

UNITED STATES APPROACHES TO TRADEMARK PROTECTION IN  
CYBERSPACE

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**Abstract.** The rise of the internet and electronic commerce has transformed United States trademark law in significant ways. The technological and structural choices that created the internet spawned online trademark uses that challenged traditional legal doctrines governing the power of trademark owners to control the uses of their marks. The result of these challenges has been the rapid expansion of prior doctrines to apply to these new issues, with somewhat dubious reasoning, and the creation of new causes of action to protect trademark owners' interests. Although the final impact of the internet has yet to be felt, some basic conclusions may be drawn: (i) courts and regulators in the United States have rapidly expanded trademark owners' rights; (ii) the pace of technological change will continue to challenge existing laws and interpretations; and (iii) United States legal decision makers should be mindful of the possible future effects of the doctrines they espouse. In this essay, I focus on two areas: (i) cybersquatting and dilution; and (ii) metatagging, keywords, and initial interest confusion. Although these two areas provide only a taste of the legal issues raised by online trademark usage, they capture the basic approach that lawmakers have taken in the face of technological challenge—protect trademark owners' interests.

**Keywords:** electronic commerce, cyberspace regulation, trademark law, trademark violations in cyberspace.

**Section I: INTRODUCTION**

At the conference in January, attendees frequently discussed the potential for legal cross-pollination between the various jurisdictions. In this vein, I do not want to write an article that explores an interesting wrinkle of United States cyberspace law; nor am I interested in providing an account of my "take" on the current state of United States law in a particular area (although those who attended the conference can testify that I have many opinions). Instead, I wish to provide some context for understanding the evolution and current state of United States law in one area: trademarks in cyberspace.

The internet's explosive growth and commercialization have dramatically altered much of the United States legal landscape. New technologies have given rise to novel questions of contract law, jurisdiction, free speech, and many others; leaving courts and legislators

struggling to keep pace. In the flurry of legal change, traditional doctrines have been stretched, new regulatory systems have been enacted, and many previously secure theories of law have been set into turmoil. Law's difficulty in keeping pace with technological change is nowhere better seen than in the legal changes to intellectual property law over the past decade.

Trademarks may not have garnered as much attention as copyrights in the last few years, but the changes to its doctrinal structure are no less transformative. Long-standing limitations on, and traditional barriers to, infringement actions have come tumbling down as congress and the courts have struggled to protect trademark owners' rights in the face of technological challenges.

This essay sets out, in rather summary fashion, the internet's effects on United States trademark law. My goal is to provide an overview of trademark law's evolution from the pre to post-internet era. The reader, when finished, should have a good understanding of the

internet's structure and the challenges it posed (and poses) for traditional understandings of trademark law. In this essay, I focus on two areas: (i) cybersquatting and dilution; and (ii) metatagging, keywords, and initial interest confusion. Although these two areas provide only a taste of the issues raised by the internet, they capture the basic approach that lawmakers have taken in the face of technological challenge – protect trademark owners' interests.

## Section II: LEGAL BACKGROUND

The United States has always taken a rather expansive view of what may be trademarked. The Lanham Trademark Act of 1946 (“Lanham Act”)[1], the main United States statute governing trademarks, provides that “any word, name, symbol, or device or any combination thereof”[2] may be trademarked. The statutory language has been broadly interpreted and trademark registrations have been allowed for colors, smells, sounds, and shapes as well as more traditional representations [3].

The Lanham's Act's substantive breadth is in contrast to the narrow grounds on which trademark infringement suits have historically been allowed. The Lanham Act allows for infringement suits in only two circumstances: (i) consumer confusion; or (ii) dilution [4]. The United States has always rejected the view that trademark owners have a property interest in their marks. Instead, trademark owners are empowered to enforce their rights only to the extent necessary to protect the public from confusion or brand dilution.

Indeed, it is a long-standing doctrine that trademarks are protected for the sake of the purchasing community. Courts have been uniform in declaring that “a trademark owner has a property right only insofar as is necessary to prevent customer confusion as to who produced the goods and to facilitate differentiation of the trademark owner's goods”[5]. Thus, unauthorized use of another's trademark is generally actionable only if the owner may show actual or likely consumer confusion about the source or origin of goods; a dilution of brand distinctiveness or quality; and, in all cases, only if the unauthorized use of the mark is commercial in nature.

Of all the rationales for protecting trademarks, consumer confusion is the most prevalent and the touchstone for trademark infringement lawsuits in the United States. Trademark law's focus on consumer confusion has historically been justified on both a positive and a negative basis. The negative justification is that trademarks are necessary to assure customers that they are purchasing the goods they expect – the danger of not protecting trademarks is potential consumer harm. The positive justification is that trademark protection increases consumer efficiency through market competition and as a short-hand for product qualities.

“Among other things, trademarks (a) foster competition by enabling particular business entities to identify their goods or services and to distinguish them from

those sold by others; (b) facilitate distribution by indicating that particular products or services emanate from a reliable though often anonymous source; (c) aid consumers in the selection process by denoting a level of quality relating to particular goods or services; (d) symbolize the reputation and good will of the owner, thereby motivating consumers to purchase or avoid certain trademarked products or services” [6].

The Lanham Act makes clear that consumer confusion need not be “actual” but that a “likelihood” of confusion is sufficient [7]. Over the years, courts have developed complicated tests for determining a likelihood of confusion, including multi-part tests that gauge such factors as the famousness of the mark, the similarity between the marks, the competition between the users, and survey results showing consumer confusion [8]. In recent years, as is discussed in more detail below, the courts have resurrected and expanded older doctrines that disregard actual or likely consumer confusion and focus more on uses of trademarks that mislead or redirect consumers at the initial stages of their decisionmaking. The most famous of these doctrines, “initial interest confusion,” has become an essential doctrine in the internet era.

