

**RECENT DEVELOPMENTS IN TRADEMARK LAW:
What Every Business Should Know About Using Internet Trademarks**

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I.

INTRODUCTION

The World Wide Web has afforded businesses unprecedented opportunities for reaching a global audience at a fraction of the cost of traditional advertising and marketing methods. Increased litigation concerning trademark use on the Internet, however, has resulted from this increased visibility. Emerging case law is slowly defining boundaries within which businesses should operate both to protect their own trademarks and to avoid liability when using another's trademark.

This article briefly describes several issues involved in using trademarks on the Internet: (A) domain names, (B) metatags, (C) frames, (D) deep-linking; and (E) banner ads.

A. Domain Names

Domain names have become tremendously important from a business standpoint. Originally intended as an easy way to remember web site addresses, they quickly became the center of a series of intense legal battles between trademark owners and domain name registrants. Initially, the "first to register" policy dominated the web. Currently, however, the courts are protecting the trademark owners' rights, particularly when the registrant is a cybersquatter.¹ Because companies frequently bring suits regarding domain names, businesses should ensure that they have established legal trademark rights in a domain name by taking the following steps:

1. Perform a Trademark Clearance Search

Before registering a domain name, a new business should perform a trademark clearance search to determine the availability of the mark which will be the foundation of the domain name. The registration of a domain name does not in itself establish trademark rights, and the current registration process does not determine whether the requested domain name conflicts with a registered trademark. By performing an initial trademark clearance search, a business can avoid obtaining a domain name and then finding that the domain name is unusable because it infringes another's trademark rights.

2. Use the Domain Name as a Trademark

If the trademark clearance search reveals no conflicts, a new business should file an Intent to Use trademark application for the domain name. Because federal trademark laws require that a mark be used in commerce to qualify as a trademark and because mere ownership of a domain

¹ A cybersquatter is a registrant who obtains domain names, particularly those based on famous trademarks and variations of famous trademarks, for the sole purpose of selling the domain names to the trademark holders or other users for an often exorbitant price.

name does not automatically qualify as use in commerce, new businesses must use the domain name as a trademark in order to be protectable. For instance, a business should prominently display the domain name on the website as a trademark. In addition, a business should include and clearly identify the domain name as a trademark in mailings, advertising, correspondence with customers, and other literature.

The business should include only that part of the domain name that is used as a trademark in the trademark application. For example, if the web site will be known by a name including the “.com” – such as Broadcast.com – then the business should register the “.com” as part of the trademark. If, however, the trademark will not be part of the site’s name – such as Yahoo – then the business should not include the “.com” in the trademark application.

3. Register the Domain Name

A new business should simultaneously file the trademark application and register the domain name with an Internet Corporation for Assigned Names and Numbers (“ICANN”) accredited registrar. Businesses should develop consumer identification of the most valuable, top-level “.com” domain names. For further protection, however, businesses also should register other top-level names (*i.e.*, “.net” and “.org”), second-level names, abbreviations, and common misspellings.

4. Be Cognizant of Who is the Real Owner?

Under the current dispute resolution policies in place at Network Solutions, Inc. (“NSI”) and Register.com,² neither registrar will resolve domain name disputes themselves, but they will comply with court orders resolving domain name disputes. Under the relevant dispute policy, the registrar will check the creation date of the domain name if the trademark owner offers proof of ownership.

If the domain name predates the effective date of the trademark registration, the registrar will take no action, and the trademark owner claiming rights to the domain name must file suit against the registrant to resolve the issue.³ If the effective date of the trademark registration predates the domain name, the domain name holder must present proof of ownership by submitting an applicable trademark registration. If the domain name holder does not submit the documentation, the registrar will suspend the domain name until the parties resolve the issue. Alternatively, if the registrant wishes to continue using the domain name during the dispute, he may file suit against the owner of the asserted trademark. In this case, both registrars will allow continued use of the domain name pending the dispute’s resolution.

² The dispute policy of Register.com is located at: <<http://www.register.com/dispute-policy.cgi>>. The dispute policy of NSI is located at: <<http://www.networksolutions.com/legal/dispute-policy.html>>.

