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TRADEMARK INFRINGEMENT – DOMAIN NAMES AND SPONSORED LINKS

Frequently Asked Questions

- **When does the use of a trademarked name in a domain name become trademark infringement?**

The use of a trademarked name in a domain name often triggers trademark infringement. In the Ninth Circuit in particular, many cases have held that the use of a registered trademark in a domain name is likely to cause confusion and constitutes trademark infringement. However, where a trademark is unregistered or where the court finds no likelihood of confusion, an answer is less clear. Generally, merely reserving a domain name that uses another's trademark does not infringe the mark if that domain name is not used in commerce. And simply reserving a domain name does not establish any trademark rights.

- **When does the use of a trademarked name in the text of a sponsored link constitute trademark infringement?**

Where a trademarked name is used in the text of a sponsored link, or where a trademarked name is used to trigger the appearance of a sponsored link, case law is mixed. In some cases, merely using a trademarked name to trigger the appearance of a link does not trigger trademark infringement. *See, e.g., Playboy Enters., Inc., v. Welles*, 279 F.3d 796 (9th Cir. 2002) (use of trademarked terms in the metatags leading to defendant's website does not infringe plaintiff's trademarks, since such use was a nominal fair use). But where the text of the sponsored link actually uses the trademarked name or where the sponsored link uses the trademarked name on its website, the holder of the trademark has a better claim for trademark infringement.

Discussion

Domain Names

Ninth Circuit case law seems to clearly favor trademark holders when a trademarked name is used by another party in a domain name. In *Nissan Motor Co. v. Nissan Computer*

Corp., for example, defendant Uzi Nissan used his last name for his computer sales and service business and registered the domain name "nissan.com" in 1994. 378 F.3d 1002, 1007 (9th Cir. 2004). Plaintiff Nissan Motor had registered the trademark "Nissan" back in 1959. *Id.* Nissan Motor filed suit against Nissan Computer in 1999 and the district court issued an injunction that the Ninth Circuit Court of Appeals affirmed. *Id.* at 1008. The injunction required the computer company to post "prominent captions" on its webpages that disclaims affiliation with Nissan Motor. *Id.* The injunction also required the computer company to not display automobile-related information on its webpages. *Id.*

Nissan Computer nevertheless posted on its website links to pages with disparaging remarks about Nissan Motor and with links to auto-related advertising. *Id.* Nissan Motor once again filed suit. *Id.* The Ninth Circuit Court of Appeals affirmed summary judgment for Nissan Motor as to the automobile-related advertisements, and affirmed summary judgment for Nissan Computer as to the non-auto-related advertisements. *Id.* at 1019. The court stated:

Nissan is a last name, a month in the Hebrew and Arabic calendars, a name used by many companies, and the goods offered by these two companies differ significantly. However, Nissan Computer traded on the goodwill of Nissan Motor by offering links to automobile-related websites . . . An Internet user interested in purchasing, or gaining information about Nissan automobiles would be likely to enter nissan.com. When the item on that website was computers, the auto-seeking consumer would realize in one hot second that she was in the wrong place, [and] Nissan computer would not capitalize on the misdirected consumer. However, once nissan.com offered links to auto-related websites, then the auto-seeking consumer might logically be expected to follow those links to obtain information about automobiles. Nissan Computer financially benefited because it received money for every click.

Id. Similar Ninth Circuit cases include, among others: *Brookfield Commc'ns, Inc. v. W. Coast Entm't Corp.*, 174 F.3d 1036 (9th Cir. 1999) (use of the domain name "moviebuff.com" violated trademark rights in "MovieBuff"); *Caesars World, Inc. v. Milanian*, 247 F. Supp. 2d 1171 (D. Nev. 2003) (use of domain names "lasvegascolesseum.com," "colosseumlv.com," and "colosseumlasvegas.com" likely to cause consumer confusion with casino operator's "Colosseum" trademark); *Garden of Life, Inc. v. Letzer*, 318 F. Supp. 2d 946 (C.D. Cal. 2004). (Note: These cases typically involve *registered* trademarks.)

Some cases have held that merely reserving a domain name with another's trademark does not infringe the mark as long as the domain name is not used in commerce. *See, e.g., 555-1212.com, Inc. v. Commc'n House Intern., Inc.*, 157 F. Supp. 2d 1084 (N.D. Cal. 2001); *HQM, Ltd. v. Hatfield*, 71 F. Supp. 2d 500 (D. Md. 1999).

