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**Online Infringement, Encroachment, and Effective
Enforcement:**
Protecting Your Trademark on the Internet

Natalma (“Tami”) McKnew
Smith Moore Leatherwood, LLP
Greenville, SC

and

Larry M. Weinberg
Cassels Brock & Blackwell LLP
Toronto, Canada

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NATALMA M. ("TAMI") MCKNEW

Tami McKnew is a shareholder in the law firm of Smith Moore Leatherwood LLP, and served as Managing Director of its predecessor Leatherwood Walker Todd & Mann, P.C. from January 1995 through December 2000. She received her B.A. degree in 1971 from the University of California at Santa Barbara, her M.A. degree in 1973 from the University of California at Los Angeles, and her J.D. degree in 1978 from Northeastern University. Tami joined Leatherwood in 1978 and concentrates her practice in the areas of franchising, intellectual property, antitrust and complex litigation. She has been a member of the ABA Section on Antitrust since 1979 and a member of the ABA Forum on Franchising since 1980. She is the co-editor of *Covenants Against Competition in Franchise Agreements* (Third Edition) and co-author of *Annual Franchise and Distribution Law Developments, 2008*, in addition to prior presentations at the Forum. Previous article by her on internet trademark use appeared in *Landslide, The Journal of Internet Law and Business Law Today*. Her current Board memberships include Attorney Liability Protection Society RRG (ALPS); the South Carolina Chapter of the Nature Conservancy; the United Way of Greenville County; The Priester Foundation; and the Advisory Board of Clement's Kindness for Children. She has one daughter, Bronwyn Kelson, who prosecutes bad guys in Sumter, SC and is about to deliver Tami's first grandchild. She loves to cook, read, and she skis badly but gamely.

Professional Biography for Larry Weinberg

Larry is a partner at the Toronto law firm of Cassels Brock & Blackwell LLP. Since 1989 he has had a practice that specializes in franchise law and providing all necessary legal services to franchisors. He is Chair of the Ontario Bar Association's Franchise Law Section, and was the founder of, and to date has organised and chaired four Ontario Bar Association annual franchise law conferences. He is a member of the American Bar Association's Forum on Franchising, and in 2006, he was the first Canadian lawyer to be appointed Director of the ABA Forum's International Division and to a leadership role on its Governing Committee. In 2009 he had the honour of being Co-chair of the ABA's 32nd Annual Forum on Franchising conference. In addition, he is a member of the International Bar Association, and Newsletter Co-Editor of the IBA's Franchise Law Committee. He is also a member of the International Franchise Association, and the Canadian Franchise Association. In 2004 he acted as co-editor of the ABA Forum on Franchising's book entitled ***Fundamentals of Franchising-Canada***. As well he was co-editor and co-author of the Canadian Franchise Association's first and still only official book publication entitled, ***How To Franchise Your Business***. He is a co-author and the regional editor of the chapter on Canada for the ABA Forum's book entitled ***International Franchise Sales Laws***. In 2004, 2005, 2009, 2010, 2011, 2012 and 2013 Larry was named by Franchise Times to their "Legal Eagles" list of the top franchise lawyers in the United States and Canada. He and Cassels Brock are each listed in the *Lexpert*® Canadian legal directory as being among the leaders in Canada in franchise law. Larry was called to the Bar of the Province of Ontario in 1989.

Larry Weinberg

Cassels Brock & Blackwell LLP
2100 Scotia Plaza
40 King Street West
Toronto, Ontario, Canada
M5H 3C2
Tel: 416 860 2987
Fax: 416 640 3043
E-mail: lweinberg@casselsbrock.com
www.casselsbrock.com

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Online Infringement, Encroachment, and Effective Enforcement: Protecting Your Trademark on the Internet

Welcome to Web 2.0! It's a connected, socially mediated world. Business and social communications, advertisement and information collide and meld; lines of demarcation disappear. The fluidity, ease and omnipresence of the electronic marketplace and instant communications may improve responsiveness and the speed of business, but they also increase risks. Electronic venues may make it easier for a franchisor to advertise and build value in its brands worldwide, but it may be just as easy for others to use a franchisor's marks for less laudable purposes.

This paper addresses the risks that an electronic marketplace and social media pose to a franchisor's trademarks and service marks,¹ how they arise, how to protect marks proactively, and how to repair infringement reactively. The web is worldwide, so these issues are international. Thus, we will focus not only on United States law, but on European Union, Canadian, French, United Kingdom and Australian law, as well as private remedies, such as those afforded by the Internet Corporation for Assigned Names and Numbers.²

I. THINGS PEOPLE DO

What can people do that increase the risk to a franchisor's marks? Cybergripping, cyberhyping, search engine optimization practices, and just plain piracy – all of these pose risks to brand owners.

A. Fair Use

Not all uses of another's mark are wrongful. In the U.S., the First Amendment to the Constitution limits the scope of the Lanham Act, as the Sixth Circuit explained in *Taubman Co. v. Webfeats*³ “[A]lthough economic damage might be the intended effect of [the defendant's] expression, the First Amendment protects critical commentary where there is no confusion as to source, even when it involves criticism of a business. Such use is not subject to scrutiny under the

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¹ In this paper, we will generally refer to “trademarks” or “marks” with the understanding that the intended reference is to both trademarks and service marks.

² U.S., E.U. and U.K. refer respectively to the United States, the European Union and the United Kingdom. Although they may be applicable, the statutory and common laws of U.S. states are not addressed.

³ 319 F.3d 770, 778 (6th Cir. 2003).

Lanham Act.” The Constitutional dimensions of free speech inform, but are not identical to, the doctrine of fair use in U.S. trademark law.⁴

The U.S. doctrines of fair use -- classic and nominative, and the boundaries of those doctrines, distinguish fair from wrongful use of another’s trademark. Classic fair use refers to the use of the term or terms which are the subject of another’s mark to describe one’s own product or services,⁵ or for purposes of comment, criticism, parody or news reporting. Nominative fair use refers to the use of another’s mark to refer to the mark owner’s product or service, or where the only practical way to refer to something is to use the trademarked term.⁶

The Ninth Circuit in *New Kids on the Block v. News America Publishing, Inc.*,⁷ observed that a potential for confusion remains with nominative fair use because the user is employing the mark owner’s mark to refer to the user’s services, e.g., an automobile broker truthfully advertising “I sell Lexus cars.”⁸ The Third Circuit in *Century 21 Real Estate Corp. v. Lendingtree, Inc.*,⁹ concluded that nominative fair use does not require an absence of confusion, but that the “defendant’s use, even if confusing, [is] ‘fair.’”¹⁰ Nominative fair use requires the user/defendant to show that:

- Use of the mark is necessary to describe the plaintiff’s product or service and the defendant’s product or service;¹¹
- Only so much of the mark is used as necessary to identify the product or service; and
- The user accurately reflects the relationship between himself/herself/itself and the mark owner (does nothing in conjunction with the mark to suggest sponsorship by or affiliation with the mark owner).

The nominative fair use doctrine was nicely explained in *Tiffany (NJ), Inc. v. eBay, Inc.*,¹² in which the court concluded that all of eBay’s alleged improper conduct was protected by the

⁴ See, e.g., *Mary Elizabeth, Inc. v. Scripps Networks Interactive, LLC*, Case No. 1:10-CV-1244 2011 WL 1750711 (W.D. Mich. May 9, 2011), in which the court found evidence sufficient to support preliminary injunctive relief in a reverse trademark infringement case (powerful junior user infringing less powerful senior user’s mark), but tailored injunctive relief to allow continued airing of “Bitchin’ Kitchen” by Scripps on First Amendment grounds.

⁵ *K.P. Permanent Make Up v. Lasting Impressions I, Inc.*, 543 U.S. 111, 125 S. Ct. 542 (2004); *New Kids on the Block v. News America Publishing, Inc.*, 971 F.2d 302 (9th Cir. 1992).

⁶ *Century 21 Real Estate Corp. v. Lendingtree, Inc.*, 425 F.3d 211 (3rd Cir. 2005).

⁷ 971 F.2d 322 (9th Cir. 1992).

⁸ See *Toyota Motor Sales USA, Inc. v. Tabari*, 610 F.3d 1171 (9th Cir. 2010).

⁹ 425 F.3d 211 (3rd Cir. 2005).

¹⁰ *Century 21*, 425 F.3d at 221.

¹¹ In *Playboy Enterprises, Inc. v. Welles*, 279 F.3d 796 (9th Cir. 2002), for instance, the Ninth Circuit engaged in an amusing exercise trying to describe Terri Welles’ Playmate of the Year achievement without using the marks “Playmate of the Year” or “Playboy,” then concluded that Miss Welles’ use of the Playboy marks was a nominative fair use.

¹² 576 F. Supp. 2d 463 (S.D.N.Y. 2008), *aff’d* 600 F.3d 93 (2d Cir. 2010)

doctrine. Tiffany sued eBay based on posting and sales of counterfeit “Tiffany” jewelry on the eBay site. eBay advertised that Tiffany jewelry was sold on its auction site and bought Tiffany keywords and sponsored links on Google and Yahoo!. Both parties admitted that genuine Tiffany jewelry was sold on eBay, in addition to counterfeit items.

The court explained that trademark owners cannot prevent descriptive use of their marks where “the only word reasonably available to describe a particular thing is pressed into service.”¹³ In the context of product sales, a trademark owner cannot prevent the use of its mark in the course of the resale of authentic trademarked goods, even when that use is not authorized by the mark owner. The resale of authentic goods bearing a genuine trademark is neither infringement nor unfair competition. More broadly stated, one may use another’s mark for these purposes so long as there is no confusion about source or about the seller’s sponsorship or affiliation with the mark owner.

