trademark law, particularly the Agreement on Trade Related Aspects of Intellectual Property Rights¹ (“TRIPs”), restricts the ability of companies like widgetsellers.com to manipulate search engine results and sell goods or services over the Internet

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¹ General Agreement on Tariffs and Trade—Multilateral Trade Negotiations (The Uruguay Round): Agreement on Trade-Related Aspects of Intellectual Property Rights, Including Trade in Counterfeit Goods, Apr. 15, 1994, 33 I.L.M. 81 [hereinafter “TRIPs”]; http://www.wto.org/english/tratop_e/trip_e/intel2_e.htm (last visited Feb. 6, 2005) (“The TRIPs Agreement, which came into effect on 1 January 1995, is to date the most comprehensive multilateral agreement on intellectual property.”).

without acquiring the right to do so from the producers of such goods and services. In addition, this Article explores the global trade and welfare implications of adopting this proposal, particularly as they are felt in developing countries.

¶4

The success of numerous Internet search engines over recent years has significantly changed the way we use the Internet.² Since search engines continue to dominate the Internet,³ it is important to examine the legal viability of the methods used to procure search engine results. Internet search results can be manipulated by various such means, including spamdexing, blogging, and keyword and metatag misuse. Spamdexing involves the repeated use of “registered trademarks, brand names or famous names in one’s Web page. [Spamdexing methods] can make a Web site move to the top of a search engine list, drawing higher traffic to that site—even if the site has nothing to do with the search request.”⁴ Similarly, blogging can be used to place cross links or spamdexes on webpages in order to affect page rankings in search engine results.⁵ Keyword misuse arises where a keyword that is a trademark is purchased from a search engine by someone other than the trademark owner. This means that the purchaser of a given keyword that is also a trademark enters into agreements with the search engine to provide a link to the purchaser’s website whenever the keyword is entered into the search engine’s search field. For example, widgetsellers.com’s purchase of “Brand X” as a search engine keyword is misuse because widgetsellers.com does not hold trademark rights in the term “Brand X.” Finally, search engines may also produce results that compete with the trademark owner’s keywords through metatag misuse, a practice that involves the insertion of HTML code in webpages that triggers placement in search engine results.

¶5

This Article specifically addresses keyword and metatag misuse that results in the unlicensed sale of a good or service over the Internet. This can occur, as in the above example, when searching for a keyword that also serves as a trademark directs a user to a website where she can purchase the good or service bearing such trademark without permission of the holder of trademark rights. It can also occur when a keyword is not subject to trademark protection. Consider, for example, a company that directs consumers to its website when they enter the word “sunglasses” into a search field, either through metatag misuse or the purchase of the keyword “sunglasses” from the search engine. But the company sells Prada sunglasses online without the permission of Prada, at prices below what is charged by licensed Prada online retailers. In this particular example, the keyword that is misused (“sunglasses”) is not a trademark. Trademark law would therefore not provide an effective means of preventing the unlicensed Internet sales of Prada sunglasses; such keyword misuse is beyond the scope of this Article. Where the company enters into agreements with search engines to direct consumers to its website after the keyword “Prada,” which is subject to trademark protection in the United States and Europe,⁶ is entered into search fields, however, international trademark law could be utilized to address such unlicensed Internet sales.

² See *Searching for Dollars: Eight Google Wannabes*, FORBES, Nov. 11, 2004, available at http://www.forbes.com/home/technology/2004/11/11/cz_eb_1111search.html; see also *Linux Seller Gunning for Search*, CNET News.com, Nov. 11, 2004, http://news.com.com/Linux+seller+gunning+for+search/2100-1032_3-5448813.html?part (“Linux seller Linspire has embedded search capabilities into its newly upgraded operating system Linspire uses Google’s and Yahoo’s search engines to perform the searches.”); see generally JOHN BATTELLE, *THE SEARCH: HOW GOOGLE AND ITS RIVALS REWROTE THE RULES OF BUSINESS AND TRANSFORMED OUR CULTURE* (Penguin Group 2005).

³ See John Markoff, *Microsoft Quietly Unveils Its Search Engine*, N.Y. TIMES, Nov. 11, 2004, at C1, C8 (“Fully 20 percent of all Web traffic now goes to 10 Web sites and that list is dominated by search engines.”). See generally Julia Angwin & Kevin J. Delaney, *AOL to Expand Its Capabilities in Web Searches*, WALL ST. J., Jan. 20, 2005, at B4, B5; Kevin J. Delaney, *Yahoo Profit Surges Amid Ad Boom*, WALL ST. J., Jan. 19, 2005, at A3, A7; Steve Lohr, *Just Googling It Is Striking Fear into Companies*, N.Y. TIMES, Nov. 6, 2005, at A1, A26; Fred Vogelstein, *Google: Is This Company Worth \$165 a Share*, FORTUNE, Dec. 20, 2004, at 110 (“One can argue that the search engine is second in importance only to the web browser . . .”).

⁴ The Word Spy, <http://www.wordspy.com/words/spamdexing.asp> (last visited Feb. 17, 2005).

⁵ See *Porn Blogs Manipulate Google*, Wired.com, <http://www.wired.com/news/business/0,1367,64422,00.html> (last visited Dec. 10, 2004) (“[A]nyone can create an unlimited number of free Blogspot blogs, and because Google’s page-ranking system is predisposed to give high rankings to widely linked blogs, Google’s own technology is a sitting duck for being exploited”); see also Jeff Beard, *Blogging Abuses Are Escalating*, http://www.lawtechguru.com/archives/2004/08/04_blogging_abuses_are_escalating.html (last visited Dec. 10, 2004).

⁶ See U.S. Registration No. 2,303,400 for PRADA available at <http://tarr.uspto.gov> (click on U.S. Registration Number; then enter “2303400”) (last visited Jan. 8, 2006); see also CTM Trademark No.: 000271163, available at http://oami.eu.int/CTMOnline/RequestManager/en_DetailCTM (enter “000271163”) (last visited Jan. 8, 2006).

¶6 This Article examines how unlicensed Internet sales arise, whether and to what extent intellectual property rights are infringed prior to the point of purchase, and the global trade and welfare implications of such unauthorized purchases. This Article starts from the premise that prior to purchasing an item over the Internet, we look for the item in the same way that we window shop at brick and mortar stores. For example, consumers in the market for widgets will research the various types, brands, and prices of widgets using a search engine. It then considers whether preventing search engine manipulation and unlicensed Internet sales is warranted, and if so, whether it is feasible. This Article suggests that the prevention of unlicensed Internet sales is a worthy goal and that international trade and intellectual property law present a viable means of addressing online misconduct that enables illegitimate Internet resellers to lure potential customers to their websites. Furthermore, this Article suggests that international trade and intellectual property law can prevent this form of online misconduct irrespective of where the aggrieved and infringing parties are domiciled or hold trademark rights.

¶7 The debate over the international harmonization of intellectual property rights has fostered divergent, even calamitous,⁷ discussions of national sovereignty, imperialism, Coasian, counter-Coasian, and developmental economics. This Article explores these issues in connection with metatag and keyword misuse over the Internet and also explores whether an international proscription of metatag and/or keyword misuse that facilitates unlicensed Internet sales is sound international trademark law policy. Finally, this Article presents an economic justification for this harmonized approach and demonstrates that this approach results in positive global welfare effects, particularly in developing countries.

¶8 Section I of this Article presents keyword and metatag misuse resulting in unlicensed Internet sales as an international trade issue and illustrates how the proposed revision to TRIPs can enhance global welfare. Section II then refines this understanding of metatags and keywords and how they are misused online. Section II also discusses how this misuse is addressed under both U.S. courts' interpretation of the Lanham Act and under E.U. trademark law, and finds that neither U.S. nor E.U. trademark law sufficiently addresses keyword and metatag misuse—particularly where it is presented as an international trade issue. Section II posits that a purely domestic approach to metatag and keyword misuse cannot adequately protect international trademarks in a rapidly growing digital marketplace, nor prevent the net loss in global welfare arising from unlicensed Internet sales. Next, Section III justifies the proposed revision to TRIPs from Coasian and counter-Coasian economic perspectives, and demonstrates that the proposed revision of TRIPs comports with TRIPs' economic welfare objectives.⁸ Finally, Section IV summarizes the arguments and directly answers the question of whether the misuse of keywords or metatags resulting in unlicensed Internet sales should be considered the search engine economy's Achilles' Heel.

I. UNLICENSED INTERNET SALES AS AN INTERNATIONAL TRADE ISSUE

¶9 The TRIPs Agreement should be amended to provide recourse for keyword and/or metatag misuse where such misuse enables unlicensed Internet sales, or “parallel imports.” Also known as gray market goods, parallel imports are goods manufactured under a valid license that grants the licensee the right to sell such goods in a particular territory.⁹ However, those goods subsequently find

⁷ See *Demonstrators, Police Clash During Free Trade Talks*, USA TODAY, Nov. 20, 2003, available at http://www.usatoday.com/news/nation/2003-11-20-miami-protests_x.htm; see also *UK Pushes for World Trade Talks*, BBC News, June 20, 2001, <http://news.bbc.co.uk/1/hi/business/1398800.stm> (“World trade talks have met fierce resistance.”).

⁸ TRIPs, *supra* note 1, art. 7 (Objectives):

The protection and enforcement of intellectual property rights should contribute to the promotion of technological innovation and to the transfer and dissemination of technology, to the mutual advantage of producers and users of technological knowledge and in a manner conducive to social and *economic welfare*, and to a balance of rights and obligations [emphasis added].

⁹ See *Ferrero U.S.A., Inc., v. Ozak Trading, Inc.*, 952 F.2d 44, 46 n.1 (3d Cir. 1991) (defining gray market goods as “foreign manufactured goods, registered under a valid United States trademark, that are legally purchased abroad and imported into the United States without the consent of the American trademark holder/authorized distributor”).

their way into territories other than those set forth in the license—where the licensor is already selling the same goods, where there are other legitimate licensees, or where the goods have not yet been marketed. In the widgetsellers.com example, Brand X widgets sold by widgetsellers.com over the Internet are gray market goods because widgetsellers.com has not secured the right to distribute Brand X widgets over the Internet under a valid license agreement with the owners of Brand X. The gray market is “a multibillion-dollar industry” based on the importation of goods protected by intellectual property rights that are sold without the consent of the holders of such intellectual property rights, which creates an unauthorized and competing market.¹⁰

¶10 According to one commentator, “[t]he failure of the TRIPs Agreement to protect against parallel imports provides a valuable context for understanding the WTO Agreement and world trade generally.”¹¹ The TRIPs Agreement is the prevailing international intellectual property rights regime¹² and is the only multilateral intellectual property agreement with the enforcement power necessary to compel compliance among sovereign nations that fail to enforce TRIPs’ minimum standards of intellectual property rights protection.¹³ Whatever the reasons for the current failure of TRIPs to protect against parallel importation, its potential to effectively protect against parallel imports in a way that will further the overall welfare of developing countries merits further examination.

¶11 Insofar as the Internet is analogous to a geographical region,¹⁴ an unlicensed Internet sale is necessarily a parallel import. More specifically, the unlicensed sale of goods over the Internet without the explicit permission of the holder of trademark rights in such goods constitutes parallel importation. Such unlicensed sales prevent producers from controlling the price at which an end user may purchase the producer’s product. Thus, if unchecked, parallel importation can prevent the holder of trademark rights from engaging in “price discrimination,” or the ability to charge more for products in territories where inhabitants of such territories can afford higher prices and less for the same products in territories where people are less able to afford such prices.¹⁵ This Article proposes

¹⁰ Lisa E. Nester, *Keywords, Trademarks and the Gray Market: Why the Use is Not Fair*, 7 MARQ. INTELL. PROP. L. REV. 235, 240 (2003) (citing David A. Gerber & David Bender, *Gray Market Becomes Less of an IP Gray Area*, NAT’L L.J., Oct. 19, 1988, at C19).

¹¹ Michael A. Ugolini, *Gray Market Goods Under the Agreement on Trade Related Aspects of Intellectual Property Rights*, 12 TRANSNAT’L LAW. 451, 454, 466 (1999) (arguing that “[t]his failure appears to be political and based on the notion that doing so would assist multinational enterprises, largely based in developed countries, in engaging in market division, price discrimination, and a host of other anti-competitive and imperialistic practices”).

¹² TRIPs, *supra* note 1.

¹³ See World Trade Organization discussion of WTO Dispute Settlement Process, http://www.wto.org/english/thewto_e/whatis_e/inbrief_e/inbr03_e.htm#disputes (last visited July 3, 2004); see also TRIPs, *supra* note 1, arts. 41-61 (setting forth trade sanctions); Judith Goldstein, *International Institutions and Domestic Politics: GATT, WTO, and the Liberalization of International Trade*, in THE WTO AS AN INTERNATIONAL ORGANIZATION, at 31, 47 (Anne O. Krueger ed., 1998); Joanna Schmidt-Szalewski, *The International Protection of Trademarks After the TRIPs Agreement*, 9 DUKE J. COMP. & INT’L L. at 191 (1998) (citing Thomas Cottier, *The Prospects for Intellectual Property in GATT*, COMMON MKT. L. REV. 383, 392-93 (1991)); Paul Edward Geller, *Intellectual Property in the Global Marketplace: Impact of TRIPs Dispute Settlements?*, 29 INT’L LAW. 99, 107-14 (1995); J.H. Reichman, *Universal Minimum Standards of Intellectual Property Protection Under the TRIPs Component of the WTO Agreement*, 29 INT’L LAW. 345, 347 (1995); see generally Wikipedia, Agreement on Trade-Related Aspects of Intellectual Property Rights, <http://enotowikipedia.org/wiki/TRIPs> (last visited Feb. 14, 2005) (“States which do not adopt TRIPs-compliant intellectual property systems can be disciplined through the WTO’s dispute settlement mechanism, which is capable of authorising trade sanctions against non-compliant states.”). The Free Dictionary characterizes this mechanism as follows:

The DSB [Dispute Settlement Body] is, in effect, a session of the General Council of the WTO: that is, all of the representatives of the WTO member governments, usually at ambassadorial level, meeting together. It decides the outcome of a trade dispute on the recommendation of a Dispute Panel and (possibly) on a report from the Appellate Body of WTO, which may have amended the Panel recommendation.

The Free Dictionary, WTO Dispute Settlement Body, <http://encyclopedia.thefreedictionary.com/WTO+Dispute+Settlement+Body> (last visited Mar. 26, 2006).

¹⁴ See Sanjay S. Mody, *National Cyberspace Regulation: Unbundling the Concept of Jurisdiction*, 37 STAN. J. INT’L L. 365, 368 (2001) (“[N]otwithstanding the fact that the Internet is a unique technological phenomenon, its real-world effects bring cyberspace participants within the realm of geographically based law.”) (citing I. Trotter Hardy, *The Proper Legal Regime for “Cyberspace,”* 55 U. PITT. L. REV. 993, 1000 (1994); Lawrence Lessig, *The Path of Cyberlaw*, 104 YALE L.J. 1743, 1743-44 (1995) (analogizing between real and Cyberspace)). *But see* Anupam Chander, *The New, New Property*, 81 TEX. L. REV. 715 (2003). Professor Chander’s views are addressed *infra* in Section II.

¹⁵ See James Boyle, *Cruel, Mean, or Lavish? Economic Analysis, Price Discrimination and Digital Intellectual Property*, 53 VAND. L. REV. 2007 (2000) for a general discussion of how intellectual property rights confer the ability to engage in price discrimination. *But see* Darren E. Donnelly, *Parallel Trade and International Harmonization of the Exhaustion of Rights Doctrine*, 13 SANTA CLARA COMPUTER &

revisions to TRIPs that would encourage price discrimination by enabling producers to combat parallel importation and regain control over the price for their goods and services.

