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Emerging trademark issues on the
internet

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Emerging trademark issues on the internet

In the early days of the internet, trademark disputes centred on domain names. The question of whether it was proper to register a domain name that included or consisted of a trademark belonging to another entity was hotly contested. Because the disputes that arose did not always fit neatly into traditional trademark theories, courts grappled with the appropriate legal test, often reaching inconsistent results. Consequently, the internet acquired a reputation as the wild west among trademark owners, with attempts to sell domain names containing well-known trademarks to the trademark's rightful owner for an exorbitant sum becoming all too common.

With the advent of an administrative forum for resolving disputes over domain names and with the enactment of the Anti-Cybersquatting Protection Act in the United States, the law regarding domain names has become more settled. In its place, new issues have arisen that have posed novel questions for courts to resolve. This article discusses emerging internet issues involving trademarks that are currently before the courts.

Metatags

A metatag is hidden code embedded in a website. Although the code is not visible to users viewing the site, it is used by search engines to locate sites responsive to a user's search parameters. Many search engines rank the search results based on the amount of data in a site that is responsive to the search criteria. Thus, a searcher looking for trademark lawyers would receive search results that rank sites in order, with the sites having the most mentions of the searched term trademark lawyers, whether in visible text or in metatags, appearing at the top of the search results. Because there are clear advantages to being at or near the top of the search results, many website owners embed in their sites metatags that consist of commonly searched terms. When the metatags consist of generic terms, such as trademark lawyers, there is no legal dispute as to the propriety of the action. When, however, websites began to incorporate as metatags trademarks belonging to others, the courts became involved.

In general, courts have prohibited the use of another's trademark in metatags. As with the use of trademarks in the bricks and mortar world, courts consider whether the use of a trademark in metatags is likely to cause confusion, applying the traditional multi-factor analysis to decide that question. There are some significant differences, however, in the way this issue is viewed with respect to metatags.

In deference to the First Amendment and the goal of allowing the free flow of information online, courts have recognised a broader right of fair use on the internet than in

more traditional business contexts. Accordingly, a metatag that consists of descriptive marks or that is being used in a descriptive manner is more likely to be found to be a fair use than the use of the same mark might be in a more traditional business setting. For example, when a former Playmate of the Year used the trademarks PLAYBOY and PLAYMATE in metatags and wallpaper on her personal website, the court found this to be a fair use that fairly and accurately described her status rather than an infringement of Playboy's trademarks. The court was untroubled by the widespread and arguably excessive use of these terms on her site and in her metatags.

Similarly, courts have accorded broad latitude to the use of trademarks on sites that criticize or otherwise comment on a trademark owner's products or services. In litigation over domain names courts have consistently allowed the use of trademarks in domain names for such sites and other sites criticizing a product or service, and found such uses to be either fair use or protected by the First Amendment. Similar use has been permitted with respect to metatags.

Keywords

The use of keywords on the internet is an issue that has only recently begun to be litigated. Based upon the few court decisions to date in which this issue has been addressed, it appears that keywords will be treated in much the same way as metatags.

Search engines locate sites in response to a search inquiry by looking for the terms entered in the search criteria. The sites located in response to a search are expected to contain the term or terms that were searched for and often are ranked in order based upon the number of hits in the site. Some search engines will, for a fee, place a party's site at or near the top of the search results or place a banner advertisement alongside the search results whenever a user types in a particular word. These words are known as keywords.

When the sale of keywords involved only generic terms, the practice was not controversial. More recently, however, search engines have sold trademarks as keywords. For example, if the trademark KODAK were sold as a keyword to a competitor and an internet user searched for KODAK film, the search results might list the competitor's site at or near the top of the search results, or might have a banner advertisement for the competitor's product prominently displayed with the search results, even though the competitor may not carry KODAK film.

Many trademark owners believe this practice to be unfair because it allows a competitor to benefit from the trademark

owner's goodwill. It was only recently, however, that courts have been faced with the issue. In *Playboy v Netscape*, several search engines were selling Playboy's trademarks PLAYBOY and PLAYMATE as keywords to the owners of other adult sites. The entry of the keyword PLAYBOY on a search engine triggered a banner advertisement for another adult site, some of which contained hardcore pornography. Some of the banner advertisements identified the advertiser while others did not. The court of appeals distinguished between the advertisements that identified its sponsor and those that did not, and found that at least where it was unclear whether the banner advertisements were sponsored by Playboy, there might be a claim for trademark infringement or unfair competition.

More recently, in *Google v American Blind and Wallpaper Factory*, the court refused to enjoin the sale of descriptive trademarks as keywords. In that case, American Blind claimed rights in the unregistered terms AMERICAN BLIND and AMERICAN BLINDS and in the registered trademarks AMERICAN BLIND & WALLPAPER FACTORY, AMERICAN BLIND FACTORY and DECORATE TODAY. Distinguishing this case from the facts in *Playboy v Netscape*, the court refused to enjoin the use of American Blind's trademarks as keywords because in the court's view they were not sufficiently distinctive to warrant protection against this type of activity.