Although the precise language of nominative fair use is not a feature of the worldwide legal landscape, concepts that allow a “fair use” of another’s mark nevertheless may be respected. In Canada, there is no doctrine of fair use. Instead, there is the exhaustion principle. The court in *Coca Cola Ltd v. Pardham* explained the doctrine by stating that “goods bearing an appellant’s trade-mark, which were sold by them in the course of trade, subsequent resale of those same goods bearing the same trade-mark could not constitute use or actionable use.”¹⁴ In Australia, there is no doctrine of fair use or exhaustion principle; rather the Australian Trade-marks Act provides for non-infringement if the use is descriptive, a concept which as noted above is recognized in the U.S. as well as in other countries.¹⁵ Even the universal reach of the Internet is unlikely to result in harmonization of trademark law principles from country to country.

B. Cybergripping

Cybergripping is just what the name suggests: use of a website to complain, criticize or “gripe.” In the U.S., pure griping is constitutionally protected by the First Amendment. The risk to brands may be acute, because gripe sites often incorporate complete trademarks/service marks in their domains, e.g., www.fordsucks.com, in content and likely in metatags. Early cyber-gripe sites frequently took the form [www.\[brand\]sucks.com](http://www.[brand]sucks.com), giving rise to the “suck sites” descriptor.

A pure gripe site is virtually unstoppable. Whether under U.S., foreign law, or ICANN process, no judicial or quasi-judicial authority is likely to act against a *pure* cybergripe site. The key word, though, is “pure.” Cybergrippers are well-protected when the site is purely critical,¹⁶ not so when a profit motive is detected. A site that looks like a cybergripe site may have commercial purposes where, for instance, it links to a commercial site.¹⁷ One enterprising complainant tried to

¹³ *Tiffany v. eBay*, at 496. The Second Circuit in its affirming opinion in *Tiffany v. eBay*, 600 F.3d at 102, acknowledged that although it had previously applied the principles of nominative fair use (and did so in the *Tiffany* case), it has neither specifically adopted nor rejected the doctrine by that name.

¹⁴ *Coca-Cola Ltd v. Pardhan*, [1999] F.C. 85 CRP 3(d) 489. See also *Michael Kors LLC v. Beyond the Rack Enterprises Inc.*, [2012] F.C. 1355 and *Smith & Nephew Inc. v. Glen Oak Inc.*, (1996) 3 F.C. 565. See also discussion of Canadian Charter of Rights and Freedoms, *infra*, Section V, What To Do When Things Go Wrong, Canadian Perspective.

¹⁵ *Trade Marks Act 1995* s 122(1)(b) (Aus).

¹⁶ *E.g., Savannah College of Art and Design, Inc. v. Houeix*, 369 F. Supp. 2d 929 (S.D. Ohio 2004).

¹⁷ *E.g., Pet Silk, Inc. v. Jackson*, 481 F. Supp. 2d 824 (S.D. Tex. 2007).

convince a WIPO arbitral panel that a cybergriper's multitude of gripe sites actually constituted a business, regardless of the absence of any commercial intent in any single site, *La Quinta Worldwide, LLC v. Heartland Times, LLC*.¹⁸ The attempt failed.

A logical approach to a cybergripe site is to examine the site carefully and determine whether there is any commercial purpose – a link, a comment, or an ad space. If a commercial purpose can be detected, the U.S. Anti-Cyberpiracy Consumer Protection Act (ACPA), the Canadian Internet Registration Authority's Dispute Resolution Policy (CDRP), ICANN's Uniform Domain-Name Dispute Resolution Policy (UDRP), or private social media remedies may be useful. These are discussed in greater depth below.

C. Cyberhyping

Cyberhyping, otherwise known as "astroturfing," occurs when an enterprise retains a member of the public to operate an ostensibly independent blog in order to praise the enterprise's brand.¹⁹ Although the content of the statements about the brand's products may not be factually false, and may not mislead the reader as to the quality of the product or services of the brand, it does mislead the reader as to the source of the statements. As a result of cyberhyping, the reader is led to believe that the statements are made by a genuinely satisfied consumer.

When an employee of a company practices cyberhyping, this is referred to as "sock puppetry". This is a slightly more direct form of advertising, where an employee of the brand is tasked with blogging anonymously, or "hyping" the company's product online.

The first reported case in the U.S. regarding cyberhyping, *Real Self Inc. v. Lifestyle Lift*, was pursued by New York Attorney General Andrew Cuomo and involved the company Lifestyle Lift.²⁰ Lifestyle Lift was accused of directing its employees to write fake positive reviews on a public complaint forum. The company ultimately settled with New York state for \$300,000 and an agreement to cease publishing anonymous reviews.²¹

Given the anonymity of the internet, cyberhyping is increasingly difficult to detect, and monitoring it as a trademark holder is even more challenging. The E.U., U.K., Canada and the U.S. all have legislation or regulatory authority that attempts to combat cyberhyping.

The U.S. Federal Trade Commission (FTC) has issued *Guides Concerning the Use of Endorsements and Testimonials in Advertising* (the Guides)²² that directly address cyberhyping, which is thus subject to the strictures of the FTC Act. The general public's freedom to express opinions (including fan opinions) is not affected. But according to the Guides, "endorsers" must disclose their connections with advertisers, even on social media. An "endorsement" is "any advertising message . . . that consumers are likely to believe reflects the opinions, beliefs,

¹⁸ WIPO Case No. D2007-1660 (Jan. 17, 2008).

¹⁹ Sheldon Burshstein, *The Law of Domain Names and Trademarks on the Internet* (Toronto: Caswell Ontario, 2005) at 4B.1(b) [hereinafter, Burshstein].

²⁰ Claire Cain Miller, "Company Settles Claims of Review it Faked", *The New York Times* (14 July 2009) online: The New York Times. <http://www.nytimes.com/2009/07/15/technology/internet/15lift.html?_r=1&emc=eta1>.

²¹ *Id.*

²² 16 CFR §255.0 *et seq.*

findings, or experiences of a party other than the sponsoring advertiser, even if the views expressed by that party are identical to those of the sponsoring advertiser.”²³ An “endorser” is “[t]he party whose opinions, beliefs, findings or experience the message appears to reflect,” whether “individual, group, or institution.”²⁴ An endorser might signal its association with an advertiser by adding a simple disclosing statement or by using a #spon (sponsored) hashtag on Twitter.

The E.U. introduced the *Directive on Unfair Business to Consumer Commercial Practices*, which prohibits individuals from falsely representing themselves as consumers when they are not.²⁵ The U.K. has made cyberhyping illegal through legislation that prohibits any misleading omissions made by an online user who fails to disclose any form of paid endorsements.

Currently in Canada, any endorsements must comply with the *Competition Act* and legislation on false or misleading advertising.²⁶ The Competition Bureau, the federal agency that oversees enforcement of Canada’s *Competition Act*, has issued the *Application of the Competition Act To Representations on the Internet*, which states that “the Act applies equally to false or misleading advertising regardless of the medium used.”²⁷ However, a concern with cyberhyping is not that the advertisement is necessarily misleading as to the content, but rather is that readers will be misled by the *source* of the comments. The Competition Bureau has addressed this by requiring any connections between sponsoring advertiser and product to be disclosed.²⁸

In addition to the *Competition Act*, The Canadian Marketing Association, a national trade association, has published a *Code of Ethics and Standards of Practice* that reflect a similar point of view. However, as a trade association, compliance is merely voluntary. The Code recommends one to avoid undercover marketing and requires that one disclose “any material connection between an endorser and marketer”.²⁹

The principal concern with cyberhyping is the difficulty it causes franchisors in maintaining the integrity of their trademarks. Aside from the franchise agreement and any policies disseminated on the subject, a franchisor may have little control over what a franchisee or a franchisee’s employees are doing with its trademark online. Due to the anonymity of the Internet and the ease by which someone can reach a large audience online, it is increasingly difficult to control illegal and unethical advertisements.

In order to combat the risks associated with cyberhyping to franchisors and their brands, franchisors should consider implementing the following strategies:

²³ 16 CFR §255.0(b).

²⁴ *Id.*

²⁵ Directive 2005/29/EC of the European Parliament and of the Council.

²⁶ *Competition Act*, R.S.C. 1985, c. C-34 [hereinafter *Competition Act*].

²⁷ The Competition Bureau, *The Application of the Competition Act to Representations on the Internet*, Ottawa: CBC 2003 ch 2.2.

²⁸ *Competition Act*, *supra* note 20.

²⁹ The Canadian Marketing Association, *Code of Ethics and Standards of Practice*, Toronto: CMA, 2012 N.1.1.

- An employee of the franchisor should be assigned to monitor the franchisor's brand activity on blogs and social networking sites.
- Alternatively, a franchisor can outsource these services to companies such as "Branchwatch" or "Trackur", which monitor usernames on major social networking sites on behalf of a trademark holder.³⁰
- Although the franchise agreement between the franchisor and franchisee will invariably require that a franchisee abide by the franchisor's instructions on trademark usage generally, and make it an event of default for failure to comply, specific policies addressing cyberhopping and other behavior discussed in this paper should be provided to all franchisees, which ideally would include requiring compliance with advertising industry ethical codes of conduct.

D. Gaming the Algorithm -- Search Engine Optimization

Search engine optimization (SEO) is the term applied to a wealth of practices used by savvy IT personnel and advertisers to achieve a preferred position in search engine results. How long has "google" been a verb? That's how long the search engine has been the primary interface between the public and information – or "the entrance to the planet's largest shopping center."³¹ Whether the search engine is Google, Bing, Yahoo!, or another site that invites a user search, this is the user's entry portal to the web. A consumer looking for a hotel in Istanbul is more likely to "google" (to use the verb form) "hotels in Istanbul" than to call a travel agent or consult a travel book. Where the Hilton or the Marriott or the Ritz ends up in the list of search results is likely to affect the consumer's ultimate choice. Not all consumers will search deeply into the results to explore all options.