¶12 Price discrimination enables producers to realize higher profit margins by varying the price of their goods according to what the different demographics are willing to pay.¹⁶ Consumers in developed countries, for instance, might be willing to pay higher prices for luxury perfumes than consumers in developing countries. The same luxury perfumes will therefore be sold at a higher price in developed countries and at a lower price in developing countries. When price discrimination is allowed, consumers in relatively wealthy countries feel the brunt of the welfare-decreasing effects because they ordinarily are willing to pay the higher price; conversely, consumers in relatively poor countries benefit by paying only what they can afford.¹⁷

¶13 Preventing producers from engaging in price discrimination could result in a push towards uniform pricing. Since the Internet is inherently a global territory, the price for the producer's product will reach equilibrium where global demand meets global supply. The resulting uniform price will be too high for some territories, where the producer will suffer a decrease in the quantity demanded of its product; it will be too low in other territories, where consumers will suffer from shortages. Both scenarios can result in a market closure in a given territory. Thus, uniform pricing has the potential to harm global welfare if it results in the closing of a substantial number of markets.¹⁸ Take the case where the uniform price is too low. Imagine that a producer charges \$11.00 for a good in a developed country and \$1.00 for the same good in a developing country. Any losses the producer might suffer for selling the good for \$1.00 in the developing country are compensated for by the gains of selling the good for \$11.00 in the developed country. Absent the ability to engage in price discrimination, producers would be forced to sell the good for a uniform price of more than \$1.00 in the developing county, where a surplus would ensue and people would not be able to afford the good. Without the ability to create demand for the good in developing countries by charging a price that people in developing countries could afford, the producer would be left with no choice but to stop selling the good in developing countries.

¶14 If no sales of a given product are made in a market because the uniform price is too high, the market for that product will also close. In such cases, "the welfare-decreasing effects of price discrimination are dwarfed by the total loss of welfare in closed markets."¹⁹ Both sellers and consumers of goods and services (some of which may be essential to human survival and some of which may not) suffer where such goods and services are available over the Internet without the permission of the intellectual property rights holders, and are sold at prices not controlled by the intellectual property rights holders.²⁰

HIGH TECH. L.J. 445, 501 (1997) ("[t]here is evidence that monopolistic price discrimination is a cause of the conditions supporting parallel trade . . ." (citing David A. Maleug & Marion Schwartz, *Parallel Imports, Demand Dispersion, and International Price Discrimination*, 37 J. INT'L ECON. 167, 172-74 (1994))).

¹⁶ See Boyle, *supra* note 15 for a discussion of how engaging in price discrimination results in profit maximization.

¹⁷ See Donnelly, *supra* note 15, at 504.

¹⁸ *Id.* at 503.

¹⁹ *Id.* at 504. For an example of significant illustrative value, see Sarah Ellison & Eric Bellman, *Clean Water, No Profit, the Tsunami Gave P&G's Pur a New Life in Poor Nations After Its Commercial Failure*, WALL ST. J., Feb. 23, 2005, at B1-B2, which describes how Procter & Gamble Co. ("P&G")'s ability to engage in price discrimination enabled it to provide tsunami survivors with water purifying powder ("Pur") without charge. The research and development costs incurred by P&G in creating Pur were covered by implementing a tiered pricing structure based upon people's ability to pay for Pur. At the highest tier, the price of Pur was 10 cents per packet. When sold through not-for-profit organizations, the price was 8-9 cents per packet. When sold to emergency relief organizations, Pur was sold at cost price (3.5 cents per packet), which enabled emergency relief organizations to distribute Pur for free.

²⁰ The contrast between pharmaceuticals and perfume highlights the varying implications of this closure of markets. The parallel importation of pharmaceuticals in particular is a topic that has produced volumes of scholarship, and although significant

¶15 In addition to keeping markets open across various territories in which people have varying abilities to pay for goods and services, price discrimination also enables producers to realize what is known in developmental economic terms as “price performance.”²¹ By charging the consumers of developing countries significantly less than what is charged for similar goods and services in developed countries, producers may nonetheless realize significant profits based on the sheer size of the markets for such lower priced goods and services and the reduction in the costs of producing such goods and services due to heightened economies of scale. Empirical studies indicate that producers have realized significant profits in financial services, telecommunications, and healthcare by selling these goods and services at significantly lower prices in developing countries.²² The realization of price performance is an underlying component of a theory advanced by Professor C.K. Prahalad known generally as the Bottom of the Pyramid or “BOP” model.²³

¶16 This Article maintains that price discrimination is healthy, and when viewed from an international perspective is essential to global welfare, particularly in relation to the welfare of developing countries. Although our focus is on Internet sales and the global welfare effect of effectuating online sales of goods and services in developing countries at prices lower than those charged in the United States and other developed countries, we must nonetheless assess price discrimination from the E.U. and U.S. antitrust law perspectives to justify this article’s emphasis on enabling intellectual property rights holders to engage in price discrimination.

¶17 The view of price discrimination as beneficial does not clash with U.S. antitrust law’s prohibition of price discrimination under the Robinson-Patman Act.²⁴ While broadly speaking, it is “unlawful”²⁵ under U.S. antitrust law to engage in price discrimination, U.S. courts nonetheless recognize “legitimate price discrimination”²⁶ where it does not confer control of a given market.²⁷ The type of price discrimination considered by this Article as a justification for proposed amendments to TRIPs will not confer market control for a number of reasons.

¶18 First, the goods and services offered in our paradigm are differentiable. Price discrimination typically results in market control under the “textbook model of perfect competition,” in which goods are undifferentiated.²⁸ All of the goods and services sold under our model, however, can be

for its illustrative value, is not the focus of this article.

²¹ C.K. PRAHALAD, *THE FORTUNE AT THE BOTTOM OF THE PYRAMID, ERADICATING POVERTY THROUGH PROFITS* 28-30 (Patti Guerri ed., Wharton School Publishing 2005).

²² *Id.*

²³ *Id.* The BOP model is described more fully in Section A, *infra*.

²⁴ See Robinson-Patman Act, 15 U.S.C. § 13 (1936), which states in part:

Discrimination in price, services, or facilities:

(a) Price; selection of customers. It shall be unlawful for any person engaged in commerce, in the course of such commerce, either directly or indirectly, to discriminate in price between different purchasers of commodities of like grade and quality, where either or any of the purchases involved in such discrimination are in commerce, where such commodities are sold for use, consumption, or resale within the United States . . . where the effect of such discrimination may be substantially to lessen competition or tend to create a monopoly in any line of commerce, or to injure, destroy, or prevent competition with any person who either grants or knowingly receives the benefit of such discrimination, or with customers of either of them

²⁵ *Id.* (noting that it is “unlawful for any person engaged in commerce, in the course of such commerce, either directly or indirectly, to discriminate in price . . .”).

²⁶ See Wesley A. Cann, Jr., *Symposium on Current Issues in the World Trade Organization: Internationalizing Our Views Toward Recoupment and Market Power: Attacking the Antidumping/Antitrust Dichotomy Through WTO Consistent Global Welfare Theory*, 17 U. PA. J. INT’L ECON. L. 76 (1996) (citing *Brooke Group Ltd. v. Brown & Williamson Tobacco Corp.*, 509 U.S. 209 (U.S. 1993); *Matsushita Elec. Indus. Co. v. Zenith Radio Corp.*, 475 U.S. 574, 594 (1986); *Monsanto Co. v. Spray-Rite Serv. Corp.*, 465 U.S. 752, 762-64 (1984); *Morgan v. Ponder*, 892 F.2d 1335, 1358-59 (8th Cir. 1989); *Barry Wright Corp. v. ITT Grinnell Corp.*, 724 F.2d. 227, 235-36 (1st Cir. 1998) (rejecting plaintiff’s complaint for

fear of chilling desirable price cutting)).

²⁷ *Brooke Group Ltd.*, 509 U.S. at 223 (“Whatever additional flexibility the Robinson-Patman Act standard may imply, the essence of the claim under either statute is the same: a business rival has priced its products in an unfair manner with an object to eliminate or retard competition and thereby gain and exercise control over prices in the relevant market.”).

²⁸ Benjamin Klein & John Wiley Jr., *Symposium on Competitive Price Discrimination: Competitive Price Discrimination as an Antitrust*

differentiated by their trademarks. Recall from our hypothetical that Jane Doe was specifically looking for a Brand X widget because Brand X widgets are the most popular. The standard example used to demonstrate that price discrimination confers market control is wheat sold on the Chicago Board of Trade that is incapable of being differentiated by brand.²⁹ Since “product differentiation is normal and pervasive in real-world markets, price discrimination can be expected to be normal and pervasive as well.”³⁰ Furthermore, the type of price discrimination presented as a rationale for adopting the proposed revision to TRIPS is inextricably bound to the notion of realizing price performance.³¹

¶19 The U.S. predatory pricing standard requires a “demonstration that the competitor had a reasonable prospect or . . . dangerous probability of recouping its investment in below cost prices.”³² Since, under BOP pricing (explained more fully in the following section), producers realizing price performance do not sell their goods and services for prices lower than their marginal cost, BOP pricing is not predatory under U.S. antitrust law.

¶20 The E.U. antitrust regime set forth under the Treaty of Rome³³ does not require the recoupment of investment in below cost pricing to construe predatory pricing.³⁴ Furthermore, the Commission of the European Communities has held that “[t]here can be an anticompetitive object in price-cutting whether or not the aggressor sets its prices above or below its own costs.”³⁵ Where there is an “objective’ justification for differences in prices,” however, price discrimination under the E.U. antitrust regime is arguably justifiable.³⁶ This begs the question of whether the adoption of the BOP model presents an “objective” justification for differences in prices.³⁷ The BOP model arguably presents a means of eradicating poverty in developing countries.³⁸ The following Section demonstrates that the adoption of the BOP model makes a compelling case for enabling producers to engage in price discrimination that goes well beyond an “objective justification.”

A. The BOP Model

¶21 The BOP model proposes a radical change in price structure that would be impossible but for producers’ ability to engage in price discrimination. In order to realize price performance, producers must sell their goods and services in quantities geared towards the specific use patterns of the vast populations of consumers at the poverty level that is considered at the bottom of the pyramid (“BOP”).³⁹ Since these use patterns place a greater emphasis on one-time use, producers may sell

Justification for Intellectual Property Refusals to Deal, 70 ANTITRUST L.J. 599, 606 (2003).

²⁹ *Id.*

³⁰ *Id.* at 610.

³¹ See PRAHALAD, *supra* note 21.

³² See *Brooke Group Ltd. v. Brown & Williamson Tobacco Corp.*, 509 U.S. 209, 223 (1993).

³³ See Ryan Marth, *The Canadian Middle Road: Balancing Efficiency and Sovereignty in the Age of Multijurisdictional Merger Review*, 12 MINN. J. GLOBAL TRADE 228 (2003) (citing Treaty Establishing the European Economic Community, arts. 85-86, Mar. 25, 1957, 298 U.N.T.S.).

³⁴ See Per Jebsen & Robert Stevens, *Assumptions, Goals and Dominant Undertakings: The Regulation of Competition Under Article 86 of the European Union*, 64 ANTITRUST L.J. 443, 490 (1996).

³⁵ *Id.* at 495 *citing* Case C-62/86, *AKZO Chemie BV v. Comm’n*, 5 C.M.L.R. 215 ¶ 64 (1991), available at http://europa.eu.int/smartapi/cgi/sga_doc?smartapilcelxapilprod!CELEXnumdoc&lg=EN&numdoc=61986j0062&model=guic_hett#SM.

³⁶ See Jebsen & Stevens, *supra* note 34, at 497.

³⁷ *Id.*

³⁸ See PRAHALAD, *supra* note 21, at insert, in “Praise for *The Fortune at the Bottom of the Pyramid*.” Bill Gates states that “[The BOP model] draw[s] on a wealth of case studies . . . [and] offers an intriguing blueprint for how to fight poverty with profitability.” *Id.* Madeline K. Albright, Former U.S. Secretary of State, states that “[t]he Bottom of the Pyramid belongs at the top of the reading list for business people, academics and experts pursuing the elusive goal of sustainable growth in the developing world.” *Id.*

³⁹ See PRAHALAD, *supra* note 21.

their goods and services at lower prices but still reap profits because of economies of scale; i.e., the greater frequency of purchases by BOP consumers and an overall reduction in costs.

¶22 Since the focus of our discussion is unlicensed Internet sales, we must assess whether consumers in developing countries rely upon Internet transactions, whether price performance can be realized in online markets, and to what extent keyword and/or metatag misuse impedes the realization of price performance and the implementation of the BOP model.

¶23 Contrary to popular belief, the BOP market can be well connected to digital infrastructure.⁴⁰ Local consumers and producers in at least some developing countries are heavily reliant upon Internet transactions.⁴¹ Consumers and producers in parts of rural India, for example, use the Internet to research the availability and price of goods and services,⁴² which requires the use of search engines.

¶24 In order for the BOP model to work, major brand goods and services that are well recognized in developing countries must be sold at significantly reduced prices and in quantities geared towards one-time or short term use.⁴³ Multinational corporations whose brands are already well entrenched in developing markets are particularly well suited to implementing the BOP model for a number of reasons. First, multinational corporations possess the geographic ambition and reach to engage with non-governmental organizations and local community-based organizations to develop new products, services, and businesses.⁴⁴ Multinational corporations are also in the best position to apply the lessons learned from one developing region to another.

¶25 These assertions are most clearly demonstrated by an example. Drawing from our original hypothetical, assume *arguendo* that Brand X is Voxiva. The name “Voxiva” is a federally registered trademark for computer software “enabling electronic data exchange, electronic messaging, electronic voice messaging and electronic transactions between others via telephones, wireless communications devices, and the internet.”⁴⁵ Professor Prahalad describes Voxiva, which was initially funded with a \$250,000 grant from the World Bank’s InfoDev Program⁴⁶, as follows:

Voxiva’s technology turns a village pay phone into a communications device on par with that of a computer. By calling into Voxiva’s system and pushing buttons on the phone, rural health workers [in developing regions] can report new cases of disease systematically and in real time. Health authorities can see the information immediately via the Internet, analyze the

⁴⁰ See *id.* at 14.

⁴¹ Prahalad notes:

For example, ITC, an Indian conglomerate, decided to connect Indian farmers with PCs in their villages. The ITC e-Choupal (literally, “village meeting place”) allowed the farmers to check prices not only in the local auction houses (called *mandis*), but also prices of soybean futures at the Chicago Board of Trade. The e-Choupal network allowed the farmers access to information that allowed them to make decisions about how much to sell and when, thus improving their margins. Similarly, women entrepreneurs in southern India, given a PC kiosk in their villages, have learned to videoconference among themselves, across villages on all kinds of issues [including] the cost of loans from various banks

Id. at 15 (citing Saritha Rai, *In Rural India, a Passage to Wirelessness*, N.Y. TIMES, Aug. 4, 2001); *id.* at 45 (“BOP markets accept the most advanced technology easily.”).

⁴² *Id.* See also Simon Cecchine and Christopher Scott, *Can Information and Communications Technology Applications Contribute to Poverty Reduction? Lessons from Rural India* (April 2003), <http://topics.developmentgateway.org/search/redirect.do?searchString=rural%20india%20scott&itemId=307733> (describing how “[i]n Gujarat, computerized milk collection centers with integrated weights, electronic fat testing machines and plastic card readers are ensuring fair prices for farmers who sell milk to dairy cooperatives . . . [and that] . . . [c]omputerized milk collection centers have increased transparency, led to faster processing, shorter queues and immediate payment to farmers.”).

⁴³ See PRAHALAD, *supra* note 21, at 14, 28-30.