For the Lanham Act's first fifty years, consumer confusion was the *only* basis on which trademark infringement suits were allowed. Various states did allow for suits on theories of “unfair competition” and “dilution.” However, not every state interpreted unfair competition and dilution in the same manner and only a fraction of states even allowed for dilution as a basis for suit. The result was an inconsistent approach to trademark law that facilitated forum-shopping and opportunistic use [9]. Such an approach worked in an era where commercial use and value could be restricted to specific geographic regions and markets. The internet, with its immediate global reach and, as we shall see, first-come, first-served approach to trademark usage in domain names, compelled a rethinking of this non-uniform policy.

In 1995, the federal government adopted a national policy on trademark dilution; amending the Lanham Act through passage of the Federal Trademark Dilution Act (“FTDA”) [10]. The FTDA sought to protect trademark owners from emerging online practices of so-called cybersquatters [11]. Under the FTDA, trademark owners could seek injunctions against unauthorized users for any use that “lessen[s] the capacity of a famous mark to identify and distinguish goods or services” [12]. Courts interpreting the FTDA have noted that dilution does not require consumer confusion of any kind:

“Dilution is an injury that differs materially from that arising out of the orthodox confusion. Even in the absence of confusion, the potency of a mark may be debilitated by another's use. This is the essence of dilution. Confusion leads to immediate injury, while dilution is an infection which if allowed to spread, will inevitably destroy the advertising value of the mark” [13].

In short, the federal government and its courts have looked to dilution to capture online activities that dimin-

ish the distinctiveness of a trademark by: (i) associating it with other competing or non-competing goods or services [14]; (ii) associating it with inferior or objectionable goods or services [15]; or, most controversially, (iii) affecting the power of a trademark holder to build brand distinctiveness through its use on the internet [16]. The FTDA, although doing away with traditional consumer confusion and competitive restrictions, nevertheless restricted dilution lawsuits to only those trademarks considered “famous” [17] and only against unauthorized *commercial* acts. These restrictions have led to a number of cases seeking to define what constitutes a “famous” mark [18] and what constitutes a “commercial act” for purposes of triggering dilution suits [19].

As already noted—for any trademark suit, whether sounding in consumer confusion or in dilution, it is essential that the alleged use of the mark be considered a use “in commerce” [20]. The question of what constitutes an “in commerce” use is complicated, but is defined by the Lanham Act as “bona fide use of a mark in the ordinary course of trade, and not made merely to reserve a right in a mark” or, in other words, using the mark to denote goods or services [21]. Merely placing a trademark on a good not sold commercially, or reserving a mark, does not generally qualify as a commercial use [22].

This section has set out the major components of United States trademark before and at the very beginning of the internet era. Trademark owners were able, under the Lanham Act, to register a wide variety of potential marks but the enforcement of those marks were subject to significant restrictions: (i) a showing of actual or likely consumer confusion; (ii) only famous marks are able to seek protection from dilution; and (iii) that for any trademark claim, only unauthorized *commercial* uses are prohibited. The internet has posed a direct challenge to the use and interpretation of each of these doctrines and, as is discussed below, has resulted in an expansion of the enforcement rights of trademark holders in nearly every case.

### **Section III: CYBERSQUATTING, THE DNS, & EXPANSION OF TRADEMARK PROTECTIONS**

This section discusses the structure and technology of the internet and how these factors have directly affected United States trademark law. Of the internet’s many effects on trademark law, perhaps the most influential have arisen out of its domain naming system (“DNS”). In order to aid users to find websites, the internet’s early architects devised the DNS to use everyday phrases, words, and numbers to make website identification and memorization easier. The DNS allows any user to register a domain name – the only restriction is that once a domain name has been chosen it cannot be registered by anyone else. Domain name exclusivity is only one principle of the DNS. The second major principle of the DNS is that domain names are given to the first application. Internet registries do not check to ensure that the names registered are trademarks or, even if

they did, that the trademarks are registered by their owners. Instead, internet registries offer a first-come, first-served service – the first to register the domain name gets it, no questions asked. Finally, the DNS is global – so once a domain name is registered the original registrant has exclusivity over that name even with regard to trademark owners in other geographic regions or other markets.

The DNS’ introduction into use in the early 1990s was heavily criticized. Scholars were particularly upset with the DNS’ refusal to allow for competing marks in different regions and markets and, most important, with the decision not to check registrants to ensure that trademarks were registered as domain names only by their offline owners. These criticisms, although not entirely without merit, largely missed the point. In reality, the DNS’ real problem for trademarks was not its possible anticompetitive and monopolistic effects for trademark owners – it was the opportunities it provided for some motivated individuals to take trademarks hostage.

Soon after the DNS was announced, and years before electronic commerce became a mainstream phenomenon, forward-looking individuals rushed to register the most valuable domain names. Some of these were mere generics (i.e., “sex.com” or “wine.com”) but the real problems arose when these individuals began registering trademarks as domain names (e.g., “mcdonalds.com” and “panasonic.com”). Indeed, the number of large companies whose trademarks were registered as domain names without their consent reads like a “who’s who” of global corporations [23]. Once these marks were registered as domain names, the registrants usually tried to sell them back to the companies that owned the trademarks – often at substantial cost.

Many paid – but some sued. Those that chose to sue faced a number of doctrinal obstacles. First, they needed to show that the Lanham Act applied to domain names that use trademarks. On this issue, courts quickly concluded that, although trademarks do not “automatically entitle [trademark owners] to use [their] mark as their domain name [as] trademark law does not support such a monopoly” [24], domain names that use trademarks in ways prohibited under the Lanham Act could be liable for infringement [25]. Armed with these decisions, trademark owners next needed to show that the unauthorized use of trademarks in domain name registrations resulted either in consumer confusion or dilution.