Organic search engine results (the basic listings that appear in a search results list) are determined by proprietary, very complicated algorithms that govern the processes a search engine uses to crawl the web and grab results. Google's algorithm ranks search results based on a "Quality Score." The Quality Score is determined by a number of factors that, in the opinion of Google engineers, indicate a high degree of relevance to a search request. These algorithms are constantly tweaked, monitored and zealously guarded, and vigorous chatter accompanies algorithm changes.³² Webmasters try and game the system, changing web pages to achieve a better position in search results. The tricks they use may include metadata, links, doorway sites, keywords, content and many others, most of which could implicate use of a franchisor's mark.

A common SEO tactic is the use of keywords. But referring to a keyword, as if it has one consistent definition, is misleading. Not all keywords function in a consistent fashion. Keywords, even in search engine ad programs, mean different things. On Google, sponsored ads are displayed at the top and sides of the search results page, clearly labeled "sponsored." Google's

³⁰ Burshstein *supra* note 14.

³¹ David Segal, "The Dirty Little Secrets of Search," N.Y. Times, Feb. 12, 2011.

³² See, for instance, web chatter in response to Google's "Panda" alteration to its search algorithm in "lessons learned at SMX west" postings on www.searchengineland.com.

AdWords program offers several keyword match options, according to which an advertiser's ad may appear in search results:³³

- A broad match will respond to misspellings, synonyms, related searches and other relevant variations of the keyword.
- A broad match modified will respond to the keyword or close variations in any order.
- A phrase match will respond to the exact keyword phrase and close variations of that phrase.
- An exact match will respond to the exact match term and close variations.
- A negative match prevents an ad from appearing when the negative keyword is included in the search.

As the pre-eminent search engine, Google tends to set policy for the industry. Google labels some SEO tactics "white hat" and some "black hat," based on its terms of service and assessment of fairness, but often the distinction between white hat and black hat is a question of degree:

- White hat keyword use includes keywords in titles, headlines and reasonable appearance in text to describe site content. It becomes black hat when keywords are overused in content ("keyword stuffing"), are used as invisible text, or when keywords irrelevant to site content are employed.
- White hat linking practices include inbound links from trade organizations, quality review sites, popular blog sites and even social media. Linking becomes black hat when the links are from sites without content or with minimal content or from sites that are established simply to link with the primary site ("link farms").
- A site with quality content is white hat, but duplicating a site to achieve multiple appearances in search engine results ("page-stuffing") is black hat.
- A site that lures searchers with an intriguing headline, for instance referring to a current hot topic, but that resolves to an unrelated commercial site (a "doorway" or "gateway" page) is a black hat practice.
- Metatags are white hat when used to describe site content; they become black hat when misleading words are used as metatags.³⁴

³³ See "Using keyword matching options," at <http://support.google.com/adwords/answer/3205250?hl=en&rd=1> (last visited June 24, 2013). These are called "match" options because they refer to similarities between search terms employed by a user and a key work purchased by an advertiser. For instance, as an advertiser one might buy Rosetta Stone as a keyword. Google's match options define how broadly the algorithm will construe "Rosetta Stone" as a potential match for what a searcher enters into the Google search box.

³⁴ Because of past misuse, search engine algorithms now take little notice of metatags.

When it perceives black hat tactics, Google may take punitive action against the offender, as it did in the highly publicized case of farm links on the J.C. Penney website.³⁵ As a penalty, the site's position in organic search results was manually demoted by Google engineers. At least J.C. Penney avoided the Google "death penalty" that was handed out to BMW in 2006 – removal of the BMW.de site from search results.³⁶ Google's punitive measures are in response to its internal guidelines; although Google and other search engines may act in response to take down communications, no search engine takes on the responsibility for trademark infringement. The distinction is critical because, as discussed in greater detail below,³⁷ SEO tactics – whether white hat or black hat – can stray into illegality.

Why might SEO practices threaten a franchisor's trademarks? Let's go back to our searcher for a hotel in Istanbul, and let's assume he's looking for a Hilton. He enters "Hilton Istanbul" in the Google search box, expecting an on-point match to appear first in the results. But a clever webmaster for a competitor has embedded "Hilton" in metadata on a competitor's website for another hotel in Istanbul. The user may select the SEO-optimized competitor's hotel over the franchised Hilton hotel, depriving both franchisee and franchisor of a guest's income. Over the longer term, continued misdirection could dilute or tarnish the Hilton mark, create confusion in the marketplace, or reduce the value of the mark due to association with non-affiliated properties. Protecting the franchisor's mark is critical both to the success of franchisees and the franchisor.

Unauthorized use of another's mark in SEO efforts may be difficult to detect, especially where invisible metadata are influencing position. A sophisticated search by an IT specialist may be needed to detect improper trademark uses. Depending on the specific practice employed, the U.S. Lanham Act, the Canadian Trade-Marks Act, search engine policies or social media policies may be helpful in combatting such uses. As discussed in greater detail below, however, a legal remedy for all SEO practices cannot be ensured.

II. THINGS PEOPLE DO WRONG

Use of a franchisor's trademark may be fair use. But even with the best intent, use may wander into illegality. The demarcation between "fair" and "wrong" is unclear at best and is heavily dependent on the particularities of the use involved. Distinguishing between fair use and infringement is not as simple as branding one use "authorized" and another "unauthorized."

To further complicate matters, what is fair or foul is likely to change as Internet use becomes even more ubiquitous and SEO practices and Internet users become more sophisticated.³⁸ Early Internet cases³⁹ doubted the ability of users to distinguish between a trademark owner and an advertiser or competitor, but more recent cases often recognize that

³⁵ Segal, "Dirty Little Secrets," *supra*, note 25.

³⁶ *Id.*

³⁷ Section V, What To Do When Things Go Wrong.

³⁸ In *Network Automation, Inc. v. Advanced System Concepts, Inc.*, 638 F.3d 1137, 1152 (9th Cir. 2011), the court observed that "the default degree of consumer care is becoming more heightened as the novelty of the Internet evaporates and online commerce becomes commonplace."

³⁹ In the world of Internet law, cases as recent as 2000 can be considered "early" cases.

Internet users have become more web-savvy. The relatively short period of time in which court observations about Internet users have changed reflects the rapidity of change in the Internet itself and with which users have adapted and become educated in searching for information.

This section briefly describes factors that may nudge a particular practice into illegality. Potential remedies for illegal activity are discussed in detail in Section V, What To Do When Things Go Wrong.

A. Cybersquatting

The advent of URL availability was like the opening of the Oklahoma territory to settlers. It was the wild west, with everyone rushing and pushing each other out of the way to corral the most valuable domain names. A business's website is often the first point of contact for the e-consumer, so highly recognizable domain names become instant targets for brand infringement.⁴⁰ Speculators rushed to register branded domain names. The next step was to cash in on their investment, meaning that many of these speculators graciously offered to sell the names to brand owners (or to competitors) for large sums of money, a practice that became known as "greenmail" or "hijacking." Today, cybersquatting is seen in "brand jacking," which occurs on social media when users hijack brand names in an effort to force brand owners to pay to use their own name.⁴¹ WIPO, the World Intellectual Property Organization, recently published statistics on the number of cybersquatters in 2012, which has risen by 4.2% from 2011.⁴²

A cybersquatter may also be tempted to use another's trademark as a means of increasing traffic to his or her own website. These websites may not be functional websites, but instead may redirect or contain links to other websites. Cybersquatters are then paid through referral links for each link clicked. Yet another variation of cybersquatting is typosquatting, registering common typographical errors for branded domains, e.g., www.Windham.com.

Alarmed trademark owners and merchants screamed (sometimes literally) foul to U.S. legislators, and in what today would pass as a legislative nano-second, the Anti-cyberpiracy Consumer Protection Act (ACPA)⁴³, was enacted. The ACPA was designed to prevent "individuals seeking extortionate profits by reserving Internet domain names that are similar or identical to trademarked names with no intention of using the name in commerce."⁴⁴ The ACPA thus renders illegal the act of registering and using a domain name with bad faith intent to profit from the goodwill in someone else's mark.

The Act includes a safe harbor provision, 15 U.S.C. §1125(d)(1)(B)(ii), which shields an actor from liability if he or she reasonably believed that "use of the mark was a fair use or

⁴⁰ Melissa Beaumont, "Let Go of My Dot-Ca: Using the CDRP in the Fight Against Cybersquatting", at para. 10.

⁴¹ Beaten to the Tweet: Twitter Cybersquatters Have Hijacked Brands, <http://www.pamorama.net/2009/11/13/beaten-to-the-tweet-twitter-cybersquatters-have-hijacked-brands/>. See this Section, Social Media and Vanity URLs.

⁴² World Intellectual Property Organization, Arbitration and Media Center, <http://wipo.int/amc/en/domains/statistics/cases.jsp>.

⁴³ Anti-cyberpiracy Consumer Protection Act, 15 U.S.C. §1125(d).

⁴⁴ H.R. Rep. No. 106-412, at 6 (1999).

otherwise lawful.”⁴⁵ Even if the assumption was in error, a defendant who demonstrates a reasonable belief to the contrary will be forgiven his transgressions under the ACPA. The safe harbor has been applied, for instance, in situations involving parody and comment, and ignorance of another’s superior rights.⁴⁶ The safe harbor is narrowly applied, however, lest its application undermine the purposes of the Act.⁴⁷

Canada does not have specific legislation addressing cybersquatting. As such, in Canada, trademark owners must seek redress under sections 7, 19, 20, 22 of the Trade-marks Act, or under the common law for passing off.⁴⁸ In Canada, punitive damages have even been awarded, on a default judgment, against a cybersquatter.⁴⁹

B. Keywords

Keywords are undeniably useful SEO tools, but their legality may be determined, like good real estate, by location and appearance. Factors such as identity of the user, visibility or invisibility of the use, precise fashion in which the trademark is used, the appearance of the website to which the search resolves, prominence of the trademark on the site, and site disclaimers may also affect legality.

