

Chapter 11

Interacting with the Internet

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As the commercial importance of the Internet escalates, its impact on the world of trademarks also escalates. This chapter addresses (1) trademark issues raised by the Internet, for example, cybersquatting and other domain name disputes, use of competitors' trademarks as search engine keywords and in "sponsored links," and First Amendment concerns; and (2) use of the Internet as a source for information and evidence. But first, some basics.

§ 11:1 **Internet Basics for Trademark Owners**

- The *Internet* refers to a global network of computers linked together by communications lines.

- *Websites* or *web pages*. Once your computer is linked to the Internet, you have access to files, called *websites* or *web-pages*, posted on the Internet from anywhere in the world.
- *Hypertext markup language (HTML)* refers to the computer code used to construct web pages.

§ 11:1.1 **Internet Addresses and Domain Names**

- *IPA (Internet protocol address)* is the unique number that is assigned to each website and that identifies the website's location within the Internet. For example, IPA 140.147.248.209 corresponds to www.congress.gov.
- *DNS (domain name system)* provides a way of referring to websites by easy-to-remember names rather than numbers.
- *ICANN (Internet Corporation for Assigned Names and Numbers)* oversees the domain name system. It is a nonprofit, private corporation formed in 1998. ICANN's purpose is to assign the numbers used as Internet protocol addresses to regional registries, delegate responsibility for registering names, develop procedures to resolve domain name disputes, and regulate technical aspects of the Internet. See <http://www.icann.org>.
- *WHOIS* is a system that asks: Who is responsible for a domain name or an IP address? According to the WHOIS website, "millions of individuals, businesses, organizations and governments register domain names. Each one must provide identifying and contact information which may include: name, address, email, phone number, and administrative and technical contacts. This information is often referred to as 'WHOIS data' . . . [and is] managed by independent entities known as 'registrars' and 'registries.' Any entity that wants to become a registrar must earn ICANN accreditation." WHOIS will evolve; in November 2012, the ICANN Board approved "a two-pronged strategy . . . to improve the manner in which the WHOIS system was being overseen by ICANN" and "to envision a next-generation replacement system better suited for the needs of tomorrow's Internet." See <https://whois.icann.org/en>.

- *URLs (uniform resource locators)* are addresses used to locate information (and post information for others to see) on this network. A typical URL to a website home page would read something like this:

<http://www.mcdonalds.com>

Also, each web page that makes up a website has its own URL, consisting of the domain name plus a *predomain path* or *postdomain path*. Such paths are often made up of words describing the page's contents. For example:

<http://www.mcdonalds.com/corporate/franchise/index.html>

is the URL for the page telling you how to open your own McDonald's franchise with "/corporate/franchise/index.html" in the postdomain path. In another example, an online ticket reseller got into trouble with the FTC by adding terms to the predomain path of its otherwise innocuous radiocity.musichall-ny.com domain name, making it appear that the reseller was associated with a famous venue:

radiocity.musichall-ny.com

Official Ticket Source Online for Radio City Music Hall Tickets in NY

In this example, "radiocity" is in the predomain path.¹

- *Domain name* is the named address portion of the URL that represents the IPA (Internet protocol address). Domain names comprise at least two levels.
- *Top-level domain* identifies the general nature or location of a domain.
 - *Generic top-level domains (gTLDs)* originally included:
 - .com for commercial;
 - .gov for government;
 - .edu for educational institution;

1. See Press Release, FTC, TicketNetwork and Marketing Partners Ryadd and Secure Box Office Settle Charges of Deceptively Marketing Resale Tickets (July 24, 2014), www.ftc.gov/news-events/press-releases/2014/07/ticketnetwork-marketing-partners-ryadd-secure-box-office-settle.

- .org for organization; and
- .net for Internet-related organizations.
- Seven new gTLDs were added in 2001 and 2002, including:
 - .info for any use; and
 - .biz intended for businesses.
- Six new *sponsored gTLDs* (.asia, .cat, .jobs, .mobi, .tel, and .travel) were added in 2003. A sponsored gTLD is a specialized TLD that has a sponsor representing a relatively narrow community that is most affected by the gTLD, and additional policies apply, such as further qualifications for domain name owners within the gTLD.
- A gTLD directed to the adult entertainment industry, aptly named .xxx, was launched in 2011. Many brand owners paid for the privilege of blocking registration of brand.xxx.
- Under a new program approved by ICANN in 2011, applications were filed for more than 1900 new gTLDs ranging from generics like <.book> to brands like <.google>. More than 940 new gTLDs have been delegated, with more than 370 applications still pending at ICANN. Details can be found at newgtlds.icann.org/en/program-status.^{1.1}
- *Country code top level domains* (ccTLDs) are two letters and signify location. For example:
 - .us means United States; and
 - .uk means United Kingdom.

1.1. ICANN's decision to launch the new gTLD program was reached despite IP owners' concern that this would spawn additional cybersquatting and domain name infringements. While "rights protection mechanisms" were put in place, the program, which imposes significant costs on applicants and brand owners, remains controversial. A survey by the International Trademark Association (INTA) noted that the primary impact of the gTLD program has been to up the cost and challenge of enforcing trademark rights in the domain name system. See Alexander Garcia, Colleen Ganin & Mitchell Stabbe, *INTA Study Provides Data on How Brands Are Using New gTLD Program*, 72 INTA BULL. No. 12 (July 15, 2017). See *infra* section 11:6.6.

- *Second-level domain names* (the “mcdonalds” in mcdonalds.com) refer to the specific organization or person the web page represents. Second-level domain names can be important source-identifiers and are often comprised of traditional word trademarks.
- *Cybersquatting* or *cyberpiracy* refers to the bad-faith practice of registering as a domain name (or as part of a domain name) a trademark that belongs to someone else.
- *Reverse domain name hijacking* refers to a trademark owner’s bad-faith use of the procedures set up to address cybersquatting to attempt to deprive a registered domain name holder of a domain name.

§ 11:1.2 *The Internet As a Tool for Advertisers and Tricksters*

[A] Metatags, Keywords, Sponsored Link Ads, Pop-Up Ads

In the brick and mortar world, advertisers use billboards, magazine and newspaper ads, television ads, trade show booths, flyers, and the like in an attempt to reach their intended audience. The Internet can direct an advertiser’s message to potential purchasers and get them to visit the advertiser’s website by a number of means that may precipitate a trademark dispute:

- *Metatags* are a type of HTML code that permit a website creator to embed descriptors or keywords describing the site’s content. The descriptors or keywords are not visible on the website, but, at least in the past, were used by search engines for indexing purposes and thus influenced whether or not, and where on the results page, the website would appear in response to a search engine query.²
- *Keywords* can mean the terms used by website creators in metatags or the terms entered by a consumer in a search engine query. Internet search engines like Google and Yahoo have programs that allow advertisers to arrange to

2. Search engines such as Google now rely on more sophisticated search algorithms rather than metatags.

have their ads appear on the search results page when a user enters certain keywords. These keywords may include generic terms as well as trademarks (both the advertiser's own trademarks and trademarks of the advertiser's competitors).

- *Banner ads* or *sponsored link ads* are web page advertising spaces that provide links to other websites. A company can contract for a banner ad or sponsored link ad to appear on a search engine results page in response to search requests for keywords.
- *Pop-up ads* are ads that “pop up” in a separate window, blocking a portion of the user's screen. Some pop-up ads are generated by software loaded onto computers during free downloads (often unbeknownst to the user). The software is designed to trigger ads pertinent to the user's interests, based on the website visited or search term entered by the user. The result is that the user may visit a website selling one brand of sneakers only to be greeted with a pop-up for sneakers on a competing site.

[B] Linking and Phishing

- *Linking* is simply providing a hyperlink or link from one site to another's site and is often innocuous. However, trademark confusion may occur when websites include a link to a trademark owner's site.³
- *Phishing* involves the use of fake email addresses, often disguised to appear as though the email is coming from a legitimate bank or business, to try to get consumers to provide financial information.⁴ Phishing tactics can also include sending users to an official-looking website where the user is prompted to provide personal and bank information in order to secure a “prize.”

3. Audi AG v. D'Amato, 469 F.3d 534 (6th Cir. 2006) (defendant's audisport.com website consisting primarily of hyperlinks to Champion Audi goods and services enjoined; argument that website was non-commercial rejected); cf. Ticketmaster Corp. v. Tickets.com, Inc., 2000 U.S. Dist. LEXIS 12987 (C.D. Cal. Aug. 10, 2000) (linking not enjoined when “customer is unlikely to be misled”), *aff'd*, 2 F. App'x 741 (9th Cir. 2001).

4. See <http://www.icann.org/en/general/glossary.htm#P>.

§ 11:1.3 Types of Websites That Raise Trademark Issues

Competitor's Sites: A competitor's website can raise trademark issues in the same manner as a competitor's traditional advertising: infringement, false advertising, comparative advertising, nominative use, fair use, etc., all come into play. The Internet also provides tools that raise infringement issues: using competing trademarks in metatags, purchasing competing trademarks as keywords to generate sponsored link advertising, arranging for pop-up ads to appear when a competitor's site is accessed, and so on. The increasing use of mobile devices as a platform for advertising raises new issues as well, as space constraints can limit full disclosures.

User Generated Content and Commerce Sites: "User generated content" or UGC means simply that the content on a website is not supplied by the website owner but is "generated" by the website users, who upload the content themselves. YouTube is a prime example. These sites typically prohibit users from posting material or selling merchandise that infringes third-party intellectual property rights (such as copyright, trademark, trade dress, and right of publicity). Many sites will promptly take down infringing content upon complaint by a trademark owner.

Social Networking Sites: Sites like Facebook and Pinterest provide platforms for users to upload photos and text and information about themselves or their businesses and connect with other users. Twitter users send "tweets" (similar to email alerts), 140 characters in length, to tell their "followers" what they are doing. While the sites may be "social," many businesses also use the sites to connect with their customers and promote their products. Trademark disputes can arise when the user name or the user profile includes a trademark or falsely suggests an affiliation with the trademark owner. Impersonation is prohibited; parody is not. Many "fake" Twitter accounts are in active use. Check the site's terms of service for what is permitted and what is prohibited, and for faster action use the forms provided to electronically submit takedown requests. Social network user names may appear in trademark search reports and you can expect to see more issues arise with user names in the future.

Auction Sites: eBay and other auction sites provide platforms for anyone with Internet access to sell almost anything. Sometimes what is being sold is legitimate, such as second-hand genuine goods. Sometimes the products are counterfeit or otherwise

infringing. In *Tiffany v. eBay*, Tiffany asserted that more than 70% of the 136 TIFFANY products on eBay purchased by Tiffany investigators were counterfeit.⁵

User-generated Commerce Sites: CafePress.com and ImageKind.com are two examples of websites that sell user-customized products. These sites will produce and then provide a venue for selling items such as T-shirts, bags, mugs, bumper stickers, etc., with content (such as text, images) submitted by its users.⁶

Virtual Worlds: Virtual worlds provide platforms where users interact with each other through avatars. Second Life, a well-known virtual world, boasts millions of users worldwide and claims that a good percentage of them spend money there. Second Life also allows its users to keep the intellectual property rights in their creations. Some trademark owners have sued Second Life and others to stop the sale of virtual products.⁷

§ 11:2 What Is Trademark “Use in Commerce” on the Internet?

§ 11:2.1 Rescucom v. Google: Purchase and Sale of Key Words Is Actionable “Use in Commerce”

For some years, district courts in the Second Circuit took the position that the purchase and sale of trademarks as search engine keywords was not a “use in commerce” actionable under the Lanham Act.⁸ The rationale was that defendant did not display plaintiff’s trademark on goods or advertisements. Rather, defendant’s use was internal and not visible to the public.

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5. See discussion of *Tiffany v. eBay* case in section 8:4.1, *supra*.
 6. See *Smith v. Wal-Mart Stores, Inc.*, 537 F. Supp. 2d 1302 (N.D. Ga. 2008) (Smith offered Wal-Qaeda and Wal-ocaust T-shirts, mugs, and bumper stickers featuring Wal-Mart colors, font, and smiley face on CafePress.com; use qualified as editorial or artistic parody protected by First Amendment; court commented that dilution applies only when alleged infringer acts substantially out of economic motivation and T-shirts are a traditionally expressive medium).
 7. See, e.g., cases referred to and collected in the now-defunct Virtually Blind.com blog.
 8. See, e.g., *Rescucom v. Google, Inc.*, 456 F. Supp. 2d 393, 403 (N.D.N.Y. 2006) (no use in commerce absent allegation that defendant places plaintiff’s trademark on goods, containers, displays, or advertisements, or that its internal use is visible to the public), *rev’d*, 562 F.3d 123 (2d Cir. 2009).