Sponsored Links

Where a trademarked name is used in the text of a sponsored link, or where a trademarked name is used to trigger the appearance of a sponsored link, the holder of a trademark may have a viable claim for trademark infringement. Though some courts have held that using a trademarked term to trigger the appearance of a sponsored link does not trigger trademark infringement, *see, e.g., Rescuecom Corp. v. Google, Inc.*, 456 F. Supp. 2d 393, 396 (N.D.N.Y. 2006), a number of other courts have found trademark violations under such circumstances, *see, e.g., Google v. Am. Blind & Wallpaper Factory, Inc.*, 2007 WL 1159950 (N.D. Cal. 2007) (slip copy, not designated for publication or citation).

In *Rescuecom Corp.*, the plaintiff was a successful computer services franchising business that had registered its trademark "Rescuecom." 456 F. Supp. 2d at 396. Rescuecom advertised online and through the defendant, Google. *Id.* Google maintains a popular Internet search engine and offers a program called "AdWords," which allows advertisers to bid on certain terms or keywords that an Internet user might type in a search. *Id.* at 396-97. Google links an advertiser's sponsored link to the keyword, and when an Internet user enters the keyword, the sponsored link is triggered and appears on the search results page. *Id.* at 397. The sponsored links can appear at the top of the list of search results or to the right of the search results. *Id.*

Many of Rescuecom's competitors submitted the "Rescuecom" trademark to Google's AdWords as a keyword. *Id.* Google even recommended "Rescuecom" to those competitors as a successful keyword. *Id.* Rescuecom sued Google, alleging that Google's selling of Rescuecom's trademark to its competitors as a keyword constitutes trademark use in violation of the Lanham Act, 15 U.S.C. § 1051 et seq. *Id.* at 400. Specifically, Rescuecom argued (1) that Google was attempting to "free-ride" on the goodwill associated with Rescuecom and that Google's activities cause confusion; (2) that Google's activities lure Internet searchers away from Rescuecom's website; (3) that Google's activities alter search results; and (4) that Google uses Rescuecom internally to trigger the appearance of competitors' advertisements.

The district court rejected all of Rescuecom's arguments. The court first stated that even if Rescuecom could prove that Google was capitalizing on the goodwill of its trademark, or that Internet users are confused by the sponsored links, these facts could not establish trademark use under the Lanham Act. The court also noted that when an Internet user types "Rescuecom" into Google's search engine, a page showing *both* sponsored links and a link to Rescuecom's website was produced, and that there was "no allegation that any of the links among the search results . . . display[ed] plaintiff's trademark." *Id.* at 401. Therefore, the court found no evidence of trademark use in these circumstances either. *Id.* The court cited from a Second Circuit case that used the following analogy:

Indeed, it is routine for vendors to seek specific "product placement" in retail stores precisely to capitalize on their competitors' name recognition. For example, a drug store typically places its own store-brand generic products next to the trademarked products they emulate in order to induce a

customer who has specifically sought out the trademarked product to consider the store's less-expensive alternative.

Id. at 402-03 (citing *1-800 Contacts v. WhenU.Com, Inc.*, 414 F.3d 400, 410-11 (2d Cir. 2005)). The court finally noted that Google's use of the Rescuecom keyword did not constitute trademark use because Rescuecom did not show that Google placed the trademark "on any goods, containers, displays, or advertisements, or that its internal use is visible to the public." *Id.* at 403.

A number of other district court cases within the Second Circuit are consistent with this ruling. See, e.g., *Merck & Co., Inc. v. Mediplan Health Consulting, Inc.*, 425 F. Supp. 2d 402, 415 (S.D.N.Y. 2006 (*Merck I*)) ("[I]nternal use of the mark 'Zocor' as a keyword to trigger the display of sponsored links is not use of the mark in a trademark sense."); *Merck & Co., Inc. v. Mediplan Health Consulting, Inc.*, 431 F. Supp. 2d 425, 427 (S.D.N.Y. 2006 (*Merck II*)) ("[I]nternal use of the mark . . . is more akin to the product placement marketing strategy employed in retail stores.").