⁴⁴ See *id.* at 32:

[P]ursuing the promise of BOP markets will challenge the dominant logic of both MNCs [multinational corporations] and NGOs [non-governmental organizations]. MNCs will benefit from learning how to engage with NGOs and local community-based organizations to co-create new products, services, and businesses. NGOs will benefit from partnerships with MNCs, through which they can leverage MNC know-how and systems to scale innovations broadly.

⁴⁵ See USPTO website, <http://www.uspto.gov/main/trademarks.htm> (follow SEARCH trademarks; then New User Form Search (Basic); then Search Term “Voxiva”) (last visited Apr. 3, 2005).

⁴⁶ See PRAHALAD, *supra* note 21, at 365.

data, and use the system's communication and messaging tools to respond. By leveraging the world's 2.5 billion phones, as well as the Internet, Voxiva's solutions have much wider reach than Internet-only solutions. Although Voxiva's technology was developed for the developing world—and pioneered in Peru—its simplicity and practicality have created great demand in the United States and developed world markets. Voxiva's systems are now used by the U.S. Government agencies—from the Food and Drug Administration (FDA) to the Department of Defense to the San Diego County Health Department—as well as by private health providers. In the developing world, Voxiva has deployed health solutions in Latin America, Africa, Iraq, and India.⁴⁷

¶26 While Voxiva began by addressing emerging public health crises in rural regions of Peru as a grass roots initiative, the broad scalability of its operations and applicability of its software to regions other than rural Peru made it a prime target for investment by multinational corporations.⁴⁸ Companies interested in applying Voxiva's model in other territories and business environments have invested heavily in Voxiva, and implemented Voxiva's proprietary software across various markets, most notably in the developing world, where lessons learned by such companies in one developing region have been applied to other developing regions.⁴⁹

¶27 Voxiva has not been rebranded on a territory-by-territory basis. To the contrary, the entrenchment of the Voxiva brand across developing regions is essential to the realization of price performance and implementation of the BOP model.⁵⁰ The Voxiva brand and trademark possess what is known as “aspirational significance,” because people in developing countries equate its brand name with success and well-being.⁵¹ For this reason, the trademarks associated with major brands that are owned by multinational corporations are more likely to be misappropriated over the Internet in the form of keyword and/or metatag misuse.

¶28 In the Voxiva hypothetical, assume John Doe is an employee of a healthcare organization that wishes to purchase the Voxiva software. Mr. Doe enters “Voxiva” into a search engine, and unbeknownst to him, is led to a website selling the software without permission from Voxiva. The health care organization purchases the software, but since it was not purchased directly from Voxiva, the software cannot be supported.

¶29 Thus, the failure of gray market sellers to provide post-sale services like support presents another reason to proscribe unlicensed Internet sales. The unlicensed sale of Voxiva puts Voxiva in a difficult position. If Voxiva elects to withhold support services after the purchaser of the gray market version of the software is rebuffed by the gray market seller, the aspirational value of the Voxiva trademark will decrease. If Voxiva elects to support the gray market version of its software, it will enable the gray market seller to continue to free-ride on Voxiva's aspirational significance and goodwill.⁵²

¶30 Multinational corporations that make aspirational products like Voxiva face considerable challenges in making their products and services readily available and affordable to BOP consumers in an environment where their brands are subject to obfuscation by keyword and/or metatag misuse. These challenges are greater when the potential to exploit online markets is undermined by an absence of laws proscribing unlicensed Internet sales. Price performance can be realized in online

⁴⁷ See *id.* at 361-62.

⁴⁸ See *id.* at 361-78.

⁴⁹ See *id.* at 364, 375.

⁵⁰ See *id.* at 365 (“Because of Voxiva's track record in the developing world and deep understanding of the public health sector, customers trust Voxiva and are more comfortable working with Voxiva than [with a more traditional] software company.”).

⁵¹ *Id.* According to Professor Prahalad: “In a way, brand consciousness should not be a surprise, an aspiration to a new and different quality of life is the dream of everyone including those at the BOP.”

⁵² Gray market sellers' failure to provide post-sale services has been cited as a reason to curtail parallel imports well before software was made available for sale on the Internet. See Robert J. Staff, *The International Gray Market: The Nexus of Vertical Restraints, Price Discrimination and Foreign Law*, 19 U. MIAMI INTER-AM. L. REV. 37, 68 (1987) (“If parallel sellers or authorized sellers refuse to provide post-sale services, then consumers may perceive the quality as being deceptive. Authorized sellers may provide post sale services for gray market goods to avoid diminishing the reputational value of the trademark. Thus, the gray market may also free-ride off authorized sellers if they provide a lesser amount of post-sale services than authorized sellers.”).

markets only if producers can control the prices at which their goods and services are sold, and they cannot assume this control in an environment where unlicensed Internet sales are not proscribed.

¶31 Absent such control, a U.S. government agency may pay the same amount for Voxiva's proprietary software as an Iraqi healthcare organization, or conversely, an Iraqi healthcare organization may be forced to pay the same price for the Voxiva software as a U.S. government agency. By granting producers control over the price at which their goods and services are sold, producers would be in a better position to sell their goods to local BOP consumers at significantly reduced prices and in quantities geared towards their specific use patterns. Where quantities sold cannot be geared towards specific use patterns, multinational corporations still profit by charging less for their goods or services in territories where people would not otherwise be able to afford them by virtue of the sheer size of the market.⁵³ Such gains are not realized without the unimpeded ability to search for and purchase goods and services over the Internet without being lured to a virtual gray market not subject to the control of intellectual property rights holders. Producers must be free to engage in price discrimination in order to realize price performance and for the BOP model to work.

¶32 Price discrimination also “ameliorate[s] the deadweight losses of any market power conferred on intellectual property owners” by granting greater access to those who might otherwise not be able to afford the goods connected to intellectual property rights.⁵⁴ While the proposed right to prevent keyword and/or metatag misuse arguably enhances a trademark holder's monopoly, it also improves the accessibility of the trademark holder's goods and/or services. Access to these products over the Internet is essential to the development of emerging industries in developing countries.⁵⁵ Absent the ability to regulate prices over the Internet and thereby realize price performance in online markets, producers of goods and services essential to developing countries would not be able to provide and support such goods and services to developing countries and the BOP model for growth would necessarily fail.

¶33 Proscribing keyword and/or metatag misuse that results in unlicensed Internet sales, then, would have a positive impact on global welfare. The following section explains why this proscription should be effectuated under TRIPs.

B. Why TRIPs?

¶34 This Article's proposed restriction on keyword and metatag misuse would merely prevent people from manipulating search results using trademarks where such manipulation enables an unlicensed Internet sale. People who use the Internet would still be free to manipulate search engine results by means other than keyword or metatag misuse.⁵⁶ The proposed enhancement of international trademark rights under TRIPs would not prevent Internet users from manipulating search engine results over the Internet; it would however, make the manipulation of keywords that serve as trademarks, and metatags which facilitate the location of these trademarks over the Internet, actionable where such manipulation enables the unlicensed sale of goods bearing these trademarks over the Internet.

¶35 The application of intellectual property law over the Internet is problematic. Professor Anupam Chander, for one, would most likely disagree with this Article's underlying assumption that the

⁵³ Take the telecommunications in rural India, for instance. After the 2002 privatization of international telephone service enabled telecom providers to engage in price discrimination and provide a 50 percent reduction in call charges, telecom companies realized significant gains. See E. Fernandes, *The Race to Serve a Subcontinent*, FIN. TIMES, June 20, 2002, at 13 (“[P]rices [were] falling by as much as 50 per cent to win market share.”).

⁵⁴ See R. Polk Wagner, *Information Wants to be Free: Intellectual Property and the Mythologies of Control*, 103 COLUM. L. REV. 995, 1000, 1027-28 (2003).

⁵⁵ As demonstrated by numerous empirical studies conducted by Professor Prahalad. See e.g. Prahalad, *supra* note 21, at 44 (demonstrating digital access to banking services are essential); see also *id.* at 11 (demonstrating digital access to banking services and credit can eliminate the “poverty penalty”); *id.* at 15.

⁵⁶ See text accompanying *supra* notes 2-5 for a discussion of spamdexing and blogging, two other methods of manipulating search engine results.

Internet is analogous to a geographic region that is subject to protection by a licensor.⁵⁷ Professor Chander analogizes the Internet (or “Cyberspace”) to a global commons like the deep seas, outer space, or the Antarctic.⁵⁸ However, while Professor Chander’s analogy addresses the alienation that developing countries might experience if Cyberspace were protected as any other protectible territory, it does not adequately recognize the positive global welfare effects of restricting the unlicensed sale of goods and services over the Internet, which protects producers’ ability to engage in price discrimination, or the importance of realizing price performance in online markets.

¶36 While Professor Chander warns against the ill effects of the balkanization of the Internet, Professor Shubha Ghosh views this balkanization as inevitable and seeks a means of reconciling this balkanization with the universal access of Cyberspace. Professor Ghosh suggests that Cyberspace is “limited common property,” a commons from which people are partially excludable.⁵⁹ In this vein, this Article embraces the universal accessibility of Cyberspace, but also suggests that given its universal accessibility, and its ability to consummate trans-border transactions instantaneously, Cyberspace must be subject to the rule of international law.

1. *The ISP/Search Engine Alternative*

¶37 One alternative to the application of international law would be privately enforced regulation by Internet service providers (“ISPs”) or search engines themselves. However, insofar as regulation should be uniformly applied, ISPs are not in a good position to regulate because they vary in size and resources. While some large ISPs possess the resources and wherewithal to police Internet activity, smaller ISPs must focus their resources on providing end-users with connectivity and support.⁶⁰ Furthermore, since ISPs are private actors, they should not be expected to assume legislative and enforcement responsibilities.

¶38 Similarly, search engines are in no better position to assume enforcement responsibilities than ISPs. True, one possible solution to the metatag misuse problem would require that publishers of web pages limit their use of metatags and keywords on HTML and XHTML (or similar) documents to a few general categories. Search engines could then index only these categories, use the data to prioritize search results, and present each search result with an indication as to why a returned site is construed as relevant. This approach to tagging would address the classical source misidentification aspect of keyword and/or metatag misuse.⁶¹ If all search engines are required to group search results in this fashion, consumers are less likely to be misdirected to websites where goods and services are sold without the permission of the trademark holders. Search engines, however, should not be compelled to reflect this coding, for the same reasons that ISPs should not have to police Internet activity. Presumably, search engines could voluntarily elect to present this enhanced retrieval function to attract incremental traffic. However, if search engines were held to the requirement of grouping search results in order to avoid confusion, keyword ads would have a less expansive audience and resulting effect. The decrease in audience and effect would correlate to a decrease in the value of keyword ads to advertisers and search engines. This decrease in value would present a significant impediment in providing search engines with the incentive to enforce such standards.⁶²

⁵⁷ See Chander, *supra* note 14; *but see* sources *supra* note 14.

⁵⁸ See Chander, *supra* note 14, at 751.

⁵⁹ Shubha Ghosh, *Gray Markets in Cyberspace*, 7 J. INTELL. PROP. L. 1, 7 (citing Carol M. Rose, *The Several Futures of Property: Of Cyberspace and Folk Tales, Emission Trades and Ecosystems*, 83 MINN. L. REV. 129 (1998)).

⁶⁰ I base this assertion on my experiences representing small ISPs (namely Intercom Online, Inc. and iNYC, Inc.). While small ISPs do an excellent job of providing connectivity and support, they cannot legitimately be expected to police Internet conduct.

⁶¹ See e-mail correspondence with Fred Cohen, Esq. IT counsel with LeBoeuf, Lamb, Greene & MacRae LLP (on file with author).

⁶² See Kevin J. Delaney, *Your Ad Here, 10 Words Max, Automated Search Ads Can Serve Up Nonsense: ‘Great Deals on Sewage,’* WALL ST. J., Mar. 24, 2005, at B3 (“Search Engine Watch’s Mr. Sullivan says he believes Google could develop technology that would allow advertisers to specify Websites [sic] where their ads should or shouldn’t be shown. But, he says, ‘I don’t think Google wants to lose the money,’ from these ads.”). See generally Google SEC Form 10-K for Fiscal Year Ending December 31, 2005, page 48, available at: <http://www.sec.gov/Archives/edgar/data/1288776/000119312506056598/d10k.htm> (“Growth in [Google’s]

2. *The Argument in Favor Of TRIPs and International Trademark Law over Transnational Law*

¶39 As opposed to holding ISPs or search engines responsible for enforcing such standards, an international body with expansive reach and the power to influence how citizens of various sovereign nations use the Internet should lead by regulating keyword and/or metatag misuse where it facilitates unlicensed Internet sales in an international trade context. The World Trade Organization (WTO) possesses the necessary reach and power.

¶40 Insofar as TRIPs was promulgated by the WTO and member nations are required to abide by its terms or be subject to trade sanctions, TRIPs is the natural choice for effectuating changes in global online conduct that impact intellectual property rights and international trade.⁶³ Some commentators have argued that the ability to impose trade sanctions for intellectual property infringement is misplaced in the WTO.⁶⁴ Where intellectual property infringement has tangible international trade effects, however, as is the case with keyword and/or metatag misuse resulting in parallel imports, the WTO's ability to impose trade sanctions is justified. Furthermore, by addressing keyword and metatag misuse in an international trade context, we conveniently circumvent the complexity of applying transnational law concepts to online conduct.⁶⁵

¶41 The application of transnational law concepts might be necessary if we were to view the unauthorized distribution of goods and services over the Internet as a breach of contract. Returning to our hypothetical, recall that widgetsellers.com obtained Brand X widgets pursuant to a valid license agreement. The agreement, however, did not grant widgetsellers.com the right to distribute Brand X widgets over the Internet. Assume *arguendo* that Brand X addresses widgetsellers.com's unlicensed sale of Brand X widgets over the Internet by filing a cross-border claim for breach of contract. Filing this claim seems appropriate where the unauthorized gray market seller obtained the goods and/or service pursuant to a valid license agreement. Further assume that the license agreement is sophisticated and has accordingly contemplated choice of law and jurisdiction. In this instance, Brand X's claim is arguably redressable under transnational law because the parties have decided where and how to litigate a breach of the underlying license agreement.

¶42 Now assume that the license agreement does not contemplate choice of law and jurisdiction. Considerable complexity arises in applying choice of law and establishing jurisdiction over widgetsellers.com. This complexity is rooted in three commonly held objections to cyberspace jurisdiction: first, that a given state's regulations of activity taking place beyond its territorial borders is *per se* unlawful; second, that adequate notice of international laws cannot be given to content providers under an international regime; and third, that impermissible spillover effects will arise between jurisdictions allowing for conflicting interpretations of contract law.⁶⁶ Several examples of online conduct can help illustrate both the complexity of exercising cyberspace jurisdiction and the accompanying objections to it: the use of Nazi memorabilia in webpages that can be accessed in territories where such memorabilia is *per se* unlawful;⁶⁷ the posting of photographs considered

revenues from 2004 to 2005 and from 2003 to 2004 resulted primarily from growth in advertising revenues. The advertising revenue growth resulted primarily from increases in the total number of paid clicks and ads displayed through [Google's] programs, rather than from changes in the average fees realized.”)

⁶³ See sources *supra* note 13. See also Schimdt-Szalewski *id.* at 191 (describing how TRIPs “introduce[s] a system of sanctions against members who do not enforce the minimum protection of intellectual property rights.”) ; TRIPs, *supra* note 1, art. 41 (1): [Participants in the WTO and signatories of GATT, have all agreed to]:

ensure that enforcement procedures . . . are available under their national laws as to permit effective action against any act of infringement of intellectual property rights covered by [TRIPs], including expeditious remedies to prevent infringements and remedies which constitute a deterrent to further infringements.

