

TRADEMARKS AND UNFAIR COMPETITION LAW

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**Christopher Sargent
Russo & Hale LLP
computerlaw.comsm
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A. Types of Trademarks and the Protections They Grant.

Whether picking up an item at the store, simply watching a commercial or looking at a billboard, one is inundated with trademarks. The goal of marketing and sales is often to get people to buy not only a specific product, but also to buy that product from a specific maker of the product in question. Trademark law is designed to protect the investment the sellers of such branded goods or services make in the words, pictures or labels they attach to their goods or associate with their services. Trademarks come in many shapes, sizes and forms, but the degree of protection the law grants such marks depends on the type of trademark.

1. Trademarks.

The key element to determining the protectability of a trademark is its “distinctiveness.” In order to qualify for trademark registration, a mark must be “distinctive.”¹ The federal courts have created a set of four categories of distinctiveness for trademarks, each carrying a different level of protection.

a. Categories of Distinctiveness.

“Trademarks are categorized as generic, descriptive, suggestive, and arbitrary.... See Two Pesos, Inc. v. Taco Cabana, Inc., 505 U.S. 763, 768, 120 L.Ed.2d 615, 112 S.Ct. 2753 (1992). A generic mark is the least distinctive, and an arbitrary or fanciful mark is the most distinctive. See GoTo.com, Inc. v. Walt Disney Co., 202 F.3d 1199, 1207 (9th Cir. 2000).”²

¹ 15 U.S.C. § 1052(f) (2008).

² M2 Software, Inc. v. Madacy Entm’t, 421 F.3d 1073, 1080 (9th Cir. 2005).

A generic trademark is one that has completely lost its distinctiveness and has become the name of the underlying product or service, sometimes referred to as “genericide.”³ “Genericide has spelled the end for countless formerly trademarked terms, including ‘aspirin,’ ‘escalator,’ ‘brassiere,’ and ‘cellophane.’”⁴

Descriptive trademarks are those that describe what the goods or services being sold are. Descriptive trademarks, in order to be protected, must show some secondary meaning, *i.e.*, recognition in the marketplace that the mark has become associated with a particular company or source.

Suggestive trademarks are those that relate to the underlying goods or services but are not directly descriptive. Suggestive marks are ones that require some mental “leap” in order to tie them to the goods or services with which they are associated.

Arbitrary or fanciful trademarks are those that have no logical relationship to the goods or services being sold. They generally fall into two categories: (1) invented words, or (2) descriptive words used for something totally unrelated. An example would be “Apple” to describe computers.

The more distinctive a trademark the greater the protection and the easier it is to enforce rights in the mark.⁵ The further the trademark is along the generic to arbitrary continuum, the easier it is to protect and defend the trademark.

³ *McCarthy on Trademarks and Unfair Competition*.

⁴ *Freecycle Network, Inc. v. Oey*, 505 F.3d 898, 905 (9th Cir. 2007).

⁵ See also *AMF, Inc. v. Sleekcraft Boats*, 599 F.2d 341, 349 (9th Cir. 1979). (“A strong mark is inherently distinctive, for example, an arbitrary or fanciful mark; it will be afforded the widest ambit of protection from infringing uses. See, e. g., *National Lead Co. v. Wolfe*, 223 F.2d 195, 199 (CA 9), *cert. denied*, 350 U.S. 883, 76 S. Ct. 135, 100 L. Ed. 778 (1955) (Dutch Boy not used geographically or descriptively, but in a ‘fictitious, arbitrary and fanciful manner’). A descriptive mark tells something about the product; it will be protected only when secondary meaning is shown. See *Miss Universe, Inc. v. Patricelli*, 408 F.2d 506 (CA 2 1969); Cf. *Hesmer Foods, Inc. v. Campbell Soup Co.*, 346 F.2d 356 (CA 7), *Cert. denied*, 382 U.S. 839, 86 S. Ct. 89, 15 L. Ed. 2d 81 (1965) (barbecue beans used as a description, not a trademark). In between lie suggestive marks which subtly connote something about the products. Although less distinctive than an arbitrary or fanciful mark and therefore a comparatively weak mark, a suggestive mark will be protected without proof of secondary meaning. *Watkins Products, Inc. v. Sunway Fruit Products, Inc.*, 311 F.2d 496 (CA 7 1962).”)

b. Secondary Meaning.