³ See, e.g., *Beverly v. Network Solutions, Inc.*, 49 U.S.P.Q.2d 1567, 1998 WL 917526 (N.D. Cal. 1998); *Lockheed Martin Corp. v. Network Solutions, Inc.*, 985 F. Supp. 949 (C.D. Cal. 1997).

If the trademark owner simply wants to prevent another's use of the domain name, suspension of the domain name may satisfy the owner because suspension effectively makes the name unavailable to anyone for the duration of the dispute. If the owner wants to obtain possession of the domain name, then the parties may have to file suit since neither registrar will cancel or transfer a domain name unless under compliance of a court order. In domain name cases, courts generally rule in favor of the trademark owners over domain name holders.⁴ Trademark owners have added the claim of trademark dilution to their repository of claims against domain name holders.⁵

If a cybersquatter is holding a domain name, the registrars' dispute resolution policies may be used to suspend the domain name. Most cybersquatters will refuse to relinquish control of the domain name, even during the extended suspension time. Increasingly, therefore, courts are forcing cybersquatters to relinquish domain names to trademark owners. Furthermore, pending proposals will, if enacted, limit cybersquatting through both preventative and penalty measures.⁶

B. Metatags

Several courts have enjoined website holders' use of a competitor's trademarks in the holders' metatags.⁷ For example, in *Brookfield Communications, Inc. v. West Coast Entertainment Corp.*,⁸ the Ninth Circuit reversed the district court's denial of an injunction barring West Coast Entertainment from using Brookfield's trademark, "MovieBuff," in the metatags of its web site. The Court held that West Coast's use of "moviebuff" in metatags would result in "initial interest confusion" with Brookfield's trademark. Initial interest confusion results from the use of another's trademark in a manner calculated to capture initial consumer attention, even though no actual sale is finally completed as a result of confusion.⁹ Many federal courts

⁴ See, e.g., *Interstellar Starship Servs., Ltd. v. Epix, Inc.*, 184 F.3d 1107, 1112 (9th Cir. 1999); *Washington Speakers Bureau, Inc. v. Leading Authorities, Inc.*, 33 F. Supp. 2d 488, 501 (E.D. Va. 1999).

⁵ See *Panavision Int'l, L.P. v. Toepfen*, 945 F. Supp. 1296, 1303 (C.D. Cal. 1996), *aff'd*, 141 F.3d 1316 (9th Cir.); *but see Avery Dennison Corp. v. Sumpton*, ___ F.3d ___, 51 U.S.P.Q.2d 1801 (9th Cir. 1999) (reversing motion for summary judgment in favor of trademark holder and noting that cybersquatting dilution cases universally have been applied only to ".com" registrations while the current case involved a ".net" registration).

⁶ The proposed Anti-Cybersquatting Consumer Protection Act would impose both civil and criminal penalties for cybersquatting in the United States. See <<http://www.senate.gov/~abraham/cybersqt.html>>.

⁷ Metatags are hypertext markup language ("html") used to describe the contents of the web site for search engines but are not visible to web users. Description metatags describe the web site; keyword metatags contain keywords relating to the contents of the web site.

⁸ 174 F.3d 1036 (9th Cir. 1999).

⁹ *Id.* at 1062-63 (citing *Dr. Seuss Enterprises, L.P. v. Penguin Books USA, Inc.*, 109 F.3d 1394, 1405 (9th Cir. 1997)).

have recognized that initial interest confusion is actionable under Federal trademark laws.¹⁰ By using “moviebuff” to divert users searching for Brookfield’s “MovieBuff” site, West Coast benefitted from the goodwill that Brookfield developed in its mark—even if there was no source confusion in the sense that users knew that they were visiting West Coast’s site instead of Brookfield’s site.¹¹

I. Acceptable Use of Another’s Trademark in Metatags

The court in *Brookfield*, however, did not impose a total ban on using another’s trademarks in metatags and suggested certain circumstances in which such use may be entirely proper:

- (i) The use of another’s trademark may constitute “fair use” if, in the visible, textual portion of the site, the goods or services of the business are compared to the competitor’s.¹² Such “comparative advertising” recognizes the right to use another’s trademarks to truthfully identify the source of goods used in the comparison.
- (ii) If another’s trademark is used to accurately index a site’s contents, then the court suggests that the trademark may be included in the metatags. In *Playboy Enterprises v. Welles*,¹³ the Court permitted Welles’ inclusion of the Playboy trademarks in the metatags of her website as a good faith attempt to index her site.