Trademark owners quickly realized that consumer confusion doctrines would not apply to cybersquatters. Cybersquatters merely register domain names and hold them hostage. They do not create websites using the domain names and, where they do, such websites do not associate the trademarks with any goods or services. As a result, consumers could not be confused about the source or origin of goods or services since no goods or services are implicated by cybersquatting.

Foreclosed from raising consumer confusion claims, trademark owners were forced into theories of trademark dilution. To win on dilution claims, owners

needed to show: (i) that the use of the trademark was “in commerce”; and (ii) that such use lessened the trademark’s capacity to be associated with goods or services. Once again, cybersquatters’ use of trademarks made both of these elements difficult to prove. As the trademarks were never associated with goods or services of any kind, traditional “in commerce” requirements were generally unavailing. Finally, dilution usually requires a showing that the trademarks have been used with inferior or nefarious goods resulting in either a blurring of trademark distinctiveness or tarnishment of the mark’s goodwill.

On the question of unauthorized commercial use, courts concluded that cybersquatters’ mere “registration of a trademark as a domain name, without more, is not a commercial use of the trademark and therefore is not [infringement]” [26]. Despite these broad findings, courts nevertheless concluded that cybersquatters did indeed use the trademarks “in commerce” because of the attempt to sell the domain name back to the trademark owner [27]. This commercial use triggered the next question – did unauthorized use of trademarks as domain names constitute dilution? Two courts both concluded that it did.

In two early and highly influential decisions, one from Illinois (“*Intermatic*”) [28] and the other from California (“*Panavision*”) [29], courts concluded that cybersquatting was trademark dilution. As noted earlier, traditional trademark law allowed for dilution only if the act “lessen[s] the capacity of a famous mark to identify and distinguish goods or services.” The trademark owners in these cases argued that their ability to use the mark was diminished because the cybersquatter prevented them from using it on the internet. This impedance of their use lessened their ability to use the mark to identify goods or services because their use was entirely blocked. Somewhat surprisingly, the courts accepted this “impedance” argument and held that cybersquatting fell within the Lanham Act’s definition of dilution [30].

Trademark scholars have largely criticized the *Intermatic* and *Panavision* cases. On one level, scholars have objected to the argument that mere “impedance” could constitute dilution. However, given the FTDA’s expansive definition of dilution this argument seems less strong than other critiques. The sharpest criticism has been directed at these opinions failure to recognize that the commercial act (i.e., offering to sell the domain name) and the dilution (i.e., impeding the trademark owner’s use of the mark) are unrelated. The commercial act (i.e., the offer of sale to the trademark owner) did not dilute the mark under either a blurring, tarnishment, or even impedance theory. Indeed, the offer to sell the domain name would facilitate the trademark owner’s use. The dilutive act was the withholding of the mark from the trademark owner – the exact opposite of the commercial act which was not itself dilutive. The court’s linkage of the two, according to many, comes dangerously close to the grant of a property interest in trademarks – an approach the United States has long rejected. Soon after they were issued, the *Intermatic* and

*Panavision* were distinguished, ignored, or rejected by other courts across the United States [31].

Whether these critiques have merit is an issue beyond the scope of this essay but the real lesson to be learned from the *Intermatic* and *Panavision* cases is that in the face of new technological challenge and the opportunistic actions of some individuals, courts have expansively interpreted trademark law. As with many other areas of legal change during the internet era – it appears that legal decision makers seem inclined to expand the protections of the law to fit unintended and, often, inappropriate circumstances in order to protect the quasi-property interests of rights-holders.

Not only were the *Intermatic* and *Panavision* cases coming under increasing criticism from academic and legal circles – the action of cybersquatters quickly made their holdings largely irrelevant. As already noted, a key step in the determination that cybersquatting rose to the trademark dilution was a showing that the attempt to sell the domain name constituted an unauthorized commercial use of the trademark. As a result of this finding, many cybersquatters simply stopped offering to sell their domain names thereby preventing a legal finding of an unauthorized commercial use.

As cybersquatting activities became increasingly difficult to control through traditional trademark law, the United States congress stepped in to ensure the continued protection of trademark owners’ interests. Under intense lobbying from trademark groups, congress passed the Anti-Cybersquatting Consumer Protection Act of 1998 (“ACCPA”) [32]. The ACCPA revolutionized trademark law by rejecting, entirely, the traditional bases of protection and infringement. No longer did trademark owners need to demonstrate commercial use, consumer confusion, or even dilution. Instead, in order to combat: “cybersquatters’ or ‘cyberpirates,’ who abuse the rights of trademark holders by purposely and maliciously registering as a domain name the trademarked name of another company to divert and confuse customers or to deny the company the ability to establish an easy-to-find online location” [33] the ACCPA focused entirely on the *intent* of the domain name registrant. The ACCPA attacked cybersquatters “by prohibiting the bad-faith and abusive registration of distinctive marks as Internet domain names with the intent to profit from the goodwill associated with such marks” [34]. As the language makes clear, the ACCPA focuses on the *intent* of the registrant rather than his actions. Thus, for the first time, trademark owners were granted the power to gain domain names using their marks even in the absence of consumer confusion or dilution and without any showing that the trademark was used commercially.

There have been numerous other cases involving cybersquatters and, of course, the actions of ICANN in setting up a low-cost and effective dispute resolution mechanism [35] have gone far in eradicating the problems associated with cybersquatters. What is of interest is the fact that, in the United States, the federal government and the courts have appeared entirely supportive of trademark owners’ arguments that the internet poses

dangers to their rights that must be met with expanded doctrinal interpretations or, when even that proves impossible, entirely new regulatory schemes.