If the trademark is “inherently distinctive,” *i.e.*, the trademark is arbitrary, fanciful or suggestive, the distinctiveness requirement is met. Trademark law, however, allows for a company to obtain registration of a descriptive trademark or a mark that is confusingly similar to another mark if the registrant can make a showing that the mark has taken on “secondary meaning.” Secondary meaning is a strong association in the public’s eye between the trademark and the source of the product carrying the mark.

Such secondary meaning can be shown through continuous and exclusive use of the mark for a period of five years or through evidence of the length and nature of the use, the extent of and investment in advertising in connection with the mark, a response by the public which indicates association of the mark with the company’s products and any other information which will show a conscious connection between the mark and the company by the public.⁶

2. Words That Cannot Be Registered Trademarks.

While the definition of a trademark is very broad, a body of statutory and case law has emerged to narrow what will qualify as a registrable mark.⁷ The United States Patent and Trademark Office (“USPTO”) will not allow the registration of trademarks that are immoral, deceptive or scandalous. Similarly, one cannot register a mark which is deemed to be deceptive, or which falsely suggests a connection with persons with whom the marks are not connected. For example, the mark “BULLSHIT” as used with various leather goods was held to be unregistrable as scandalous.⁸ A mark which consisted of a representation of a stretched animal hide was considered deceptive in connection with non-leather substitutes.⁹

⁶ *See, e.g., In re Miller Brewing Co.*, 226 U.S.P.Q. 666 (T.T.A.B. 1985).

⁷ While a party may obtain common law trademark protection without registration of a mark, the protection afforded thereby and the ability to recover damages for infringement thereof are significantly limited without actual registration of the mark.

⁸ *In re Tinseltown, Inc.*, 212 U.S.P.Q. 863 (T.T.A.B. 1981).

⁹ *Tanners’ Council of America, Inc.*, 189 U.S.P.Q. 246 (T.T.A.B. 1975).

3. Trade Dress.

“Trade dress” is a related concept to trademark protection. Trade dress has a number of different definitions, but can generally be described as a unique totality of the total image or overall appearance of a given business or product. In one particularly well-known Supreme Court decision in this area, the trade dress in question was the “festive eating atmosphere” of a Mexican restaurant.¹⁰ Trade dress can also include things like the overall look of a line of greeting cards or the specific packaging of a product. Unlike trademarks, trade dress is not registerable with the USPTO, but it is entitled to protection under the federal trademark statute, the Lanham Act, section 43(a).

4. Other Indications of Origin.

There are a number of other forms of identification of origin protectable under either the Lanham Act or state law that are not discussed here. These include service marks (a trademark for services as opposed to goods), certification marks (marks to protect certification companies, *i.e.*, companies that certify compliance with safety standard), collective marks (marks for organizations such as unions used to indicate membership in such organization) and trade names (designations for the business as whole and that represent the business’ reputation, not any specific good or service).

B. Trademark Registration Procedure in the U.S. and Abroad.

1. Evaluating the Mark.

The first step towards trademark registration is to evaluate the proposed mark in light of the potential barriers to registration referred to above. One of the necessary aspects of this evaluation is to “clear” the mark for likelihood of confusion with other, existing marks. If it turns out that there are potentially confusing marks uncovered by that search, a more formal, though more expensive, search can be conducted by a trademark search firm. If, in light of the searches and the evaluation of the mark for

¹⁰ Two Pesos, Inc. v. Taco Cabana, Inc., 505 U.S. 763, 112 S.Ct. 2753, 120 L.Ed.2d 615 (1992).

descriptiveness and other factors, it seems that use of the mark will not result in likelihood of confusion, one can proceed towards registration.