⁶⁴ See Jagdish Bhagwati, *After Seattle: Free Trade and the WTO*, 77 INT'L AFF. 15, 26 (2001); see also Hamilton, *infra* note 165.

⁶⁵ See Mody, *supra* note 14; see also Ray August, *International Cyber Jurisdiction: A Comparative Analysis*, 39 AM. BUS. L.J. 531 (2002).

⁶⁶ See Mody, *supra* note 14, at 371.

⁶⁷ *Yahoo! Inc. v. La Ligue Contre Le Racisme Et L'Antisemitisme* illustrates the jurisdictional complexities arising in the absence of

obscene in one territory but not in another;⁶⁸ and the solicitation of online bets in territories where gambling is illegal.⁶⁹

¶43 Metatag and keyword misuse, however, are different from other forms of online conduct because they promote parallel imports and thus directly impact international trade. Therefore, parallel imports resulting from keyword and metatag misuse can be addressed in an international trade context, instead of a transnational law context. For this reason, TRIPs can and should be revised to restrict keyword and/or metatag misuse that results in parallel imports. A TRIPs-based approach would circumvent the complexity in applying transnational law concepts in an attempt to achieve international cyberspace jurisdiction.

¶44 In particular, this proposed revision to TRIPs conveniently overcomes the three objections to international cyberspace jurisdiction mentioned above. First, since compliance with the proposed revision to TRIPs would be enforced in an international trade context, territorial borders would be rendered nugatory. Enforcement in an international trade context can reconcile the absence of territorial boundaries with the reality of national sovereignty. Since all members of the WTO are subject to the provisions of TRIPs, the proposed revision to TRIPs would not require a given state to regulate activity beyond its borders. All members of the WTO would be equally subject to the proscription of keyword and/or metatag misuse where it facilitates parallel imports.

¶45 Second, with respect to adequate notice of international laws, all members of the WTO would also have equal notice of the proposed revision to TRIPs because members of the WTO are not notified of revisions to international agreements in piecemeal fashion. The proposed revision to TRIPs could not be adopted unless first made the subject of a declaration at a ministerial meeting of the WTO.⁷⁰

¶46 Third, spillover effects would not arise between jurisdictions because the proposed revision to TRIPs would be enforced uniformly among members of the WTO, thereby preventing conflicting interpretations of national law.⁷¹

¶47 Moreover, as shall be demonstrated in the following Section, national trademark regimes in and of themselves do not adequately prevent keyword and metatag misuse resulting in unlicensed Internet sales. Rather than revising domestic trademark regimes piecemeal and then attempting to invoke cyberspace jurisdiction under these domestic regimes, it is better from jurisdictional, choice of law, and global welfare perspectives to address keyword and metatag misuse under an international trademark regime codified under TRIPs. Domestic trademark regimes would necessarily implement this international regime for fear of being subject to trade sanctions, and this international regime

international standards respecting online conduct. 379 F.3d 1120 (9th Cir. 2002) (holding that cease and desist letter, use of the United States Marshals Service to serve process, and French court order directed at Internet service provider did not constitute purposeful availment for personal jurisdiction over French public interest groups). See also Yvonne A. Tamayo, *Catch Me If You Can: Serving United States Process On An Elusive Defendant Abroad*, 17 HARV. J. L. & TECH. 211 (2003), available at <http://jolt.law.harvard.edu/articles/pdf/v17/17HarvJLTech211.pdf>.

⁶⁸ See August, *supra* note 65, at 532 (citing Chris Nuttal, *Police Hail Net Porn Ruling*, <http://news.bbc.co.uk/1/low/sci/tech/382152.stm> (last visited Nov. 3, 2005)).

⁶⁹ See Press Release, United States Attorney for the Southern District of New York (March 26, 1998), <http://www.usdoj.gov/criminal/cybercrime/nypr.htm> (announcing the filing of charges against the owners, managers and employees of five betting companies headquartered in the Caribbean—all of whom were United States citizens).

⁷⁰ This idea draws from the example set by the Public Health Declaration, adopted at the 2001 Doha Ministerial Conference of the WTO. See Frederick M. Abbot, *The Doha Declaration on the TRIPS Agreement and Public Health: Lighting a Dark Corner At The WTO*, 5 J. INT'L ECON. L. 469 (2002); Sean D. Murphy, *Contemporary Practice of the United States Relating to International Law: International Economic Law: Modification of WTO Rules on Protection of Pharmaceuticals*, 97 AM. J. INT'L L. 981 (2003) ("Since 1994, the inability of developing countries to import inexpensive, generic drugs to combat widespread and growing epidemics, including infectious diseases such as AIDS and malaria, led to calls for a revision of the TRIPS rules. Consequently at the ministerial meeting of the World Trade Organization at Doha in November 2001, WTO parties agreed that the TRIPS Council should draft more flexible rules concerning patented pharmaceuticals."). See also Laurence B. Helfer, *Regime Shifting: The TRIPS Agreement and New Dynamics of International Intellectual Property Lawmaking*, 29 YALE J. INT'L L. 1, 66 (2004).

⁷¹ This rule is subject to the TRIPs Agreement's transitional phase in process for developing countries, set forth in TRIPs Part IV (Transitional Arrangements), art. 65 (Transitional Arrangements) and art. 66 (Least-Developed Country Members). See sources *supra* note 1.

would apply uniformly irrespective of where the aggrieved and infringing parties are domiciled or hold trademark rights.

3. *The Effect this Paper's Proposal Would Have upon International IP Law*

¶48 Our discussion of the international trade aspect of keyword and metatag misuse resulting in parallel imports would be incomplete without an assessment of the international intellectual property consequences of restricting such misuse. Although this Article approaches keyword and metatag misuse from an international trade perspective, and has focused on trade sanctions as a means of ensuring that domestic trademark regimes will enact laws that prevent unlicensed Internet sales arising from keyword or metatag misuse, the revision to TRIPs proposed by this Article is also undeniably a broadening of international intellectual property law. This broadening requires justification outside of an international trade context.

¶49 In assessing whether the rule of international intellectual property law applies to Cyberspace, Professor Alfred Yen argues that “intellectual property disputes may not really be about incentives for invention or creation, but about the allocation of power to control people who use the Internet.”⁷² However, trademarks serve mainly as source identifiers, and are not granted as incentives for creative expression or invention. Thus, acknowledging and affirming the source-identifying function of trademarks under an international trademark regime is more about the power to regulate the manner in which goods and services are sold over the Internet, and not at all about controlling the way people use the Internet. The Internet venue should be treated just like any other geographical territory where parallel imports are proscribed.

¶50 Accordingly, this Article’s proposed expansion of international trademark rights under TRIPs should not be subject to a “quid pro quo” in the form of concessions in international intellectual property law narrowing protection in certain areas in exchange for the proposed expansion of international intellectual property rights.

¶51 The proposed restriction on keyword and metatag misuse will not deplete the public domain or stifle invention in a way that might warrant such a quid pro quo because trademarks are not the subject of inventions or copyrighted expression. Moreover, the proposed revision to TRIPs affirms one of that treaty’s main objectives: that the “protection and enforcement of intellectual property rights . . . contribute to the promotion of technological innovation and to the transfer and dissemination of technology, to the *mutual advantage* of producers and users of technological knowledge.”⁷³ Therefore no such quid pro quo is necessary in order to adopt the proposed revision to TRIPs.⁷⁴

¶52 The proposed revision to TRIPs can therefore be implemented without revising TRIPs in other respects in order to accommodate developing countries vying for as much access to intellectual property as possible. On the contrary, the adoption and implementation of the proposed revision to TRIPs will actually benefit developing countries by creating an intellectual property regime conducive to the realization of price performance and the alleviation of poverty under the BOP model.⁷⁵

¶53 Finally, in assessing whether a holder of trademark rights should be able to control the sale of her product in a given territory (whether virtual or geographic), one must consider the doctrine of exhaustion. Pursuant to this doctrine, “when an intellectual property right holder sells an article embodying those rights, they are exhausted with respect to that article.”⁷⁶ This doctrine is akin to the

⁷² See Alfred C. Yen, *Western Frontier or Feudal Society? Metaphors and Perceptions in Cyberspace*, 17 BERKELEY TECH L.J. 1207, 1261 (2002); see also Kevin J. Greene, *Abusive Trademark Litigation and the Shrinking Doctrine of Consumer Confusion: Trademark Abuse in the Context of Entertainment Media and Cyberspace*, 27 HARV. J. L. & PUB. POLY 609 (2004).

⁷³ TRIPs art. 7, *supra* note 8 (emphasis added).

⁷⁴ In contrast, I have previously acknowledged that concessions are necessary (and proposed specific concessions) where amending TRIPs would result in limiting access to information goods and enhancing intellectual property rights protection. See Manavinder Singh Bains, *Software, Sovereignty and the Internet: Circumventing Chaos through TRIPs*, 4 COLUM. SCI. & TECH. L. REV. 1 (2003).

⁷⁵ See *supra* Section I.A.

⁷⁶ Donnelly, *supra* note 15, at 447; see also Boyle, *supra* note 15.

first sale principle in U.S. copyright law because it allows an intellectual property rights holder complete control over the first sale of the good embodying such intellectual property right, and forces the intellectual property rights holder to relinquish control of every sale thereafter. Pursuant to Article 6 of TRIPs, TRIPs cannot be used to address the issue of the exhaustion of intellectual property rights.⁷⁷ However, since a trademark holder's rights in Cyberspace are not exhausted where the right to sell goods bearing the trademark holder's trademark over the Internet are not conveyed and accordingly withheld in the first sale, the proposed revision to TRIPs does not address the exhaustion issue.

¶54 In view of the foregoing, it is tempting to try to fit this Article's proposed revision to TRIPs under the existing TRIPs framework. As the following section indicates, we should not succumb to this temptation.

4. *Whether the Proposed Amendment Can Be Implemented Under the Current Trips Framework*

¶55 This Article maintains that unlicensed Internet sales resulting from keyword and metatag misuse are not adequately addressed under the existing TRIPs framework. Opponents of this view might draw a negative inference from the fact that while Article 6 of TRIPs states that "nothing . . . shall be used to address the . . . exhaustion of intellectual property rights"; Article 6 of TRIPs does not explicitly bar the application of TRIPs to parallel imports.⁷⁸ Accordingly, opponents might argue that since the application of TRIPs to parallel imports is not explicitly barred, Article 16(1) of TRIPs leaves room to indirectly address parallel imports in a trademark context by prohibiting infringing activity if it results in a "likelihood of confusion."⁷⁹ Admittedly, insofar as infringing activity that results in a "likelihood of confusion" also facilitates the sale of parallel imports, parallel imports do implicitly fall within the purview of Article 16(1) of the TRIPs Agreement and can accordingly be proscribed. Article 16(1) arguably addresses keyword misuse that facilitates parallel imports where the infringing keyword is also a registered trademark because "a likelihood of confusion shall be presumed" where "the use [is] of an identical sign for identical goods or services."⁸⁰

¶56 As shall be demonstrated in Section II, however, neither keyword misuse nor metatag misuse necessarily result in a "likelihood of confusion."⁸¹ Moreover, a separate presumption in favor of a "likelihood of confusion" cannot be established for metatag misuse, because metatag misuse does not involve "the use of an identical sign for identical goods and services."⁸² The source-identifying aspects of the metatag may be misused, but not the "identical sign" in and of itself.⁸³ Accordingly, the language in TRIPs' Article 16(1) does not adequately proscribe online parallel imports arising from keyword and/or metatag misuse.

¶57 Since TRIPs does not explicitly proscribe trademark infringement that facilitates the sale of gray imports but does not necessarily create a "likelihood of confusion," and since it does not proscribe trademark infringement that occurs via "the use of identical sign for identical goods and services,"

⁷⁷ TRIPs, *supra* note 1, art. 6 ("For the purpose of dispute settlement under this Agreement . . . *nothing . . . shall be used to address the . . . exhaustion of intellectual property rights.*") (emphasis added); see Donnelly, *supra* note 15, at 497 ("While it cannot be denied that parallel trade and the exhaustion of rights principle are trade-related aspects of intellectual property rights, the TRIPs agreement failed to confront the issue.").

⁷⁸ *Id.*

⁷⁹ Article 16(1) states:

The owner of a registered trademark shall have the exclusive right to prevent all third parties not having his consent from using in the course of trade identical or similar signs for goods or services which are identical or similar to those in respect of which the trademark is registered where such use would result in **a likelihood of confusion**. In case of **the use of an identical sign for identical goods or services**, a likelihood of confusion shall be presumed. The rights described above shall not prejudice any existing prior rights, nor shall they affect the possibility of Members making rights available on the basis of use.

TRIPs, *supra* note 1, art. 16(1) (emphasis added).

⁸⁰ *Id.*

⁸¹ *Id.*

⁸² *Id.*

⁸³ *Id.*

the TRIPs agreement lacks the ability to prevent important online misconduct that could result in the foreclosure of certain markets and prevents producers from realizing price performance. Thus, a formal amendment to TRIPs is necessary to implement this Article's proposal. As discussed earlier, the realization of price performance is an essential means of combating poverty in developing countries,⁸⁴ and keyword and/or metatag misuse that results in online parallel imports should be *explicitly* proscribed under the TRIPs Agreement.

¶58 The following Section highlights the inconsistency of national legal standards used to address keyword and/or metatag misuse.

II. MISUSE OF METATAGS AND KEYWORDS

¶59 Search engines are ubiquitous; the Internet search engine website Google is used so readily by people looking for information on the worldwide web that the word "Google" is at risk of becoming a synonym for "search."⁸⁵ The way search engines work is relatively straightforward: an end-user (such as Jane Doe in our widgetsellers example) enters text into the search field of a search engine's webpage, and then clicks on the search icon. The words typed by Jane serve as keywords that trigger the search engine to find webpages which contain the keywords. Search engines create an index of webpages that use each keyword as a metatag in their HTML code.⁸⁶

¶60 In December of 2004, the U.S. District Court of the Eastern District of Virginia granted a search engine's (incidentally, Google) motion to dismiss a trademark complaint brought by a company whose trademark was used as a keyword to trigger competing ads and links to unauthorized websites as search engine results, thereby allowing the search engine to sell trademarks as keywords.⁸⁷ Antithetically, a French court (the Lower Court of Nanterre) ruled that the same search engine (Google) must refrain from selling European trademarks as keywords to trigger search results.⁸⁸ Just as U.S. and European courts take different approaches in deciding whether search engines are immune from liability for selling trademarks as keywords, U.S. and European courts also take different approaches in assessing whether those individuals misappropriating these keywords (and/or metatags) are committing trademark infringement. U.S. and E.U. trademark regimes provide an analytical framework for addressing keyword and metatag misuse by individuals (as opposed to search engines), but are in and of themselves are insufficient given the global reach of the Internet and the jurisdictional and choice of law questions that arise in regulating online conduct.⁸⁹ This Section highlights these choice of law questions and demonstrates that an internationally harmonized approach is well suited to addressing the choice of law issues, irrespective of whether the keyword

⁸⁴ See PRAHALAD, *supra* note 21.

⁸⁵ See David Pogue, *Where Thanks Are Due*, N.Y. TIMES, Circuits, Nov. 27, 2003 at G1 ("[G]oogle ha[s] entered the lexicon as a verb for finding information."); see also Vogelstein, *supra* note 3. But see Kevin J. Delaney, *Google's Rivals Narrow Search Engine Gap*, WALL ST. J., Jan. 13, 2005 at B4.