Since these decisions, a number of companies have brought suits against Google over the sale of trademarks as keywords. A federal court in Virginia recently refused to dismiss claims for trademark infringement in such a suit brought by GEICO, holding that the complaint alleged facts sufficient to allow the case to proceed to trial. It remains to be seen how the law develops in this area, although it seems clear that owners of less distinctive marks may have a more difficult time preventing the use of their marks as keywords.

Popups

Popup advertisements have been the subject of recent conflicting court decisions. A popup is an advertisement that pops up when an internet user accesses a particular website. Many popups are triggered by adware that the computer user installs, either intentionally or unwittingly, when downloading other software with which the adware is bundled. The adware generates popups that are targeted to the user based upon the types of sites the user visits.

In late 2003, district courts in Virginia and Michigan issued decisions in separate cases in which U-Haul and Wells Fargo sued WhenU.com over WhenU's sale of popup advertisements that

appeared on U-Haul's and Wells Fargo's websites. The popups, which were generated by WhenU's adware downloaded on users' computers, promoted the products or services of companies that compete with the owner of the site on which the popups appear. In both cases, the courts denied claims that the popups violate the trademark laws. The courts reasoned that the popup advertisements were not likely to cause confusion because they did not use the plaintiff's trademarks and the only trademarks that appeared in the popups were the trademarks of the company sponsoring the popup. In addition, the courts reasoned, the popups did not interfere with consumers accessing the plaintiff's site.

Shortly after the decisions issued in the *U-Haul* and *Wells Fargo* cases, a district court in New York found identical conduct to constitute trademark infringement and unfair competition. In *1-800 Contacts, Inc v WhenU.com and Vision Direct*, the court issued a preliminary injunction prohibiting the defendants from triggering popup advertisements when users access the plaintiff's website. The court, relying on evidence that nearly 60 per cent of consumers believed that popup advertising was placed by the owner of the website on which the advertising appears and more than 50 per cent believed the popups were pre-screened and approved by the website owner, reasoned that consumers are likely to be confused, at least initially, into believing that the popups were endorsed, sponsored or authorised by the owner of the site. This harms the owner of the site because it creates the possibility that, through the use of popups, the party placing the popup "would gain crucial credibility during the initial phases of the deal". The decision in the case has been appealed and the appeal is currently pending.

Since the decision in *1-800 Contacts*, a number of companies have brought suits to prevent the use of popups on their sites. Many of these cases have settled, with the advertisers discontinuing their use of popups. Some of these settlements have been reported to include a payment by the advertiser to the owner of the site. It remains to be seen whether a consensus will develop among courts as to whether this type of advertising is actionable. To date, no appeals court has ruled on the issue.

Linking

Linking allows internet users to move from one section of a site to another, or from one site to another, by clicking on buttons or text on a site. Links enable a user to move from one web page to another with the simple click of a mouse, and facilitate the dissemination of information over the internet. The issue has arisen as to whether a link from one website to another creates the false impression that the owner of one site sponsors or

endorses the other, that the sites are connected in some way, or that the link is authorised. In the few cases in which courts have considered this issue, they have recognised the importance of linking to the use of the internet and as a means of making information readily available online. In view of these important considerations, and in view of the courts' recognition that internet users are accustomed to linking from one unrelated site to another, courts thus far have declined to hold that linking violates the trademark or unfair competition laws.

Courts have also considered whether deep linking is an act of trademark infringement or unfair competition. Deep linking occurs when a link takes the user to an internal page of another's website rather than linking to the homepage. This type of linking allows the user to bypass advertising and other material on the home page. The issue of whether deep linking violates the trademark laws was raised in *Ticketmaster v Tickets.com*, where the court held that deep linking, without a showing of the likelihood of confusion, was not necessarily an act of unfair competition, although it might, in appropriate circumstances, be an act of passing-off or false advertising.

Framing

Framing occurs when one website retrieves content from another site and incorporates the content of the second site into the first site. The border, or frame, of what appears on the screen is from the first site, whereas the inset, or framed page, is from the second site. The frame may consist of tool bars, graphics and text. Frequently, the viewer of a framed page will see the trademark of the framing page in combination with the content from a second, often unrelated, site. The inset will often have no identifying information. By displaying the trademarks of one source with the content of another, however, the argument could be made that consumers are likely to be confused into believing that the framed content is produced, sponsored or authorised by the party whose trademarks appear on the frame around the content.

To date, no court has issued a decision regarding the trademark issues raised by framing, although it has been found to be a violation of the copyright law. Owners of websites have attempted to address the issue by prohibiting framing in the terms and conditions agreements governing the use of the site. Whether such terms will be effective in controlling unwanted framing remains to be seen.

Conclusion

As the internet matures, the law in this area will undoubtedly grow with it. As the law developed with respect to domain name

disputes, it will similarly develop, and ultimately become settled, regarding the issues discussed in this article. It is also safe to say that new issues will certainly emerge in the future regarding the use and protection of trademarks on the internet.

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