An easy (but expensive)⁵⁰ way to improve search result position is to pay the search engine. Google has permitted advertisers to bid on another’s marks as keywords since 2004; Microsoft’s Bing and Yahoo! search engines have done so since at least 2011.⁵¹ Google’s AdWords program allows advertisers to bid on keywords, which will trigger sponsored ads. An advertiser bids by indicating how much it is willing to pay for a keyword, per click. Concerned about the difficulty searchers may have distinguishing between paid search results and other forms of advertising from organic search results, the FTC recently urged search engines to distinguish more conspicuously between these types of results⁵² as a part of the FTC’s ongoing efforts to update its “.com Disclosures” publication.⁵³ Despite some continued uncertainty in the U.S. courts,⁵⁴ search engine defendants have enjoyed sufficient positive opinions⁵⁵ to continue

⁴⁵ *Id.*

⁴⁶ *DSPT Int’l, Inc. v. Nahum*, 624 F.3d 1213 (9th Cir. 2010).

⁴⁷ See, e.g., *Lahoti v. VeriCheck, Inc.*, 586 F.3d 1190, 1203 (9th Cir. 2009). Although “fair use” and “otherwise lawful” are not defined in the ACPA, courts have referred to definitions elsewhere in the Lanham Act, e.g., dilution (15 U.S.C. §1125(c)(3)) and infringement (15 U.S.C. §1115(b)(4)).

⁴⁸ *Trade-marks Act*, 1985 RSC, c T13 at s 7(c).

⁴⁹ *eGalaxy Multimedia Inc. v. Bailey*, [2002] O.J. No. 5002.

⁵⁰ In 2012, Google derived \$43.7 Billion in advertising revenues. See, 2013 Financial Tables, Google Investor Relations, <http://investor.google.com/financial/tables.html> (last visited June 6, 2013).

⁵¹ As to Google, see, *Rosetta Stone, Ltd. v. Google, Inc.*, 676 F.3d 144 (4th Cir. 2012); as to Microsoft, see Intellectual Property Guidelines, Microsoft Advertising, <http://advertising.microsoft.com/support-center/search-advertising/intellectual-property-guidelines> (last visited June 12, 2013).

⁵² <http://www.ftc.gov/os/2013/06/130625searchenginegeneralletter.pdf>.

⁵³ “.com Disclosures – How to Make Effective Disclosures in Digital Advertising.”

⁵⁴ E.g., *Rosetta Stone, Ltd. v. Google, Inc.*, *supra*; *Rescuecomm Corp. v. Google, Inc.*, 562 F.3d 123 (2d Cir. 2009).

selling keywords, even when they constitute another's trademark. However, search engine policies vary internationally based on legal differences.⁵⁶

Keyword "use" has varying connotations for search engines, advertisers and searchers. A search engine can suggest keywords to advertisers and can solicit bids from potential advertisers for their use.⁵⁷ A sales site can unwittingly host transactions in counterfeit goods using another's mark.⁵⁸ An advertiser may bid on a keyword to achieve better position in search results.⁵⁹ And, of course, a searcher will employ keywords of his own choosing to conduct an Internet search. Among these four categories of keyword users, only the searcher can rest assured that his use of another's mark is lawful.

The law on keyword uses and limits perhaps is beginning to coalesce, but as with much of this area, the law does not yet clearly define the boundaries of legal versus illegal use of another's trademarks as keywords. Trademark laws and search engine policies may provide approaches to a remedy. As discussed in greater detail below, however, the road to a solution may be bumpy.

C. Other SEO Practices

The term "metadata" has a broad definition. Metadata is data that describes other data. In the Internet context, it's data that describes the contents of a website. Descriptive text, keywords, embedded metatags, geotagging, and other sophisticated data additions are all properly included in the definition of metadata. For purposes of this paper, we will use the term metadata to describe data that is generally not visible to a user conducting a search. This would include, for instance, an internal trigger buried in the non-owner's website that captures a user's search for the trademark owner's service. The definition, for these purposes, excludes keywords.

Invisible metadata has been problematic for U.S. courts, with at least three different approaches reflected in decisions. Some courts have been reluctant to declare such internal (and invisible) uses of another's mark as infringement, as in *1-800 Contacts, Inc. v. WhenU.com, Inc.*⁶⁰ Other courts have reached the opposite conclusion, finding that metadata could be a potential Lanham Act violation because it draws a user's interest, at least initially, away from the trademark owner's site (also known as "initial inherent confusion"),⁶¹ A third, more recent approach adopts the "no confusion" stance, but on a rationale that differs from *1-800 Contacts*.⁶² *Ascentive LLC v.*

⁵⁵ *E.g., Google France SARL and Louis Vitton Malletier SA*, Cases C-236/08-C-238/08, ECJ 23 March 2010, and U.S. cases cited below (Section V, What to Do When Things Go Wrong, Keywords); *Private Career Training Institutions Agency v. Vancouver Career College (Burnaby) Inc.* 2010 Carswell BC 1341. In Australia, *Australian Competition and Consumer Commission v. Trading Post Australia Pty Ltd* [2011] FCA 1086, *Mantra Group Pty Ltd v. Taily Pty Ltd (No 2)* [2010] FCA 291.

⁵⁶ Section V, What To Do When Things Go Wrong, Search Engine Remedies.

⁵⁷ *E.g., Rosetta Stone, Ltd. v. Google, Inc.*, 562 F.3d 123 (2d Cir. 2009).

⁵⁸ *E.g., Tiffany (NJ), Inc. v. eBay*, 576 F. Supp. 2d 463 (S.D.N.Y. 2008), *aff'd* 600 F.3d 93 (2d Cir. 2010).

⁵⁹ *E.g., Australian Gold, Inc. v. Hatfield*, 436 F.3d 1228 (10th Cir. 2006)

⁶⁰ 414 F.3d 400 (2d Cir. 2005).

⁶¹ *E.g., Brookfield Communications, Inc. v. West Coast Entertainment*, 174 F.3d 10 (9th Cir. 1999).

⁶² *See e.g., Ascentive, LLC v. Opinion Corp.*, 842 F. Supp. 2d 450 (E.D.N.Y. 2011).

*Opinion Corp.*⁶³ and similar cases appear to rely on the public's increasing sophistication regarding Internet use and changes in SEO practices and doubt the occurrence of initial interest confusion. In *Ascentive*, for instance, the court's observation of the decreasing significance of metatags in search engine algorithms heavily influenced the outcome. The court concluded that none of the defendant's SEO tactics⁶⁴ were likely to cause confusion, and no Lanham Act violation was apparent.

If the logic of *Ascentive* prevails, a remedy for use of a franchisor's mark in metadata will be unlikely. But if search engine algorithms continue to ignore metadata, damage from such use should be insignificant.

D. Post-domain Use

Putting aside such use in social media vanity URLs,⁶⁵ post-domain use involves the appearance of a trademark in an expanded search path. Typically, such paths are generated by a search engine or website to direct the user to a particular result. For instance, the searcher might enter "Chick-Fil-A low fat sandwich" into a Google search frame. The results might include a Food Network recipe that includes the comment (webpage content), "This tastes like Chick-Fil-A." When the user clicks on that Food Network recipe, the following search path might appear at the top of the page: www.foodnetwork.com/chick-fil-asandwich/22ti.html. The expanded search path (what appears following .com) is generated by the site's search process (the algorithm) and has never been found to offend a trademark owner's rights.⁶⁶

Excluding potential use of internal social media policies for vanity URLs, there is as yet no effective U.S. or Canadian approach to address post-domain trademark use. In Australia, social media policies for vanity URLs would be covered under the *Competition and Consumer Act 2010* (Cth) 2, sections 18 and 29, which prohibits misleading and deceptive conduct regarding sponsorship, affiliation or approval.

E. Internal Infringement

Trademark infringements under applicable trademark law can occur in a variety of ways. However, an internal infringement can only occur in one way, namely when a franchisee or licensee to a trademark is granted limited authority to use the trademark, but in fact makes use of the trademark in a manner inconsistent with the rights granted. The word "internal" is used to represent a trademark infringement that occurs between parties to a trademark license, such as in a franchise agreement.

An internal infringement requires the franchisee to act contrary to the franchisor's rights set out in the franchise agreement and the applicable trademark statute by impairing the goodwill of the trademark. Examples in the quick service restaurant industry have been few, but notorious.

⁶³ 842 F. Supp. 2d 450 (E.D.N.Y. 2011).

⁶⁴ These included page duplication, keyword stuffing, subdomain use and link farms.

⁶⁵ This topic is separately discussed in Section G, *infra*, Social Media and Vanity URLs.

⁶⁶ E.g., *Interactive Products Corp. v. a2z Mobile Office Solution, Inc.*, 326 F.3d 687 (6th Cir. 2003) (post-domain path that included competitor's Lap Traveler brand, <http://www.a2zsolutions.com/desks/floor/laptraveler> no violation).

For instance, Domino Pizza's goodwill was drastically injured after two restaurant employees posted a video to YouTube which showed them tampering with the food in the kitchen of the restaurant. A YouGov poll showed consumer perception of the brand after the video went from positive to negative⁶⁷ after the posting, forcing Dominos to respond to the repulsive video in order to save the goodwill of the entire brand.

Other fast food franchises have been affected by the adverse use of their trademarks online. In June 2013, Taco Bell made headlines after an employee posted a picture of himself, in uniform and standing in the back of a restaurant, on his Facebook page licking 30 stacked taco shells. Burger King faced a similar incident in 2010, when an employee posted a video of himself taking a bath in the restaurant's kitchen sink to his MySpace account. All of these incidents can depreciate the goodwill of the brand, and likely amount to a breach of contract by a franchisee. However, with the increasing use of social media sites, it is more difficult to control the content posted online.