⁸⁶ See Benjamin F. Sidbury, *Comparative Advertising on the Internet: Defining the Boundaries of Trademark Fair Use for Internet Metatags and Trigger Ads*, 3 N.C. J.L. & TECH. 35, 38 (2001) (citing William Romanos, *Internet Accuracy Wars: How Trademarks Used in Deceptive Metagging Should Be Dealt with to Increase Economic Efficiency*, 7 U. BALT. INTELL. PROP. L.J. 79, 80 (1998)).

⁸⁷ See *Gov't Employees Ins. Co. v. Google, Inc.*, 330 F. Supp. 2d 700 (D. Va. 2004); see also Transcript of Bench Trial Before The Honorable Leonie Brinkema, United States District Court Judge, <http://www.patentlyobviousblog.com/files/geico1215.txt> (last visited Feb. 8, 2005); Stefanie Olsen, *Google Wins a Round in Ad Case*, WALL ST. J., at B8; Stefanie Olsen, *Google Wins in Trademark Suit with Geico*, CNET News.com (Dec. 15, 2004), http://news.com.com/Google+wins+in+trademark+suit+with+Geico/2100-1024_3-5491704.html; Jennifer Leclair, *Google Wins Trademark Suit over Keywords*, E-Commerce Times, (Dec. 16, 2004) at: <http://www.ece.commercetimes.com/story/29043.html>.

⁸⁸ See Stefanie Olsen, *Google Loses Trademark Dispute in France*, CNET News.com (Jan. 20, 2005), http://news.com.com/Google+loses+trademark+dispute+in+France/2100-1030_3-5543827.html; see also Declan McCullagh, *Google France Fined for Trademark Violation*, CNET News.com (Oct. 16, 2003), http://news.com.com/Google+France+finned+for+trademark+violation/2100-1028_3-5092320.html; Translation by Emanuela Catichi of Nanterre Court (TGI), *Emergency Order, Hotels Meridien v. Google France, December 16, 2004*, Juriscom.net (Dec. 16, 2004), <http://www.juriscom.net/jpt/visu.php?ID=631> [hereinafter "Translation of *Hotels Meridien* Order"].

⁸⁹ See discussion *supra* Section I.B.

and/or metatag misuse emanates from the conduct of a party outside of a given sovereign nation or where the aggrieved party holds trademark rights.

¶61 This Section is divided into three separate discussions. The first addresses manipulative metatagging, the second discussion addresses keyword misuse, and the third discussion ties the two together in an international trade context.

A. Manipulative Metatagging

¶62 The likelihood that a webpage will be placed high on a list of webpages by a search engine searching for a specific keyword is proportional to the frequency with which that term appears within the metatags and within the text of the webpage.⁹⁰ Metatags are written in HTML and describe the contents of a specific webpage. They are not readily visible on a webpage itself but can be viewed on a specific webpage by selecting “view” followed by “source” from the toolbar.⁹¹ In order to increase their visibility on search engines, website owners may include certain metatags in the HTML code of their webpages.⁹² At least one website service offers to “effectively promote” one’s website by using metatags “to pack [one’s] page with information pertaining to the category [sic] [one’s] page fits in. For instance if [one’s] page is promoting a travel agency [one] may want to incorporate words like luggage, travel, plane, beach, tourists.”⁹³ Under U.S. trademark law (i.e., the Lanham Act) such use of metatags may be actionable where the metatag infringes on the source-identifying function of a registered trademark.

¶63 The jurisprudence of metatag misuse, or “manipulative metatagging,”⁹⁴ calls for an analysis that does not fall squarely under the traditional “likelihood of confusion” rubric. Rather, this Article suggests that a version of the “initial interest confusion” doctrine that covers situations where metatag misuse is linked to the sale of *identical* goods and/or services (and not only those parallel imports which exhibit a “material difference”) is the more appropriate inquiry, particularly when the resulting sale of identical goods and/or services is unlicensed. The following Subsections examine two opposing doctrines, initial interest confusion and the nominative fair use defense, as they have been developed under U.S. caselaw. Section II then ends with an examination of the inadequacy of the E.U. Trademark Directive and the U.S. Lanham Act, as they currently stand, in addressing metatag misuse.

1. Applicability of the Initial Interest Confusion Doctrine to Metatag Misuse

¶64 The seminal opinion in the United States respecting initial interest confusion was issued by the U.S. Court of Appeals for the Ninth Circuit in *Brookfield Communications, Inc. v. West Coast Entertainment Corp.*⁹⁵ In *Brookfield*, defendant West Coast used the plaintiff’s “MovieBuff” trademark as a metatag in order to attract casual web surfers to its own, competing website.⁹⁶ In finding “initial interest confusion,” the Ninth Circuit opined that the regular “likelihood of confusion” standard was not the proper standard by which defendant’s use of plaintiff’s trademark as a metatag should be judged.⁹⁷

⁹⁰ See William F. Lang, IV, *The Hidden Liability Within Hidden Text: Internet Metatags*, 5 LAW. J. (Allegheny, PA), February 21, 2003, at 8.

⁹¹ See G. Peter Albert, Jr. & Rita A. Abbati, *Metatags, Keywords and Links: Recent Developments Addressing Trademark Threats in Cyberspace*, 40 SAN DIEGO L. REV. 341, 342 (2003).

⁹² See <http://www.site-see.com/ss/bravenet> (last visited Feb. 27 2005). It should be noted that this website initially appeared as a pop-up ad while researching issues unrelated to this article, an apt demonstration of how popular manipulative metatagging has become and its potential to become a commonplace online practice.

⁹³ See Site See, <http://www.site-see.com/ss/tips.htm> (last visited Nov. 1, 2003).

⁹⁴ See Maureen A. O’Rourke, *Defining the Limits of Free-Riding in Cyberspace: Trademark Liability for Metatagging*, 33 GONZ. L. REV. 277, 285-87 (1998) (explaining manipulative metatagging practices).

⁹⁵ *Brookfield Commc’ns, Inc., v. West Coast Entm’t Corp.*, 174 F.3d 1036 (9th Cir. 1999).

⁹⁶ *Id.* at 1062.

⁹⁷ *Id.* The “likelihood of confusion” statutory standard is rooted in judicial interpretation of Sections 32(a) and 43 of the Lanham Act. See Lanham Act, 15 U.S.C. §§ 1114(1)(a), 1125(a)(1); see also *Polaroid Corp. v. Polarad Elecs. Corp.*, 287 F.2d 492 (2d Cir. 1961) (delineating test to determine likelihood of confusion); *AMF Inc. v. Sleekcraft Boats*, 599 F.2d 341, 348-49 (9th Cir.

The Ninth Circuit's opinion in this case is significant because it is the first to analyze the use of another's trademark in the context of metatag misuse, independent of other trademark misuse in the actual text of a website or the domain name.⁹⁸

¶65 Under the Ninth Circuit's "initial interest" rationale in *Brookfield*, liability for trademark infringement may arise even where circumstances mitigate consumer confusion before goods or services are rendered.⁹⁹ The Ninth Circuit held that "use of another's trademark in a manner calculated 'to capture initial consumer attention, even though no actual sale is finally completed as a result of the confusion, may be still an infringement.'"¹⁰⁰ Our hypothetical differs from the facts surrounding the *Brookfield* case only in that following widgetsellers.com's unauthorized use of Brand X as a metatag, an actual sale of *Brand X* widgets (as opposed to other, competing brand widgets) is ultimately completed. Insofar as the Ninth Circuit's opinion in *Brookfield* highlights the problem of an alleged trademark infringer "gain[ing] crucial credibility in the initial phases of a deal"¹⁰¹ it remains pertinent to our analysis of widgetsellers.com's conduct. At a minimum, the Ninth Circuit's initial interest confusion doctrine presents us with a model for understanding why widgetseller.com's conduct is actionable under trademark law.

¶66 A case involving initial interest confusion that is even closer to our hypothetical arose in 2003. In *Bayer Corp. v. Custom School Frames, L.L.C.*¹⁰² the United States District Court for the Eastern District of Louisiana heard a case in which the defendants used the plaintiff's trademark as a metatag in order to effect search engine results and lure potential customers to its website. Once potential customers were lured to defendants' website, they were offered goods bearing plaintiff's trademark over the Internet. This offer was made without the permission of the plaintiff.¹⁰³

¶67 While the Eastern District of Louisiana relied upon the initial interest confusion doctrine set forth in *Brookfield* in issuing a permanent injunction against the defendants' metatag misuse, it also held that the unlicensed Internet sales emanating from the defendants' misuse of metatags constituted actionable parallel importation.¹⁰⁴ The reason why the *Bayer Corp.* court found such parallel importation was actionable highlights an important difference between our Brand X hypothetical and that case. In *Bayer Corp.*, the defendants' parallel importation was actionable because the goods being imported "differ[ed] materially from the authorized products."¹⁰⁵ Where the gray market goods are not materially different from the trademark holder's goods, (as is the case with our Brand X hypothetical, where widgetsellers.com sells Brand X widgets that are identical to the Brand X widgets sold on the Brand X website), the question arises as to whether the initial interest confusion doctrine in and of itself is sufficient to proscribe the online misconduct perpetrated by companies like the fictitious widgetsellers.com in the United States.

1979) (using a test representative of the test used in other circuits).

⁹⁸ See Lang, *supra* note 90, at 348.

⁹⁹ *Brookfield*, 174 F.3d at 1062-63.

¹⁰⁰ *Brookfield*, 174 F.3d at 1062 (quoting *Dr. Seuss Enters. v. Penguin Books USA, Inc.*, 109 F.3d 1394, 1405 (9th Cir. 1997) (citing *Mobil Oil Corp. v. Pegasus Petroleum Corp.*, 818 F.2d 254, 257-58 (2d Cir. 1987) (holding that Pegasus Petroleum's use of Pegasus was infringement of Mobil's trademark, a flying horse symbol in the form of the Greek mythological icon Pegasus. Although Mobil acknowledged that potential customers would typically realize that Pegasus Petroleum was unrelated to Mobil before consummating an actual sale, "potential purchasers would be misled into an initial interest in Pegasus Petroleum" by at least preliminarily thinking that Pegasus Petroleum was associated with Mobil.))).

¹⁰¹ See *Mobil Oil*, 818 F.2d at 259.

¹⁰² *Bayer Corp. v. Custom School Frames, L.L.C.*, 259 F. Supp. 2d 503 (E.D. La. 2003).

¹⁰³ See *id.*

¹⁰⁴ *Id.* at 508.

¹⁰⁵ *Id.* ("The sale of gray market products under the same trademarks used in connection with authorized domestic products is likely to confuse customers if these gray market products differ materially from the authorized products.") (citing *Martin's Herend Imports v. Diamond & Gem Trading*, 112 F.3d 1296, 1302 (5th Cir. 1997); *Societe Des Produits Nestle, S.A v. Casa Helvetia, Inc.*, 982 F.2d 633, 638 (1st Cir. 1992) ("the unauthorized importation and sale of materially different merchandise violates Lanham Trade-Mark Act section 32 because a difference in products bearing the same name confuses consumers and impinges on the local trademark holder's goodwill")); see also *Bayer Healthcare L.L.C. v. Nagrom, Inc.*, 2004 U.S. Dist. LEXIS 19454 (D. Kan. 2004).

¶68 Insofar as initial interest confusion specifically addresses metatag misuse, and metatag misuse potentially leads to the unlicensed sale of goods and services over the Internet, our answer to this question is “yes,” albeit with a caveat. The caveat is that given U.S. caselaw’s “material difference” requirement,¹⁰⁶ the initial interest confusion doctrine in and of itself cannot be used to prevent illegitimate Internet resellers from luring unassuming customers to websites which offer them goods and services that are *identical* to the goods and services sold by legitimate Internet sellers.

¶69 Hence, while U.S. caselaw’s prohibition of metatag misuse is premised upon initial interest confusion, it cannot be applied where the infringing parallel imports are identical to a producer’s noninfringing goods and services, as in our hypothetical. Nonetheless, from a theoretical standpoint, there is no reason why initial interest confusion should not be able to provide recourse for online misconduct like that of widgetsellers.com. (Note, however, that while there is scholarship and caselaw that suggest that the initial interest confusion doctrine is based upon well-settled brick-and-mortar legal principles,¹⁰⁷ other legal literature and caselaw suggest that the initial interest confusion doctrine is overbroad and that the likelihood of confusion rubric correctly addresses metatag misuse.¹⁰⁸)

2. *The Nominative Fair Use Defense to the Initial Interest Confusion Doctrine*

¶70 A defense to a finding of trademark infringement under the Ninth Circuit’s initial interest confusion doctrine was set forth in *Playboy Enterprises, Inc. v. Welles*.¹⁰⁹ In *Welles*, a Ninth Circuit district court held that the nominative fair use defense for trademark infringement protects a party using trademarks “fairly and in good faith to describe to users the goods and services” of such party or their geographic origin.¹¹⁰ Based largely upon indicia of good faith use of the metatags in question, the *Welles* court held that the defendant’s use of the plaintiff’s metatags did not create initial interest confusion. The court opined that the good faith standard is determined by criteria such as whether the defendant offers a product or service competitive with the plaintiff’s products or services, the frequency with which the defendant uses the trademark in its metatags, and whether the defendant engages in any other practices that cause search engines to prioritize the defendant’s site in metatags.¹¹¹

¶71 The Ninth Circuit’s approach demonstrates that the initial interest confusion doctrine may peacefully coexist with the defense of trademark fair use. Such an approach gives credence to the underlying idea that bad faith metatag misuse is actionable (although trademarks may still be used as metatags in “good faith”). This idea was recently affirmed by the Ninth Circuit’s decision in *Horphag Research Ltd. v. Pellegrini*,¹¹² a case in which the defendant engaged in conduct analogous to widgetsellers.com’s conduct, but the defendant’s conduct did not result in an unlicensed sale of the plaintiff’s goods or services. The defendant inserted metatags in the HTML code of websites to ensure that his website appeared as a search engine result whenever the plaintiff’s trademark was used as a keyword in a search engine’s search field. The Supreme Court of the United States denied certiorari to an appeal of the Ninth Circuit’s decision in *Horphag*. Although the denial of certiorari does not definitively establish law, one can infer from both the Ninth Circuit’s *Horphag* opinion and the Supreme Court’s denial of certiorari that metatag misuse coupled with bad faith constitutes

¹⁰⁶ *Bayer Corp.*, 259 F. Supp. 2d at 508.

¹⁰⁷ See Chad J. Doellinger, *Trademarks, Metatags, and Initial Interest Confusion: A Look to the Past to Reconceptualize the Future*, 41 IDEA 173 (2001); see also *Promatek Indus., Ltd. v. Équitrac Corp.*, 300 F.3d 808, 813 (7th Cir. 2002).

¹⁰⁸ See Jason Allen Cody, *Initial Interest Confusion: What Ever Happened to Traditional Likelihood of Confusion Analysis?*, 12 FED. CIR. B.J. 643 (2002).

¹⁰⁹ *Playboy Enters., Inc. v. Welles*, 7 F.Supp. 2d 1098 (S.D. Cal. 1998), *aff’d*, 162 F.3d 1169 (9th Cir. 1998).

¹¹⁰ *Id.* at 1103 (quoting 15 U.S.C. § 1115(b)(4)).

¹¹¹ *Id.* at 1104.

¹¹² *Horphag Research Ltd. v. Pellegrini*, 337 F.3d 1036 (9th Cir. 2003). Plaintiff owned a federally registered trademark, “Pycnogenol,” which serves as trade name for an herbal health care product. Defendant owned and operated various websites devoted to the sale of such products. In an admitted effort to enhance his websites’ performance in response to search engine queries for “Pycnogenol,” defendant used plaintiff’s marks in the metatags of his websites.

trademark infringement.¹¹³ Of course, the Ninth Circuit's approach may or may not develop into an international approach codified under TRIPs. Significant obstacles such as national sovereignty and the absence of a unified cross-border approach in addressing metatag misuse exist and must be addressed before attempting to codify this approach.