2. Using the Mark.

A registration of a trademark in the United States cannot be obtained without having used the mark in interstate commerce. This use is necessary to create the record and to develop the necessary “specimens” needed for the registration. For purposes of state registration, use in commerce by sale or other commercial transaction within the particular state will suffice. For purposes of federal registration, however, the use must be interstate, *i.e.*, goods must have been shipped across state lines. Thus, the date of “first sale” across state lines becomes critical to fixing the starting date of protection one can receive in a mark.

Second, the use of the mark must be “substantial.” This is not a statement as to the frequency of use or meant to imply that sales of goods carrying the mark must be substantial, but merely that the use cannot be a sham whose sole purpose is to reserve the mark for future use, and that it must be an actual commercial use. Some cases have held that the use must be in the context of an actual sale, but others have allowed mere shipment for testing purposes to constitute the necessary commercial use.¹¹ It is possible, though not certain, that use of a new mark on a new product at the point it is first advertised to another person or company may qualify as the requisite use in commerce. Note, however, that the USPTO will also look to the continuity of the usage of the mark after the initial advertising. If there is but one advertisement, and no follow-up use, the use may not be deemed sufficient.

Third, the mark must be actually fixed to the goods which are marketed, or at least to the containers or packaging associated with the goods. Mere advertising use of the mark, or use on labels or brochures which are not continually shipped with the goods will

¹¹ See, *e.g.*, Pennwalt Corp. v. Sentry Chemical Co., 219 U.S.P.Q. 542 (T.T.A.B. 1983) (shipment to Good Housekeeping Organization for testing to obtain seal of approval constitutes necessary use in commerce).

not qualify as the requisite use.¹² Thus, the mark should actually be on the goods themselves, or on displays or documentation, which always accompany the goods.

3. Filing the Application.

The next step is to file the appropriate trademark applications. Separate filings are needed for the state and federal systems. The filing at the federal level, the more complicated one, will include the application/declaration of the company attesting to use of the mark,¹³ specimens showing use of the mark on goods shipped in interstate commerce, a drawing coded to meet USPTO specifications, if the mark includes any design or fanciful letters rather than simply block letters, and a filing fee. During the pendency of the application filing, the mark should continue to be used in commerce in order to refute any later argument that its use was perfunctory and not actual. The USPTO has recently adopted a form for the electronic submission of trademark applications via the Internet, and it is actively encouraging the use of the electronic system by providing a discount in the applicable fees for those using the electronic filing system.

4. Responding to the Trademark Office.

The next step is to respond to the USPTO after it issues its first “office action” in connection with the application. Typically there is a three to four month delay before the applicant receives the USPTO’s initial position. While it is possible to simply receive back the official certificate of registration as an initial response (following the notice of publication as described below), it is more common that the USPTO will raise potential objections to registration on specified grounds (*e.g.*, likelihood of confusion or descriptiveness of mark with other registered or pending marks). At this point, in order

¹² Powermatics, Inc. v. Globe Roofing Products Co., 341 F.2d 127 (C.C.P.A. 1965) (mere advertising and documentary use of a mark apart from the goods is not trademark use); Richfield Oil Corp. v. Dieterich Field, Inc., 279 F.2d 885 (C.C.P.A. 1960) (if only appearance of mark on hosiery box was limited to mailing sticker, such use does not qualify as trademark use).

¹³ It is possible to file a trademark application in the U.S. before using begins by using the form for intent to use rather than actual use. However, the trademark registration will not issue until after use begins and is demonstrated to the USPTO.

to pursue registration a response to the USPTO, which presents an argument against the points raised, including citation to relevant case law, must be made within six (6) months of said office action date.