In order to avoid internal infringement issues, the franchisor must ensure its franchise agreement provides for immediate recourse in the event of an infringement. Some recently drafted franchise agreements go further than simply having provisions relating to trademark use, and specifically include social media policies, a proactive measure in a Web 2.0 world. The franchise agreement should be as specific as possible, outlining the requirements under which the franchisee and employees can, if ever, use the trademarks online. But usually these policies prohibit such conduct entirely. The key is to communicate effectively the limitations to franchisees and their employees. The franchisor should ensure that it maintains control over the character and quality of the brand's goods or services.⁶⁸ In addition to the franchise agreement, policies, training sessions and the like should be employed to educate franchisees and their workforce. Additionally, the franchisor should inspect the franchisees' operations on a regular basis. This includes inspections online, monitoring complaints and all user generated comments made through social media outlets.

As indicated above, internal infringement will invariably constitute a breach of the provisions of the franchise agreement, and perhaps any separate policies created by the franchisor relating to use of trademarks online or in social media. But in addition, such conduct may be a breach of applicable trademark statutes. For instance, see section 22 of the Trade-marks Act in Canada and the Lanham Act in the U.S.⁶⁹ To bring a successful action under Section 22 of the Trade-marks Act, one must demonstrate the following: That the claimant's mark (1) was used by the defendant in association with wares or services; (2) is sufficiently recognized to have considerable goodwill attached to it, and (3) must have been used with conduct likely affect that goodwill. In addition it must be likely that the effect of this use would be to depreciate the value of the goodwill of the claimant's mark.⁷⁰

⁶⁷ *Domino's Pizza workers who filmed revolting video of themselves abusing takeaway food are charged by police*, Daily Mail Online (Apr. 16, 2009), <http://www.dailymail.co.uk/news/article-1169881/Dominos-Pizza-workers-filmed-revolting-video-abusing-takeaway-food-charged-police.html>.

⁶⁸ Frank Zaid, *Franchise Law* 75-105 (Irwin Law, 2005).

⁶⁹ Potential causes of action under the Lanham Act might include, for instance, trademark infringement or trademark dilution. These are discussed below, Section V, What To Do When Things Go Wrong.

⁷⁰ *Clairol International Corp v. Thomas Supply & Equipment Co.*, [1968] 2 EX. C.R. 552, 55 CPR 176 at para 41 (Ex.Ct).

F. Holdover Use

After the many difficult-to-tackle issues raised above, it is nice to be able to raise an issue that is capable of redress. Claims of improper holdover use of a franchisor's marks by a former franchisee, including Internet use, find a comfortable reception in U.S. and Canadian courts.⁷¹

As the Internet developed into an increasingly important communication and advertising platform, most franchisors added provisions to franchise agreements clarifying the franchisor's and franchisee's rights to use franchised marks on the Internet. Specific contractual provisions prohibiting post-termination use of the marks in the Internet environment (in addition to the usual prohibitions on post-termination mark use in connection with physical locations) make routine appearances in franchise agreements and have been enforced to prevent Internet use.

Passport Health involved a franchise agreement that the franchisor had terminated due to non-payment of royalties. During the franchise relationship, the franchisor permitted the franchisee to set up its own website using something "close to Passport Health,"⁷² leading to the franchisee's www.passporthealthca.com website. Following termination, the franchisee posted an announcement on the site referring to the franchisee's "ongoing litigation with [the franchisor]."⁷³ The site had links to the franchisee's new competing business and to the franchisor's site.

The Passport Health franchise agreement did not contain any Internet-specific termination provisions. Post-termination provisions simply required the franchisee to stop representing to the public that it was associated with Passport Health and cease using the franchisor's marks. Despite the non-specific provision, the court granted summary judgment and a permanent injunction preventing the former franchisee from continuing to use the domain name. Because the franchisee had been permitted by the franchisor to register the domain, however, bad faith to support the franchisor's ACPA claim could not be determined on summary judgment. Interestingly, precisely the same outcome resulted in *Overhead Door*, with the added bonus that the franchisor's Lanham Act claim in that case succeeded.

G. Social Media and Vanity URLs

Social media's days as chat rooms on steroids are long gone. Social media platforms (Facebook, Twitter, LinkedIn, MySpace and many others) have become powerful marketplaces; in fact, they may be THE most important marketplaces. A brand's appearance on social media is critical to its future.

Principles of fair use (and in the U.S., Constitutional principles) limit a brand owner's right to control what is posted on social media sites – whether good, bad, or indifferent.⁷⁴ Marks can

⁷¹ . See e.g., *Overhead Door Corp. v. Burger*, No. 1:12-cv-101, 2013 WL 3057796 (M.D. Ga. June 17, 2013), and *Passport Health, Inc. v. Travel Med, Inc.*, No. 2:09-cv-01753, 2011 WL 590723 (E.D. Cal. Feb. 10, 2011). In Canada see *Synergism Arithmetically Compounded Inc. v. Parkwood Hills Foodland Inc.*, 2000 Ont SCJ CarswellOnt 3030, in which holdover Internet use of the franchisor's mark was condemned.

⁷² *Passport Health*, 2011 W 590723 at *2.

⁷³ *Id.* at *3.

⁷⁴ See, Section I, Things People Do, Fair Use, *supra*.

appear on profile pages, in biographical material, in content or in communications. The principles applicable to these uses mirror those that govern website content generally. However, when Facebook (followed by other social media sites) began allowing its members to select “vanity” URLs in 2009, risks to trademark owners increased.

Prior to June 2009, a Facebook user’s page was identified to a number generated by Facebook, e.g., www.facebook.com/id=23456789. With the advent of Facebook’s username feature, members were allowed to select usernames, by which a user might be more easily found, e.g., www.facebook.com/tamimcknew.⁷⁵ Unfortunately, though, the username feature also made brand name hijacking (or “brandjacking”) easier, too. A Facebook user (perhaps even a competitor) might obtain the username www.facebook.com/mcdonalds. In deference to trademark owners’ legitimate concerns, Facebook encouraged owners to reserve user names in advance of the June 13, 2009 launch of the new feature,⁷⁶ but of course that didn’t solve all the issues. A brandjacking story came to a happy ending for Coca-Cola and a couple of individuals who set up a Coke fan site on Facebook. Rather than uncapping a nasty demand to cease and desist, Coke worked with the fan page originators, and now the site is maintained in partnership by both.⁷⁷

Twitter users also select their own usernames. The Twitter rules⁷⁸ prohibit users from employing business names or logos to mislead others. But the rules aren’t always followed, as Hyundai discovered in 2009. A Twitter member used an “@Hyundai” profile, then posted pictures of scantily-clad females and wished followers “a lustful day.”⁷⁹ Risks likewise arise with Twitter hashtags. The hashtags allow Twitter users to group tweets together and allows them to appear in search engine results.⁸⁰ A group of Twitter users at the Forum on Franchising, for instance, might use a hashtag, #abaforum, perhaps suggesting to viewers an ABA endorsement or association.

In all of these cases, the trademark owner may be deprived of the opportunity to control the use of its own mark on the social media site. Because a vanity URL is a post-domain use, current applicable U.S. and Canadian law affords few remedies.⁸¹ Social media hosts have responded to the protestations of trademark owners and established internal processes to protect *registered* marks, however. These are discussed below.⁸²

⁷⁵ <http://www.facebook.com/help/2237529910807/>; Facebook Blog, June 9, 2009, “Coming Soon: Facebook Usernames” at <http://blog.facebook.com/blog.php?post=9031635130>.

⁷⁶ *Id.*

⁷⁷ “We Made a Coke Video,” at <http://www.facebook.com/video/video.php?v=57458127013>; <http://www.facebook.com/cocacola>. (last visited June 25, 2013).

⁷⁸ <https://support.twitter.com/articles/18311-the-twitter-rules> (last visited June 25, 2013).

⁷⁹ Stephen Calogera, “Hyundai Falls Victim to Cybersquatters on Twitter,” Nov. 10, 2009 at <http://www.egmcartech.com/2009/11/10/hyundai-falls-victim-to-cyber-squatters-on-twitter/>.

⁸⁰ <http://www.support.twitter.com/entries/49309-using-hashtags-on-twitter#> (last visited June 25, 2013).

⁸¹ *E.g., Interactive Products Corp. v. a2z Mobile Office Solution, Inc.*, 326 F.3d 687 (6th Cir. 2003).

⁸² Section V, What To Do When Things Go Wrong, Private Remedies.

III. THINGS WE DO

Trademarks are not self-enforcing. Trademark owners must actively monitor use and abuse of their marks on the Internet. Appropriate monitoring includes vigilance in the following areas: registered marks and pending applications; domain name registrations; Internet content (including auction sites and news sites); new company names; competitors' marks; franchisee/distributor use of franchisor/supplier marks, similar marks and typo-similar marks; marketing materials; social media; internal Internet analytics; and search engine analytics. Proactive approaches to brand protection are the topic of endless discussion and, as with SEO, IT professionals constantly develop new monitoring methods. The discussion below touches on only a few of the more established methods of monitoring.

A. Domain Name Monitoring

The Internet Corporation for Assigned Names and Numbers (ICANN) was established by the World Intellectual Property Organization (WIPO) and the U.S. to govern the assignment of domain names for Internet use. A URL comprises a top level domain (TLD) and a second level domain. For instance, in www.smithmoorelaw.com, .com is the TLD, and smithmoorelaw is the second level domain. Original TLDs were of four varieties: generic (.com, .info, .net, .org) for general purposes; sponsored (.asia, .edu, .gov, .mil) for use by entities that fall within the specific industry; generic restricted (.pro) for use only for specific purposes; and infrastructure (.arpa) for use exclusively to support Internet infrastructure.

As use of the Internet exploded, pressure to expand available TLDs became intense. Ultimately, the hue and cry resulted in a cumulative dozen or so new gTLDs (generic TLDs). The most recent expansion unlocks the gates for an innumerable number of additional TLDs, including.(brand) and .(product), posing risks and opportunities for brand owners. As of June 28, 2013, public comment on ICANN's rules and contract terms for the latest gTLD expansion was still open. The future of industry generics (e.g., .hotel) is still uncertain. Ownership and control of these TLDs are currently vested in approved Internet registries, which could control access to qualifying businesses by allowing only qualified users and charging a fee for registration (a "closed" system). The alternate is "open generics," which could be used by qualifying providers directly.