3. *A Comparison of Metatag Misuse under European Union and United States Trademark Law*

¶72 Trademark law in the European Union, unlike American law, fails to address metatag misuse. Article 2 of the First Trade Marks Directive provides that: “[a] trade mark may consist of any sign capable of being represented graphically, particularly words, including personal names, designs, letters, numerals, the shape of goods or of their packaging, provided that such signs are capable of distinguishing the goods or services of one undertaking from those of other undertakings.”¹¹⁴ This definition fails to include metatags because metatags serve to locate the goods or services on the web and not to distinguish them. A 2002 decision by the Court of Milan demonstrates the limitations of this definition: the court held that “the use of a registered trademark in a metatag could not be regarded as use in a trademark function.”¹¹⁵ Other E.U. courts have even questioned whether “metatag use [counts] as use of a trademark at all” and in the absence of a theoretically more appropriate doctrine, have erroneously utilized the “likelihood of confusion” doctrine.¹¹⁶

¶73 Like E.U. trademark law, U.S. trademark law (i.e., the Lanham Act) also focuses protection on marks “or devices” that are used to identify goods and/or services in commerce, as opposed to code or other tools used to locate trademarks on the Internet.¹¹⁷ While the identifier itself might arguably be protected under the “likelihood of confusion” rubric under the U.S., E.U., and TRIPs trademark regimes, the process of identification and the tools used to locate identifiers is not adequately protected because it is not clear as to whether metatag misuse necessarily results in a “likelihood of confusion.”

¶74 Certain United States courts invoke the “initial interest confusion” doctrine in cases involving metatag misuse as opposed to the “likelihood of confusion” rubric. Trademark law and policy under the E.U. regime, however, fails to sufficiently proscribe metatag misuse because the E.U. Trademark Directive also relies upon a “likelihood of confusion” statutory standard without possessing a doctrine under E.U. trademark jurisprudence analogous to initial interest confusion.¹¹⁸ Both the U.S.

¹¹³ See *id.*; see also *Garcia v. Horphag Research Ltd.*, 540 U.S. 1111 (2004).

¹¹⁴ First Council Directive 89/104, art. 2, 1988 (EEC), <http://oami.eu.int/en/mark/aspects/direc/direc02.htm>.

¹¹⁵ *The Eleventh Annual International Review of Trademark Jurisprudence*, 94 TRADEMARK REP. 277, 457 (2004) (citing *Technoform Bautech Italia S.P.A. v. Alfa Solare S.A.* (Court of First Instance of Milan, order of Feb. 8 2002)).

¹¹⁶ See *Tim Cook, IT Governance*, Oct. 17, 2004, <http://www.it-director.com/article.php?articleid=12331>; see also *Reed Executive PLC v. Reed Business Information Ltd.* [2004] EWHA Civ 159, <http://www.bailii.org/ew/cases/EWCA/Civ/2004/159.html> (holding for Plaintiff with respect to traditional forms of trademark infringement, but also finding that “[n]o likelihood of confusion was established” with regard to keyword and metatag misuse).

¹¹⁷ 15 U.S.C. § 1127 provides that:

The term ‘trademark’ includes any word, name, symbol, or device, or any combination thereof—

- (1) used by a person, or
- (2) which a person has a bona fide intention to use in commerce and applies to register on the principal register established by this [Lanham Act], to identify and distinguish his or her goods, including a unique product, from those manufactured or sold by others and to indicate the source of the or the goods, even if that source is unknown.

¹¹⁸ E.U. Trade Marks Directive, Article 5 states:

The registered trademark shall confer on the proprietor exclusive rights therein. The proprietor shall be entitled to prevent all third parties not having his consent from using in the course of trade:

- (a). Any sign which is identical with the trade mark in relation to goods or services which are identical with those for which the trade mark is registered;
- (b). Any sign where, because of its identity with, or similarity to, the trade mark and the identity or similarity of the goods or services covered by the trademark and the sign, there exists a *likelihood of confusion* on the part of the public, which includes the likelihood of association between the sign and the trademark [emphasis added].

First Council Directive 89/104, art. 5, 1988 (EEC), <http://oami.eu.int/EN/mark/aspects/direc/direc07.htm>. See also *Reed Executive PLC v. Reed Business Information Ltd.*, *supra* note 116.

and E.U. trademark regimes fail to adequately address the misconduct of illegitimate online resellers like the fictitious widgetsellers.com who misuse metatags. The U.S. regime fails because its application of the initial interest confusion doctrine does not prevent the parallel importation of goods and services that are identical to the noninfringing goods and services.¹¹⁹ The E.U. regime fails because it does not develop a doctrine analogous to initial interest confusion under its trademark jurisprudence. As opposed to incorporating separate changes in the United States' and the E.U.'s trademark regimes in order to address these respective failures piecemeal, a better alternative is to amend international trademark law under TRIPs to address metatag misuse where it results in unlicensed Internet sales.

B. Keyword Misuse

¶75 Keyword misuse adds another dimension to the challenge of preventing consumer confusion on the Internet and addressing the online misconduct of illegitimate Internet resellers. Such misuse enables competitors to exploit the goodwill associated with another's trademark over the Internet without using metatags. As opposed to inserting metatags into a webpage's HTML code, keyword misuse involves the purchase of a keyword, which may be a trademark, from the search engine itself. Keyword misuse can take one of two related forms: keyword banner advertising and keyword featured placement advertising.

¶76 Like manipulative metatagging, keyword banner advertising and keyword featured placement advertising also affect search engine results. Generally, search engines sell trademarks as keywords without requiring a representation that the purchaser of such keyword is also the trademark holder.¹²⁰ Purchasing keywords from Google's adwords website, for example, does not require a representation that one is not buying someone else's trademark.¹²¹ Keywords purchased under Google's adwords program enable purchasers of such keywords to affect search engine results on Google, AOL, AskJeeves, and EarthLink.¹²² Competitors may purchase keywords so that either their banner advertisement or a sponsored link to their website appears as a search result after an end user enters the keyword into a given search engine. These sponsored links are keyword placement ads.

¶77 The sale of keywords presents a significant source of revenue for search engines. Admittedly, the customer base for search engines' keyword sales is not comprised solely of illegitimate Internet resellers like widgetseller.com. However, the fact remains that keywords present a significant source of revenue for search engines. One half of Google's advertising revenue in 2004, for instance, came "mainly from ads that accompany Google's own search results."¹²³ Thus, since Google's \$3.2 billion in total revenue came "almost entirely from advertising" in 2004, revenue attributable to keyword placement and keyword banner advertising was roughly \$1.6 billion in 2004.¹²⁴ The overall search ad market was valued at "roughly \$4 billion" in 2005.¹²⁵ And while researchers predicted that the search ad market would grow 22.5% in 2005, after having grown 51.3% in 2004¹²⁶, such predictions proved conservative. According to one analyst, in 2005, Google alone sold "\$6.1 billion in ads."¹²⁷ The sale of keywords is clearly a central aspect of the search engine business model.

¹¹⁹ See *Bayer Corp. v. Custom School Frames, LLC*, 259 F. Supp. 2d 503, 509 (E.D. La. 2003).

¹²⁰ See Kurt M. Saunders, *Confusion is the Key: A Trademark Law Analysis of Keyword Banner Advertising*, 71 *FORDHAM L. REV.* 543 (2002); see also Google website, <https://adwords.google.com/select> (last visited Dec. 2, 2004).

¹²¹ See Google website, <https://adwords.google.com/support/bin/answer.py?answer=21378&topic=79> (last visited Dec. 2, 2004).

¹²² See Google website, <https://adwords.google.com/support/bin/answer.py?answer=6119&ctx=sibling>, (last visited Dec. 2, 2004).

¹²³ Kevin J. Delaney, *In Hunt for Online Advertising, Yahoo Makes Big Bet on Media*, *WALL ST. J.*, Mar. 1, 2005, at A1.

¹²⁴ *Id.* at A12 ("Last year [2004], Google's revenue was \$3.2 billion, which came almost entirely from advertising . . .").

¹²⁵ Kevin J. Delaney, *Corporate Ads in Miniature*, *WALL ST. J.*, Mar. 24, 2005, at B3.

¹²⁶ *Id.*

¹²⁷ Saul Hansell, *Your Ads Here (All of Them), Google Wants to Dominate Madison Avenue, Too*, *N.Y. TIMES*, Oct. 30, 2005, at Section 3, 1 ("This year, Google will sell 6.1 Billion in Ads . . . according to Anthony Noto, an analyst at Goldman Sachs.")

¶78 Some commentators suggest that keyword banner advertising and keyword search placement ads merely allow an advertiser to target its ads to reach a more receptive audience and thereby maximize the effectiveness of its online marketing by enabling consumers to get information about goods and/or services that they are considering purchasing.¹²⁸ Others argue that keyword banner advertising and keyword placement amounts to trademark infringement, particularly where the keyword is a trademark and the keyword purchaser is not the trademark holder.¹²⁹ Commentators also suggest that keyword featured placement advertising “raises greater concerns about [trademark] infringement than keyword banner ads”¹³⁰ because “keyword featured placement listings are more likely to result in initial interest confusion than keyword banner advertising.”¹³¹ The problem with applying the likelihood of confusion standard to keyword misuse is that consumers are generally not confused as to whether they have clicked on search results that are not sponsored by the holder of trademark rights in a given keyword. Returning to our hypothetical, after Jane Doe clicks on widgetsellers.com, she is not confused as to whether widgetsellers.com is a Brand X website. Her confusion arises before she clicks on the link to widgetsellers.com that appears as a search result.

1. *Does the Initial Interest Confusion Doctrine Apply to Keyword Misuse?*

¶79 The initial interest confusion doctrine set forth by the U.S. Court of Appeals for the Ninth Circuit in *Brookfield* can be read as contemplating keyword misuse as well as metatag misuse.¹³² The relief granted by the Ninth Circuit in *Brookfield* included a temporary restraining order enjoining the defendant from using the plaintiff’s trademark “in connection with the retrieval of data or information on other goods or services.”¹³³ Furthermore, the Ninth Circuit’s opinion in *Brookfield* explicitly mentions and defines keywords.¹³⁴

¶80 Subsequent to *Brookfield*, the Ninth Circuit affirmed the notion that keyword misuse can result in initial interest confusion in *Netbula, LLC v. Distinct Corp.*¹³⁵ The plaintiff in *Netbula* alleged that the defendant’s use of plaintiff’s keyword (and metatags) resulted in initial interest confusion.¹³⁶ The U.S. District Court for the Northern District of California in *Netbula* allowed the defendant to allege initial interest confusion in its counterclaim because both parties were “using the trademarks and trade names of a competitor to lure prospective customers to [their] own site.”¹³⁷ Although the defendant’s counterclaim did not allege that plaintiff’s conduct resulted in unlicensed Internet sales of its product, the case nonetheless illustrates that the initial confusion doctrine can apply to keyword misuse as well as metatag misuse.

¶81 The problem of online parallel imports, however, is not automatically solved by the application of the initial confusion doctrine to keyword misuse. An international approach to addressing keyword misuse which results in unlicensed Internet sales must accordingly be developed.

¹²⁸ See Greg Miller & Davan Maharaj, *Banner Ads on the Web Spark a Trademark Battle*, L.A. TIMES, Feb. 11, 1999, at A1. See also Ralph F. Wilson, *Using Banner Ads to Promote Your Website*, WEB MARKETING TODAY, July 1, 2000, <http://www.wilsonweb.com/articles/bannerad.htm>.

¹²⁹ See Nester, *supra* note 10; see also Albert, *supra* note 91, at 341.

¹³⁰ See *The Internet Sells Its Soul*, ECONOMIST, Apr. 20, 2002, at 65 (noting that Internet keywords are sold as a means for advertisers “to push their [web]sites up to the top of search engine listings”).

¹³¹ *Id.*

¹³² *Brookfield Commc’ns, Inc., v. West Coast Entm’t Corp.*, 174 F.3d 1036 (9th Cir. 1999); sources *supra* note 100.

¹³³ *Id.* at 1043.

¹³⁴ *Id.* at 1045 (“When a keyword is entered, [a] search engine processes it through a self-created index of websites [*sic*] to generate a (sometimes long) list relating to the entered keyword.”).

¹³⁵ *Netbula LLC v. Distinct Corp.*, 212 F.R.D. 534 (N.D. Cal. 2003).

¹³⁶ *Id.* at 538.

¹³⁷ *Id.* at 539.

2. Search Engine Liability for Generic and Nongeneric Trademark/Keywords

¶82 In the United States, a defense to keyword misuse arises where the keyword in question is a generic term with a common definition.¹³⁸ Insofar as the use of a keyword constitutes commercial speech, and the keyword in question is an actual word and not a coined term, the argument to preclude the use of such keyword is vitiated by First Amendment concerns.¹³⁹ Two related cases in which a keyword that has both a trademark function and an English language definition was alleged to have been misused arose in the Ninth Circuit in *Playboy Enterprises, Inc., v. Netscape Communications Corp.*¹⁴⁰ and *Playboy Enterprises, Inc., v. Excite Inc.*¹⁴¹ In each of these cases, which were consolidated at the district court level, Playboy Enterprises, Inc. sought to enjoin the search engines operated by Netscape and Excite respectively from keying advertisements on their search engines to advertisements of websites not affiliated with Playboy Enterprises, Inc. after the words “playboy” and/or “playmate” were entered into the search field of the respective search engines. Although the banner ads did not contain either the word “playboy” or “playmate,” Playboy claimed that this practice constituted trademark infringement and dilution.¹⁴² The Ninth Circuit disagreed with Playboy and held that prohibiting advertisements that were triggered to appear after the search words “playboy” and “playmate” were entered into a search engine would violate the First Amendment.¹⁴³ Had the words “playboy” and “playmate” not been used generically in the English language, the outcome might have been different.¹⁴⁴

¶83 A district court in the Fourth Circuit had the opportunity to render an opinion regarding a search engine’s liability where the keyword in question was not generic in *Government Employees Insurance Co. v. Google, Inc.*¹⁴⁵ In *Government Employees Insurance Co.*, the keyword in question was “Geico,” and the search engine selling the keyword was Google. Google’s motion to dismiss was granted, thereby allowing Google to sell keywords that were otherwise subject to trademark protection without being subject to a claim of contributory trademark infringement.¹⁴⁶ While some search engines have instituted policies respecting keyword featured placement listings where the keyword is a trademark,¹⁴⁷ such policies are not uniformly enforced nor required under U.S. trademark regime law.

¶84 Keywords may be subject to greater protection in the E.U.¹⁴⁸ In *Hotels Meridien v. Google France*, a decision that is directly antithetical to *Government Employees Insurance Co.*, the Lower Court of Nanterre ruled that Google must refrain from using European trademarks as keywords to trigger search results.¹⁴⁹

¹³⁸ See *Standard Paint Co. v. Trinidad Asphalt Mfg. Co.*, 220 U.S. 446 (1911) (“[A] generic name, or a name merely descriptive of an article of trade, of its qualities, ingredients, or characteristics, [cannot] be employed as a trademark and [is not] entitled to legal protection.”) (citing authority for the proposition that “there can be ‘no right to the exclusive use of any words, letters, figures, or symbols which have no relation to the origin or ownership of the goods, but are only meant to indicate their names or qualities.’”)

¹³⁹ See *Posadas de Puerto Rico Assocs. v. Tourism Co. of Puerto Rico*, 478 U.S. 328 (1986) (“[C]ommercial speech receives a limited form of First Amendment protection so long as it concerns a lawful activity and is not misleading or fraudulent.”).