These district court decisions relied on the Second Circuit's 2005 opinion in *1-800 Contacts v. WhenU.com*.⁹ That case dealt with pop-up ads and held that because the trademark that generated the pop-up ad could not be seen or accessed by the general public, there was no "use in commerce."

The Second Circuit position that defendant's use of plaintiff's mark must be visible to online users was out of synch with the emerging view outside the Second Circuit.¹⁰

In 2009, the Second Circuit did an about-face. In *Rescuecom v. Google*, the court of appeals reversed the district court and held that the sale or purchase of trademarks as Internet search engine keywords was an actionable "use in commerce."¹¹ The Second Circuit criticized the "internal use" rationale and the reading of its earlier *1-800 Contacts* decision by the court below and other district courts within the Circuit.

In Europe, this "internal use" rationale prevailed at the European Court of Justice. However, the search engine could be liable if it failed to remove an ad after obtaining knowledge of its unlawful nature.¹²

[A] Operation of the Google Search Engine

To begin with, *Rescuecom* explained that the Google search engine responds in two ways when a user enters a search item. First, Google provides a list of links to relevant websites, with relevancy being determined by Google's logarithmic system. Second, Google displays third-party advertisements. Through Google's AdWords program, advertisers pay Google for their ads to appear in response to searches for particular terms (keywords).

9. *1-800 Contacts v. WhenU.com*, 414 F.3d 400 (2d Cir. 2005).

10. *See, e.g., Bos. Duck Tours, LP v. Super Duck Tours, LLC*, 527 F. Supp. 2d 205 (D. Mass. 2007) (defendant's purchase of plaintiff's mark BOSTON DUCK TOURS, as keyword triggering sponsored link, is "use" in commerce in accord with "the emerging view outside the Second Circuit"), *aff'd on other grounds*, 531 F.3d 1 (1st Cir. 2008); *N. Am. Med. Found. v. Axion Worldwide, Inc.*, 522 F.3d 1211 (11th Cir. 2008) (rejecting the Second Circuit's view in *1-800 Contacts* that there is no use in commerce unless the mark is visible to online users; preliminary injunction against defendant's metatag use of plaintiff's marks affirmed).

11. *Rescuecom*, 562 F.3d 123.

12. *See Case C-236/08, Google France SARL v. Louis Vuitton Malletier SA*, 2010 E.C.R. I-02417.

These keywords can be generic terms like “computer repair” or trademarks like RESCUECOM. Google’s KeyWord Suggestion Tool is used to suggest relevant keywords, including trademarks, to advertisers.¹³ The advertisements appear as links on the search results page, either at the top of the search results or along the right side of the page, under the heading “Sponsored Links.”^{13.1}

[B] Rescucom’s Comments on Google’s Arguments

The Internal Use Rationale: *Rescucom* noted that Google’s use was not always internal. Indeed, Google suggested and marketed trademarks as keywords.

The Product Placement Rationale: *Rescucom* also rejected Google’s argument that its use was analogous to in-store placement of competing, generic brand items next to well-known brand name products. The court noted that only “benign” product placement that does not intend to deceive or confuse customers escapes liability.¹⁴

The Second Circuit summarized *Rescucom*’s allegations of likely confusion, but expressed no view on the merits of *Rescucom*’s claim. The court vacated the judgment below and remanded the case for further proceedings.¹⁵ The case has been settled.

§ 11:3 Likely Confusion on the Internet

§ 11:3.1 The Likely Confusion Factors

The standard factors long used to analyze likely confusion in trademark infringement cases typically include: the strength of plaintiff’s mark; the similarity between the marks; evidence of actual confusion; similarities in the products, their retail outlets, and advertising media; the quality of defendant’s products; defendant’s intent in adopting the mark; and the buyer’s sophistication.¹⁶

13. *Rescucom*, 562 F.3d at 126.

13.1. The exact placement and labeling of these advertisements has varied over the years and “Sponsored Link” was at some point changed to “Ad.”

14. *Rescucom*, 562 F.3d at 130.

15. *Id.* at 131.

16. See *supra* section 8:1.3 for detailed discussion of likely confusion factors.

Some Internet decisions have emphasized the similarity of the marks, the relatedness of the goods or services, and the simultaneous use of the Internet as a marketing channel.¹⁷ In denying summary judgment, *800-JR Cigar* found that evidence of confusion, initial interest confusion, and defendant's intent weighed in plaintiff's favor.¹⁸ *Edina Realty* found material issues of fact as to defendant's intent, the degree of purchaser care, and actual confusion.¹⁹

§ 11:3.2 Initial Interest Confusion

Initial interest confusion occurs in the Internet context where a consumer is attracted to defendant's website by defendant's use of plaintiff's trademark. The consumer need not purchase anything from defendant's website or even believe that the website is sponsored by plaintiff. It is enough that the consumer's attention and interest were diverted from plaintiff's website to defendant's.²⁰ The Seventh Circuit in *Promatek* pointed out that "[w]hat is important is not the duration of the confusion, it is the misappropriation of Promatek's good will."²¹

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17. See *GoTo.com v. Walt Disney Co.*, 202 F.3d 1199 (9th Cir. 2000); *Fin. Express LLC v. Nowcom Corp.*, 564 F. Supp. 2d 1160 (C.D. Cal. 2008).
 18. *800-JR Cigar, Inc. v. GoTo.com, Inc.*, 437 F. Supp. 2d 273 (D.N.J. 2006).
 19. *Edina Realty, Inc. v. MLSONline.com*, 80 U.S.P.Q.2d 1039 (D. Minn. 2006).
 20. *Brookfield Commc'ns, Inc. v. W. Coast Entm't Corp.*, 174 F.3d 1036, 1062 (9th Cir. 1999). See also *Tdata, Inc. v. Aircraft Tech. Publishers*, 411 F. Supp. 2d 901, 907, 911–12 (S.D. Ohio 2006) (use of ATP's mark to pull consumers to Tdata's website and products it features is infringement, even if the consumers later realize the confusion); *PACCAR, Inc. v. TeleScan Techs., LLC*, 319 F.3d 243, 253 (6th Cir. 2003) (initial interest confusion not dispelled by disclaimer on defendant's main web page; disclaimer only seen after consumer has been diverted to defendant's site and comes too late to resolve any "initial interest confusion").
 21. *Promatek Indus., Ltd. v. Equitrac Corp.*, 300 F.3d 808, 812–13 (7th Cir. 2002). See also *Australian Gold, Inc. v. Hatfield*, 436 F.3d 1228, 1239 (10th Cir. 2006) (use of plaintiffs' marks in metatags "used the goodwill associated with Plaintiffs' trademarks in such a way that consumers might be lured to the lotions from Plaintiffs' competitors; disclaimers do not prevent confusion since they do not tie particular trademarks to particular mark owners").

Courts have found initial interest confusion where:

- defendant used plaintiff's trademark in defendant's domain name;²²
- defendant embedded plaintiff's trademark as a metatag in its website;²³
- defendant used plaintiff's trademark as a keyword to trigger banner ads;²⁴
- defendant used the same three color bands displayed in plaintiff's RE/MAX registrations on real estate yard signs to draw attention to defendant's yard signs, seen only fleetingly at a distance.²⁵

Keep in mind that not all courts have looked favorably upon the concept of initial interest confusion. The Fourth Circuit rejected the doctrine in the context of gripe sites where plaintiff's mark is not used for financial gain.²⁶ One California district court ruled that initial interest confusion was not actionable, but the Ninth Circuit in dicta indicated that there was a valid basis for finding initial interest confusion.²⁷ You can expect some courts to find

22. *PACCAR, Inc.*, 319 F.3d at 253 (defendant's use of plaintiff's registered marks in numerous domain name combinations enjoined).

23. *Horphag Research Ltd. v. Pellegrini*, 337 F.3d 1036 (9th Cir. 2003) (defendants' repeated use of plaintiff's mark and variants thereof in metatags was unreasonably pervasive and suggests that plaintiff sponsors or is associated with defendants' websites and products).

24. *See Playboy Enters., Inc. v. Netscape Commc'ns Corp.*, 354 F.3d 1020, 1025–26 (9th Cir. 2004) (“[T]he Internet user will have reached the [defendant's] site because of defendant's use of [plaintiff's] mark.”).

25. *RE/MAX Int'l, Inc. v. Trendsetter Realty, LLC*, 655 F. Supp. 2d 679, 707 (S.D. Tex. 2009).

26. *Lamparello v. Falwell*, 420 F.3d 309, 317 (4th Cir. 2005).

27. *Perfumebay.com Inc. v. eBay Inc.*, 506 F.3d 1165 (9th Cir. 2007); *see also Storus Corp. v. Aroa Mktg. Inc.*, 2008 WL 449835 (N.D. Cal. Feb. 15, 2008) (summary judgment for plaintiff where defendant purchased plaintiff's SMART MONEY CLIP mark as a keyword and used it in sponsored link ad that generated 1300 clicks; such “diversion” constitutes the “initial interest confusion” prohibited by the Lanham Act). *But see JG Wentworth, SSC Ltd. P'ship v. Settlement Funding LLC*, 2007 U.S. Dist. LEXIS 288 (E.D. Pa. 2007) (where ads did not use plaintiff's marks that were used as keywords to generate the ads, potential consumers have no opportunity to confuse defendant's services, goods, advertisements, links, or website with those of plaintiff; initial interest confusion does not apply).

that Internet users have become more discriminating and therefore less likely to be confused.²⁸ You can also expect that the mechanisms used to communicate with consumers via the Internet and on mobile devices will continue to change such that additional or different considerations will come into play in future cases.

§ 11:3.3 *The Battles over Keyword Confusion*

Many keyword battles, like Rescucom’s suit against Google, are settled before a court has determined the issue of likely confusion (see section 11:2.1). One court suggested, in denying a motion to dismiss, that additional likely confusion factors might be applied in a keyword context.²⁹ Some courts seem unwilling to recognize that perhaps not all consumers are as computer-savvy as the judge or

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28. *Instant Media Inc. v. Microsoft Corp.*, No. C 07-02639 SBA, 2007 WL 2318948 (N.D. Cal. Aug. 13, 2007) (“While it may have been plausible in 2000 to suggest that consumers could not easily discriminate between content-delivery programs such as the TM [high definition video] player or iTunes on the one hand and instant messaging programs such as [Windows Live Messenger] or [AOL’s Instant Messenger] on the other, in 2007, where iPods and instant messaging are household concepts, this Court cannot say that, as a matter of law, ‘it is irrelevant whether the parties’ Internet related services are different.’”) (Microsoft’s ‘i m’ for instant messaging found not confusingly similar to Instant Media’s ‘TM’ for high-definition video players in preliminary injunction proceeding). *See also* *Infostream Grp. Inc. v. Avid Life Media Inc.*, 109 U.S.P.Q.2d 1512 (C.D. Cal. 2013) (no plausible likely confusion claim and motion to dismiss granted where the sponsored link advertisements did not include any protected mark or confusing domain name and were clearly marked as ads appearing to the side of the search results). *Cf. Romeo & Juliette Laser Hair Removal, Inc. v. Assara I LLC*, No. 108-CV-442 TPG FM, 2014 WL 4723299 (S.D.N.Y. Sept. 23, 2014) (plausible likely confusion claim and motion to dismiss denied where defendants posted fake negative reviews of plaintiff’s business and there was a strong chance that consumers looking for plaintiff would be misdirected to defendants’ websites due to defendants’ use of plaintiff’s marks in sponsored link ads and hidden links in defendants’ website).
29. *Hearts On Fire Co. v. Blue Nile, Inc.*, 603 F. Supp. 2d 274 (D. Mass. 2009) (likelihood of confusion will ultimately turn on what the consumer saw on the screen and reasonably believed, given the context, which includes (1) the overall mechanics of web browsing and Internet navigation, in which a consumer can easily reverse course; (2) the mechanics of the specific consumer search at issue; (3) the content of the search results webpage that was displayed, including the content of

the law clerks may be. Another theme is that courts do not want to be seen as interfering with web-surfing methods perceived to be pro-consumer choice.

The few available decisions on the merits of the confusion issue are inconsistent, to say the least. Some trademark owners have had success proving claims against their competitors' keyword ads.³⁰ Others have not.³¹ Still others, like Rescucom, decided not to pursue claims against the individual advertisers. Rather, they brought suit directly against Google, as the entity responsible for offering the trademark for sale as a keyword and for providing the forum in which the sponsored-link ads generated by the keywords appear.