While courts evidently are willing to enjoin parties from using another’s trademark in metatags on their home sites when initial interest confusion is present, this prohibition is not absolute.

C. Frames

Framing occurs when clicking on a link to another site makes the new site appear in frames (*i.e.*, not in its own window). The frames contain text or graphics controlled by the

¹⁰ *Brookfield*, 174 F.3d at 1063-64 (citing federal cases recognizing the viability of an “initial interest confusion” claim).

¹¹ *Brookfield*, 174 F.3d at 1063-1064.

¹² *Id.* at 1065 (citing *Radio Channel Networks, Inc. v. Broadcast.com, Inc.*, No. 98-4799, 1999 WL 124455, at *5-*6 (S.D.N.Y. Mar. 8, 1999) for the proposition that the fair use doctrine applies in cyberspace as it does in the real world).

¹³ 7 F. Supp. 2d 1098 (S.D. Cal. 1998). Welles, a former Playboy Playmate whose commercial identity relied on her recognition as a former Playmate, used the terms “Playboy” and “Playmate” in the metatags of her site.

original site and surrounding the content of the new site. Framing can create confusion by making it appear that the sites are affiliated.

Many commentators hoped that the case, *Washington Post Co. v. Total News, Inc.*,¹⁴ would clarify the legal implications of framing. Washington Post sued Total News for displaying links to unaffiliated, “name-brand,” news sources in a frame. When a user of the Total News site clicked on the Washington Post trademark, Total News’ site did not fill up the screen as it would had the user accessed the Washington Post site directly or by means of a hyperlink that does not “frame” linked sites. Total News inserted a portion of Washington Post’s site into a portion of the Total News site so that the surrounding frame displayed the Total News logo and advertising controlled by Total News. Nor did Washington Post’s URL appear at the top of the screen as it normally would. Washington Post’s Complaint alleged claims of misappropriation, Federal trademark dilution, trademark infringement, violations of § 43(a) of the Lanham Act, and various state law claims,¹⁵ but the parties settled before the Court made any rulings.¹⁶

Following the settlement, the Total News link to the Washington Post website displays Washington Post’s own full screen and URL at the top of the screen. Total News has discontinued using Washington Posts’ trademark designs or logos. Because the settlement only involved sites owned or controlled by Washington Post and the other Plaintiffs, Total News continues to frame from other sites.¹⁷

Because framing is still an open issue in the courts, companies who use frames also should implement clear indicators to avoid consumer confusion as to site ownership and control.

D. Deep-Linking

Current law generally permits hyperlinking to the front page of another site containing useful services or information, but “deep-linking” has generated litigation. Deep-linking allows an outside site to bypass the front pages of a site and connect to interior pages. By avoiding the front pages on which trademarks and advertising are most frequent, the outside site may confuse visitors by creating the appearance that the linked site is sponsored by or affiliated with the originating, outside site.

¹⁴ No. 97 Civ. 1190 (PKL) (S.D.N.Y. filed Feb. 20, 1997). Other Plaintiffs included Digital Ink Co., Time, Inc., Entertainment Weekly, CNN, Los Angeles Times, Dow Jones, and Reuters.

¹⁵ Washington Post’s Complaint is available at <<http://www.zeus.bna.com/e-law/docs/total.html>>.

¹⁶ The parties’ settlement is available at <<http://www.bna.com/e-law/cases/totalset.html>>.

¹⁷ See, e.g., U.S.A. Today, C.B.S. Marketwatch, Yahoo Finance, Cyber Atlas, Forbes Magazine.