¹⁴⁰ *Playboy Enters, Inc. v. Netscape Commc’ns Corp.*, 55 F. Supp. 2d 1070 (C.D. Cal. 1999), *aff’d*, 202 F.3d 278 (9th Cir. 1999).

¹⁴¹ *Id.*

¹⁴² *Id.* at 1072-73.

¹⁴³ *Id.* at 1073, 1085.

¹⁴⁴ *Id.* at 1085.

¹⁴⁵ *Gov’t Employees Ins. Co. v. Google, Inc.*, 330 F. Supp. 2d 700 (D. Va. 2004).

¹⁴⁶ *Id.*

¹⁴⁷ See, e.g., Google Trademark Complaint Procedure, http://www.google.com/tm_complaint.html (last visited Nov. 15, 2004); see also E-mail from Alex at GoogleAdWords Trademark Team (Aug. 18, 2004, Trademark Complaint No.: 13418007) (on file with author).

¹⁴⁸ See sources *supra* note 88.

¹⁴⁹ Translation of *Hotels Meridien Order*, *supra* note 88.

3. Liability of Individual Purchasers of Keywords

¶85 While the Fourth Circuit's decision in *Government Employees Insurance Co. v. Google, Inc.*¹⁵⁰ and the Lower Court of Nanterre's decision in *Hotels Meridien v. Google France* are important in terms of assessing a search engine's liability in selling keywords, these decisions do not address the question of whether an individual purchaser of keywords is liable for trademark infringement. They also do not address the consequences when such keywords facilitate unlicensed Internet sales (i.e., whether widget sellers.com is liable when it purchases "Brand X" as a keyword to render search engine results linking to widget sellers.com's website, and sells Brand X widgets without first entering into a license agreement with Brand X).

¶86 Though it was settled before the court had a chance to rule, a case filed by Estee Lauder Companies, Inc. in the Second Circuit did address these issues.¹⁵¹ Estee Lauder Companies owns well known trademarks such as "Aramis," "Clinique," "Bobbi Brown," and "Aveda."¹⁵² These trademarks were sold as keywords by search engine Excite to a company called The Fragrance Counter. The Fragrance Counter was not a licensed Internet dealer of Estee Lauder; furthermore, Estee Lauder claimed not to sell any of its products to The Fragrance Counter.¹⁵³ Despite the absence of precedential value, the dispute between Estee Lauder and The Fragrance Counter highlights important issues, particularly in connection with interterritorial trade. The goods that the Fragrance Counter sold over the Internet using Estee Lauder's trademarks as keywords were parallel imports (or gray market goods) because the sale of such goods in the territory in question (i.e., the Internet) was not licensed by the owner of the trademarks in the goods. Keyword misuse therefore facilitated the sale of gray market goods. Customers of products bearing Estee Lauder's trademarks were accordingly exposed to initial interest confusion. Concomitantly, Estee Lauder was prevented from setting the price of its goods over the Internet and thereby engaging in price discrimination.

¶87 Insofar as the Internet is a global territory where producers should be able to exert control over the sale and price of their goods and services in order to engage in price discrimination and realize price performance, an international trademark regime should be developed to prevent keyword misuse that can wrest such control from producers. This regime should be codified under international intellectual property and trade law, namely the TRIPs Agreement.

C. Manipulative Metatagging and Keyword Misuse in an International Trade Context

¶88 Keyword or metatag misuse do not always result in an unlicensed Internet sale and accordingly do not always facilitate parallel importation. In *Playboy Enterprises, Inc., v. Netscape Communications Corp.*¹⁵⁴ for instance, the allegedly infringing parties were not distributing copies of Playboy magazine in a given territory without Playboy's permission. In *Brookfield Communications, Inc. v. West Coast Entertainment Corp.*¹⁵⁵ neither the defendant nor the plaintiff held substantive intellectual property rights in the goods that entered the marketplace under the infringing mark. And in *Government Employees Insurance Co. v. Google, Inc.*,¹⁵⁶ Google was not selling Geico insurance over the Internet.

¶89 Where keyword or metatag misuse does result in parallel importation (i.e., unlicensed Internet sales), however, the connection between the prevailing international intellectual property rights regime and international trade becomes more significant. The defense of nominative fair use in initial interest confusion cases, for instance, is less tenable where it would allow the trafficking in gray

¹⁵⁰ 330 F. Supp. 2d at 700.

¹⁵¹ See *Estee Lauder Inc. v. Fragrance Counter, Inc.*, 189 F.R.D. 269, 272 (S.D.N.Y.1999). See also Nester, *supra* note 10, at 237 (citing Perry J. Viscounty et al., *Cyber Gray Market is Manufacturer's Headache*, NAT'L L.J., Aug. 20, 2001, at C4).

¹⁵² See Estee Lauder, http://www.elcompanies.com/our_brands.asp (last visited Nov. 20, 2005).

¹⁵³ *Estee Lauder*, 189 F.R.D. at 273; Nester, *supra* note 10, at 239 (citing Michael Brick, "Web Becoming a Sticky Point for Lauder," THESTREET.COM, Oct. 25, 1999, <http://www.thestreet.com/stocks/consumer/800896.html>).

¹⁵⁴ See *Playboy Enters, Inc. v. Netscape Comm'ns Corp.*, 55 F. Supp. 2d 1070 (C.D. Cal. 1999); section II.B.2.

¹⁵⁵ 174 F.3d 1036 (9th Cir. 1999); see also discussion *supra* Section II.A.1.

¹⁵⁶ See *Gov't Employees Ins. Co. v. Google, Inc.*, 330 F. Supp. 2d 700 (D. Va. 2004).

market goods, which prevents producers from engaging in price discrimination and realizing price performance. As demonstrated previously, allowing such misuse may have deleterious effects on welfare in developing countries. Accordingly, if this Article's proposed revision to TRIPs were adopted, the resulting broadening of international trademark rights could foster greater overall welfare, particularly in developing countries.

¶90 Additionally, if this Article's proposed revision were adopted, trade between E.U. member countries would be subject to less ambiguity respecting the classification of unlicensed Internet sales. Under current E.U. law respecting trademarked gray market goods,

the capacity of a trade-mark proprietor under [an E.U. member's] national law to oppose the marketing of products by an importer . . . is regarded as justified . . . unless it is established . . . that such opposition contributes to the artificial partitioning of the markets between Member States [of the E.U.].¹⁵⁷

A question therefore arises as to whether a ban on an unlicensed sale over the Internet constitutes an artificial partitioning of markets under E.U. law. The Court of Justice of the European Communities has stated that "[European] Community law precludes the prohibition of the marketing of products which have been the subject of parallel importing *only* if the proprietor has used different trade marks for the same product with the intention of artificially partitioning the markets (emphasis added)."¹⁵⁸ The sort of misuse in our hypothetical, in contrast, involved the (unauthorized) use of the *same* trade marks for the same product (Brand X). There is no guarantee that, under the current E.U. regime, a rule prohibiting online conduct that results in unlicensed Internet sales would not constitute an artificial partitioning of markets.

¶91 Thus, the trademark regime promulgated under E.U. law may define what can be protected under trademark law too narrowly, and may not permit the implementation of the reform proposed by this Article due to obstacles such as the artificial partitioning of markets. Similarly, U.S. trademark law and the existing international trademark regime promulgated under TRIPs also define protection too narrowly. Again, however, a straightforward amendment to the TRIPs Agreement that either augments the "likelihood of confusion" standard and "the use of identical sign for identical goods and services" language to include initial interest confusion, or addresses initial interest confusion separately in the context of unlicensed Internet sales would present a viable solution to addressing metatag and keyword misuse.

III. AN ECONOMIC JUSTIFICATION FOR THE PROPOSED REVISION OF TRIPs

¶92 While national and continental boundaries are of cultural importance, their commercial significance has sharply diminished with the advent of new technology. According to one commentator, "[n]ew technology has enabled commerce and communication to be conducted by such new methods and at such unprecedented speeds that the new global marketplace is rendering national and even continental boundaries nugatory."¹⁵⁹ Given the decreasing value of national and continental boundaries in the digital marketplace, choice of law and forum issues have also become obfuscated where intellectual property rights have been trampled upon in disparate jurisdictions. Although the World Trade Organization "has added the pressure of trade sanctions . . . to give better protection to the intellectual property rights of [the citizens of] signatory countries, in compliance with TRIPs minimum standards,"¹⁶⁰ TRIPs still fails to address keyword and metatag misuse that

¹⁵⁷ Case C-379/97, *Pharmacia & Upjohn SA v. Paranova A/S*, 1999 E.C.R. I-06927, <http://oami.europa.eu/en/office/diff/textes/c-379-97.htm>; *Also see* EC Treaty, Arts. 28, 29, 30 and 81, available at http://europa.eu.int/eur-lex/lex/en/treaties/dat/12002E/pdf/12002E_EN.pdf (last visited Oct. 15, 2006).

¹⁵⁸ *Id.*

¹⁵⁹ Robert W. Sacoff, *Trademark Law in the Technology-Driven Global Marketplace*, 4 YALE SYMP. ON L. & TECH. 8, ¶ 2 (2001), <http://research.yale.edu/lawmeme/yjolt/modules.php?name=News&file=article&sid=10>.

¹⁶⁰ *Id.*

facilitates parallel importation. Without protection under TRIPs, the source identifying function of keywords and metatags are available for Internet interlopers wishing to lure users to websites where goods and services are sold without the authorization of intellectual property rights holders in such goods and services.

¶93 As discussed earlier, while Article 16 of TRIPs does implicitly address parallel imports in a trademark context, it does not offer rights holders substantive protection against parallel imports.¹⁶¹ Article 16 of TRIPs implicitly proscribes parallel imports with an infringing trademark from being sold only if they result in a “likelihood of confusion.”¹⁶² Since it is unclear as to whether keyword and/or metatag misuse results in “a likelihood of confusion” as opposed to “initial interest confusion,” the language of Article 16 does not sufficiently contemplate metatag and keyword misuse and should be revised. This revision should include language that addresses infringing conduct that does not necessarily result in a “likelihood of confusion” and contemplates the “initial interest confusion” described in Section II. Furthermore, this revision should not rely upon “the use of an identical sign for identical goods or services” in determining whether trademark infringement has occurred.¹⁶³

¶94 Opponents of the harmonization of international intellectual property rights argue that the suggested broadening of international trademark law will result in the further “entrench[ment] [of] brand names acting as insidious vehicles for persuasive advertising.”¹⁶⁴ Another argument against the suggested broadening of international trademark law is that such an expansion is unjustified from a historical perspective. This argument emphasizes that today’s developed countries themselves enjoyed “unprecedented freedom to exploit intellectual property for their own economic development during the 18th and 19th centuries”¹⁶⁵ and that the proposed broadening of international intellectual property rights only furthers the divide between developing and industrialized nations.

A. A Coasian Framework for Justifying the Proposed Amendment to TRIPs

¶95 Admittedly, TRIPs’ failure to protect intellectual property rights holders against gray market imports “appears to be political and [is] based on the notion that [proscribing parallel importation] would assist multinational enterprises, largely based in developed countries, in engaging in market division, price discrimination, and a host of other [allegedly] anti-competitive and imperialistic practices.”¹⁶⁶ Furthermore, some commentators argue that “[r]estrictions on parallel imports of products [bearing trademarks] are the classic example of how trademarks can interfere with the free movement of goods and consequently become barriers to trade.”¹⁶⁷ As to whether such assertions are correct, we must assess how keyword and/or metatag misuse that results in unlicensed Internet sales impacts producers and consumers. Returning to our widgets example, consumers of Brand X widgets might benefit from the absence of an international intellectual property regime proscribing keyword and/or metatag misuse where it results in parallel imports, particularly in the short run, because websites like widgetsellers.com sell Brand X widgets for less than the price that Brand X

¹⁶¹ See supra Section I.B.4.

¹⁶² See *id.*

¹⁶³ *Id.*

¹⁶⁴ Marshall A. Leaffer, *The New World of International Trademark Law*, 2 MARQ. INTELL. PROP. L. REV. 1, 6 (1998).

¹⁶⁵ Danielle Tully, *Prospects for Progress: The TRIPs Agreement and Developing Countries After the DOHA Conference*, 26 B.C. INT’L & COMP. L. REV. 129, 136 (2003) (citing Ha-Joon Chang, *Intellectual Property Rights and Economic Development: Historical Lessons and Emerging Issues*, 2 J. HUM. DEV. 287, 288-93 (2001)); see also Marci Hamilton, *The TRIPs Agreement: Imperialistic, Outdated, and Overprotective*, 29 VAND. J. TRANSNAT’L L. 613 (1996); Carlos M. Correa, *TRIPs: An Asymmetric Negotiation*, 1993 THIRD WORLD ECON. 9, 10 (arguing the TRIPs Agreement does not reflect interdependence, but rather is ‘essentially asymmetric, non-transparent and autocratic’ and reflects imbalances in the comparative effects on developing countries’ intellectual property laws).

¹⁶⁶ See Ugolini, *supra* note 11, at 466.

¹⁶⁷ Julianne Kokott & Patricia Egli, “Sebago Inc. And Ancienne Maison Dubois & Fils Sa V. Gb-Unic Sa., Case C-173/98., Court Of Justice Of The European Communities, July 1, 1999,” 94 AM. J. INT’L L. 386, 388 (2000) (summarizing decision before the European Court of Justice).

charges on its own website. In the long run, however, both consumers and producers of Brand X widgets would suffer from an overall decrease in welfare because Brand X would be prevented from engaging in price discrimination and realizing price performance if it were to enter a developing country's market.

¶96 Coasian theorists suggest that if a dispute arises between two parties regarding the use or ownership of property, the parties would conduct a cost-benefit analysis in order to reach an efficient outcome.¹⁶⁸ As to whether this article's proposed amendment to TRIPs is necessary to correct the resulting inefficient allocation of resources resulting from the closure of markets and the failure to realize price performance in online markets, Coasian theorists would likely argue that the market itself will rectify the inability of international intellectual property law to stem the tide of parallel importation resulting from keyword and/or metatag misuse.¹⁶⁹ Judge Richard Posner points out that "if transactions are costless, the initial assignment of a property right will not affect the ultimate use of the property."¹⁷⁰ The costs of purchasing a keyword (even if it has been registered as a trademark by someone other than the purchaser) or inserting a metatag in one's website in order to generate search results are difficult to ascertain. On the one hand, such costs are clearly determinable to the party benefiting from the infringing use of metatags and keywords, but the costs are difficult to measure for party suffering from the misuse.

¶97 Google (which is arguably the most widely used search engine¹⁷¹) charges merely \$5.00 to start a keyword account, but also bills its clients based on the number of clicks to websites using the keyword purchased upon the creation of a keyword account.¹⁷² Keyword optimizing software is available that streamlines web searches based on the purchase of certain keywords and enables web entrepreneurs to "create and edit metatags for [their] web pages with a simple interface" and can be purchased in conjunction with keywords for an approximate cost of \$70.00.¹⁷³ The cost of inserting metatags in websites in order to create search results or purchasing keywords in order to achieve the same result are therefore not only determinable, but also nominal to infringers. The cost to those who suffer from keyword and metatag misuse is, however, higher and more difficult to determine because the claimant in metatag and keyword misuse cases is often unable to demonstrate actual losses.¹⁷⁴ In addition to assessing actual losses, we must also ask whether keyword and/or metatag misuse creates externalities and whether these externalities are positive or negative.¹⁷⁵

¹⁶⁸ See generally Ronald H. Coase, *The Problem of Social Cost*, 3 J. L. & ECON. 1 (1960) (explaining that if a dispute arises between two parties regarding the use or ownership of property, the parties need only conduct a cost-benefit analysis in order to reach an efficient outcome). Also see Mark A. Lemley, *Property, Intellectual Property and Free Riding* 11 (Stanford Law Sch. John M. Olin Program in Law and Econ., Working Paper No. 291, Aug. 2004), available at <http://ssrn.com/abstract=582602>.