Two decisions on the merits of claims against Google have issued from the Eastern District of Virginia: *GEICO v. Google* and *Rosetta Stone v. Google*.

The *GEICO* court, after a full trial, relied on survey evidence to find likely confusion where GEICO appeared in the headings or text of the sponsored links but not where the GEICO name was absent from the sponsored links.³²

the sponsored link itself; (4) downstream content on the defendant's linked website likely to compound any confusion; (5) the web savvy and sophistication of the plaintiff's potential customers; (6) the specific context of a consumer who has deliberately searched for trademarked diamonds only to find a sponsored link to a diamond retailer; and, in light of the foregoing factors, (7) the duration of any resulting confusion).

30. *See* *Mary Kay v. Weber*, No. 3:08-cv-0776-G, 2009 WL 2569070 (N.D. Tex. Aug. 14, 2009) (denying post-trial relief against jury verdict of infringement where "Mary Kay" purchased as keyword by former distributor selling genuine but sometimes expired goods with ad stating: "Mary Kay Sale 50% Off: Free Shipping on Orders over \$100 Get up to 50% Off—Fast Shipping www.touchofpinkcosmetics.com"); *Binder v. Disability Grp.*, 772 F. Supp. 2d 1172 (C.D. Cal. 2011).
31. *See* *Fair Isaac Corp. v. Experian Info. Sols. Inc.*, No. 06-4112 ADM/JSM, 2009 WL 4263699 (D. Minn. Nov. 25, 2009) (confirming jury verdict for defendant; the only evidence adduced at trial in support of the assertion that the keyword advertising was likely to cause confusion—the opinion testimony of Fair Isaac's expert James Berger—lacked credibility).
32. *GEICO v. Google, Inc.*, 77 U.S.P.Q.2d 1841 (E.D. Va. 2005). Note that at least one other court recognized that the absence of the trademark in the sponsored-link ad itself does not always eliminate the potential for confusion. *See* *Morningware, Inc. v. Hearthware Home Prods.*, 673 F. Supp. 2d 630 (N.D. Ill. 2009) (confusion claim survives motion

Five years later, in *Rosetta Stone*, Judge Lee granted Google's motion to dismiss all of Rosetta Stone's claims just a few days before trial. In an opinion that followed some months later, the court held that no reasonable trier of fact could find

- (1) direct infringement (which required a finding of likelihood of confusion);
- (2) contributory infringement;
- (3) vicarious liability; or
- (4) trademark dilution under the Lanham Act.

The court also found that Google's use of the ROSETTA STONE marks to identify relevant information in response to search queries was protected under the doctrine of functionality as a noninfringing use.³³

The bottom line was that the court saw nothing wrong with Google's making money from its sale of trademark keywords. On the contrary, the court considered Google's actions procompetitive: Keywords served an essential indexing function; that is, their use allowed relevant information in Google's database to be rapidly located in response to search queries.³⁴

The district court's analysis by and large did not hold up on appeal. The Fourth Circuit vacated the dismissal of Rosetta Stone's claims of direct infringement, contributory infringement, and dilution. The appeals court affirmed only the dismissal of Rosetta Stone's vicarious infringement and unjust enrichment claims and remanded the case for further proceedings.

to dismiss where MORNINGWARE mark purchased as keyword by competitor NuWave who ran the following sponsored link ad: "The Real NuWave ® Oven Pro-Why Buy an Imitation? 90 Day Gty").

33. *Rosetta Stone Ltd. v. Google Inc.*, 730 F. Supp. 3d 531, 535 (E.D. Va. 2010). In a separate opinion, the court dismissed Rosetta Stone's unjust enrichment claim. *Rosetta Stone Ltd. v. Google Inc.*, 732 F. Supp. 2d 628 (E.D. Va. 2010).

34. As Judge Lee put it, keywords "serve an advertising function that benefits consumers who expend the time and energy to locate particular information, goods, or services, and to compare prices." If Google were deprived of the use of the Rosetta Stone marks, "consumers would lose the ability to rapidly locate potentially relevant websites that provide genuine Rosetta Stone products at competitive prices." *Rosetta Stone*, 730 F. Supp. 3d at 546.

As to trademark infringement, the Fourth Circuit found sufficient evidence to create a question of fact precluding summary judgment on each of the disputed confusion factors—intent, actual confusion, and consumer sophistication.

As to dilution, the appeals court faulted the district court for employing a truncated analysis that placed a heavy emphasis upon whether the Rosetta Stone brand had suffered any actual injury. Other factors indicating how Google’s use is likely to impair the distinctiveness of the ROSETTA STONE mark should have been addressed.

As to Google’s functionality defense, the Fourth Circuit held that there is nothing functional about how Rosetta Stone uses its own mark:

Rosetta Stone uses its registered mark as a classic source identifier in connection with its language learning products. Clearly, there is nothing functional about Rosetta Stone’s use of its own mark; use of the words “Rosetta Stone” is not essential for the functioning of its language-learning products, which would operate no differently if Rosetta Stone had branded its product “SPHINX” instead of ROSETTA STONE.³⁵

Looking Ahead: The Ninth Circuit in the *Network Automation* case also issued a detailed decision on keyword advertising. The *Network Automation* court set forth the most relevant factors to consider in assessing likely confusion and remanded the case for further proceedings in light of its decision.³⁶

Both *Rosetta Stone* and *Network Automation* settled before any decision on remand. We can expect courts around the country to continue grappling with the issues raised by the advertising and sale of trademark keywords. See, for example, the Tenth Circuit *Lens.com* decision. *Lens.com* used its competitor’s trademark, 1800CONTACTS, as a keyword trigger in Google’s AdWords program. The appeals court, relying on the *Network Automation*

35. *Rosetta Stone Ltd. v. Google, Inc.*, 676 F.3d 144, 162 (4th Cir. 2012).

36. *Network Automation, Inc. v. Advanced Sys. Concepts, Inc.*, 638 F.3d 1137 (9th Cir. 2011) (finding the most relevant likely confusion factors in the case before it to be (1) the strength of the mark; (2) the evidence of actual confusion; (3) the type of goods and degree of care likely to be exercised by the purchaser; and, most important, (4) the labeling and appearance of the advertisements and the surrounding context on the screen displaying the results page).

analysis, noted that (1) the resulting sponsored-link Lens.com ads clearly identified their source as Lens.com; and (2) the actual Lens.com ads did not feature the 1800CONTACTS or any variations thereof. In addition, click-through data showed that users who entered the 1800CONTACTS keyword clicked on the Lens.com ad only 1.5% of the time. Even assuming every one of those persons was confused, 1.5% was insufficient to support infringement. The *Lens.com* case also raised an interesting issue regarding contributory infringement. Lens.com placed its own ads (found noninfringing as noted above) but also authorized a network of affiliates to place ads for it. While Lens.com's own ads did not use the 1800CONTACTS mark in the text, the ads of one affiliate did so. Lens.com was potentially liable for contributory infringement for its failure to stop that affiliate's activity after notice.³⁷

In the Ninth Circuit *Amazon* case, the court also addressed the issue of website labeling, the factor *Network Automation* considered "most important." In short, Amazon consumers searching for "MTM Special Ops Watches" were provided a list of similar looking watches manufactured by MTM's competitors. However, Amazon neglected to say that it did not carry MTM watches. In a two-to-one decision that reviewed *Network Automation*, *Brookfield*, and other Ninth Circuit opinions, the appeals court held that a jury could find Amazon had created a likelihood of confusion under a theory of initial interest confusion.^{37.1} The decision was short-lived. The panel granted Amazon's petition for rehearing, denied as moot a petition for rehearing en banc, withdrew its opinion, and filed a superseding opinion and dissent. This time around, the two-to-one decision granted Amazon's motion for summary judgment on the grounds that no reasonably prudent

37. *1-800 Contacts, Inc. v. Lens.com, Inc.*, 722 F.3d 1229 (10th Cir. 2013) (affirming summary judgment finding no likelihood of initial interest confusion; distinguishing *Australian Gold, Inc. v. Hatfield*, 436 F.3d 1228 (10th Cir. 2006), because there the alleged infringer used its competitor's trademarks on its websites). For the current status of Google's continually evolving position with respect to its AdWord keyword policy in Europe, check the Web.

37.1. *Multi Time Mach., Inc. v. Amazon.com, Inc.*, 792 F.3d 1070 (9th Cir. 2015) (reversing grant of summary judgment because of genuine issues of material fact *re* the likelihood of initial interest confusion). For further discussion of *Brookfield* and *Network Automation*, see *supra* sections 11:3.2 and 11:3.3.

online shopper is likely to be confused as to the source of the MTM products.^{37.2}

Query: What effect will the Ninth Circuit's position in *Multi Time Machine v. Amazon.com* have on the initial interest confusion doctrine in other courts?

Enforcers Beware: If the trend toward courts permitting the bidding on and use of another's trademark for comparative advertising purposes in online advertising were not enough to dissuade brand owners from bringing action, the FTC's pending case against 1-800 Contacts and a related class action are likely to give even more pause. In 2016, the FTC brought action against 1-800 Contacts asserting that its settlement agreements with competitors regarding bidding on keyword advertising were anticompetitive.^{37.3} Shortly thereafter, a class action was brought against 1-800 Contacts asserting that members of the proposed class

suffered antitrust injuries in proximate consequence of the anticompetitive character, purpose, and effect of 800-Contacts' bid-rigging scheme and scheme to allocate sales and suppress advertising: they each paid supracompetitive prices for contact lenses that they purchased online from 800-Contacts within the past four years; and they each were deprived of consumer choice, which is a form of antitrust injury.^{37.4}

1-800 Contacts asserts that its agreements constituted reasonable efforts to protect its intellectual property.

The FTC dismissed 1-800 Contacts' defense claiming immunity under *Noerr-Pennington* and ruled that the agency does not have to show that its settlement agreements with competitors were shams to establish liability.^{37.5} An FTC administrative law

37.2. *Multi Time Machine Inc. v. Amazon.com Inc.*, 804 F.3d 930 (9th Cir. 2015), *cert. denied*, 136 S. Ct. 1231 (2016).

37.3. *In re 1-800 Contacts Inc.*, No. 9372 (F.T.C. filed Aug. 8, 2016), www.ftc.gov/system/files/documents/cases/160808_1800contactspt3cmpt.pdf.

37.4. *Stillings v. 1-800 Contacts Inc.*, No. 3:16-cv-5400 (N.D. Cal. filed Sept. 21, 2016). *See also* *Champion v. 1-800 Contacts Inc.*, No. 0:17-cv-60696 (S.D. Fla. filed Apr. 7, 2017).

37.5. *In re 1-800 Contacts Inc.*, Docket No. 9372 (F.T.C. Feb. 1, 2017). For more on *Noerr-Pennington*, see *infra* section 12:2.9[C].

judge ordered an end to the agreement on October 30, 2017. The decision is subject to full FTC review at the request of the FTC or one of the parties.

Additional efforts to protect intellectual property on the Internet are contained in Amazon and Facebook brand registry provisions. The idea is to help owners police counterfeits and unauthorized uses of their marks and copyrighted content. However, a “standard character” or “word mark” trademark registration is required.^{37.6}

And on the subject of Amazon, consider the *Milo & Gabby* case. Milo charged Amazon with patent, copyright, and trademark infringement based on third-party sales of pillowcases on Amazon’s website.^{37.7} The Federal Circuit affirmed the district court decision that Amazon was not liable.

§ 11:4 Applying Dilution Principles to Internet Disputes

In today’s Internet-centric environment, it is not surprising that many cases involve plaintiff’s and/or defendant’s promotion and sale of products online. In evaluating likely dilution where products are sold over the Internet, the standard dilution analysis applies. In an action brought under federal law, plaintiff must show that its mark is famous to the general consuming public and that defendant is blurring or tarnishing plaintiff’s mark.³⁸ Elements of proof are different for a dilution action brought under state law. Check the statute in the jurisdiction where you plan to sue.³⁹

37.6. Amy Sullivan Cahill, *Amazon Latest Online Marketplace to Push for Trademark Registration*, www.cahill-ip.com/amazon-latest-online-marketplace-push-trademark-registration/ (Aug. 24, 2017).

37.7. *Milo & Gabby LLC v. Amazon.com, Inc.*, 693 F. App’x 879 (Fed. Cir. 2017), *cert. denied*, 138 S. Ct. 335 (2017).