5. Publication.

Responding to USPTO office actions may be an iterative process. Assuming that process is successful, and the mark is deemed eligible for registration, the mark must be published in the USPTO's Official Gazette in order to give other parties an opportunity to oppose registration of the mark. If a notice of opposition is not filed within thirty (30) days of the publication, the mark will proceed to registration.

6. Incontestability.

Unlike the protection offered under the patent and copyright laws, trademark protection lasts “in perpetuity” if the trademark owner takes the necessary steps to protect the use of those marks which it successfully registers.

A trademark certificate initially grants its holder protection for a period of ten (10) years.¹⁴ However, in order to retain that ten-year protection, at some point between the fifth and sixth years of registration, the registrant must file with the USPTO an affidavit attesting to the fact that the mark is still in use. Failure to provide this affidavit will result in cancellation of the mark.

A mark may be renewed for successive ten-year periods by filing an application for renewal within the six month period preceding the expiration of the previous ten-year period. There is no limit to how many ten-year periods the mark can be renewed for so long as the mark remains in use by its owner or by authorized licensees of the owner.

Additionally, a trademark owner can obtain even greater protection in its registered marks by filing an affidavit of “incontestability” after a five-year period during which the mark has been in continuous use in commerce.¹⁵ This filing limits third parties' rights to seek cancellation of the registration in the mark. In that this affidavit is also filed between the fifth and sixth years of registration, this affidavit may be combined

¹⁴ 15 U.S.C. § 1058 (2008).

¹⁵ 15 U.S.C. § 1065 (2008).

with the affidavit regarding continuous use referred to above. Note, however, that a mark can still be contested, even if “incontestable” status has been obtained, if it has been abandoned, or was obtained by fraud, or has become a common descriptive term in general use.

7. International Protection and Registration.

Many companies are expanding their marketing efforts in foreign countries, including close neighbors such as Canada. While each country has its own laws regarding trademark registration, a number of treaties exist between countries which affect the procedure for obtaining trademark protection and the rights granted in foreign jurisdictions.

There are three ways to obtain an international registration: (1) national (local filing) in the specific foreign jurisdiction, (2) European Community Trademark (“CTM”), and (3) Madrid Protocol.

The most important international trademark treaty is called the “Paris Convention,” a treaty affecting national applications and CTM applications. Under this treaty, one may obtain a priority date for registration of a mark in a foreign country that is based upon earlier use in another treaty country so long as application is made in the foreign country within six months of the application in the other treaty country. The rights granted in the foreign jurisdiction are guaranteed by the treaty to be identical to those granted to nationals of that country.

In 2003 the U.S. became a member of the Madrid Protocol on trademark registration. The Madrid Protocol allows U.S. citizens with an American trademark application or registration to use the application or registration as the basis to obtain trademark registrations in sixty-one (61) member countries with a single international application and a coordinated examination process. The primary potential problem with the international application procedure is that if the U.S. application does not mature into a registration or the U.S. registration is subsequently canceled during the first five years, the company will be required to transform the international application into national applications in the various foreign countries or into a CTM application.

The trademark registration process is lengthy and complicated. There are many specialists who practice exclusively, or nearly exclusively, in the prosecution of trademark registrations. It is highly recommended that such a specialist be contacted before any trademark applications are undertaken and if you have any questions regarding the application process.

C. Enforcement.

1. Proper Use of Your Trademark.

It is critical to properly use and designate your trademark after use of the mark begins, and especially after an application has been filed. A company policy on how the company should use and designate its valuable trademarks should be established with the assistance of trademark counsel. However, here are a couple of tips on proper trademark use. First, once the trademark application has been filed, all printed material should contain the TM or SM symbol at a spot next to the mark for which protection is sought; typically it is put at the end of the mark, slightly raised. Once the mark has registered all printed materials should contain an ® symbol in this same position.

Second, always use a trademark as an adjective, accompanied by an appropriate noun, e.g., “TiVo DVR.” Third, always use trademarks and brand names in the way they were intended to be used. They exist to identify the source of specific products or services and they should not be used otherwise. As mentioned above, a company policy for the proper use of trademarks should be established, and these tips are not a complete list of all the protections that should be taken to ensure proper use of the mark.