#### Section IV: METATAGS, KEYWORDS, AND INITIAL INTEREST CONFUSION

Cybersquatting was certainly the first internet-related challenge to trademark owners and, as we have seen, the legal world reacted swiftly to protect trademark interests. We have also seen how the internet's structure was the cause of much of the problem and the internet's technological aspects have continued to create challenges.

An initial problem with the internet's commercialization was the difficulty of finding websites and information on a network as anarchic and diversified as the world wide web. The DNS represents an initial effort to aid in cyberspace's systematization. The DNS worked, however, only if consumers knew the names of websites (i.e., mcdonalds.com or amazon.com) or, in rarer cases, where website names were sufficiently descriptive to identify their content (i.e., wine.com or sex.com). Search engines represented a leap forward in the cataloging of websites and website information – rapidly increasing the internet's usability and reducing barriers to entry for e-commerce websites. However, these search engines initially relied on websites to provide guidance on their content and purpose through use of so-called metatags [36].

Metatags allow website owners and creators to include descriptions of their sites' content and scope. For example, a website that includes the words "automobile, car, truck, van, SUV, rental, rent, etc." in its metatags is most likely an automobile rental website. Where a consumer types in "auto rental" in a search engine, the websites with metatags containing the search terms (often ranked according to those websites that repeat the phrases the most) will appear at the top of the returned list. These metatags cannot, however, be seen by the consumer – they are, generally, only "viewable" to the search engine.

As with cybersquatting, it did not take long for internet entrepreneurs to learn how to use this technology to their advantage. Website developers, in an effort to direct internet traffic to their sites, began to include competitors' trademarks in their metatags. One of the earliest cases involved Playboy magazine's rather famous trademarks of "playboy" and "playmate." Sexually explicit websites began to include the playboy and playmate trademarks in their metatags hoping to direct traffic to their websites. The inclusion of the playboy and playmate trademarks ensured that these websites would appear in consumers' search results even where the consumer was searching specifically for the Playboy website.

Trademark owners immediately sued to prevent the use of their trademarks in competitors' metatags. Unfortunately for trademark owners, a showing of consumer confusion was unlikely. Although consumers may have

gone to the incorrect website – or otherwise been "tempted" to click on a different website – the question of confusion is all but impossible to show because the websites consumers visit are clearly not owned by the trademark holders. Use of playboy in the metatags of sexually explicit websites may convince consumers to click on the links that appear in the search result lists, but it is unlikely that consumers, once directed to these websites, believe that they are at the Playboy site. In addition, the invisibility of the metatags on the competing websites also argues against a showing of consumer confusion. In the end, no court ever found that bare use of trademarks in metatags, no matter how injurious to the owner, could result in consumer confusion in its traditional sense. The invisibility of a trademark used in a metatags also foreclosed dilution claims because, unlike the cybersquatting cases, the use of the mark did not "impede" the owner's ability to capitalize on the mark and, once again, the consumer could not see the mark and thereby associate it with lesser goods or services.

Without traditional consumer confusion or dilution – how could trademark owners prevent these clearly anti-competitive effects? The answer was found in a little used doctrine called "initial interest confusion" first articulated in the mid 1970s in a little-known case, *Grottrian, Helfferich, Schultz, Th. Steinweg Nachfahren v. Steinway & Sons* [37]. In *Grottrian*, a German piano maker ("Grottrian") marketed its pianos using the name "Steinweg" – a mark similar to a famous American piano maker, "Steinway" [38]. Steinway sued, seeking an injunction to prevent Grottrian from using the Steinweg mark arguing that it initially led potential Steinway customers into Grottrian stores that, once entered, may lead to sales that should have belonged to Steinway. The court granted Steinway's injunction based on the fact that consumers may mistakenly enter Grottrian's store thinking they were going to purchase a Steinway and, once in the store and realizing these were not Steinway pianos, nevertheless be convinced to purchase the competing piano. According to the court, "[m]isled into an *initial interest*, a potential Steinway buyer may satisfy himself that the less expensive Grottrian-Steinweg is at least as good, if not better, than a Steinway" [39]. On appeals, the court further explained the initial interest doctrine:

"The issue here is not the possibility that a purchaser would buy a Grottrian-Steinweg thinking it was actually a Steinway or that Grottrian has some connection with Steinway and Sons. The harm to Steinway, rather, is the likelihood that a consumer, hearing the "Grottrian-Steinweg" name and thinking it had some connection with "Steinway," would consider it on that basis. The "Grottrian-Steinweg" name therefore would attract potential customers based on the reputation built up by Steinway in this country for many years" [40].

As the court in *Grottrian* made clear—there was no need for actual or even a likelihood of consumer confusion as to the origin or source of goods or services. The court merely concluded that the Lanham Act's provisions encompass causes of action beyond mere confu-

sion about the origin or source of goods or services at the time of purchase [41].

One of the first cases to apply the initial interest confusion doctrine in cyberspace was *Brookfield Commun., Inc. v. West Coast Ent. Corp* [42]. *Brookfield* involved two competitors – “Brookfield” and “West Coast” – each operating databases that provide entertainment-industry information and content. As competitors, each sought to attract consumers interested in entertainment information. Of the two, Brookfield was the more well-known company and had spent funds developing a well-known (in the industry) trademark – “MovieBuff.” West Coast, knowing that MovieBuff was Brookfield’s well-known trademark, registered the “moviebuff.com” domain name and used the mark in its metatags in an effort to direct traffic to its websites. Brookfield sued to have the moviebuff.com domain name turned over and to enjoin West Coast’s use of the moviebuff mark in its metatags. For purposes of this essay, the important question was whether West Coast’s use of the moviebuff mark in its metatags could be infringement if, in part, it directed traffic intended to find information about Brookfield to West Coast’s various websites.