Trademark owners should protect their brands on the Internet by owning relevant domains.⁸³ Owners of truly famous brands should consider registering their trademarks as second level domains in some or all gTLD levels and in all countries into which the brand may expand. In addition, to guard against tarnishment, a brand owner may want to consider protective registration in .xxx. The .xxx TLD was established as an expansion gTLD for adult sites, over the vociferous objections of some brand owners. Compromising between the perceived need for .xxx and the concerns of brand owners, ICANN developed a Rapid Evaluation System for handling challenges to .xxx sites by mark owners.⁸⁴

⁸³ For the newest expansion gTLDs (.brand), this is an expensive proposition. Registration fees are in excess of \$180,000 and an annual maintenance fee of something approaching \$20,000 is required.

⁸⁴ ICANN's dispute resolution processes, including the Rapid Evaluation System, are discussed in greater detail below, Section V, What To Do When Things Go Wrong, Private Remedies.

In connection with the latest domain expansion, ICANN also established its Trademark Clearing House (TMCH). For a fee, mark owners can register and thus help protect their marks from confusingly similar uses, blurring, tarnishment and other forms of injury from putative domain registrants. In establishing the TMCH process, ICANN rejected a proposal to allow brand owners a protective registration which would have applied across all TLDs. Registration began March 26, 2013, one day after the TMCH Guidelines were issued.⁸⁵

Unfortunately, TMCH protection is limited, extending only to registered marks, court-validated marks (which include common law marks that have been judicially tested), and marks protected by statute or treaty. No protection is available under TMCH procedure for common law marks that have not been judicially tested. Registration with TMCH will gain mark owners and registrants notification in the event of *exact match* registrations. TMCH registration is not a panacea, however. The onus of taking action rests with the mark owner, and could be pursued under the UDRP, the ACPA, CDRP or AFNIC (Association Française pour le Nommege Internet en Cooperation), all discussed below.⁸⁶

If they aren't already doing so, franchisors and brand owners should carefully watch ICANN announcements, blogs and news for developments in TMCH procedures, pre-launch trademark protection systems for new TLDs (sunrise registration), the dispute over closed generic TLDs (still a robust discussion), summary decision procedures, and other pertinent developments.⁸⁷ Expansion gTLDs are the conestoga wagons crossing the Internet frontier, with the wild west yet to be discovered, let alone tamed.

B. Pre-emptive Strikes on Search Engines – Bidding on Your Own Mark

Consternation to brand owners accompanied Google's 2004 launch of its AdWords program. Despite repeated efforts since then, brand owners have not been able to prevent search engines from allowing unrelated advertisers to bid on their trademarks, as a review of search engine advertising policies and programs reveals.⁸⁸

So long as advertisers are permitted by search engines to bid on others' marks as keywords, trademark owners should consider bidding for their own marks on sites commanding market power – of course, this means Google. This can be costly, because the cost of brand protection is paying the search engine on a per-click basis, with the per-click price determined by the mark owner's bid. It is literally a price paid to protect the mark.

⁸⁵ TMCH Guidelines are available at <http://trademark-clearinghouse.com/downloads> and TMCH registration procedures can be reviewed at <http://trademark-clearinghouse.com> (last visited June 13, 2013).

⁸⁶ Section V, What To Do When Things Go Wrong.

⁸⁷ See, for instance, <http://newgtlds.icann.org/en/applicants/customer-service/faqs> (last visited June 12, 2013).

⁸⁸ E.g., Google: <http://support.google.com/adwordspolicy> (last visited April 26, 2013); Bing: <http://advertise.bingads.microsoft.com/en-us/editorial-intellectual-property-guidelines> (last visited April 29, 2013).

C. Social Media Monitoring

Watching mark usage on social media is a must. But controlling mark usage, including proactive protection, is more difficult. Social media sites are privately owned, and the relative order evident in ICANN and UDRP procedures is absent from social media.

Content monitoring goes without saying. Franchisors and franchisees should be vigilant about content identified with the brand. Mark owners cannot prevent fair use of their marks, but improper content by franchisees (or franchisee employees) can be controlled to some extent.⁸⁹ Most franchisors include verbiage about computer and Internet usage in franchise agreements, but franchisors are well advised to adopt and require franchisees to abide by more fulsome Computer Use and Social Media policies that prevent misuse or derogatory use of social media by franchisees.

With the advent of vanity URLs on social media sites, the risks to mark owners have increased. A competitor might decide to occupy the vanity URL, www.facebook.com/hilton; or (possibly more damaging) www.facebook.com/betterthanhilton. Most social media sites have adopted trademark protection policies⁹⁰ that may reach the first use, but whether they would address the second use is doubtful. Mark owners should proactively occupy brand URL sites on social media, but the site should be active, not warehoused,⁹¹ social media hosts may cancel a site that is inactive.

LinkedIn provides an opportunity for brand owners to establish Group Sites, something that may be of particular interest in the franchise and distribution industries.⁹² To the extent a franchisee can use a group site, it may be less tempted to establish a rogue site or squat on the franchisor's brand. A Group Site is typically governed by a Group Site Contract, which may provide that a user whose relationship with a sponsor ends must immediately cease use of the site. Thus, if the franchise or dealer agreement is ambiguous as to post-term social media use, a LinkedIn contract may solve the issue.

Although a clear path to a remedy for trademark misuse on social media sites is as yet unclear, it behooves mark owners to monitor social media sites and address perceived misuse. Something as informal as a cease and desist letter may prompt cessation, internal social media site policy just might apply, or there may be a statutory remedy.

IV. THINGS WE DO WRONG

Mark owners are not angels. Sometimes, overly vigorous enforcement of one's trademark rights can do more harm than good. Trademark bullying and the "Streisand" effect are two possible missteps.

⁸⁹ Section II, Things People Do Wrong, Internal Infringement.

⁹⁰ *E.g.*, Facebook: <http://www.facebook.com/legal/terms> (last visited April 26, 2013); Twitter: <http://support.twitter.com/articles/18367-trademark-policy> (last visited April 26, 2013); LinkedIn: <http://www.linkedin.com/legal/pop/pop-sas-guidelines> (last visited April 29, 2013).

⁹¹ Warehousing refers to the practice of registering a site but not actively using it.

⁹² See http://help.linkedin.com/app/answers/detail/a_id/1164 (last visited June 12, 2013).

A. Trademark Bullying

During U.S. Senate hearings on the Trademark Technical and Conforming Amendment Act of 2010, Senator Patrick Leahy sounded the alarm on “trademark bullying,” the overzealous and unfair pursuit of perceived (but questionable) trademark infringement by powerful mark owners against less powerful competitors. Senator Leahy described the problem as “a corporation exaggerate(ing) the scope of its rights far beyond a reasonable interpretation in an attempt to bully a small business out of the market. . . .”⁹³

The instance Senator Leahy cited involved Rock Art Brewery, a small business that not coincidentally resided in Senator Leahy’s home state of Vermont. The Trademark Technical and Conforming Amendment Act of 2010 thus included a requirement that the U.S. Department of Commerce issue a Report to Congress on trademark bullying and its deleterious effects on competition. The resulting Report was far from supportive of the notion that (a) trademark bullying was a widespread problem or (b) had any effect on competition. Summarized observations were that “[I]f abusive tactics are a problem, such tactics may best be addressed by the existing safeguards in the litigation system in the U.S. and by private sector outreach, support, and education relating to these issues.”⁹⁴

Few cases have explored the concept of trademark bullying, with smaller businesses seeing enforcement efforts as coercive and mark owners viewing the same actions as reasonable. The *Wall Street Journal* reported a typical bullying dispute between AdKeeper, Inc. and Phil Michaelson, who created an online cookbook site, KeepRecipes.com.⁹⁵ AdKeeper perceived “blatant trademark infringement” in Mr. Michaelson’s use of “K” and his website’s name and sent a typical cease and desist letter. Mr. Michaelson saw things differently. He knew he could not afford a legal battle, but he didn’t want to give in to AdKeeper. So, he posted the cease and desist on Chillingeffects.org, a tactic known as “shaming,” in response to AdKeeper’s bullying approach. At the end of the day, as reflected in the saga of Mr. Michaelson, the expense of litigation, something that is a byproduct of any litigation, seems to be the overarching coercive factor.

Given the anemic support for the trademark bullying concept, one can only wonder if the concept will survive. The debate should remind mark owners, however, of the benefits of a reasoned, solid approach to trademark enforcement. Vigorous enforcement should never be pursued at the expense of legal or ethical precepts, or without an understanding that being aggressive in the protection of trademarks rights can itself have negative consequences to the brand.

B. The “Streisand” Effect

The “Streisand effect” is a phenomenon that occurs when one tries to censor an issue, and instead inadvertently publicizes it widely, generally through the use of social media. This effect is named after Barbra Streisand, who attempted to hide publicly released photos of her

⁹³ Report to Congress, April 2011, page 1, available at http://www.uspto.gov/ip/TMLitigationReport_final_April_27.pdf.