2. Searching for Potentially Infringing Marks.

The search for potentially confusing, or infringing, marks is both deceptively simple and time-consuming – be alert for infringing uses and bring any such uses to the attention of your trademark counsel. Regular searches on the Internet, keeping tabs on actual and potential competitors and even reviewing the Official Gazette all can help ensure that your marks are not being improperly used.

3. Engagement of Potential Infringers.

If your company identifies another person or entity that is infringing one of its trademarks, action must be taken or the company risks being found to have abandoned its trademark rights. Do not sit on your rights or you may lose them or lose the ability to collect all your potential damages. Cease and desist letters are standard operating procedure for trademark violations. That is, a letter demanding that the infringer immediately stop using the trademark is typically sent as the first step. If the infringer does not respond or refuses to cease use of the infringing mark, then litigation is the next step.

D. Trademark and Trade Dress Infringement – The Lanham Act.

1. Trademark Infringement.

The Lanham Act protects trademark owners from actual, and some potential, competitors who use the trademark in commerce in a manner that is likely to be confusing to the public as to the origin of the products on which the mark exists.¹⁶ Registration of a mark allows for added remedies and protections above what are afforded to common law trademark owners.

In order to prevail on a claim for trademark infringement, a party must prove a few distinct elements. First, the trademark owner must show that it holds the mark in question and that the infringer has used the trademark in commerce.¹⁷

Second, the trademark owner must show that the infringing use is likely to create confusion in the public's eye as to the source of the goods carrying the infringing mark. Courts have a number of long-established factors that are reviewed to test for likelihood of confusion. The test begins with an analysis of the nature of the goods or services which the marks are attached to are analyzed. If the goods or services are directly competitive, the only factor reviewed is the similarity of the two marks. If the goods or services are totally unrelated, infringement will not be found. If, however, the goods or

¹⁶ See 15 U.S.C. § 1114 (2008).

¹⁷ *Id.*

services are related but not competitive at least seven other factors are typically reviewed.¹⁸

The factors used for the determination of whether the trademarks are likely to be confused are well-established, and in the Ninth Circuit are called the Sleekcraft factors:

In determining whether confusion between related goods is likely, the following factors are relevant:

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.¹⁹

Additionally, defendants have a number of affirmative defenses to claims of trademark infringement, such as fair use, that could trump a successful showing of trademark infringement.

2. Trade Dress Infringement.

The test for trade dress infringement is different from the test for trademark infringement. To successfully prosecute a claim for trade dress infringement, the plaintiff must prove “(1) that its claimed dress is nonfunctional; (2) that its claimed dress serves a source-identifying role either because it is inherently distinctive or has acquired secondary meaning; and (3) that the defendant’s product or service creates a likelihood of consumer confusion.”²⁰

¹⁸ AMF, Inc. v. Sleekcraft Boats, 599 F.2d 341, 348 (9th Cir. 1979).

¹⁹ *Id.* at 349.

²⁰ Clicks Billiards, Inc. v. Sixshooters Inc., 251 F.3d 1252, 1258 (9th Cir. 2001).

E. The Impact of the Federal Trademark Dilution Act.

The Federal Trademark Dilution Act (“FTDA”), following similar legislation by a number of states, was passed by Congress to allow trademark holders to protect well-known trademarks from similar marks, regardless of whether use of the other mark is competitive. Unlike trademark infringement claims, a plaintiff under the FTDA does not have to show that the defendant’s use of the mark is competitive or potentially competitive in the marketplace. Rather, the FTDA potentially blocks all use of a famous trademark by anyone else. In order to limit the aggressive use of this Act, Congress implemented one very important limitation: a plaintiff cannot collect damages under the Act, the only remedy is injunctive relief.