The district court began by noting that “[e]ntering ‘MovieBuff’ into a search engine is likely to bring up a list including ‘westcoastvideo.com’ if West Coast has included that term in its metatags...” [43]. The court also concluded, however, that typical consumer confusion would be unlikely:

“First, when the user inputs “MovieBuff” into an Internet search engine, the list produced by the search engine is likely to include both West Coast’s and Brookfield’s web sites. Thus, in scanning such list, the Web user will often be able to find the particular web site he is seeking. Moreover, even if the Web user chooses the web site belonging to West Coast, he will see that the domain name of the web site he selected is “westcoastvideo.com.” Since there is no confusion resulting from the domain address, and since West Coast’s initial web page prominently displays its own name, it is difficult to say that a consumer is likely to be confused about whose site he has reached or to think that Brookfield somehow sponsors West Coast’s web site” [44].

The court clearly understood that traditional confusion would not be present in the case but quickly turned to initial interest confusion as a basis for prohibiting West Coast’s use of the trademarks:

[n]evertheless, West Coast’s use of “moviebuff.com” in metatags will still result in what is known as initial interest confusion. Web surfers looking for Brookfield’s “MovieBuff” products who are taken by a search engine to “westcoastvideo.com” will find a database similar enough to “MovieBuff” such that a sizeable number of consumers who were originally looking for Brookfield’s product will simply decide to utilize West Coast’s offerings instead. Although . . . consumers know they are patronizing West Coast rather than Brookfield, there is nevertheless initial interest confu-

sion in the sense that, by using “moviebuff.com” or “MovieBuff” to divert people looking for “MovieBuff” to its web site, West Coast improperly benefits from the goodwill that Brookfield developed in its mark [45].

Various factors coalesced in the Brookfield case to make initial interest confusion applicable: (i) the MovieBuff trademark (with no space between the words) is not a word that exists in everyday English; (ii) West Coast and Brookfield were competitors in the same field; and (iii) West Coast’s use of the MovieBuff trademark in its metatags was clearly intended to lure potential Brookfield competitors to its website. Over time and in other contexts, however, the application of initial interest confusion has become problematic.

Search engines often create income by selling advertising to companies based on the search terms users input. For example, where users type in “car rental” into a search engine, an advertisement for a car rental company (e.g., Hertz) may appear on the search results page. Which company appears depends on who has purchased the rights from the search engine to have its advertisements appear when certain “keywords” are typed. Used in this way, the sale of keywords does not implicate trademark law. However, many search engines, and Google in particular, have begun selling trademarks as keywords to potential competitors – a practice that has spawned numerous lawsuits. Of course, in these cases the defendant is not the competitor (or at least not the direct competitor) but the search engine itself, implicating theories of contributory or vicarious liability for trademark infringement.

The first major case to discuss the sale of trademarks as keywords was *Playboy Entertainment Inc., v. Netscape Communications Corp* [46]. In that case, a lower court held that sale of the “playboy” trademark to an online competitor did not constitute initial interest confusion. According to the court, the act of selling the trademark was not initial interest confusion – analogizing that the use was more like placement of a billboard advertisement near a competitor’s website [47]. The result of the *Playboy* decision was that all search engines immediately began auctioning off trademarks as keywords – and no search engine has been more successful at raising revenues in this manner than Google.

Five years after the initial *Playboy* decision, a higher court issued a new opinion overturning the first. In this decision (“*Playboy II*”), the court determined that the sale of trademarks as keywords to trigger certain kinds of advertisements could result in consumer confusion if the advertisements do not disclose the source of the advertisement. In other words, where advertisements are triggered by trademarked keywords, such advertisements cannot merely ask the reader to “Click Here” or otherwise fail to make clear that they are not authorized or supplied by the trademark owner. In addition, the court determined that where search engines sell trademarks as keywords that result in advertisements causing consumer confusion as to source, origin, or authorization, the search engine is itself liable for the infringement [48].

The *Playboy II* decision has spawned a number of lawsuits by companies alleging that Google and others' sale of trademarks as keywords constitutes trademark infringement. In fact, Google has been the plaintiff in a number of these cases – seeking a declaratory judgment that the sale of trademarks does not constitute infringement. In the two major cases, *Google Inc. v. American Blind & Wallpaper Factory Inc.* [49], and *Government Employees Insurance Co. v. Google Inc.*, [50] the courts have split on the question. As of this writing, the ultimate question of keyword/trademark liability is an open question – yet one that has the potential to disrupt the practices of many internet companies.

## CONCLUSIONS

In the end, this short article cannot convey the extent, complexity, or nuance of United States trademark law in cyberspace. In addition to the changes and interpretations noted here, there are numerous others of equal or, perhaps, more importance [51]. Instead, this article sought to do no more than give a flavor of the American experience. The United States' experience has been steeped in a market with the deepest internet presence, the largest electronic commerce marketplace, and more than a decade of action and reaction in the face of unexpected challenge and opportunity. The United States' approach to protecting trademarks in cyberspace has, obviously, been controversial and has taken many wrong turns.

On one side, the United States has clearly tipped the scales in favor of trademark owners. Where traditional trademark law has failed to protect owners' interests in cyberspace, the United States judicial and legislative reaction has been a one-way ratchet – increasing the scope and extent of trademark protection vis-à-vis third parties without, in most cases, balancing such increases with corresponding protections and benefits for consumers and the public at large. Yet, it is often difficult to see the alternatives.