⁹⁴ *Id.*

⁹⁵ Angus Loten, “New Tool in Trademark Fights,” *Wall Street Journal*, Feb. 7, 2012, <http://online.wsj.com/article/SB10001424052970203358704577237473534179392.html>.

residence in 2003. As a result of her legal battle to have the photos removed, she ultimately drew even greater public attention to the photos.⁹⁶

The Streisand effect has burdened many brands in recent years. In the spring of 2012, The University of Pennsylvania Law School received a cease and desist letter from Louis Vuitton regarding a poster the school released to promote an intellectual property conference. The poster used a parody of the Louis Vuitton monogram as its backdrop. The demand letter was subsequently posted online, and Louis Vuitton received much criticism for its aggressive tactic in managing a situation that posed no threat to the brand's goodwill. Luckily for Louis Vuitton its sales likely did not suffer as a result of its drastic action. The same cannot be said for The North Face Company.⁹⁷

The North Face came across *The South Butt*, a parody apparel line started by a teenager. The North Face filed suit against the company, and as a result generated a lot of social media attention. The North Face brand had been associated with a "cool" youth culture, and had generated goodwill based on this image. Filing a lawsuit against a teenager who started The South Butt was an act that negatively impacted the brand's image. The media's attention to the lawsuit led to increased sales of The South Butt parody, and simultaneously hindered The North Face's brand reputation.⁹⁸

Fedex fell victim to the Streisand effect after it sent demand letters to an individual who created a website dedicated to the furniture he made using Fedex boxes. The user blogged online with pictures of his creations under the URL www.fedexfurniture.com. The user thereafter posted the demand letters he received from Fedex on his blog, which generated unfavorable media attention.⁹⁹

Horizon Realty® was yet another victim of the Streisand effect after the company sued a woman for tweeting about her moldy apartment to a mere 20 Twitter followers.¹⁰⁰ After the lawsuit, the story made headlines.

In 1997 McDonalds® became known for the "McLibel" case after it sued an environmental group over a pamphlet distributed to a few hundred individuals, which criticized McDonalds for a number of reasons.¹⁰¹ McDonalds asserted that all claims in the pamphlets were false and therefore launched a libel suit. The defendants did not have the economic resources to afford representation, nor did they qualify for legal aid. The court eventually ruled in 2004 that the defendants did not receive a fair trial as guaranteed under the Human Rights Convention given

⁹⁶ Erik Pelton, *Trademark Bullying and the Streisand Effect 1* (Erik M. Pelton & Associates 2012).

⁹⁷ *Id.* at 2.

⁹⁸ *Id.* at 4.

⁹⁹ David Canton, *The Streisand Effect – demand letters in a Web 2.0 world*, <http://canton.elegal.ca/2009/06/10/the-streisand-effect-%e2%80%93-demand-letters-in-a-web-20-world/> (Last visited June 14, 2012 [hereinafter Canton]).

¹⁰⁰ *Id.*

¹⁰¹ Debra Cassens Weiss, *Judge Tosses Libel Suit Filed Against Tenant for 'Moldy Apartment' Tweet*, ABA Journal Law News Now, Jan 2010.

their denial of legal aid. As a result of the trial, McDonalds was put in the “McSpotlight”, as newspapers reported, for over 10 years.¹⁰²

With social media use on the rise, infringers are able to generate more publicity for their stories with greater ease. The Streisand effect may be named after Barbra, but she is certainly not the only victim. Today, brand owners are increasingly concerned with the goodwill of their trademark and want to defend against improper uses. Franchisors need to decide whether or not legal action is the best solution in resolving their dispute. A brand owner may decide it is in its best interest to allow the infringer to carry on, in order to avoid any further public attention to the matter.¹⁰³ Savvy brand owners would be wise to consider the likely reactions of an infringer should a cease and desist letter be sent. Determining whether there will be a “social shaming” is a necessary consideration when deciding what legal and business steps to take, if any.¹⁰⁴

As counsel for a trademark holder, the first question that should be considered is whether or not the infringement truly constitutes a threat to the goodwill of the company. Some uses of a trademark may be best left alone. If the trademark holder decides that legal action is necessary, it is best to first consider who the target is. If it is someone who is likely to make light of legal action, it may be best to consider whether a less drastic measure can be pursued first. There may even be a way to “spin” the infringement in order to generate positive publicity.

If a letter is sent, a franchisor should anticipate publicity as a result of highlighting the user’s infringement. It is also important that the letter not be overly demanding or aggressive such that it loses credibility.¹⁰⁵ Prior to pursuing legal action, one should consider whether the site’s content is protectable under U.S. principles of fair use or Canadian exhaustion principle. If these doctrines are applicable, it may limit the ability for the trademark holder to pursue an infringement claim successfully.

Recently in the U.S., Forever 21®, a global retail chain, threatened to sue a blogger who posted negative comments about its products. The company ultimately decided not to pursue legal action, likely because the opinion piece would have been protected speech under the blogger’s First Amendment Right and because the blog was a parody of the company, probably constituting fair use pursuant to the Lanham Act.¹⁰⁶

V. WHAT TO DO WHEN THINGS GO WRONG

When a mark owner perceives misuse of its mark, regardless of the nature of the misuse, instant resort to the courts or an arbitral forum may not be necessary or advisable. An inquiry to the wrongdoer may suffice to end the offending conduct. Search engine complaint procedures or/and social media trademark protection policies, although opaque and sometimes anemic, may

¹⁰² *‘McLibel’ pair wins rights case* (Feb. 15, 2005), <http://www.cnn.com/2005/WORLD/europe/02/15/mclibel/> (Last visited July 18, 2013).

¹⁰³ *Id.* at 2.

¹⁰⁴ *Id.* at 6.

¹⁰⁵ *Canton, supra* at 85.

¹⁰⁶ *Forever 21 Threatens Suit against Blogger*, LexisNexis Legal Newsroom Intellectual Property, <http://www.lexisnexis.com/community/copyright-trademarklaw/blogs/fashionindustrylaw/archive/2012/08/20/forever-21-threatens-suit-against-blogger.aspx> (Last visited July 18, 2013).

be sufficient as well. In the U.S., if the problem lies in the confusing similarity of an offending federal registration of a mark, a cancellation action in the Trademark Trial and Appeal Board (TTAB) might be pursued.¹⁰⁷ Especially where the wrongful actor is unknown or beyond the reach of a judicial forum, litigation may be the most expensive and least effective approach to a cure.

The possible approaches to a mark owner's remedy depend on a nearly endless list of considerations, a few of the more obvious being country of registration, identity of owner, and nature of the offending use. Pursuing trademark remedies, even in arbitral forums such as those available under the UDRP, can depend on minutiae such as hit analytics, visibility or invisibility to a user, control over appearance of the mark, path of the search, click level access, and innumerable other considerations and metrics.

A. U.S. Perspective

1. Sections 32 and 43 of the Lanham Act, 15 U.S.C. §§ 1114 and 1125

Section 32 of the Lanham Act¹⁰⁸ directly addresses infringement of a U.S. federally-registered trademark by a non-authorized user. Closely allied with Section 32 is Section 43(a) of the Act, which applies to both registered and common law marks and renders unlawful the use of a mark that is the same or confusingly similar to an owner's mark in a way that falsely suggests sponsorship by or affiliation with the mark owner. The concept of "reverse confusion" has been used to describe situations in which a dominant junior mark user infringes on a less-powerful senior user's mark.¹⁰⁹

The elements of a claim under Section 32 and 43(a) are nearly identical – ownership of the mark by the plaintiff; use in commerce by the defendant without authority; and likelihood of confusion as to source, sponsorship or affiliation.¹¹⁰ In the context of Internet infringement cases, commercial use and the likelihood of confusion emerge in legal precedent as the most critical factors.

A keen issue in Internet infringement cases is whether the particular use is a "use in commerce."¹¹¹ "Commerce," as used in the Lanham Act, "is coterminous with that commerce that Congress may regulate under the Commerce Clause of the U.S. Constitution."¹¹² The Lanham Act specifies that a "use in commerce" occurs when a mark "is placed in any manner on the goods . . . or the displays associated therewith" or when a mark "is used or displayed in the sale or

¹⁰⁷ See, e.g., *City National Bank v. OPGI Management GP, Inc.*, Cancellation No. 92050730 (TTAB Apr. 26, 2013).

¹⁰⁸ 15 U.S.C. §1114.

¹⁰⁹ *Big O Tire Dealers, Inc. v. The Goodyear Tire & Rubber Co.*, 561 F.2d 1365 (10th Cir. 1977); *Freedom Card, Inc. v. JPMorgan Chase & Co.*, 432 F.3d 463 (3d Cir. 2005); *Mary Elizabeth, Inc. v. Scripps Networks Interactive, LLC*, No. 1:10-cv-1244, 2011 WL 1750711 (W.D. Mich. May 9, 2011).

¹¹⁰ *Rosetta Stone, Ltd. v. Google, Inc.*, 676 F.3d 144 (4th Cir. 2012).

¹¹¹ Because federal court jurisdiction over trademark cases rests on the Commerce Clause to the U.S. Constitution, *Playboy Enterprises, Inc. v. Netscape Communications*, 354 F.3d 1020, 1024 n. 11 (9th Cir. 2004), the "use in commerce" element is jurisdictional.

¹¹² *International Bancorp, LLC v. Societe des Bains de Mer et du Cercle des Etrangers a Monaco*, 329 F.3d 359, 364 (4th Cir. 2003).

advertising of services and the services are rendered in commerce.”¹¹³ Consistent with the broad scope of the Commerce Clause, courts have not construed commerce narrowly; the Lanham Act has been “applied to defendants furnishing a wide variety of non-commercial public and civic benefits.”¹¹⁴ The Ninth Circuit thus opined in *Bosley Medical Institute, Inc. v. Kremer*¹¹⁵ that the appropriate Lanham Act question is “whether [a defendant’s] use was ‘in connection with a sale of goods or services’ rather than a ‘use in commerce.’”

Whether trademark use is visible or invisible and the exact nature of the use have been critical factors in deciding the use issue. As reflected in the cases discussed below, one court’s “use” may be another’s “non-use.” In *Rescuecomm Corp. v. Google, Inc.*,¹¹⁶ the Second Circuit discussed the “use” concept and reached a conclusion that appeared to conflict with its earlier decision in *1-800 Contacts, Inc. v. WhenU.com*.¹¹⁷ In *Rescuecomm*, the court found potential infringement in keyword use of a trademark, while in *1-800 Contacts*, the court reached the opposite conclusion in connection with use of a trademark to trigger pop up ads. The *Rescuecomm* court included an appendix to its opinion, titled “On the Meaning of ‘Use in Commerce’ in Sections 32 and 43 of the Lanham Act.” The court took the unusual step of asking the judges on the Second Circuit panel that decided *1-800 Contacts* to review and consent to the addition of the *Rescuecomm* Appendix. The Appendix addresses at length the apparent dichotomy between the two results, reviews the Lanham Act history of “use in commerce” and voices a need for Congressional clarification.