Many other district courts outside the Second Circuit, however, *have* found "trademark use" under similar circumstances. See, e.g., *800-JR Cigar, Inc. v. GoTo.com, Inc.*, 437 F. Supp. 2d 273 (D.N.J. 2006); *Buying for the Home, LLC v. Humble Abode, LLC*, 459 F. Supp. 2d 310 (D.N.J. 2006); *Edina Realty, Inc. v. TheMLSOnline.Com*, 2006 WL 737065 (D. Minn. 2006); *J.G. Wentworth, S.S.C. v. Settlement Funding LLC*, 2007 WL 30115 (E.D. Pa. 2007). In one case, *Gov't Employees Ins. Co. (GEICO) v. Google, Inc.*, plaintiff GEICO alleged that Google's practice of selling advertising linked to its trademarks violated the Lanham Act. 330 F. Supp. 2d 700, 701-02 (E.D. Va. 2004). The court noted that by offering GEICO's trademarks for use in advertising, specifically by selling the rights to link advertising to GEICO's marks, Google is using the trademarks in commerce "in a way that may imply that defendants have permission from the trademark holder to do so." *Id.* at 704 (following the analysis of *People for the Ethical Treatment of Animals v. Doughney*, 263 F.3d 359 (4th Cir. 2001)). The court also stated that GEICO alleged facts sufficient to support claims of contributory and vicarious liability. *Id.* GEICO argued that Google was liable when advertisers make trademark use of GEICO's trademarks by incorporating them into advertisements and that Google exercised significant control over the search results page advertisements, thereby making Google liable for Lanham Act violations by the advertisers. *Id.*

In a case before the Ninth Circuit, *Playboy Enters. v. Netscape Commc'ns Corp.*, the court focused on "likelihood of confusion." 354 F.3d 1020 (9th Cir. 2004). This case involved the keying by defendants of plaintiff's trademark terms so that banner ads would appear on search result pages when Internet users typed in the terms "playboy" and "playmate." *Id.* at 1022-23. The banner ads were adult-oriented and often graphic. *Id.* at 1023. Playboy argued that the banner ads produced a certain type of confusion – initial interest confusion. *Id.* at 1024.

Initial interest confusion is customer confusion that creates initial interest in a competitor's product. Although dispelled before an actual sale occurs, initial interest confusion impermissibly capitalizes on the goodwill associated with a mark and is therefore actionable trademark infringement . . . Even if [Internet users] realize immediately upon accessing the competitor's site that they have reached a site wholly unrelated to [plaintiff's], the damage has been done: through initial consumer confusion, the competitor will still have gained a customer by appropriating the goodwill that [the plaintiff] has developed in its mark.

Id. at 1025. The court noted that although Playboy could likely defeat summary judgment based on evidence of such confusion, the court stated that it was nonetheless necessary to use the Ninth Circuit's eight-factor test to conclusively determine the likelihood of confusion. *Id.* at 1026. The eight factors include: "(1) strength of the mark; (2) proximity of the goods; (3) similarity of the marks; (4) evidence of actual confusion; (5) marketing channels used; (6) type of goods and the degree of care likely to be exercised by the purchaser; (7) defendant's intent in selecting the mark; and (8) likelihood of expansion of the product lines." *Id.* (these factors are often referred to as the *Sleekcraft* factors and were originally set forth in *AMF Inc. v. Sleekcraft Boats*, 599 F.2d 341, 348-49 (9th Cir. 1979)). The court noted that flexibility in the application of these factors is necessary in the Internet context, and concluded that the majority of the eight factors weighed in favor of Playboy. *See id.* at 1026-1029. Though Netscape asserted three defenses, fair use, nominative use, and functional use, the court held that none of the defenses applied *Id.* at 1029-31.

In a later case from a federal court in California, *Google v. Am. Blind & Wallpaper Factory, Inc.*, the plaintiff, ABWF, made similar trademark complaints. 2007 WL 1159950. Google acknowledged that it does sell trademarked terms belonging to ABWF to ABWF's competitors as keywords that trigger sponsored links. *Id.* at 1. Google provided the court with its stated trademark complaints procedure:

When we receive a complaint from a trademark owner, we will only investigate whether the advertisements at issue are using terms corresponding to the trademarked item in the advertisement's content. If they are, we will require the advertiser to remove the trademarked term from the content of the ad and prevent the advertiser from using the trademarked term in ad content in the future. Please note that we will not disable keywords in response to a trademark complaint.

Id. The court relied on *Playboy* in concluding that "the sale of trademarked terms in the AdWords program is a use in commerce for the purposes of the Lanham Act." *Id.* at 6. The court noted though, that the facts differed from those of *Playboy* in that the banner ads in *Playboy* were not labeled or were confusingly labeled, whereas the sponsored links at issue here were clearly identified as "sponsored links" (though the parties did dispute whether Google sufficiently defined "sponsored links" for Internet users). *Id.* at 4.

Despite this difference, the court found that ABWF's claims could at least sustain summary judgment. *Id.* at 6.

Based on the above case law, it appears that in the Ninth Circuit, courts may provide protection for trademark holders in sponsored link cases, and that this might also be the more popular view nationwide. In the Second Circuit, at least, the trend seems to be toward the opposite result. In any event, cases relating to the use of trademarked terms in sponsored links are few and far between, so it is difficult to detect a distinct pattern.