Cybersquatting was a net social loss – injuring both consumers and trademark owners. In addition, most metatagging cases involved nefarious uses by companies to usurp the goodwill of their more famous competitors by trading off of their trademarks. Yet with each revived doctrine – each alteration in the law, the unintended consequences multiply. Indeed, today United States law continues to grapple with trademarks' latest iteration – keywords and pop-up advertisements based on search queries. At stake are the economic practices of important and socially beneficial actors like Google and Yahoo. The balance between the rights of these companies to profitably use trademarks in ways that may impact trademark owners' profits and the rights of owners to control uses of their marks (and the profits they engender) is one that should not be taken lightly.

## REFERENCES

- 15 U.S.C. §§ 1053 et seq.
- Id.* at § 1127.
- See, e.g.*, 17 USPQ2d 1238 (TTAB 1990) (allowing for registration of fragrance smell as a 'source of origin' In re Owens-Corning Fiberglas Corp., 774 F.2d 1116, 1128 (Fed. Cir. 1985) (granting trademark registration for the color pink as applied to Owens-Corning's Fiberglas® insulation); *NutraSweet Co. v. Stadt Corp.*, 917 F.2d 1024 (7th Cir. 1990) (trademark in color blue for sugar replacement packets); Registration No. 916,522 (July 13, 1971) and Registration No. 523,616 (Apr. 4, 1950) (the musical notes G, E, C for the National Broadcasting Corp.); In re Clarke, 17 U.S.P.Q.2d (BNA) 1238 (T.T.A.B. 1990) (fragrance applied to sewing thread and embroidery yarn); In re Morton-Norwich Products, Inc., 671 F.2d 1332 (C.C.P.A. 1982) (shape of a household cleaner bottle); and *Qualitex Co. v. Jacobson Prods. Co.*, 115 S. Ct. 1300 (1995), rev'g 13 F.3d 1297 (9th Cir. 1994) (registration of specific color creation).
- The Lanham Act defines infringement as any "use in commerce [of a mark] ... likely to cause confusion, or to cause mistake, or to deceive." 15 U.S.C. s 1114(1)(a). *See also* Robert C. Denicola, Trademarks as Speech: Constitutional Implications of the Emerging Rationales for the Protection of Trade Symbols, 1982 Wis. L. Rev. 158, 162 ("[B]oth the traditional common law and statutory regimes view the issue of consumer confusion as the sine qua non of infringement."). After 1995, the Lanham Act was amended to allow for causes of actions sounding in dilution. *See fn.* 12 and accompanying text.
- Int'l Order of Job's Daughters v. Lindeburg & Co., 633 F.2d 912, 919. 9th Cir. 1980).
- S. Rep. No. 627, 98th Cong., 2d Sess. 2 (Sept. 20, 1984), reprinted in 1984 U.S. Code Cong. & Admin. News 5708, 5718-19, quoting 'Hearing on S. 1990 Before the Subcomm. on Patents, Copyrights and Trademarks of the Senate Judiciary Comm.,' 98th Cong., 2d Sess. 25 (Feb. 1, 1984) (statement of United States Trademarks Association)
- See, e.g.*, 15 U.S.C. 1125 (designations of origin that are "likely to cause confusion" are actionable).
- See, e.g.*, *Playboy Enterprises, Inc. v. Universal Tel-A-Talk, Inc.*, 1998 WL 767440 (E.D. Pa. 1998) (setting out 10-part test for determining likelihood of confusion) (citing *Scott Paper Co. v. Scott's Liquid Gold*, 589 F.2d 1225 (3d Cir. 1978). For an interesting discussion of the various tests and approaches for determining consumer confusion and a call for reformulation, see Michael H. Bierman & Jeffrey D. Wexler, *Toward A Reformulation Of The Test For Determining Trademark Infringement*, 80 Trademark Reporter 1 1990.
- Under United States constitutional law and federalism, the states are free to regulate trademark protection on theories and rationales that may radically depart from one another. Only in those cases where the federal government has stepped in to take over regulation of a specific area is legal uniformity created. In the absence of federal regulation, plaintiffs and defendants often seek to file lawsuits in states with laws and procedures perceived to be favorable to their positions. In the context of trademarks, many states enacted rules to protect trademark on varying theories – from unfair competition to dilution.
- Lanham Trademark Act §43(c), 15 U.S.C. §1125(c) (2000), available at [http://caselaw.lp.findlaw.com/scripts/ts\\_search.pl?title=15&sec=1125](http://caselaw.lp.findlaw.com/scripts/ts_search.pl?title=15&sec=1125).