The FTDA was originally passed in 1995. In the well-known case involving a store called Victor’s Little Secret, the Supreme Court held that the FTDA only protected trademarks from actual dilution, not likely dilution.²¹ Congress responded quickly and amended the FTDA to plaintiff’s to prosecute claims for likelihood of dilution as well as actual dilution.

In a new and potentially leading case in the area, the Ninth Circuit outlined the following test for relief under the FTDA: “Injunctive relief is available under the Federal Trademark Dilution Act if a plaintiff can establish that (1) its mark is famous; (2) the defendant is making commercial use of the mark in commerce; (3) the defendant’s use began after the plaintiff’s mark became famous; and (4) the defendant’s use presents a likelihood of dilution of the distinctive value of the mark.”²²

Other circuits have set out competing sets of “factors” to be reviewed in analyzing likelihood of dilution. The Second Circuit in an early decision, partially overruled by the Moseley decision on other grounds, set out a large number of factors to be reviewed.²³ The Seventh Circuit applied a simpler test, looking only at the two marks’ similarity and

²¹ Moseley v. V Secret Catalogue, Inc., 537 U.S. 418, 123 S.Ct. 1115, 155 L.Ed.2d 1, (2003).

²² Perfumebay.com Inc. v. eBay Inc., 506 F.3d 1165, 1180 (9th Cir. 2007) (internal quotation marks and citations omitted).

²³ Nabisco, Inc. v. PF Brands, Inc., 191 F.3d 208 (2d Cir. 1999).

the renown of the plaintiff's mark.²⁴ The Ninth Circuit appears to be somewhere in between.

In Perfumebay, the Ninth Circuit found the conjunctive use of the name Perfumebay to be both a trademark infringement and to be dilutive under the FTDA. In its analysis of the trademark dilution claim, the Court did not explicitly adopt or reject either the Nabisco or Eli Lilly sets of factors.²⁵ The Court instead referred to an earlier Ninth Circuit decision requiring the analysis of the distinctiveness or strength of the mark.²⁶ The Court found the eBay trademark to be famous and distinctive, and therefore, the use of Perfumebay was dilutive, even under the Eli Lilly test.²⁷ The end result now appears to be that the Ninth Circuit test for likelihood of dilution applies a set of factors smaller than Nabisco but larger than Eli Lilly.

The Federal Trademark Dilution Act and the remedies it provides primarily benefit nationally known brands that achieve the requisite fame. This protection encourages trademark holders to expand their advertising and marketing reach and heavy investment in achieving that level of fame, for the reward is simple: exclusive use of the mark in all markets. Though the tests for likelihood of dilution are not yet fixed, some degree of protection has been clearly established by Congress and the Courts.

F. Trademarks and Targeted On-Line Advertising.

Targeted on-line advertising has created new avenues of potential trademark infringement, avenues so great that the leader in the field, Google, has an extensive part of its website devoted to dealing with such claims.

One example of how this might work is as follows: a company, Acme, decides to buy an advertisement from Google that will appear whenever a leading competitor's name, Beta, is searched by someone using Google's search engine. The first item in the results column is Beta's website, but the first item in the advertising column just to the right is the ad for Acme. Acme makes the additional choice to have the hyperlink

²⁴ Eli Lilly & Co. v. Natural Answers, Inc., 233 F.3d 456 (7th Cir. 2000).

²⁵ Perfumebay.com, 506 F.3d at 1180.

²⁶ Id. citing Thane Int'l, Inc. v. Trek Bicycle Corp., 305 F.3d 894 (9th Cir. 2002).

²⁷ Id. at 1181.

headline for Acme's ad be the search term (Beta), so the first thing in Acme's advertisement is a hyperlink to Acme's webpage that is expressed as "Beta"!²⁸ This is, obviously, trademark infringement – a direct competitor uses the exact trademark is the simplest way of proving such infringement.