In the most publicized case regarding deep-linking, *Ticketmaster v. Microsoft*,¹⁸ Ticketmaster alleged that Microsoft's site, Seattle Sidewalk at <<http://seattle.sidewalk.com>>, contained numerous, unauthorized links to event specific pages within Ticketmaster's site.¹⁹ Users bypassed Ticketmaster's trademark and much of its targeted advertising information. The parties settled the case when Microsoft agreed to refrain from linking Sidewalk to pages deep within the Ticketmaster site, but instead, to point users directly to the Ticketmaster homepage.

As a result of the settlement, the online industry is absent any legal criteria regarding deep-linking. If a specific section or service within another site could be of particular interest to the users of an originating site, the parties should consider a formal arrangement, such as a licensing agreement, to avoid future litigation in an area of such uncertainty.

E. Banner Ads

The current trademark litigation over banner advertising may become increasingly important as more business sites tie their internal search engines to advertising banners.²⁰ Some types of banner advertising are sold and displayed in response to pre-selected package of search queries. Companies have challenged the rights of search engines to sell advertisements linked to trademarked terms without the owner's permission.

In *Playboy Enterprises, Inc. v. Netscape Communications Corp.*,²¹ the holder of trademarks "Playboy" and "Playmate" ("PEI") sued providers of Internet search engines, Netscape and Excite, to bar them from arranging for certain advertisements to appear on result screens when the user selected "playboy" or "playmate" as search terms. The California District Court denied PEI's motion for a preliminary injunction for several reasons:

- (i) PEI failed to show that Netscape and Excite used the trademarks in interstate commerce;
- (ii) PEI failed to show the necessary likelihood of confusion;
- (iii) PEI failed to show trademark dilution;
- (iv) the First Amendment protected Netscape's and Excite's use of the search words; and

¹⁸ No. CV 97-3055 (RAP) (C.D. Cal. Apr. 28, 1997).

¹⁹ Ticketmaster's Complaint is at: <<http://www.ljx.com/LJXfiles/ticketmaster/complaint.html>>.

²⁰ A banner ad is an advertisement that stretches across the top of a site containing a link to the advertiser's site.

²¹ 55 F. Supp. 2d 1070 (C.D. Cal. 1999).

(v) the doctrine of fair use covered Netscape's and Excite's use of words.

See *Playboy Enterprises, Inc.*, 55 F. Supp. 2d at 1079-1090.

In another case contesting the use of banner ads linked to trademarked search terms, *Estee Lauder, Inc. v. Fragrance Counter, Inc.*,²² the plaintiff, Estee Lauder, not only sued the search engine, Excite, but also Fragrance Counter, the advertiser displayed on the banner when a user searched for the term, Estee Lauder. In *Estee Lauder, Inc.*, the Court has denied Estee Lauder's Motion to Strike Fragrance Counter, Inc.'s affirmative defense of trademark misuse, but the Court has not yet made any substantive rulings on the issue of banner ads.

The *Playboy Enterprises, Inc.* opinion regarding banner ads indicates that the use of trademarked terms as triggers for certain advertising does not violate any Federal trademark laws. Furthermore, the type of banner advertising at issue directly affects only the companies with internal search engines which generate advertising revenue. Because the pending *Estee Lauder* case involves not only the search engine, but also the advertiser, companies should be conscientious about advertising on web sites which directly link the advertising to another's trademarks.

II.

CONCLUSION

In summary, using trademarks on the Internet comes down to two basic principles: (i) trademarks can and should be protected diligently; and (ii) use of another's trademarks can and should be avoided. Litigation regarding trademark usage on the World Wide Web is an expensive and highly uncertain solution. Developing case law is slowly defining the rules for both trademark owners and domain name holders, so businesses should observe closely the current developments and regulate their websites and trademark policies accordingly.

²² No. 99-Civ. 0382 (RWS) (S.D.N.Y. Sept. 23, 1999). Other Plaintiffs included Origins Natural Resources, Inc., Clinique Laboratories, Inc., and Prescriptives, Inc.