PUBLICATION

Trademark Use on the Internet

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As technology continues to develop, particularly in cyberspace, courts have been presented with infringement claims involving new forms of trademark use. Specifically, courts are being called upon to answer questions as to whether new, computer-based trademark uses are "uses in commerce," whether they create a "likelihood of confusion," or whether they should be excused as "fair use."

One example of an emerging trademark use is an on-line keyword program. The most widely known keyword program is Google's Adwords program, one of the largest programs in the $4.8 billion Internet advertising industry. The program allows domain name owners or parking companies, which act as collective agents between domain name owners or registrars and an advertising company, to buy sets of keywords. In some instances these keywords may represent registered trademarks. When a user searches for one of the keywords, a business that has bought the keyword appears as a sponsored result. In theory, a business could purchase its competitors' trademarks as keywords so that when a user searches for any of the terms, the business's site appears as a sponsored result, often above the site of the competitor.

Several district courts in the Second Circuit have concluded that the sale of trademarks as keywords for sponsored links does not constitute use for the purpose of the Lanham Act.[1] These cases rely on the reasoning of a Second Circuit decision holding that using trademark terms to trigger pop-up advertisements on the Internet does not constitute trademark infringement.[2] In *1-800-Contacts*, the court explained that a "company's internal utilization of a trademark in a way that does not communicate it to the public is analogous to a[n] individual's private thoughts about a trademark. Such conduct simply does not violate the Lanham Act."

There are, however, contrary decisions where courts have ruled against the search engine. Google and American Airlines recently settled a trademark infringement suit that accused the search engine of misleading consumers with the sponsored links. In October, the court declined to dismiss the suit.[3] Another court noted that Google generated revenue from the goodwill associated with the trademark and that the hyperlink and description that appeared as one of Google's sponsored results additionally incorporated the trademark as the first word in the description of the website.[4] Relying on the initial interest confusion theory of trademark infringement liability, the court held that "source confusion need not occur; rather, in the Internet context, the wrongful act is the defendant's use of the plaintiff's mark to divert consumers to a website that consumers know is not [the plaintiff's] website."

In another type of trademark use, a domain name owner "parks" or licenses the domain name to a company that acts as an aggregator to place Internet advertising on a site to generate revenue. By deciding what advertisements would be profitable on websites with domain names that are confusingly similar to registered trademarks, these companies may traffic in the domain names and could be liable for violations of the Anticybersquatting Consumer Protection Act (ACPA). There is little law regarding the liability of these intermediary "parking companies." However, a pending case in the Northern District of Illinois includes several parking companies as defendants along with Google. So far the court has concluded that there is adequate evidence that the parking companies may "traffic in" or "use" domain names, sufficient to withstand motions to dismiss on violations of the ACPA and Lanham Act.[5]

Using metatags is an additional way to direct traffic to a website that may infringe trademark rights. Metatags are words or phrases in a website's HTML code that Internet search engines use to determine which websites correspond to the search terms entered by a user. Search engines have different methods for producing their results, some relying more or less on metatags but, generally, the more often a term appears, the more likely it is to appear in the results list.

Several courts of appeal have held that using trademarks in a website's metatags is actionable under the initial interest confusion theory of liability.[6] Under this theory, although a consumer is not ultimately confused about the source of goods or service, they were diverted from their intended destination. However, the nominative fair use defense may serve as a defense depending on the factual situation. For example, the Ninth Circuit has held that a former playboy playmate's use of the trademarked terms "playboy" and "playmate" in her website's metatags was nominative fair use based on the following analysis:

1. The product or service in question must be one not readily identifiable without use of the trademark;

2. Only so much of the mark or marks may be used as is reasonably necessary to identify the product or service; and

3. The user does nothing that would, in conjunction with the mark, suggest sponsorship or endorsement by the trademark holder.[7]

Because infringement suits for emerging types of trademark use on the Internet have received mixed results, it is particularly important to understand the technology at issue to determine how traditional trademark law may apply.

1. *Fragrancenet.com, Inc. v. Francrancex.com, Inc.*, 493 F. Supp. 2d 545 (E.D.N.Y. 2007); *Rescuecom Corp. v. Google, Inc.*, 456 F. Supp. 2d 393 (N.D.N.Y. 2006); *Merck & Co., Inc. v. Mediplan Health Consulting, Inc.*, 425 F. supp. 2d 402, 408 (S.D.N.Y. 2006).

2. *1-800 Contacts v. When U.com, Inc.*, 414 F.3d 400 (2d Cir. 2005).

3. *American Airlines Inc. v. Google, Inc.*, No. 4:07-cv-00487 (N.D. Tex. filed Oct. 24, 2007).

4. *Gov't Employees Ins. Co. v. Google, Inc.*, 2005 WL 1903128 (E.D. Va. 2005).

5. *Vulcan Golf, LLC v. Google Inc.* --- F. Supp. 2d ---, 2008 WL 818346 (N.D.Ill. March 20, 2008) (granting motion to dismiss in part and denying in part).

6. *See, e.g., North American Medical Corp. v. Axiom Worldwide, Inc.*, 522 F.3d 1211 (11th Cir. 2008); *Australian Gold, Inc. v. Hatfield,* 436 F.3d 1228 (10th Cir. 2006); *Century 21 Real Estate Corp. v. Lendingtree, Inc.*, 425 F.3d 211 (3d Cir. 2005); *Promatek Industries, Ltd. v. Equitrac Corp.*, 300 F.3d 808, 812-13 (7th Cir.2002); *Brookfield Communications, Inc. v. West Coast Entertainment Corp.*, 174 F.3d 1036, 1062 (9th Cir. 1999).

7. *Playboy Enterprises, Inc. v. Welles*, 279 F.3d 796, 803-804 (9th Cir. 2002).