The big question, however, is whether Google and similar on-line ad providers have liability for infringement related to the "Sponsored Ads" section of the search results. A number of published U.S. District Court decisions have been issued, as well as a number of unpublished decisions, involving Google and others.²⁹ Those cases do not generally involve the situation described above where the trademark actually appears in the ad, but deal with the broader question of whether it is a trademark infringement for a search engine to sell advertisements for results on a trademark to a competitor.

In current cases there is a substantial split between the courts in the Second Circuit and those elsewhere on the question of whether the sale of such advertisements constitutes a "use in commerce" of the trademark. The use in commerce question is a gating requirement for trademark infringement. In other words, the trademark must be "used" by the alleged infringer for a commercial purpose in order for there to be any infringement. Three districts in New York have found that sales of online advertising are not a "use in commerce," while the decisions elsewhere, including an unpublished

²⁸ The competitor attempted to argue that Google put the name in the advertisement, not the company in question. While in some sense technically true, it was the choice of the company to have the search term used as the link in the ad, making it responsible for the infringement.

²⁹ Boston Duck Tours, LP v. Super Duck Tours, LLC, 527 F. Supp.2d 205 (D. Mass. 2007); Merck & Co., Inc. v. Mediplan Health Consulting, Inc., 425 F.Supp.2d 402 (S.D.N.Y. 2006); Site Pro-1. Inc. v. Better Metal, LLC, 506 F.Supp.2d 123 (E.D.N.Y. 2007); Fragrancenet.com, Inc. v. FragranceX.com, Inc., 493 F.Supp.2d 545 (E.D.N.Y. 2007); Rescuecom Corp. v. Google, Inc., 456 F.Supp.2d 393 (N.D.N.Y. 2006); 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); Int'l Profit Assocs. v. Paisola, 461 F.Supp.2d 672 (N.D. Ill. 2006); Gov't Employees Ins. Co. v. Google, Inc., 330 F.Supp.2d 700 (E.D. Va. 2004).

decision by Judge Fogel in Northern California involving Google,³⁰ have found that such conduct does constitute a “use in commerce.” The different analysis appears to be primarily related to the meaning of “use.” According to the Second Circuit logic, the seller of the ad, such as Google, does not “use” the trademark because it does not place the trademark on any goods, displays or ads and that the internal use of the mark to generate the ad is not visible to the public.³¹

In every other jurisdiction, however, the courts have found the necessary use in the process of generating an advertisement for a competitor following the search of a trademark on a search engine. In an early decision involving Google, the Eastern District of Virginia found the use of the trademark to sell advertising and link that advertising to search results sufficient “use in commerce” to meet the requirements of the Lanham Act.³² In the Ninth Circuit, a decision found use in commerce without analysis on a somewhat similar set of facts involving banner ads following an Internet search, though the banner ads in question were not labeled or confusingly labeled.³³ The unpublished decision of Judge Fogel relating to the Google AdWords program was based on the Playboy decision.

Outside of the Second Circuit the great weight of authority is clearly moving in the direction of finding the sale of “sponsored links” to competitors for the results of searches on trademarks to be a “use in commerce” by the seller of the advertisements. However, this is only the first step in proving infringement. The trademark owner must still prove likelihood of confusion as a result of the use in order to prevail on any claim utilizing the traditional analysis discussed above.

CONCLUSION

Trademarks are an extremely important form of intellectual property for companies to consider creating and protecting. This overview is meant to provide you

³⁰ Google, Inc. v. American Blind and Wallpaper Factory, Inc., 2007 LEXIS 32450, *21 (N.D. Cal. 2007) (Fogel, J.).

³¹ Rescuecom, 456 F.Supp.2d at 403.

³² Gov’t Employees Ins. Co., 330 F.Supp.2d at 703-704.

³³ Playboy Enters. v. Netscape Communs. Corp., 354 F.3d 1020, 1023-24 (9th Cir. 2004).

with a general understanding of trademark law but should not be viewed as a substitute for a well-formed trademark policy that is adopted and enforced throughout your company.