11. The term cybersquatter applies to individuals that register another's trademark as a domain name on the internet. For a fuller discussion, see pages 3 to 5 above.
12. 15 U.S.C. § 1127.
13. *Martellito v. Nina of California, Inc.* 335 F. Supp. 1288, 1296. S.D.N.Y. 1972.
14. Under traditional trademark law, there are two forms of dilution—blurring and tarnishment. “Blurring” occurs when unauthorized parties use a mark in commerce that causes the public to form a mental connection between the mark and the unauthorized user's goods or services. It is unnecessary for the consumer to be confused about the source or origin of the goods in question, only that a mental connection be made between the unauthorized goods or services and the mark. According to courts, the mental connection weakens the mark's ability to uniquely identify the owner's goods or services and, thereby, blurs the limits of the mark.
15. Association of trademarks with goods or services considered inferior or socially objectionable may result in what is known as dilution by tarnishment. Classic examples are the unauthorized use of trademarks in connection with inferior or objectionable goods or services such as pornography, inferior quality goods, or socially unacceptable behaviors such as drug use.
16. See *Intermatic* and *Panavision* cases discussed on pages 4 to 5 above and cited in endnotes 28 & 29.
17. See 15 U.S.C. § 1125(c).
18. In two influential cases, courts were asked to consider whether marks must be famous to the general public or merely famous within a specific market-segment. See *Avery-Dennison Corp. v. Sumpton*, 189 F.3d 868 (9<sup>th</sup> Cir. 1999) (interpreting the Lanham Act's requirement of famousness narrowly and requiring that a “mark must be truly prominent and renowned”) (citing *I.P. Lund Trading ApS v. Kohler Co.*, 163 F.3d 27, 46 (1<sup>st</sup> Cir. 1998) (quoting *J. McCarthy, Trademarks and Unfair Competition* § 24.91 (2d. ed. 1984)); *Teletech Customer Care Management v. Tele-Tech*, 977 F. Supp. 1407 (C.D.Cal. 1997) (finding that *TeleTech* was famous within its market segment and able to claim dilution under FTDA).
19. As we shall see, the question is whether the acts that give rise to a finding that the trademark has been used “in commerce” must be the same acts that give rise to dilution through blurring or tarnishment or other means. A further question is whether a mere likelihood of harm is sufficient to find dilution. See pages 3 to 5 above.
20. Section 32(1) of the Lanham Act creates civil liability for “[a]ny person who shall, without the consent of the registrant ..., use in commerce any reproduction, counterfeit, copy, or colorable imitation of a registered mark in connection with the sale, offering for sale, distribution, or advertising of any goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive.” 15 U.S.C. § 1114(1)(a). Section 43(a) of the Lanham Act creates civil liability for “[a]ny person who, on or in connection with any goods or services, ... uses in commerce ... any false designation of origin, false or misleading description of fact, or false or misleading representation of fact” that “is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person.” 15 U.S.C. § 1125(a)(1).
21. *Id.* at § 1127.
22. A further limitation—although perhaps outside the scope of this essay—is that, generally, the commercial use must somehow be “competitive” with the trademark owner—thereby reserving the power of individuals to use the same trademarks for non-competing goods (e.g., *Apple Computers vs. Apple Music*).
23. See *Sally M. Abel, Trademark Issues in Cyberspace: The Brave New Frontier*, 5 *Mich. Telecomm. Tech. L. Rev.* 91 (1999), available at <<http://www.mttr.org/volfive/abel.html>> (listing companies such as McDonald's, Coke, Hertz, Nasdaq, Viacom, MTV, Avon, Levi's, B. Dalton and Readers Digest, whose trademarks were registered as domain names by cybersquatters).
24. *Hasbro, Inc. v. Clue Computing, Inc.*, 66 F. Supp.2d 117. 1333. D. Mass. 1999.
25. *Id.*
26. The Lanham Act [15 U.S.C. '1051 et seq.] requires “commercial use” of a infringing mark. 15 U.S.C. ' 1125(a)(1). The Trademark Dilution Act further exempts “[n]oncommercial use of a [famous] mark” from a dilution claim. 15 U.S.C. '1125(c)(4)(B).
27. See, e.g., *HQM Ltd. and Hatfield Inc. v. William B. Hatfield*, 71 F. Supp. 2d 500 (D. Md. 1999) (registering and activating a “Web site with the “.com” designation does not, by itself, constitute commercial use); *Bally Total Fitness Holding Corp. v. Faber*, 29 F. Supp. 2d 1161 (C.D. Ca. 1998) (mere use of another's mark on Internet is insufficient to constitute commercial use); *Academy of Motion Picture Arts & Sciences v. Network Solutions, Inc.*, 989 F. Supp. 1276 (C.D.Cal. 1997) (holding mere registration of a domain name does not constitute commercial use); *Juno Online Services v. Juno Lighting, Inc.*, 979 F. Supp. 684 (N.D. Ill. 1997) (holding reservation of domain name without a Website does not constitute infringement under Lanham Act ' 43(a)).
28. *Intermatic, Inc. v. Toeppen*, 947 F. Supp. 1227. N.D. Ill. 1996.
29. *Panavision Int'l. L.P. v. Toeppen*, 141 F.3d 1316, 1324 (9<sup>th</sup> Cir. 1998).
30. *Id.*
31. See, e.g., *HQM, Ltd. v. Hatfield*, 71 F. Supp. 2d 500, 509 D. Md. 1999); *Juno Online Servs., L.P. v. Juno Lighting, Inc.*, 979 F. Supp. 684, 691. N.D. Ill. 1997).
32. 15 U.S.C. § 1125(d).
33. Statement Of Senator Patrick Leahy, Ranking Member, Senate Judiciary Committee Hearing On “Cybersquatting And Consumer Protection: Ensuring Domain Name Integrity” July 22, 1999. Courts interpreting the ACCPA quickly concluded that it made the prior decisions in *Intermatic* and *Panavision* obsolete. See *Ford Motor Co. v. Greatdomains.com, Inc.*, 177 F. Supp. 2d 635, 652-53 (E.D. Mich. 2001); 4 *McCarthy*, supra note 11, § 25:77 (“Passage... of [the ACPA] made dilution by cybersquatting largely obsolete. In fact, it may no longer be usable at all.”).
34. S. Rep. No. 106-140, at 7. 1999.
35. ICANN created a Uniform Dispute Resolution Policy in 1999 that provides for cheap and easy transfers of domain names to trademark owners. For a description of the policy see <http://www.icann.org/udrp/udrp.htm>.
36. Metatags are defined as: “A special HTML tag that provides information about a Web page. Unlike normal HTML tags, meta tags do not affect how the page is displayed. Instead, they provide information such as who created the page, how often it is updated, what the page is about, and which keywords represent the page's content.

Many search engines use this information when building their indices.” See Webopedia at [http://www.webopedia.com/TERM/M/meta\\_tag.html](http://www.webopedia.com/TERM/M/meta_tag.html).