¹⁶⁹ See *id.*

¹⁷⁰ RICHARD A. POSNER, *ECONOMIC ANALYSIS OF LAW* 8 (5th ed. 1998).

¹⁷¹ See Delaney, *supra* note 85.

¹⁷² See Google website, <https://adwords.google.com/select/Afpofinder> (last visited Nov. 22, 2005).

¹⁷³ See Sign Poster, http://www.brothersoft.com/web_author/website_promotion/signposter_15123.html (last visited Nov. 22, 2005). See also Dynamic Solution, http://www.brothersoft.com/web_author/website_promotion/dynamic_submission_2000_6726.html (last visited Nov. 22, 2005).

¹⁷⁴ See *Reed Executive PLC v. Reed Business Information Ltd.* [2004] EWHC Civ 159, *supra* note 116, at n.160 (decision of the Court of Appeal, Civil Division, of the English High Court.) *Reed Executive* found that damages for keyword misuse should be assessed on a "user" basis, namely how much . . . the defendant [would] have to pay for the use he made of the [keyword]." It further found that, for metatags, "damages should be fixed on the basis of a reasonable payment between a willing licensor and licensee," but also found that "for damages to be awarded on a user principle is close to saying there is no damage [or] some will be invented." *Id.* at n.165. See also *Int'l Star Registry v. Bowman-Haight Ventures, Inc.*, 2003 U.S. Dist. LEXIS 11803 (D. Ill. July 9, 2003) (finding plaintiff unable to demonstrate that claim of damages in the amount of \$90,700 was justified).

¹⁷⁵ The Library of Economics and Liberty website defines externalities as follows:

Externalities occur when one person's actions affect another person's well-being and the relevant costs and benefits are not reflected in market prices. A positive externality arises when my neighbors benefit from my cleaning up my yard. If I cannot charge them for these benefits, I will not clean the yard as often as they would like. (Note that the free-rider problem and positive externalities are two sides of the same coin.) A negative externality arises when one person's actions harm another. When polluting, factory owners may not consider the costs that pollution imposes on others. Policy debates usually focus on free-rider and externalities problems, which are considered more serious problems than nonrivalrous consumption.

<http://www.econlib.org/library/Enc/PublicGoodsandExternalities.html> (last visited Dec. 28, 2004).

¶98 The rhetoric of intellectual property rights supports the notion that a strict property rights approach is applicable to intellectual property.¹⁷⁶ Applying a strict property rights model approach, the misappropriation of keywords and metatags should result in free-riding and creates negative externalities.¹⁷⁷ Insofar as trademarks are source identifiers, positive externalities arising from the grant of trademark rights are the minimization of search costs, facilitation of economies of scale, and the motivation of producers to keep standards of quality high in order to promote brand recognition and cultivate goodwill.¹⁷⁸

B. Stronger Property Rights Under a Coasian Framework

¶99 Our main interest in keywords and metatags lies in their source-identifying function and their ability to minimize search costs. Under the current international trade and intellectual property regime (i.e., TRIPs Agreement) there are weak property rights in keywords and/or metatags even when they function as source identifiers. As demonstrated earlier, it is possible to use someone's keyword or metatag without necessarily creating a "likelihood of confusion." The grant of a stronger and clearer international intellectual property right in the source identifying aspect of keywords and/or metatags, however, could actually stem the tide of parallel importation and prevent the foreclosure of markets. It would introduce the element of risk in contravening a more well-defined property right, which would naturally make people less likely to undermine this property right by engaging in keyword misuse or manipulative metatagging. The costs for the right to use keywords and/or metatags would likely increase if this property right were protected under the TRIPs Agreement because the seller of such right could factor the purchaser's desire to avert the risk of running afoul of international trademark law when setting the asking price for such rights.

¶100 In assessing whether the Coase Theorem applies to the proposed assignment of a stronger property right in keywords and/or metatags, we must explore the effects of an increase in the price of keywords and/or metatags. As prices increase, so does the possibility of haggling for a lower price. Pursuant to the economic principles set forth under game theory, "[e]ach party's optimal decision depends on the other party's reaction to what, but for that reaction, would be the most advantageous course of action."¹⁷⁹ Applying game theory to the market for keywords and/or metatags, the price for the right to use keywords and/or metatags might not reach equilibrium if the price increased significantly as a result of the implementation of the proposed amendment to TRIPs because "[h]aggling over the division of the potential gains from trade can create problems for the Coase Theorem's optimistic reliance on purely voluntary trade."¹⁸⁰ Absent an equilibrium price for the right to use source identifying properties of a metatag and/or keyword, an inefficient allocation of these resources would result. At the same time, "[g]iven the uncertainty that surrounds valuations in e-commerce, it is easy to imagine both parties coming to wildly different assessments of the price that would divide reasonably the gains from trade."¹⁸¹ The grant of an intellectual property right in the source identifying function of keywords and/or metatags in the form of a legal entitlement would therefore have a strong impact on the allocation of licenses to use keywords and/or metatags as source identifiers. Although higher prices would be charged for these licenses they might not necessarily fall in the hands of those who valued them most. Arguably these higher prices could not reach equilibrium (where demand at a given price equals supply) and yield an inefficient outcome.

¹⁷⁶ See Lemley, *supra* note 168, at 1 ("Courts and scholars have increasingly assumed that intellectual property is a form of property . . ."). Professor Lemley argues that this assumption is incorrect insofar as it is applied to intellectual property, but also distinguishes trademarks from other forms of intellectual property and leaves room to infer that the increase in search costs resulting from trademark infringement is a negative externality. *Id.* at 34.

¹⁷⁷ *Id.* ("The economics of property is concerned with internalizing negative externalities . . .").

¹⁷⁸ William M. Landes & Richard A. Posner, *Trademark Law: An Economic Perspective*, 30 J.L. & ECON. 265, 265-66 (1987).

¹⁷⁹ POSNER, *supra* note 170, at 187.

¹⁸⁰ See Chander, *supra* note 14, at 785 n.401 (citing Douglas G. Baird et al., GAME THEORY AND THE LAW 219-24 (1994) and Robert Cooter, *The Cost of Coase*, J. LEGAL STUD., Jan. 1982, at 1, 17).

¹⁸¹ See Chander, *supra* note 14, at 787.

¶101 As to whether the prices for keywords and metatags would eventually reach equilibrium and therefore result in an efficient outcome, Professor William A. Edmunson suggests that:

if there are positive transaction costs, the efficient outcome MAY NOT [*sic*] be reachable under every choice of legal entitlement. Where this is so, THE PREFERRED LEGAL RULE IS THE ONE THAT MINIMIZES THE EFFECTS OF TRANSACTION COSTS [*sic*], including both the costs themselves and their effects i.e. inefficient choices.¹⁸²

In assessing whether the proposed amendment to TRIPs will result in an efficient allocation of resources despite the resulting increase in transaction costs, we must acknowledge that the market operates imperfectly without the proposed amendment because it restricts sellers from engaging in price discrimination; yet the market might also operate imperfectly as a result of implementing the proposed amendment because it could lead to increased transaction costs.

¶102 In addition to comparing transaction costs with the costs of not adopting the proposed revision to TRIPs, Judge Posner would have us consider that:

[i]n deciding whether . . . intervention in the economic system is appropriate; it is not enough to demonstrate that the market would operate imperfectly without intervention . . . What is necessary is a comparison between the actual workings of the market and of [the intervening party] in a particular setting.¹⁸³

Under Judge Posner's analysis, the intervening party is the government, which is not precisely analogous to an international trademark regime. We can extend Judge Posner's model by assuming *arguendo* that the intervening party is an international regulatory body like the WTO that promulgated an international trademark regime under TRIPs. Under this extended model, we should compare "the actual workings of the market" and the TRIPs' Dispute Settlement Process governing metatag and keyword misuse where it facilitates parallel importation.

¶103 A problem arises in making this comparison, however, because there is no means of addressing metatag and/or keyword misuse where it facilitates parallel importation under the TRIPs' Dispute Settlement Process.¹⁸⁴ As to whether the Dispute Settlement Process in and of itself is effective and/or efficient, views are mixed. One critic of the WTO and the theory of comparative advantage finds the Dispute Settlement Process "remarkably effective."¹⁸⁵ Effectiveness and efficiency are, however, disparate concepts. The transparency requirements of the Dispute Settlement Process do an excellent job of exposing protectionist conduct,¹⁸⁶ but the question of whether such protectionist conduct is inefficient is open to debate. This Article has demonstrated that keyword and/or metatag misuse that facilitates unlicensed Internet sales is deleterious to global welfare because it prevents trademark holders from engaging in price discrimination, which results in the foreclosure of markets and prevents producers from realizing price performance. If an intervening international regulatory body like the WTO were empowered to prevent keyword and metatag misuse that results in unlicensed Internet sales, there would be a net positive effect on global welfare.

¶104 In her review of the global welfare effects of TRIPs disputes, Professor Ruth L. Okediji finds that "narrow reliance on the text of TRIPs is insufficient to generate results that will foster the accomplishment of identifiable welfare goals established by national intellectual properties or other national priorities."¹⁸⁷ This is partly because TRIPs does not contemplate the manner in which

¹⁸² See website of Professor William A Edmunson, <http://law.gsu.edu/wedmundson/Syllabi/Coase.htm> (last visited Jan. 31 2004).

¹⁸³ See POSNER, *ECONOMIC ANALYSIS OF LAW*, *supra* note 170, at 56.

¹⁸⁴ See generally sources *supra* note 13.

¹⁸⁵ Joel R. Paul, *Do International Trade Institutions Contribute to Economic Growth and Development?*, 44 VA. J. INT'L L. 285, 338-39 (2003) (arguing that even though the theoretical basis for international trade (i.e., the theory of comparative advantage) is untenable, "the WTO's record of [D]ispute [S]ettlement is solid evidence that international trade institutions, even in the absence of an enforcement authority can be remarkably effective.")

¹⁸⁶ See Ruth L. Okediji, *Public Welfare and the Role of the WTO: Reconsidering the TRIPS Agreement*, 17 EMORY INT'L L. REV. 819, 836 (2003).

¹⁸⁷ *Id.* at 888 (citing WTO Panel Report on EC Complaint Concerning Sections 301-310 of the U.S. Trade Act of 1974,

trademark rights are infringed over the Internet.¹⁸⁸ If TRIPs were amended to address keyword and/or metatag misuse that facilitates parallel imports in the form of unlicensed Internet sales, we could rely on TRIPs to enhance global welfare, particularly in developing countries where producers employ the BOP model.

IV. CONCLUSION

¶105 Given the vast influence of search engine technology on how we use the Internet, this Article proposes how certain means of manipulating search engine results can be proscribed by amending the international trademark regime promulgated under TRIPs. In particular, this Article proposes that keyword and metatag misuse be made actionable under TRIPs where it results in parallel importation. The unlicensed sale of goods over the Internet limits the ability of producers to engage in price discrimination, prevents them from realizing price performance, and results in an overall reduction in global welfare, particularly in developing countries. Positive externalities of adopting the proposal set forth herein are the reduction of search costs, the prevention of free riding by gray market sellers, and the enhancement of global welfare under the BOP model.

¶106 Since the proposed expansion of international trademark rights will not stifle invention nor deplete the public domain, the proposed amendment to TRIPs does not require concessions to developing countries that seek less intellectual property rights protection. By enhancing producers' ability to engage in price discrimination, the proposed amendment to TRIPs will necessarily result in an enhancement of global economic welfare by preventing the foreclosure of markets due to uniform pricing and facilitating producers' realization of price performance. This enhancement of global economic welfare comports with the economic objectives of TRIPs.¹⁸⁹

¶107 The "social and economic welfare goals" from Article 7 of TRIPs are admittedly not currently being met. In February 2003, the United Nations Development Programme released a report asserting that "the relevance of TRIPs is highly questionable for large parts of the developing world."¹⁹⁰ This article attempts to make TRIPs relevant for the developing world by demonstrating how its modification can enhance welfare and contribute towards the alleviation of poverty by enabling producers to engage in price discrimination, realize the benefit of price performance, and serve the needs of impoverished people under the BOP model. While the proposed expansion of intellectual property rights may seem counterintuitive to critics of TRIPs, such critics must acknowledge that the welfare reducing effects of unlicensed Internet sales pose problems that warrant exploration into solutions that might ostensibly seem counterintuitive.

¶108 This Article explored one scenario that leads to the consummation of unlicensed Internet sales. It has not suggested that keyword and metatag misuse necessarily results in unlicensed Internet sales, nor that unlicensed Internet sales are consummated solely via such misuse. As opposed to unilaterally prohibiting unlicensed Internet sales, we must come to an understanding of how such sales arise, whether intellectual property rights are infringed prior to the point of purchase, and whether such purchases lead to an overall reduction or benefit in global welfare. This Article, hopefully, has broadened this understanding.

¶109 Unlicensed Internet sales result in a reduction in global welfare. Whether this reduction in global welfare embodies an "Achilles' Heel" depends on how one interprets the rhetorical significance of that term. In ancient Greek mythology, Achilles' heel was his sole physical vulnerability. The Internet, in contrast, is rife with vulnerabilities, many of which are not yet apparent. But Homer also intimated

(WT/DS152/R (Dec. 22, 1999)).

¹⁸⁸ Marcelo Halpern & Ajay K. Mehrota, *From International Treaties to Internet Norms: The Evolution of International Trademark Disputes in the Internet Age*, 21 U. PA. J. INT'L ECON. L. 523, 533 (2000), available at http://papers.ssrn.com/sol3/papers.cfm?abstract_id=247411 ("TRIPs was negotiated and instituted well before the development of e-commerce . . .").

¹⁸⁹ See TRIPs art. 7, *supra* note 8.

¹⁹⁰ See Helfer, *supra* note 70, at 3 n.6 (citing U.N. DEVELOPMENT PROGRAMME, MAKING GLOBAL TRADE WORK FOR PEOPLE 221-22 (2003), <http://www.undp.org/dpa/publications/globaltrade.pdf>).

in his *Iliad* that Achilles' true vulnerability was his hubris.¹⁹¹ In this sense, then, an "Achilles' Heel" can be defined as great, if less obvious, vulnerability. It would be wise to consider that hubris has arguably deflated the Internet industry in the past. The optimism surrounding the search engine economy¹⁹² and its ability to enhance economic welfare must be tempered with an understanding of the welfare reducing effects of keyword and/or metatag misuse that facilitates parallel importation. While keyword and metatag misuse is not the search engine economy's sole physical and overt vulnerability, it nevertheless is arguably an Achilles' Heel insofar as it represents a serious flaw in the current Internet enforcement regime.

¶110

An Achilles' Heel in some cases may serve as a golden arrow in others. In this case, the golden arrow is the possibility of revising TRIPs to address keyword and/or metatag misuse resulting in parallel imports, and the resulting benefit to global welfare. The flaws in the international trademark law regime that prevent us from efficiently managing keyword and metatag misuse resulting in parallel imports can and should be addressed.

¹⁹¹ See Word Explorations website, <http://www.wordexplorations.info/Achilles-heel-story.html> (last visited Apr. 8, 2005).

¹⁹² See FORBES, *supra* note 2 and FORTUNE, *supra* note 3. See also *supra* note 124; Battelle, *supra* note 2; Kevin J. Delaney, *Google Net Soars on Web Ad Boom*, WALL ST. J., Apr. 22, 2005 at A3 (Discussing search engine valuations in the billions of dollars).