38. *See, e.g., Visa Int’l Serv. Ass’n v. JSL Corp.*, 610 F.3d 1088 (9th Cir. 2010) (affirming district court’s grant of summary judgment enjoining defendant’s use of eVISA, finding an added “e” is commonly used to denote the online version of a business such that eVISA weakens the ability of the VISA mark to identify Visa’s services, because Internet users who enter the domain name *evisa.com* are brought to defendant’s language services website instead of plaintiff’s site). *See supra* section 9:6.8[B] for further discussion of eVISA, and section 9:6 for TDRA elements of proof of dilution.

39. For a discussion of dilution as it evolved under state law, see *supra* section 9:2. See also Appendix 21 for list of state dilution statutes.

Defenses to dilution, notably fair use, are raised in the Internet context perhaps with even more frequency than in standard trademark dilution actions.

Courts seem particularly receptive to defendants' use of the Internet to communicate information, criticism, and commentary about plaintiffs' products, or to poke fun at plaintiffs and their trademarks. The Internet has helped to bring about a resurgence of the First Amendment as the protector of defendants' right to speak their mind on just about anything.

The *Mattel v. Walking Mountain* case is an example of the First Amendment at work. The defendant, an artist, took a series of photographs depicting the American icon Barbie Doll, in the nude, being attacked by vintage kitchen appliances. Defendant's photos, labeled "Food Chain Barbie" were displayed on defendant's website and offered in art galleries. Some of the poses—for example, a nude Barbie, upside down, legs spread apart under the beaters of a mixer—were sexually suggestive. But all was fair use under the First Amendment. The "Food Chain Barbie" series qualified as an artistic/editorial parody designed to criticize Mattel's Barbie and the values for which she stands.⁴⁰

For further discussion of fair use and a collection of decisions showing how the courts have ruled in various cases, see *infra* section 11:8.2; see also *supra* sections 9:6.11[F] and 9:6.16[C]. These cases illustrate how different courts have drawn the line between legitimate fair use of plaintiff's trademark and uses that impair the distinctive quality of plaintiff's famous mark and trade on plaintiff's reputation and good will.

§ 11:5 Domain Name Issues

§ 11:5.1 Acquiring Domain Names

Domain names are allocated on a first-come, first-served basis to people and organizations that are developing websites. If a search shows that no one else has registered the exact domain name, the new domain name is permitted. Trademark searches are not conducted.

40. *Mattel, Inc. v. Walking Mountain Prods.*, 353 F.3d 792, 812 (9th Cir. 2003).

For example, each of the following—

mcdonalds.com

macdonalds.com

mcdonald.com

—could be allocated to different organizations or people. The trademark owner’s remedy lies in making a deal with the domain name owner, or commencing dispute resolution or court proceedings.

A second-level domain name could be registered under different top-level domains by different entities as well. For example:

columbia.edu (the university)

columbia.com (the sporting goods company)

And the same second-level domain name could be registered by different entities under different top level country domains.

§ 11:5.2 Domain Names As Trademarks

Once a domain name is acquired, the owner may also try to register the domain name as a trademark in the U.S. Patent and Trademark Office (PTO).

However, to qualify for trademark registration, the domain name must be used as a trademark to indicate source and cannot merely be used to indicate the domain name address used to reach the website offering the company’s services. For example, Amazon.com is a registered trademark—it is used prominently in advertising and on the website to indicate the source is the Internet bookseller and not merely to indicate the company’s address on the Internet. Consult the PTO home page (<http://www.uspto.gov>) for the most recent policies on registration of domain names as trademarks.

§ 11:5.3 Domain Names and Likely Confusion

Like other cases dealing with trademark infringement, similarity of the domain name to plaintiff’s mark and the similarity of the parties’ goods are important factors in assessing likely confusion.

For example, the court found defendant’s “moviebuff.com” domain name for a movie fact database likely to cause confusion

with plaintiff's MOVIEBUFF mark for a movie information database and software.⁴¹ The domain name differed from plaintiff's MOVIEBUFF mark only by the ".com" suffix, and the goods were similar.

On the other hand, the court found defendant's domain name "nextbigstar.com" for a web retailer of video tapes and supplier of celebrity information not likely to cause confusion with plaintiff's domain name "bigstar.com" for a talent-search company. The court found "next" in defendant's name enough to distinguish it from plaintiff's and deemed it unlikely that a reasonably informed potential customer looking to buy a video at "bigstar.com" who has mistakenly navigated to "nextbigstar.com" would be confused.⁴²

[A] Intuitive Domain Names

In assessing domain name confusion, courts may also take into account that Web users hunting for a particular company or product may try to guess the domain name based on that company's name or trademark. Even domain names that lack entire parts of a company's full name might be assumed to be the company's domain because of the preference for using shorter domain names. This might be less relevant as Internet users more often access sites not by guessing the domain name but in searches. The addition of new gTLDs throws a further wrench into trying to guess a domain name, since you would have to guess both the second-level domain, which is often the trademark, and the top-level domain, which in the past most guessers would assume to be .com but now could be .something else.

Following the early cases dealing with domain name infringement, most domain name disputes have been brought under ICANN's Uniform Domain Name Dispute Resolution Policy or the Anticybersquatting Consumer Protection Act.⁴⁴ Now, the trademark owner may not be interested in the domain name for its own use, but just interested in stopping fraudulent use of its

41. Brookfield Commc'ns, Inc. v. W. Coast Entm't Corp., 174 F.3d 1036 (9th Cir. 1999).

42. See BigStar Entm't, Inc. v. Next Big Star Inc., 105 F. Supp. 2d 185 (S.D.N.Y. 2000).

43. [Reserved.]

44. See *infra* sections 11:6 and 11:7 for decisions under the UDRP and the ACPA.

mark in a domain name—for example, in a phishing scheme or other similar blatant abuse. In this situation, the trademark owner may opt to ask the Internet service provider to disable access to the site, rather than commencing a proceeding. Particularly in cases of blatant fraud or counterfeiting, most reputable service providers located in the United States will disable access to the site in a matter of days based on one online submission supporting the claim of fraud. The desired result (removal of the fraudulent site) can then be achieved quickly and efficiently without the need to pay for the UDRP or a federal lawsuit. Of course, the fraudster can move the site to another service provider, but the fraudster could also use a different (but still infringing) domain name even after losing a UDRP or ACPA case. The new URS proceeding is also a cheaper and faster option than either a UDRP or an ACPA case.^{44.1}

[B] Postdomain Paths

What about use of another's trademark as part of the postdomain path? The Sixth Circuit held that postdomain paths do not typically signify source but instead show “how the website's data is organized within the host computer's files.”⁴⁵ Thus, there was no likelihood of confusion when defendant used plaintiff's mark LAPTRAVELER in the following URL:

<http://www.a2zsolutions.com/desks/floor/laptraveler/dkfl-lt.htm>

However, the court suggested that plaintiff might be able to establish likelihood of confusion if defendant was reselling plaintiff's products on its site.

§ 11:5.4 Domain Names and Likely Dilution

Use of a well-known trademark in a domain name may constitute dilution under federal or state dilution law.⁴⁶ Plaintiffs who sought to halt defendants' similar domain name use under a dilution theory initially met with considerable success.⁴⁷

44.1. See *infra* section 11:6.6.

45. Interactive Prods. Corp. v. a2z Mobile Office Sols., Inc., 326 F.3d 687, 691 (6th Cir. 2003). See *supra* section 11:1.1 for definition of postdomain path.

46. See chapter 9, “The Evolution of Dilution,” for a complete discussion of dilution law.

47. See *Panavision Int'l L.P. v. Toeppen*, 945 F. Supp. 1296 (C.D. Cal. 1996), *aff'd*, 141 F.3d 1316 (9th Cir. 1998).

However, as the volume of Internet-related litigation grew, so did judicial wariness of dilution claims directed to noncompetitive uses. This wariness was especially acute where plaintiff's mark was a word in the English language. Because of the Internet's role as a means of communication, courts were reluctant to bestow monopoly rights on trademarks composed of ordinary English words. The owners of English-language word marks (for example, CLUE for board games) were not able to prevent identical uses in different fields (for example, CLUE for a computer consulting business).⁴⁸

The owner of a famous, fanciful mark should be sure to distinguish his position from those cases dealing with trademarks that are ordinary English words.

Like domain name cases raising confusion issues, domain name cases raising dilution issues are now mostly dealt with under the UDRP or the ACPA, as discussed below.

§ 11:6 Uniform Domain Name Dispute Resolution Policy (UDRP)

§ 11:6.1 Nature of UDRP Proceedings

ICANN's Uniform Domain Name Dispute Resolution Policy (UDRP) provides an administrative proceeding for trademark owners to challenge domain names registered in bad faith by others. The proceeding is applicable to many TLDs, including .com and .net.⁴⁹ The UDRP is meant to enable trademark owners to resolve domain name disputes without having to go to court. Questions of trademark invalidity are not within the purview of any UDRP proceeding.⁵⁰

§ 11:6.2 UDRP Procedures

First, the trademark owner must file a complaint in hard copy and electronically with a dispute resolution service provider

48. Hasbro, Inc. v. Clue Computing, Inc., 66 F. Supp. 2d 117 (D. Mass. 1999), *aff'd*, 232 F.3d 1 (1st Cir. 2000).

49. See www.icann.org for similar procedures available for other TLDs, including ccTLDs.

50. Sound Unseen Ltd. v. Vanderhorst, 77 U.S.P.Q.2d 1585 (WIPO Aug. 18, 2005).

approved by ICANN. The complainant can select either a one-member or a three-member panel to hear the dispute and must pay a fee based on the size of the panel.⁵¹

The trademark owner must prove three things:

- the domain name is identical or confusingly similar to a trademark or service mark in which the complainant has rights;⁵²
- the domain name holder has no rights or legitimate interest in respect of the domain name;⁵³ and
- the domain name has been registered and is being used in bad faith.⁵⁴

Care must be taken to ensure that all requirements of a UDRP claim are met. In the *Bechtel* case, the complainant engineering firm Bechtel Group sought to secure riley-bechtel.com, where Riley Bechtel was the name of the group's CEO. The panelist considered "riley-bechtel.com" sufficiently different from the registered BECHTEL mark and noted the lack of evidence that the complainant company (as opposed to Mr. Riley Bechtel himself) had any rights in "Riley Bechtel" as a mark. Also noteworthy: the respondent domain owner's only response to the action was that he "allow[ed] the transfer" of the domain to the complainant. For some reason, complainant decided not to request a stay of the proceeding to allow the promised transfer to be completed. Complainants beware: you can readily lose even an uncontested UDRP proceeding if not careful.^{54.1} Complainants further beware:

51. See details at www.icann.org.

52. *True Blue Prods., Inc. v. Hoffman*, 73 U.S.P.Q.2d 1512 (WIPO Dec. 22, 2004) (common law rights are sufficient basis for ICANN proceeding; fatactress.com domain name violates rights in *Fat Actress* TV series).

53. *Telstra Corp. v. Nuclear Marshmallows*, Case No. D2000-0003 (WIPO Feb. 18, 2000) (complainant's TELSTRA mark "appears to be an invented word, and as such is not one traders would legitimately choose unless seeking to create an impression of an association with the Complainant").

54. Uniform Domain Name Dispute Resolution Policy ¶ 4(a), www.icann.org/udrp/udrp-policy-24oct99.htm#4.

54.1. *Bechtel Grp., Inc. v. Domain Brand Protection*, FA1505001618843 (Nat'l Arb. Forum July 15, 2015), www.adrforum.com/domaindecisions/1618843.htm.

making unfounded claims in a UDRP may result in a finding of reverse domain name hijacking. Such was the case in *iPayment.com, Inc. v. Kim*, where complainant (1) failed to disclose its prior ownership and subsequent abandonment of the disputed domain name; (2) relied on a cancelled registration; and (3) submitted aggressive pleadings that repeatedly characterized respondent's conduct in a manner inconsistent with the actual facts.^{54.2}

One advantage of the UDRP proceeding is that there is no issue of personal jurisdiction with respect to many of the most commonly used top-level domains, for example, .com. Anyone who has registered a domain name with an accredited ICANN registrar is subject to the dispute resolution proceedings, no matter where the registrant is located.

§ 11:6.3 Remedies Under the UDRP

Remedies that dispute resolution panels may impose include:

- transferring the domain name to the trademark owner;⁵⁵
- leaving the domain name in the hands of respondent;⁵⁶ or
- cancelling the domain name altogether.⁵⁷

54.2. www.wipo.int/amc/en/domains/search/text.jsp?case=D2015-1014. See also *Domond v. PeopleNetwork APS*, No. 1:16-cv-24026, 2017 WL 5642463 (S.D. Fla. Nov. 14, 2017) (UDRP panel found plaintiffs engaged in “reverse domain name hijacking” and the district court awarded attorneys’ fees where plaintiffs essentially admitted that they had no viable claims).