37. 365 F. Supp. 707. S.D.N.Y. 1973.
38. *Id.*
39. *Id.*
40. 523 F.2d 1331. 2d Cir. 1975.
41. *Id.* at 1342.
42. 174 F.3d 1036. 9<sup>th</sup> Cir. 1999.
43. *Id.* at 1062.
44. *Id.*
45. *Id.* at 1062-63.
46. 55 F. Supp. 2d 1070 (C.D. Cal., June 24, 1999), *aff’d*. 202 F.3d 278. 9<sup>th</sup> Cir. 1999.
47. *Id.*
48. 354 F.3d 1020. 9<sup>th</sup> Cir., Jan. 14, 2004.
49. N.D. Cal., No. C 03-05340, 3/30/05 (dismissing American Wallpaper’s claims against Google). See also *U-Haul International, Inc. v. WhenU.com*, 279 F. Supp. 2d 723. E.D. Va. 2003.
50. E.D. Va., No. 1:04cv507 (LMB/TCB), *bench ruling* 12/15/04 (the court has recently ruled that Google’s sale of GEICO’s trademark was infringing).
51. Outside the scope of this article are important questions of trademarks and free speech, made most famous in the so-called “dot-sucks” cases. See, e.g., *Bally Total Fitness Holding Corp. v. Faber* 29 F.Supp.2d 1161 (C.D. Cal. 1998) (holding that there was no likelihood of confusion between Bally’s website and a website criticizing Bally but using Bally trademarks in its metatags and domain name). Of particular importance is the interplay between ICANN’s UDRP and the free speech rights of protest website owners. See *The Taubman Company v. Webfeats, et al.*, 319 F.3d 770 (6<sup>th</sup> Cir., February 7, 2003). In *Taubman*, the court declared that protest websites implicate website owner’s free speech rights and that these trump domain name dispute resolution systems:  
We find that Miskoff’s use of Taubman’s mark in the domain name “taubmansucks.com” is purely an exhibition of Free Speech, and the Lanham Act is not invoked. And although economic damage might be an intended effect of Miskoff’s expression, the First Amendment protects critical commentary when there is no confusion as to source, even when it involves the criticism of a business. Such use is not subject to scrutiny under the Lanham Act. In fact, Taubman concedes that Miskoff is “free to shout ‘Taubman Sucks!’ from the rooftops....” Essentially, this is what he has done in his domain name. The rooftops of our past have evolved into the internet domain names of our present. We find that the domain name is a type of public expression, no different in scope than a billboard or a pulpit, and Miskoff has a First Amendment right to express his opinion about Taubman, and as long as his speech is not commercially misleading, the Lanham Act cannot be summoned to prevent it.  
*Id.* Other issues include trademark defenses such as nominative use (*Playboy Enterprises Inc. v. Welles*, 279 F.3d

796 (9<sup>th</sup> Cir. 2002) (holding that former Playboy model’s website that used playboy trademark in metatags and on website were covered by nominative use defense)).

## JAV INICIATYVOS REGLAMENTUOJANT PREKIŲ ŽENKLUS ELEKTRONINĖJE ERDVĖJE

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### S a n t r a u k a

Elektroninė komercija ir interneto paplitimas visuomeniniame gyvenime iš esmės pakeitė teisės normų taikymą JAV. Minėtų pokyčių galimybėmis bei jų vertinimu, jų keliamų grėsmių šalinimu domisi daugelis JAV teisės mokslininkų ir teisininkų, vykdančių įvairius minėtos srities tyrimus ir projektus. Šis straipsnis yra bandymas papasakoti apie JAV elektroninės komercijos teisinio reglamentavimo srities teisinę reguliavimą. Pernelyg sudėtinga ši reiškinį nagrinėti bendrame teisės šakų ir institutų kontekste. Šio straipsnio tikslas – atskleisti pagrindinius teisinius JAV prekių ženklų apsaugos internete reikalavimus.

JAV pagrindinis prekių ženklų teisinės apsaugos aktas yra *The Lanham trademark act* (toliau – Lanhamo aktas), kurį 1946 metais patvirtino JAV Kongresas. Šis teisės aktas nustato pagrindines prekių ženklų teisinės apsaugos nuostatas ir reikalavimus jos taikymo išimtims. Lanhamo akto pagrindinis tikslas yra prekių ženklo teisinę apsaugą suteikti prekių ženklo savininkui, norinčiam apginti teisėtus vartotojų poreikius išgyti geros kokybės prekę ar paslaugą. Nors 1995 metais JAV Kongresas priėmė kai kurių Lanhamo akto normų pataisus, tačiau korekcija nebuvo pakankama.

Paplitis elektroninei prekybai JAV teisinė sistema susidūrė su naujais prekių ženklų pažeidimais internete. Kadangi Lanhamo aktas buvo skirtas prekių ženklų apsaugai tradicinio verslo sąlygomis, JAV pririekė praplėsti taikomą prekių ženklų teisinės apsaugos doktriną. Remdamiesi pagrindine prekių ženklų teisinės apsaugos paskirtimi, JAV teismai papildė JAV prekių ženklų teisinės apsaugos doktriną elektroninio verslo domeno vardų, raktinių žodžių, metatagų naudojimo bei apsaugos nuo nesąžiningos konkurencijos srityse. Šiame straipsnyje apžvelgiamos JAV teismų bylos, praplečiančios JAV prekių ženklų teisinės apsaugos doktriną elektroninės komercijos sąlygomis.

Straipsnį sudaro šios dalys: įvadas; teisinis pagrindas; domenų vardų teisinė apsauga ir pažeidimai internete; metatagų; raktinių žodžių ir sąžiningos konkurencijos reglamentavimas; išvados.

**Pagrindinės sąvokos:** elektroninė komercija, elektroninės erdvės reguliavimas, prekių ženklų teisės, prekių ženklų pažeidimai internete.