55. *World Wrestling Fed’n Entm’t, Inc. v. Bosman*, Case No. D99-0001 (WIPO Jan. 14, 2000).

56. *Telstra Corp. Ltd. v. Nuclear Marshmallows*, Case No. D00-0003 (WIPO Feb. 18, 2000).

57. *Ballingers U.S.A., Inc. v. Gallo Corp.*, FA0093708 (Nat’l Arb. Forum Mar. 20, 2000) (respondent with no interest in complainant’s registered trademark WEBSTER HALL registered websterhall.com to interfere with complainant’s business; registration canceled).

§ 11:6.4 Sample UDRP Decisions

Sample dispute resolution decisions on bad faith include:

COMPLAINANT'S TRADEMARK	RESPONDENT'S DOMAIN NAME	HOLDING
GIORDANA	giordana.com	Respondent registered family pet name, Giordana, for cycling apparel in bad faith. ⁵⁸
NEIMAN MARCUS	neimansmarcus.com	Respondent registered domain name in bad faith; domain name similar to trademark. ⁵⁹
HOLIDAY INN	cheap-holiday-inn-hotels-accomodation.com	Respondent's use permitted; domain name accurately described business. ⁶⁰
SNORENOMORE	snorenomore.net	Insufficient evidence to establish common law rights/bad faith. ⁶¹

58. *Andretta v. Giubertoni*, Case No. D2016-2496 (WIPO Feb. 6, 2017).

59. *Neiman Marcus Grp., Inc. v. Fashionid.com*, FA0304000155176 (Nat'l Arb. Forum June 10, 2003).

60. *Six Continents Hotels Inc. v. Goodwyn*, Case No. D2003-0208 (WIPO July 6, 2003).

61. *Sleepcare Diagnostics v. midPhase Servs., Inc.*, 2006 UDRP LEXIS 807 (July 23, 2006).

COMPLAINANT'S TRADEMARK	RESPONDENT'S DOMAIN NAME	HOLDING
COCA-COLA	cocolavending.com	Passive holding of the domain name amounts to a use in bad faith. ^{61.1}
SOFIA VERGARA	sofiavergara.org	Website with posts and pay-per-click links about other celebrities not a legitimate fair use fan site. ^{61.2}
SNAPCHAT	snapchatcheck.com	Use of mark in domain for website allowing users to check if their data was leaked during Snapchat security breach is legitimate, non-bad faith use. ^{61.3}
HOPSCOTCH	hopscotch.com	Merely offering to sell domain for large sum does not constitute bad faith. ^{61.4}

§ 11:6.5 Appeals to the Courts

While UDRP dispute resolution is expedited (the decision must be rendered within fourteen days of the panel's appointment),

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- 61.1. Coca-Cola Co. v. True N. Event Mgmt., Case No. D2012-0453 (WIPO Aug. 27, 2012).
 - 61.2. Vergara v. Domain Adm'r, Case No. D2014-2008 (WIPO Dec. 28, 2014).
 - 61.3. Snapchat, Inc. v. Private Registrant, Case No. FA1412001593519 (NAF Jan. 12, 2015).
 - 61.4. www.wipo.int/amc/en/domains/search/text.jsp?case=D2015-1844.

there is no appeal process. However, a party disappointed with the result may bring an action in court.

It is clear that UDRP proceedings are not binding on courts.⁶² Indeed, a *de novo* standard of review is applied.⁶³ This means that a trademark owner who loses under the UDRP could bring an ACPA or other Lanham Act action against the domain name registrant.⁶⁴ And a special Lanham Act provision entitles registrants who are unhappy with the UDRP result to seek a declaratory judgment that the domain name use is not unlawful under the Lanham Act.⁶⁵

§ 11:6.6 **New gTLDs, More Acronyms**

In addition to the UDRP, new rights protection mechanisms (RPMs) were developed to address brand owner concerns about ICANN's new gTLD program. These RPMs require active participation and aren't free. The following are the key components:

- *Trademark Clearinghouse (TMCH)*. The TMCH is a central database in which brand owners record their trademark registration and use data (for a fee) in order to access later programs. Trademark information must be recorded in the TMCH prior to launch of a new gTLD for the brand owner

62. *Sallen v. Corinthians Licenciamentos Ltda.*, 273 F.3d 14 (1st Cir. 2001) (“UDRP clearly contemplates judicial intervention and, in fact, that the judicial outcome will override the UDRP one.”); *Stenzel v. Pifer*, 81 U.S.P.Q.2d 1689 (W.D. Wash. 2006) (deference not given to UDRP arbitration decisions in subsequent civil actions regarding violation of ACPA).

63. A party should be able to use a national court “to seek a *de novo* review of a dispute that has been the subject of the administrative procedure.” WIPO Final Report, at 150 (iv), *quoted in* *Parisi v. Netlearning, Inc.*, 139 F. Supp. 2d 745, 752 (E.D. Va. 2001).

64. *See, e.g., Newport News Holdings Corp. v. Virtual City Vision Inc.*, 650 F.3d 423, 98 U.S.P.Q.2d 1441 (4th Cir. 2011) (ACPA claim successful after unsuccessful UDRP action where domain registrant changed website to add infringing content after winning UDRP).

65. 15 U.S.C. § 1114(2)(D)(v). *See Barcelona.com Inc. v. Excelentísimo Ayuntamiento de Barcelona*, 330 F.3d 617, 628–29 (4th Cir. 2003) (registrant of *barcelona.com* lost WIPO proceeding to the Barcelona, Spain City Council and brought action under 15 U.S.C. § 1114(2)(D)(v); registrant's use held not unlawful because Barcelona is geographically descriptive and not entitled to protection under Lanham Act).

to participate in the Sunrise Registration Period. Rates vary depending upon the length of the TMCH registration (one-, three-, and five-year terms are being offered).

- *Sunrise Registration Period (SR)*. Each new gTLD that has “open” domain name registration will provide a “sunrise” time period before domain registration is available to the general public during which brand owners who have recorded their trademark data in the TMCH can have first dibs on a domain registration in the new gTLD that matches their mark. Some sunrise registrations are expensive. The privilege of securing [yourbrand].sucks, for example, costs nearly \$2,500 per year.
- *Trademark Claims Service (TCS)*. Brand owners who have recorded their data in the TMCH will receive notifications regarding new applications for domain name registrations that match their marks. The TCS is like a watching service and does not block any domain name registration; it just provides notice to the brand owner and to the domain applicant which may (or may not) help avoid a dispute.
- *Uniform Rapid Suspension (URS)*. This shorter, less expensive UDRP proceeding is meant to apply to truly egregious bad faith domain registrations. Note that a successful URS proceeding will cause the domain registration to be suspended but will not result in a transfer of the domain to the claimant.

IBM won one of the first cases brought under the URS, involving the domain names `ibm.guru` and `ibm.ventures`, registered on January 31, 2014. Respondent claimed the domains were to be used for a news and/or community website, but upon registration redirected the domains to IBM’s website. In a decision handed down just twelve days after the registration, the panel found that respondent was aware of IBM’s rights, having received a TMCH Trademark Claims Notice, and that respondent had no legitimate rights in the domains. The domain names were suspended and redirected to a placeholder website stating that the domains

were taken down as a result of a complaint under the URS.^{65.1}

- *Post-Delegation Domain Dispute Resolution Procedure (PDDRP)*. This is a new procedure “developed to provide those harmed by a new gTLD Registry Operator’s conduct an alternative avenue to complain about that conduct.” PDDRP provides a mechanism for a brand owner to assert that a Registry Operator is complicit in trademark infringement problems at the new gTLD. See <http://newgtlds.icann.org/en/program-status/pddrp>.

Many trademark and domain name service providers are offering assistance with TMCH filings. Keep tabs on the latest deadlines at newgtlds.icann.org/en/program-status/sunrise-claims-periods.

§ 11:7 Anticybersquatting Consumer Protection Act (ACPA)

The Anticybersquatting Consumer Protection Act (ACPA)⁶⁶ “was Congress’ response to an onslaught of e-savvy entrepreneurs who amassed domain names incorporating protected trademarks for their own exploitation via sale or use.”⁶⁷ The ACPA provides for federal court action even where the domain name owner has made no use in commerce.⁶⁸ However, the ACPA does not apply to contributory infringement against registrars.^{68.1}

65.1. *Int’l Bus. Machs. Corp. v. Antipov*, Claim No. FA1402001542313 (National Arbitration Forum, URS Final Determination, Feb. 12, 2014), <http://domains.adrforum.com/domains/decisions/1542313F.htm>.

66. Anticybersquatting Consumer Protection Act, Pub. L. No. 106-113, tit. III (1999) (codified in scattered sections of 15 U.S.C.).

67. *Harrods Ltd. v. Sixty Internet Domain Names*, 157 F. Supp. 2d 658, 664 (E.D. Va. 2001), *aff’d*, 302 F.3d 214 (4th Cir. 2002) (citing S. REP. NO. 106-140 (1999) and *Virtual Works, Inc. v. Volkswagen of Am., Inc.*, 238 F.3d 264, 267 (4th Cir. 2001)).

68. *See, e.g., Bosley Med. Inst., Inc. v. Kremer*, 403 F.3d 672, 679–81 (9th Cir. 2005) (disgruntled patient’s use of medical institute’s registered trademark in domain name for website critical of institute is not actionable under the Lanham Act; use is not a “use in commerce” but is actionable under the ACPA, which contains no commercial use requirement).

68.1. *Petroliaam Nasional Berhad v. GoDaddy.com, Inc.*, 737 F.3d 546 (9th Cir. 2013) (affirming district court grant of summary judgment), *cert. denied*, 135 S. Ct. 55 (2014).

The ACPA applies where defendant registers, traffics in, or uses the domain name. The ACPA also requires proof that:

- there was a bad-faith intent to profit from the mark;^{68.2}
- the mark is distinctive or famous at the time of registration of the domain name;⁶⁹ and
- the domain name is identical or confusingly similar to (in the case of a famous mark, it may alternatively be proved dilutive of) the mark.⁷⁰

At least one court has allowed a claim for contributory cybersquatting to proceed where defendant was alleged to have sold a software program that taught others how to exploit trademarks in domain names to increase website traffic.⁷¹

§ 11:7.1 **Bad Faith Requirement**

The ACPA lists nine factors to guide judges in determining whether there has been bad faith.⁷² However, the list is not exhaustive. In the *Sporty's Farm* case, the Second Circuit found bad faith based in part on:

- the registration of “sportys.com for the primary purpose of keeping Sportsman’s from using that domain name”;

68.2. *Edible Arrangements, LLC v. Provide Commerce, Inc.*, No. 3:14-CV-00250 (VLB), 2016 WL 4074121 (D. Conn. July 29, 2016) (granting summary judgment on Edible Arrangements’ ACPA claim). Defendant Provide acted in bad faith when it placed bids on search terms resembling the Edible Arrangements’ mark. *See also* *Edible Int’l, LLC v. Google, LLC*, No. 3:18-CV-00216 (D. Conn. Feb. 5, 2018). On July 13, 2018, Google was ordered to arbitrate and the matter was stayed pending the arbitration. The clerk was instructed to close the case but not enter judgment.

69. The cybersquatter registered domain names that combined abbreviations of “Bank of America” and “Merrill Lynch” on the day of the announced Bank of America/Merrill merger. *Webadviso v. Bank of Am. Corp.*, 93 U.S.P.Q.2d 1932 (S.D.N.Y. 2010).

70. 15 U.S.C. § 1125(d)(1)(A). The ACPA applies where the domain name was reregistered after the statute’s enactment even if the name was created before the enactment. *Schmidheiny v. Weber*, 319 F.3d 581 (3d Cir. 2003).

71. *Microsoft Corp. v. Shah*, 98 U.S.P.Q.2d 1404 (W.D. Wash. 2011).

72. 15 U.S.C. § 1125(d)(1)(B)(i).

- the creation of the Christmas tree farm dubbed Sporty's Farm after suit was filed; and
- the incredible explanation that the name Sporty's was derived from a dog named Spotty!⁷³

Other courts have found bad faith where defendants registered domain names similar to well-known trademarks and used these names to exact some payment or other advantage because of the similarity to plaintiff's mark.⁷⁴ Even a domain name initially registered in good faith can be the subject of an ACPA claim if the owner subsequently uses the domain name with a bad-faith intent to profit from the protected mark by holding the domain name for ransom.⁷⁵

Keep in mind that proof of bad faith under the ACPA does not require the heightened showing of clear and convincing evidence that some fraud cases do. A preponderance of evidence is the proper standard.⁷⁶

73. Sporty's Farm L.L.C. v. Sportsman's Mkt., Inc., 202 F.3d 489, 499 (2d Cir.), *cert. denied*, 530 U.S. 1262 (2000).

74. See *Al Mortg. Corp. v. Al Mortg. & Fin. Servs. LLC*, 82 U.S.P.Q.2d 1440 (W.D. Pa. 2006) (reasonable attorneys' fees and \$50,000 in statutory damages awarded for bad faith including violation of agreement settling lawsuit); *Atlas Copco AB v. atlascopcoiran.com*, 533 F. Supp. 2d 610 (E.D. Va. 2008) ("phishing" activities, that is, sending email fraudulently posing as trustworthy entity to acquire sensitive financial information, constitute bad-faith intent to profit under ACPA); *Atigeo LLC v. Offshore Ltd.*, D. No. 2:13-cv-01694-JLR, 2014 WL 239096 (W.D. Wash. Jan. 22, 2014) (registering domain name "atigeo.co," posting false statements about plaintiff with intent to disparage the mark ATIGEO, and using metatags to lure those searching for plaintiff, all in order to gain business leverage over plaintiff, establish bad-faith intent to profit under ACPA). See Appendix 20 for list of factors to consider in determining bad faith under ACPA.

75. *DSPT Int'l, Inc. v. Nahum*, 624 F.3d 1213 (9th Cir. 2010).

76. *Harrods Ltd. v. Sixty Internet Domain Names*, 302 F.3d 214, 226 (4th Cir. 2002). A plaintiff need not use a mark identical to a domain name registered by defendant to prevail in an action under the ACPA. See *Stephens v. Trump Org. LLC*, 205 F. Supp. 3d 305 (E.D.N.Y. 2016).

The mere knowledge that the domain name is someone else's trademark is not enough.⁷⁷ If there is no bad faith, plaintiff must rely on general likelihood of confusion or dilution law.⁷⁸

Expect to see some interesting arguments from domain name registrants. In *Lands' End Inc. v. Remy*, defendants registered a series of domain names comprising misspellings of plaintiff's "landsend.com" domain name (for example, landsende.com).⁷⁹ Defendants participated in plaintiff's website referral affiliate program, and then redirected to plaintiff's website Internet users who mistakenly entered the misspelled domains. If these users made a purchase, defendants received 5% of plaintiff's profits on the sales under the affiliate program. Defendants actually sought summary judgment under the ACPA, arguing that because their actions directed traffic to plaintiff's website, rather than away from it, they benefited plaintiff and were not cybersquatting. The court found this line of reasoning "specious at best."

§ 11:7.2 Confusion and Dilution Under the ACPA

To obtain relief under the ACPA, plaintiff must show that defendant's domain name is (1) identical or confusingly similar to a distinctive trademark or (2) identical, confusingly similar to, or dilutive of a famous trademark.

A number of courts have held that the "confusingly similar" standard under the ACPA is more limited than the "likelihood of confusion" standard used to determine traditional trademark infringement.⁸⁰

77. *BroadBridge Media, L.L.C. v. Hypercd.com*, 106 F. Supp. 2d 505, 510 (S.D.N.Y. 2000).

78. *See Lucas Nursery & Landscaping, Inc. v. Grosse*, 359 F.3d 806, 811 (6th Cir. 2004) (no bad faith where defendant registered lucasnursery.com or website "informing fellow consumers about the practices of a landscaping company that she believed had performed inferior work on her yard"); *Nissan Motor Co. v. Nissan Comput. Corp.*, 61 U.S.P.Q.2d 1839 (C.D. Cal. 2002) (defendant's motion for partial summary judgment of no cybersquatting granted; no bad faith in defendant's registration of nissan.com where Nissan was surname of defendant corporation's owner).

79. *Lands' End Inc. v. Remy*, 447 F. Supp. 2d 941 (W.D. Wis. 2006).

80. *N. Lights Tech., Inc. v. N. Lights Club*, 97 F. Supp. 2d 96, 117 (D. Mass. 2000), *aff'd*, 236 F.3d 57 (1st Cir.), *cert. denied*, 533 U.S. 911 (2001) (confusingly similar is "simply a comparison of the

In considering the issue of similarity, differences in capitalization and punctuation may be irrelevant because capital letters and apostrophes cannot be used in domain names.⁸¹ The fact that confusion could be resolved by visiting the website is also irrelevant under the ACPA.⁸²

§ 11:7.3 Safe Harbor Defense

The “safe harbor” defense under the ACPA provides that “bad faith intent . . . shall not be found in any case in which the court determines that the person believed and had reasonable grounds to believe that the use of the domain name was a fair use or otherwise lawful.”⁸³ “Reasonable grounds to believe” focuses on the objective reasonableness of the conduct. Thinking a use to be lawful is not “reasonable grounds to believe” under the ACPA.⁸⁴

§ 11:7.4 In Rem Actions

The ACPA gives courts in rem jurisdiction over domain name registrations where in personam jurisdiction over the registrant cannot be obtained or the registrant cannot be located after diligent efforts.⁸⁵ In these cases, an in rem action can be brought

mark and the allegedly offensive domain name”); *Wella Corp. v. Wella Graphics, Inc.*, 874 F. Supp. 54, 56 (E.D.N.Y. 1994), *cited by* *Sporty’s Farm L.L.C. v. Sportsman’s Mkt., Inc.*, 202 F.3d 489, 498 (2d Cir.), *cert. denied*, 530 U.S. 1262 (2000) (confusingly similar standard “look[s] solely at the marks themselves, without regard to factors such as similarity of the parties’ products or potential for consumer confusion”); *Mattel, Inc. v. Internet Dimensions, Inc.*, 55 U.S.P.Q.2d 1620, 1623 (S.D.N.Y. 2000).

81. *Sporty’s Farm*, 202 F.3d at 497–98 (domain name “sportys.com” indistinguishable from the trademark “Sporty’s”) (citing *Brookfield Commc’ns, Inc. v. W. Coast Entm’t Corp.*, 174 F.3d 1036, 1055 (9th Cir. 1999)).
82. *Coca-Cola Co. v. Purdy*, 382 F.3d 774, 783 (8th Cir. 2004).
83. 15 U.S.C. § 1125(d)(1)(B)(ii); *see* *Shields v. Zuccarini*, 254 F.3d 476, 485–86 (3d Cir. 2001) (no safe harbor when cybersquatter’s use was primarily commercial and his “alleged ‘fair use’ of the offending domain names for ‘political protest’ began only after [trademark owner] brought this action”); *Victoria’s Cyber Secret Ltd. P’ship v. V Secret Catalogue, Inc.*, 161 F. Supp. 2d 1339, 1353 (S.D. Fla. 2001) (cybersquatter “cannot simply deny that it had any bad faith intent”).
84. *People for Ethical Treatment of Animals v. Doughney*, 263 F.3d 359, 369 (4th Cir. 2001).
85. 15 U.S.C. § 1125(d)(2)(A); *Mattel, Inc. v. Barbie-Club.com*, 310 F.3d 293 (2d Cir. 2002); *U.S. Olympic Comm. v. 2000OLYMPIC.COM*,

in jurisdictions where the domain name registry is located or where the court has sufficient information to determine the authority over the domain name.⁸⁶ This is important because it can be difficult to get personal jurisdiction over a domain name holder or website operator.⁸⁷

In *Caesars World*, the court held the in rem jurisdiction provision of the ACPA constitutional.⁸⁸ Because the res, the domain name, is itself the thing at issue and not merely a device to get the defendant, there need be no minimum contacts to establish in personam jurisdiction. Even if the Constitution requires minimum contacts, the registration of the domain name with NSI, located in Virginia, supplies them.⁸⁹

In *Harrods*, the Fourth Circuit held that the ACPA in rem provision is not limited to bad-faith registration claims under section 1125(d)(1), but “also authorizes in rem actions for certain federal infringement and dilution claims.”⁹⁰ Another Fourth Circuit decision held that the general federal in rem jurisdiction provision, 28 U.S.C. § 1655, does not provide in rem jurisdiction over dilution claims.⁹¹

Nevertheless, in personam jurisdiction is preferred. For example, a plaintiff who filed suit only eight days after notifying

No. 00-1018 (E.D. Va. May 21, 2002) (Report and Recommendations) (thirty-six domain names cancelled and 818 domain names transferred to plaintiff in in rem suit against domain names whose owners resided in fifty-three foreign countries).

86. *Graham & Buffet, Ltd. v. www.vilcabama.com*, 2006 U.S. Dist. LEXIS 20166 (W.D. Wash. Mar. 30, 2006) (filing of answer divested court of in rem jurisdiction). *But see* *Porsche Cars N. Am., Inc. v. Porsche.net*, 302 F.3d 248 (4th Cir. 2002) (defendant’s eleventh-hour submission to personal jurisdiction did not divest the court of in rem jurisdiction when the court had already made a finding that in rem jurisdiction existed).
87. *See infra* section 11:10, “Personal Jurisdiction.”
88. *Caesars World, Inc. v. Caesars-palace.com*, 112 F. Supp. 2d 502 (E.D. Va. 2000).
89. *Id.* at 504 (citing *Shaffer v. Heitner*, 433 U.S. 186 (1977)).
90. *Harrods Ltd. v. Sixty Internet Domain Names*, 302 F.3d 214, 228 (4th Cir. 2002).
91. *Porsche Cars N. Am., Inc. v. Porsche.net*, 302 F.3d 248 (4th Cir. 2002) (noting that dismissal of plaintiff’s in rem dilution claims was not inconsistent with *Harrods*). *Porsche* further held that the situation giving rise to in rem jurisdiction need not persist throughout the case.

defendant of plaintiff's intent to proceed with an in rem action did not satisfy the requirements of the ACPA.⁹²

§ 11:7.5 Remedies

The ACPA provides for injunctive relief such as court-ordered cancellation or transfer of a domain name, and for monetary relief that can include (1) defendant's profits, (2) any damages sustained by plaintiff, (3) costs of the action, (4) statutory damages of between \$1,000 and \$100,000 per domain name in lieu of actual damages/profits, and (5) attorneys' fees where defendant's conduct meets the exceptional case requirement of 15 U.S.C. § 1117(a).⁹³ Fees have been awarded against defendants with a history of domain name cybersquatting, including in an in rem case.⁹⁴ Because statutory damages are awarded to punish cybersquatters and deter future violations, they are not duplicative of actual damages awarded for related infringement or unfair competition claims.⁹⁵ Statutory awards have ranged from the minimum amount upwards, based on the need for deterrence and the extent of defendant's bad faith.⁹⁶

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92. *Lucent Techs., Inc. v. LucentSucks.com*, 95 F. Supp. 2d 528 (E.D. Va. 2000) (dismissing action where plaintiff failed to comply with in rem requirements of the ACPA).
93. 15 U.S.C. §§ 1116 (a), 1117 (a) and (d), and 1125(d)(1)(C) and (d)(3); *DaimlerChrysler v. Net, Inc.*, 388 F.3d 201, 208 (6th Cir. 2004) (injunction broader than ACPA claim proper to protect plaintiff's reputation and goodwill).
94. *See, e.g., Agri-Supply Co. v. Agrisupply.com*, 457 F. Supp. 2d 660 (E.D. Va. 2006).
95. *St. Luke's Cataract & Laser Inst., P.A. v. Sanderson*, 573 F.3d 1186 (11th Cir. 2009).
96. *See Mattel, Inc. v. Adventure Apparel*, 2001 U.S. Dist. LEXIS 13885, at *15 (S.D.N.Y. Sept. 7, 2001) (\$1,000 each for two violating domain names); *E.&J. Gallo Winery v. Spider Webs Ltd.*, 129 F. Supp. 2d 1033, 1048 (S.D. Tex. 2001) (\$25,000 for one violating domain name), *aff'd*, 286 F.3d 270 (5th Cir. 2002); *Shields v. Zuccarini*, 89 F. Supp. 2d 634 (E.D. Pa. 2000), *aff'd*, 254 F.3d 476 (3d Cir. 2001) (\$10,000 each for five violating domain names); *In re Wright*, 355 B.R. 192, 84 U.S.P.Q.2d 1796, 1797 (Bankr. C.D. Cal. 2006) (award of statutory damages under ACPA is not dischargeable in bankruptcy, since 11 U.S.C. § 523(a)(6) excepts from discharge debts resulting from "willful and malicious injury" by debtor and since finding of bad-faith intent is essential element of ACPA claim).

Injunctions are available even for domain names that were registered before November 29, 1999, the date of the ACPA's enactment, because injunctions provide prospective relief.⁹⁷ The ACPA also applies where the domain name originally registered before the ACPA's effective date was reregistered with a new domain name registrar after the ACPA took effect.⁹⁸

§ 11:8 Internet Infringement Defenses

§ 11:8.1 Descriptive and Nominative Fair Use

The descriptive fair use doctrine provides a defense to a term charged with being an infringement where the term is used otherwise than as a mark and is used fairly and in good faith solely to describe defendant's goods.⁹⁹ For example, in *Sunmark, Inc. v. Ocean Spray Cranberries, Inc.*,¹⁰⁰ Ocean Spray's use of "sweet," "tart," and "sweet-tart" in TV commercials and other promotional material to describe the taste of its Ocean Spray cranberry juice was a fair descriptive use of plaintiff's SWEETARTS mark for candies.

Defendants' efforts to justify the use of plaintiffs' marks in defendants' metatags as a fair use have been rejected where the marks are not used in a descriptive sense. For example, the *Tdata* court stated that defendant's use "is not in a good faith, descriptive sense, but is in a bad faith, bait-and-switch, create-initial-interest-confusion sense."¹⁰¹ On the other hand, a fair use claim was successful where plaintiff's mark was used in a metatag in gripe sites.¹⁰²

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97. *Sporty's Farm L.L.C. v. Sportsman's Mkt., Inc.*, 202 F.3d 489, 500 (2d Cir.), *cert. denied*, 530 U.S. 1262 (2000); *Shields*, 89 F. Supp. 2d 634. *See also* *Porsche Cars N. Am., Inc. v. Spencer*, 55 U.S.P.Q.2d 1026 (E.D. Cal. 2000) (preliminary injunction granted where defendant registered "porschesource.com" domain name in bad faith).
 98. *Schmidheiny v. Weber*, 319 F.3d 581 (3d Cir. 2003).
 99. 15 U.S.C. § 1115(b)(4).
 100. *Sunmark, Inc. v. Ocean Spray Cranberries, Inc.*, 64 F.3d 1055, 1058 (7th Cir. 1995).
 101. *Tdata, Inc. v. Aircraft Tech. Publishers*, 411 F. Supp. 2d 901, 907, 911–12 (S.D. Ohio 2006).
 102. *Bihari v. Gross*, 119 F. Supp. 2d 309 (S.D.N.Y. 2000) (descriptive use and good-faith elements of fair use defense satisfied when mark as metatag served to index site created by interior decorator's disgruntled former client); *Career Agents Network v. careeragentsnetwork.biz*, 96 U.S.P.Q.2d 1884 (E.D. Mich. 2010) (use of domain name *careeragentsnetwork.biz* for gripe site was not commercially misleading; plaintiff

Another type of fair use is nominative fair use. A nominative use is a use of plaintiff's mark to refer to plaintiff. In *New Kids on the Block*, for example, defendant newspapers' use of the NEW KIDS trademark to refer to the New Kids rock-and-roll band in a poll and newspaper articles was permissible.¹⁰³

On the other hand, *Edina Realty* rejected a nominative fair use defense where defendant used plaintiff's mark as an Internet search term in sponsored links and in hidden metatags. A qualification for nominative fair use is that defendant takes only so much of plaintiff's mark as necessary to identify plaintiff's product. The court noted that defendant could have promoted his website just as effectively without using plaintiff's mark. Other search terms, for example, Twin Cities real estate, were available.¹⁰⁴

§ 11:8.2 Commentary, Criticism, Parody, and Noncommercial Fair Use

Also protected from liability under the rubric of fair use are commentary, criticism, and parody under the First Amendment right to free speech.

There is increasing judicial receptivity to First Amendment claims with respect to subject matter on the Internet. In the *Bally Total Fitness* case, the defendant's website at www.compupix.com prominently displayed "Bally Sucks" in a logo style used by plaintiff's health club. The website content was devoted to criticizing plaintiff's services. The court considered the use to be a form of noncommercial expression protected by the First Amendment. The court observed that while it is illegal to use the trademark of another to

cannot "invoke the Lanham Act to protect itself from unwanted critical commentary even if comment harms plaintiff's business"; website did not mention defendant's business as alternative to plaintiff; summary judgment granted).

103. *New Kids on the Block v. News Am. Publ'g, Inc.*, 971 F.2d 302, 308 (9th Cir. 1992). See also *Horphag Research Ltd. v. Pellegrini*, 328 F.3d 1108, 1112 (9th Cir. 2003) (no nominative use where defendant's use of plaintiff's mark and variants thereof in metatags was unreasonably pervasive and suggested that plaintiff sponsored or was associated with defendant's websites and products).

104. *Edina Realty, Inc. v. TheMLSonline.com*, 2006 U.S. Dist. LEXIS 13775 (D. Minn. Mar. 20, 2006). See section 12:2.4, *infra*, for further discussion of descriptive and nominative fair use.

attract customers, the First Amendment protects use of a trademark as parody, satire, or a way to express one's opinions of a company.¹⁰⁵

The parody defense was also applied in the *Lombardo v. Dr. Seuss Enterprises* case. The parody was a play about an adult Cindy Lou Who, called *Who's Holiday!*, referencing Dr. Seuss's *How the Grinch Stole Christmas*. In addition to granting protection for the comedic effect and mocking characters, the Second Circuit affirmed the judgment on plaintiff's trademark claims, holding that "the public's interest in free speech here outweighs [Dr. Seuss's] interest in protecting its trademarks."^{105.1}

Protection of Parody in Domain Names: There is a distinction between use of a trademark to express opinions in website content versus use in a domain name. A number of decisions reject the First Amendment defense because domain names are source identifiers and any communicative message can be conveyed in the website content using a noninfringing domain name.¹⁰⁶ The Second Circuit rejected a fair use claim in the *TCPIP* case, noting that use of a mark as a domain name was not mere descriptive use but instead constituted use as a trademark.¹⁰⁷ A fair use claim was also rejected where plaintiff's famous mark CHANEL was used in the domain names *chanelstore.com* and *chanelfashion.com* to entice Internet users to respondent's retail fashion industry database.¹⁰⁸ Some courts advocate a multi-step First Amendment analysis, including

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105. *Bally Total Fitness Holding Corp. v. Faber*, 29 F. Supp. 2d 1161 (C.D. Cal. 1998). *See also* *Aviva USA Corp. v. Vazirani*, 902 F. Supp. 2d 1246 (D. Ariz. 2012) (financial advisor's use of insurance conglomerate's trademarks and trade dress in critical commentary is noncommercial use protected by First Amendment). For more on commercial versus noncommercial use, see *supra* sections 9:6.11[F] and 9:6.16[C].
- 105.1. *Lombardo v. Dr. Seuss Enters., L.P.*, 729 F. App'x 131 (2d Cir. 2018).
106. *See, e.g., Coca-Cola Co. v. Purdy*, 382 F.3d 774, 787–88 (8th Cir. 2004) (First Amendment does not protect defendant's use of plaintiffs' marks as domain names, *e.g.*, "mycoca-cola.com," to draw Internet users to an antiabortion activist site where use is likely to create confusion as to source or sponsorship); *HER, Inc. v. RE/MAX First Choice LLC*, 468 F. Supp. 2d 964 (S.D. Ohio 2007) (no First Amendment protection for competitor's gripe site that engages in commercially misleading use of plaintiff's marks).
107. *TCPIP Holding Co. v. Haar Commc'ns, Inc.*, 244 F.3d 88, 103–04 (2d Cir. 2001) (nondescriptive use obviated need for good-faith analysis; preliminary injunction affirmed).
108. *Chanel, Inc. v. Estco Tech. Grp.*, Case No. D2000-0413 (WIPO Sept. 18, 2000) ("Respondent's database at 'DesignerGlobe.com' can

the domain name itself, the way the name is used, the motivation of the website author, and the contents of the website.¹⁰⁹

§ 11:9 Policing Social Media Sites

There is a long and growing list of brand owners whose Internet policing efforts have spawned public relations nightmares. Before taking action, consider all of the following.

1. Check the site's terms of service:
 - a. Is what the user is doing permitted by the site rules? A "fake" user, for example, is permitted on Twitter but not on Facebook.
 - b. What happens if you complain to the site as opposed to complaining to the user? Maybe the user will be more willing to cooperate with a direct approach than an approach to the site that earns him or her "strikes" on the social media platform.
2. If you are not familiar with the site, how it works and its purpose, get familiar with it. Different sites have different purposes. If you don't know how it works, you will not be able to fully assess whether the use is infringing or not.

talk about 'Chanel' stores and 'Chanel' products. In contrast, it would not be fair use for Respondent to use Complainant's trademark outside a shop or office to entice customers in to use its database. The same logic applies in cyberspace." Cf. *Chanel, Inc. v. Hsiao Yin Fu*, No. 3:16-cv-02259, 2017 WL 1079544 (N.D. Cal. Mar. 22, 2017) (seizure exceeded scope of order; court permanently enjoined defendant from selling counterfeit Chanel products).

109. *Name.Space, Inc. v. Network Sols., Inc.*, 202 F.3d 573, 586 (2d Cir. 2000) (citing *Planned Parenthood Fed'n of Am., Inc.*, 42 U.S.P.Q.2d 1430; *OBH, Inc. v. Spotlight Magazine, Inc.*, 86 F. Supp. 2d 176, 197 (W.D.N.Y. 2000); *Lucent Techs., Inc. v. Johnson*, 56 U.S.P.Q.2d 1637, 1640 (C.D. Cal. 2000) (denying motion to dismiss brought by "lucentsucks.com" domain name owner and suggesting that *Name.Space* analysis should be applied to all "sucks" domain names). *But see* *Taubman Co. v. Webfeats*, 319 F.3d 770 (6th Cir. 2003) (use of plaintiff's trademark with sucks.com suffix as domain name for critical commentary website is protected by First Amendment; use in domain name is no different from shouting from rooftops).

3. Why is the user doing what it is doing? Is it a joke? Is it a commentary? Is it a fan tribute? Or is the user trying to confuse the public?
4. Is your public relations department on board? Are they ready to handle any backlash?
5. What are your other options if a user name that the brand wants to use is taken? Do you really “need” this particular name?
6. How popular is the user? How many people have “viewed” or “followed” or “liked” the use? Will a protest just turn more eyes on the page than it is ever likely to receive if left alone?
7. How can the issue be fixed? If the user could fix the issue with a minor change—adding “fake” to the profile name in Twitter, for example—be sure the client knows up front what the remedy is likely to be before challenging the use.

§ 11:10 Personal Jurisdiction

Websites are accessible from nearly anywhere on the planet, but accessibility does not equal physical presence. The question is: Does operation of a website by an out-of-state owner result in sufficient contacts with the forum state to create a basis for personal jurisdiction consistent with due process?

The general trend seems to be to focus on the defendant’s purposeful availment of the forum. This may be demonstrated where defendant makes sales, solicits business, offers services, or otherwise responds to Internet users in the forum state. Jurisdiction may be found even where products or services are not offered but the defendant tries to sell the domain name to the trademark owner.¹¹⁰ Jurisdiction has been denied where defendant operates merely a passive website.

110. Panavision Int’l L.P. v. Toeppen, 945 F. Supp. 1296 (C.D. Cal. 1996), *aff’d*, 141 F.3d 1316 (9th Cir. 1998) (personal jurisdiction exists where defendant tries to sell domain name to trademark owner; injury occurs in place where trademark owner located); *see also* Intermatic Corp. v. Toeppen, 947 F. Supp. 1227 (N.D. Ill. 1996).

Many courts have used the *Zippo* “sliding scale” analysis to determine whether the website is sufficiently interactive for jurisdictional purposes. Under the sliding scale, “the likelihood that personal jurisdiction can be constitutionally exercised is directly proportionate to the nature and quality of commercial activity that an entity conducts over the Internet.”¹¹¹

The Fourth Circuit has introduced a modified *Zippo* test, concluding that personal jurisdiction exists where an entity

- (1) directs electronic activity into the State, (2) with the manifest intent of engaging in business or other interactions within the State, and (3) that actively creates, in a person within the State, a potential cause of action cognizable in the State’s courts.¹¹²

Sample Cases Finding Personal Jurisdiction:

DEFENDANT’S ACTIVITY	CITATION
Arizona defendants subject to suit in North Carolina based on transmission of infringing material to North Carolina for inclusion in North Carolina defendant’s website.	Christian Sci. Bd. of Dirs. of First Church of Christ, Scientist v. Nolan, 259 F.3d 209 (4th Cir. 2001)
Pennsylvania defendant provided Michigan customers passwords to access website, posted data that referred to Michigan.	Neogen Corp. v. Neo Gen Screening, Inc., 282 F.3d 883 (6th Cir. 2002)

111. *Zippo Mfg. Co. v. Zippo Dot Com, Inc.*, 952 F. Supp. 1119, 1124 (W.D. Pa. 1997).

112. *ALS Scan, Inc. v. Dig. Serv. Consultants, Inc.*, 293 F.3d 707, 714 (4th Cir. 2002), *cert. denied*, 537 U.S. 1105 (2003) (no personal jurisdiction because claim unrelated to Internet activities).

DEFENDANT'S ACTIVITY	CITATION
California defendant subject to personal jurisdiction in New Hampshire based on website solicitation of hat box sales, plus advertising and location of supplier in New Hampshire; court applies First Circuit three-part test, "relatedness, purposeful availment, and reasonableness."	Sarah's Hat Boxes, L.L.C. v. Patch Me Up, L.L.C., No. 12-CV-399, 2013 WL 1563557 (D.N.H. Apr. 12, 2013) (citing Phillips v. Prairie Eve Ctr., 530 F.3d 22, 27 (1st Cir. 2008))
Arizona corporation that advertises in Illinois, has hundreds of thousands of Illinois customers, and earns millions of dollars from Illinois sales is subject to suit for alleged harm to Illinois resident arising directly from services provided in Illinois.	uBID, Inc. v. GoDaddy Grp., Inc., 623 F.3d 421 (7th Cir. 2010)

Sample Cases Finding No Personal Jurisdiction:

DEFENDANT'S ACTIVITY	CITATION
Alibaba Group Holding cannot stop Alibabacoin, a cryptocurrency company, from using the Alibaba name until it proves the N.Y. federal court has personal jurisdiction over the dispute.	Alibaba Grp. Holding Ltd. v. Alibabacoin Found., No. 18-cv-02897, 2018 WL 2022626 (S.D.N.Y. Apr. 30, 2018)
Website that can be accessed in Maryland and that used Maryland web hosting company did not subject Illinois organization to personal jurisdiction in Maryland.	Carefirst of Md., Inc. v. Carefirst Pregnancy Ctrs., Inc., 334 F.3d 390, 401 (4th Cir. 2003)

DEFENDANT'S ACTIVITY	CITATION
New Jersey resident's online matchmaking website did not target or exploit Illinois market—only twenty Illinois people with profiles on website.	be2 LLC v. Ivanov, 642 F.3d 555 (7th Cir. 2011)
Foreign defendant's sale of a few products to in-state residents does not provide minimum contacts needed to justify personal jurisdiction.	Advanced Tactical Ordnance Sys., LLC v. Real Action Paintball, Inc., 751 F.3d 796 (7th Cir. 2014)

§ 11:11 **Scope of Relief: When Is the World Wide Web Too Wide?**

The Internet's global reach poses special problems when it comes to the scope of relief. Typically, trademark rights are territorial, and there may be situations where similar marks are owned by different parties in different jurisdictions. How do courts regulate the use of those marks on the Internet? An injunction that requires blocking access to a site or removal of infringing marks may be too broad when the infringer can legitimately use the mark in some geographic areas.

The Sixth Circuit acknowledged the difficulty of fashioning relief in Internet cases where “a senior user holds a federal registration subject to limited concurrent rights of a junior user.” The court stated that “permitting some form of internet use seems necessary; otherwise, if two parties have concurrent rights to the same mark in distinct geographical areas, neither party would ever be allowed any use of the internet.”¹¹³

In *Jeri-Jo*, Italian defendants were not required to de-list their homepage address “www.energie.it” from Internet search engines even though defendants’ ENERGIE mark was found to infringe plaintiff’s ENERGIE mark in the United States. The court noted that “defendants may legitimately advertise their mark over much of the rest of the globe” and “[p]laintiffs did observe at oral

113. Allard Enters., Inc. v. Advanced Programming Res., Inc., 249 F.3d 564, 575 (6th Cir. 2001).

argument that [perfect relief] is not possible, the Internet being what it is.”¹¹⁴

Another Italian defendant who made sexually explicit images available through its site established in Italy was found in contempt of a New York court order enjoining use of PLAYMEN on English language publications or related products sold or distributed in the United States.¹¹⁵ The court permitted continued operation of the website but prohibited the site “from accepting subscriptions from customers living in the United States.”¹¹⁶

As Internet trademark jurisprudence continues to develop, expect more cases to consider the complex issues involving scope of relief on the World Wide Web.

§ 11:12 Where Does Responsibility for Infringement Lie?

In many cases, the website owner just provides a platform for others to post content. When the content posted is infringing, who is responsible? The actual poster of the content is sometimes difficult if not impossible to locate and may not be subject to jurisdiction in a convenient venue.

One point is clear: absent bad faith, responsibility does not lie with the domain name registrar. The ACPA provides:

A domain name registrar, a domain name registry, or other domain name registration authority shall not be liable for damages under this section for the registration or maintenance of a domain name for another absent a showing of bad faith intent to profit from such registration or maintenance of the domain name.¹¹⁷

However, where the service provider itself has acted in bad faith, an action may lie. For example, Microsoft and Verizon have brought actions on the grounds that the registrar registered the domain names for itself, taking steps to mask that it was the true registrant.

114. *Jeri-Jo Knitwear, Inc. v. Club Italia, Inc.*, 94 F. Supp. 2d 457, 459 (S.D.N.Y. 2000).

115. *Playboy Enters., Inc. v. Chuckleberry Publ'g, Inc.*, 938 F. Supp. 1032 (S.D.N.Y.), *reconsideration denied*, 939 F. Supp. 1032, 1041 (S.D.N.Y. 1996).

116. *Id.* at 1040.

117. 15 U.S.C. § 1114(2)(D)(iii).

Other actions have also alleged abusive domain name tasting and domain name kiting by registrars.¹¹⁸

The *GoDaddy* case illustrates the difficulties a brand owner faces in trying to hold a registrar liable for registering allegedly infringing domain names to third parties. The plaintiff, the Academy of Motion Picture Arts and Sciences, owner of OSCAR and ACADEMY AWARDS marks, sought to hold GoDaddy liable under the ACPA for registering and providing “parked pages” featuring pay-per-click advertising for the hundred-plus domains at issue. While the parked pages and advertising generated some minimal revenue for GoDaddy, and GoDaddy had a generalized intent to make a profit from its programs, the Academy failed to prove that GoDaddy had any bad faith intent to profit from the Academy’s specific marks. The district court decision provides a lengthy but clear explanation of the various automated behind-the-scenes mechanics for parked pages and automatically generated Internet advertisements.^{118.1} Are you seeing ads for your client’s mark when you visit a particular page? Perhaps that is not because of anything that the owner of the page has done and instead the content is a result of your own Internet searching history. *GoDaddy* is recommended reading for anyone seeking to enforce trademark rights against registrars in the domain sphere.

Also, keep in mind that many service providers will remove infringing content upon notice by a trademark owner. Check the terms of service for the site at issue.¹¹⁹

118. See cases discussed and complaints at TECH. & MKTG. LAW BLOG, http://blog.ericgoldman.org/archives/2009/01/onlinenic_loses.htm.

118.1. Acad. of Motion Picture Arts & Scis. v. GoDaddy.com, Inc., No. CV 10-03738 AB (CWx), 2015 WL 5311085 (C.D. Cal. Sept. 10, 2015). The Academy voluntarily dismissed its appeal to the Ninth Circuit after the February 9, 2016, stipulation of parties.

119. See section 8:4 regarding case law dealing with eBay policy of removing infringing content. A service provider with no policy regarding removing infringing material after notice and no designated person to receive notice runs the risk of being found liable for contributory infringement. See, e.g., *Louis Vuitton Malletier, S.A. v. Akanoc Sols., Inc.*, No. 07-03952 JW, slip op. (N.D. Cal. Mar. 19, 2010) (jury award of over \$20 million); see also *Louis Vuitton Malletier, S.A. v. Akanoc Sols., Inc.*, 591 F. Supp. 2d 1098 (N.D. Cal. 2008) (decision denying defendant’s motion for summary judgment on the contributory infringement claim).

Like service providers, other companies who count counterfeiters and domain name cybersquatters among their customers may find themselves on the receiving end of a lawsuit.¹²⁰

Note that 47 U.S.C. § 230(c)(1) (commonly referred to as section 230 of the Communications Decency Act) provides immunity from liability for “interactive computer service” providers or users who publish information provided by others. Section 230 immunity will apply to claims that try to hold the service provider liable for defamation and similar state law claims, including state right-of-publicity claims and state criminal laws, but the immunity does not extend to federal criminal law or intellectual property claims.^{120.1}

§ 11:13 **The Internet As a Source of Information and Evidence**

The Internet is a limitless resource for information useful to trademark practitioners. Information that once was obtained through an investigator’s discreet anonymous phone calls or a visit to a company’s premises is now literally at the attorney’s fingertips. A quick search may reveal whether the product of interest is available for sale, the company’s location, and the complete product line and history. Chances are that you can order the potentially infringing product over the Internet. However, the Internet is frequently just the first step. In many situations, you will still want to check out the retail marketplace and hire an investigator to visit the premises.

The Internet not only provides useful background information, but may also provide evidence to support your case in court. When confronted with the issue of admissibility of material printed off the Internet, practitioners should consider these points:

- If the evidence is offered for the truth of statements contained in the Internet printout, there is likely to be a hearsay problem.

120. *See, e.g.,* Gucci Am., Inc. v. Frontline Processing Corp., No. 1:09-cv-06925-HB (S.D.N.Y. June 23, 2010) (plaintiff alleged facts sufficient to infer that company that assisted counterfeiting site in setting up its credit card transactions intentionally induced trademark infringement and that bank and credit card processing company exerted sufficient control over the infringing transactions and knowingly provided services to a counterfeiter; motion to dismiss denied).

120.1. *See, e.g.,* Perfect 10, Inc. v. CCBill LLC, 488 F.3d 1102 (9th Cir. 2007).

- If the evidence is offered to show the existence of a company name or trademark as it appears on the Internet, a judge may request the parties to stipulate to the admissibility of this material—or it may come through the testimony of the downloader. Judicial notice may also be taken of documents obtained from the Internet.^{120.2}
- The Internet home page of your adversary may contain information that can be used against him, such as statements contrary to the assertions he is making in court. See, for example, the Bath & Body Works website featuring testimonials by customers that they purchased BATH & BODY TWILIGHT WOODS products because they liked the *Twilight* movies.¹²¹
- Where there are claims that the mark is generic or descriptive and therefore weak, the Internet, like the Nexis database of newspaper and magazine articles, may demonstrate descriptive uses. However, frequent presence of a term on the Internet does not necessarily indicate weakness, for example, where a well-known mark is the target of cybersquatters.¹²²
- If defendant wants to demonstrate the weakness of plaintiff's mark as a result of third-party use, remember: appearance on the Internet does not necessarily equate with commercial use. Of course, the Internet is a good starting point to determine what uses should be further investigated and

120.2. See *Marten Transp., Ltd. v. Plattform Advert., Inc.*, No. 14-2464-JWL, 2016 WL 1718862 (D. Kan. Apr. 29, 2016) (authentication of archive webpages from Wayback Machine not necessary where accuracy of screenshots at time they were captured could not reasonably be questioned).

121. *Bath & Body Works Brand Mgmt., Inc. v. Summit Entm't, LLC*, 7 F. Supp. 3d 385 (S.D.N.Y. 2014) (denying Bath & Body Works motion for summary judgment).

122. Beware that Trademark Office examiners may look up applicant on the Internet and use applicant's Internet description of its product to support a rejection, for example, based on descriptiveness. See *In re Promo Ink*, 78 U.S.P.Q.2d 1301, 1304 (T.T.A.B. 2006) (descriptiveness rejection supported by Internet ads showing use of "Party at a Discount" in promotional information featuring discount coupons for parties).

documented, for example, by purchase of products in the marketplace or photographs of retail premises.

§ 11:14 Conclusion

Like much of technology, the Internet has pluses and minuses for the practitioner. You are able to obtain information much more quickly and easily, but so can your opponent. From the trademark owner's point of view, damage caused by exposure of infringing uses on the Internet can be far more immediate and wide reaching than exposure at the local retail level. The Anticybersquatting Consumer Protection Act, the UDRP, and the IPR procedures in place for the new gTLDs are important steps in the effort to protect trademarks on the Internet. However, the flood of Internet litigation, like the flood of Internet information, is not likely to recede soon.