As complicated as the use inquiry may appear to be, however, assessing the “likelihood of confusion” in the context of Internet usage yields even greater variation. The classic inquiry focuses on a non-exclusive list of factors: (a) strength or distinctiveness of the owner’s mark, (b) similarity of the two marks to consumers, (c) similarity of goods or services that the marks identify, (d) similarity of owner’s facilities to user’s facilities, (e) similarity in owner’s and user’s advertising, (f) user’s intent, (g) actual confusion, (h) quality of the user’s goods, and (i) consumer sophistication.¹¹⁸ The list is neither exhaustive nor mandatory.¹¹⁹

The Ninth Circuit identified a handful from among the traditional factors as particularly relevant to the Internet and dubbed them the Internet trinity – virtual identity of marks, relatedness of goods, and simultaneous use on the Internet as a marketing channel).¹²⁰ Unsurprisingly, not all Circuits embraced the Internet trinity, or even the notion that a truncated confusion analysis is appropriate. Many courts have continued to apply the classic confusion factors to Internet use

¹¹³ 15 U.S.C. §1127 (1) and (2).

¹¹⁴ *Lamparello v. Falwell*, 420 F.3d 309, 314 (4th Cir. 2005); *United We Stand America, Inc. v. United We Stand America N.Y., Inc.*, 128 F.3d 86, 90 (2d Cir. 1997).

¹¹⁵ 403 F.3d 672, 677 (9th Cir, 2005).

¹¹⁶ 562 F.3d 123 (2d Cir. 2009).

¹¹⁷ 414 F.3d 400 (2d Cir. 2005).

¹¹⁸ *AMF v. Sleekcraft Boats*, 599 F. 2d 341, 348-349 (9th Cir. 1979), *Rosetta Stone v. Google*, 676 F.3d at 153.

¹¹⁹ *Rosetta Stone*, 676 F.3d at 154.

¹²⁰ *Interstellar Starship Services, Ltd. V. Tchou*, 304 F.3d 936 (9th Cir. 2002); *PerfumeBay.com v. eBay, Inc.*, 506 F.3d 1165 (9th Cir. 2007).

cases.¹²¹ The Sixth Circuit acknowledged the Internet trinity in *Paccar, Inc. v. Telescan Technologies, LLC*¹²² and *Audi AG v. D'Amato*,¹²³ but nevertheless applied a traditional eight factor analysis to the Internet confusion issues. More recently, some courts in the Ninth Circuit may have pulled back from a truncated confusion analysis,¹²⁴ but as a practical matter courts have acknowledged that some of the traditional factors are more relevant than others in the Internet context.¹²⁵

The Ninth Circuit is also responsible for the doctrine of initial interest confusion.¹²⁶ The theory behind the doctrine, explained by the Ninth Circuit in *Brookfield Communications, Inc. v. West Coast Entertainment*,¹²⁷ is that a user searching for a particular brand may enter the brand name in a search engine query and expect the desired brand result to be the top choice. If a competitor has employed the desired provider's name in some fashion to ensure that its results are optimized (e.g., keywords, metadata, etc.), the user's interest will initially be drawn away from the desired brand's site and to the competitor's site. A user will at some point realize that the site is not the preferred provider's site, but at least initially interest will be directed away from the mark owner's site and toward the interloper's offerings.

The doctrine of initial interest confusion showed an early resilience, but it has more recently been on the decline as courts have observed that with increasing sophistication, Internet users are less likely to experience initial Internet confusion. The Fourth Circuit, for instance, rejected initial interest confusion in *Lamparello v. Falwell*.¹²⁸ In *Hasbro, Inc. v. Clue Computing, supra*, the First Circuit implicitly criticized initial interest confusion, applauding district court for its "refusal to enter into the initial interest confusion thicket." A New York district court explained that *Brookfield* has been "roundly criticized" and refused to follow it in *Ascentive LLC v. Opinion Corp.*¹²⁹ Among the salient reasons for rejecting *Brookfield's* initial interest rationale, the *Ascentive* Court observed that "the technological landscape [in 2011] is vastly different than it was in 1999."¹³⁰ Ironically, the same court in the same year relied on initial interest confusion to support preliminary injunctive relief in *CJ Products, LLC v. Snuggly Plushez, LLC*.¹³¹ The very

¹²¹ E.g., *North American Medical Corp. v. Axiom Worldwide, Inc.*, 522 F.3d 1211 (11th Cir. 2008); *College Network, Inc. v. Moore Educational*, 378 Fed. Appx. 403 (5th Cir. 2010); *Hasbro, Inc. v. Clue Computing*, 232 F.3d 1, 2 (1st Cir. 2000).

¹²² 319 F.3d 243 (6th Cir. 2003).

¹²³ 469 F.3d 534 (6th Cir. 2006).

¹²⁴ See, e.g., *Nordstrom, Inc. v. Nomorerack Retail Group, Inc.*, No. C12-1853-RSM (W.D. Wash. March 25, 2013), Order Denying Motion for Preliminary Injunction, page 5 (rejecting the Internet trinity).

¹²⁵ E.g., *Metals, LLC v. Norman Industrial Materials, Inc.*, No. 12-cv-2595, 2013 WL 417323 (S.D. Cal. Jan. 31, 2013) (noting particular relevance of four factors).

¹²⁶ E.g., *Brookfield Communications, Inc. v. West Coast Entertainment*, 174 F.3d 534 (9th Cir. 2006); *GoTo.com v. Walt Disney Co.*, 202 F.3d 1199 (9th Cir. 2000); *Interstellar Starship Services Ltd v. Tchou*, 304 F.3d 936 (9th Cir. 2002).

¹²⁷ 174 F.3d 534 (9th Cir. 2006).

¹²⁸ 420 F.3d 309 (4th Cir. 2005).

¹²⁹ 842 F. Supp. 2d 450, 466 (E.D.N.Y. 2011).

¹³⁰ *Ascentive, supra*, at 467.

¹³¹ 809 F. Supp. 2d 127 (E.D.N.Y. 2011).

same court seemed to confirm the existence of the doctrine again in *Devere Group GmbH v. Opinion Corp.*,¹³² but concluded that it did not apply under the facts presented.

Reports of the death of initial interest confusion thus may be premature. In *Amerigas Propane, LP v. Opinion Corp.*,¹³³ the court explained that the “Third Circuit has addressed initial interest confusion three times since [2001] and each time it was found to be a viable theory.”¹³⁴ Courts in the Ninth Circuit, which created the doctrine, display schizophrenia.¹³⁵ The doctrine of initial interest confusion may be on the road to expiring, but it is not going quietly.

Debate over trademark use and the likelihood of confusion are recurrent themes in Internet trademark jurisprudence.

a. Keywords

Courts have not reached agreement on the use of keywords as potential infringement. In the search engine arena, the “use” issue has been particularly troublesome. The Second Circuit in *1-800 Contacts, Inc. v. WhenU.com, Inc.*,¹³⁶ concluded that the defendant’s use of the plaintiff’s mark to trigger pop-up ads did not constitute a use in commerce. But in *Rescuecomm Corp. v. Google, Inc.*,¹³⁷ the Second Circuit concluded that Google’s internal use of Rescuecomm’s trademark to trigger paid search ads for the plaintiff’s competitors was a use in commerce. The apparent dichotomy between these two decisions is based on the facts. Google actually promoted the sale of Rescuecomm’s mark through its Keyword Suggestion Tool,¹³⁸ and the ads triggered on Google did not appear in a separate window, as WhenU.com’s pop-up ad did. It is worth noting that the facts that led to the Second Circuit’s *Rescuecomm* decision are typical to search engines; WhenU.com was an advertiser.

The Second Circuit’s journey is mirrored by that of the Fourth Circuit courts involved in *Rosetta Stone Ltd. v. Google, Inc.* Following precedent such as *1-800 Contacts*, the district court¹³⁹ granted summary judgment, concluding that Google’s offer of Rosetta Stone’s marks as keywords (AdWords) did not constitute a trademark use, but were used functionally to render operation of Google’s search process more efficient. The Fourth Circuit rejected the district court’s functionality rationale and reversed, concluding that Google’s keyword practices could constitute trademark infringement: “a reasonable trier of fact could find that Google intended to

¹³² 877 F. Supp. 2d 67 (E.D.N.Y. 2012).

¹³³ Case No. 12-713, 2012 WL 2327788 at *11 (E.D. Pa. June 19, 2012).

¹³⁴ See also *Tdata, Inc. v. Aircraft Technical Publishers*, 411 F. Supp. 2d 901 (D. Ohio 2006) (metatags violated Lanham Act based on initial interest confusion as one factor).

¹³⁵ *Playboy Enterprises v. Netscape Communications Corp.*, 354 F.3d 1020, 1034-35 (9th Cir. 2004) (Berzon, J., concurring) (declaring *Bookfield* “wrongly decided”); *Perfumebay.com v. eBay, Inc.*, 506 F.3d 165 (9th Cir. 2007) (affirming district court’s reliance on initial interest confusion).

¹³⁶ 414 F.3d 400 (2d Cir. 2005).

¹³⁷ 562 F.3d 123 (2d Cir. 2009).

¹³⁸ *Rescuecomm*, 562 F.3d at 129.

¹³⁹ *Rosetta Stone Ltd. v. Google, Inc.* 732 F. Supp. 2d 628 (E.D. Va. 2010).

cause confusion in that it acted with the knowledge that confusion was very likely to result from its use of the marks.”¹⁴⁰ Once again, Google’s affirmative actions regarding its AdWords program were key to the decision. That Google allowed non-owners to bid on trademarks seemed to concern the court less than Google’s practice of allowing advertisers to use other’s marks within ad copy.¹⁴¹

Not all courts are ready to declare a search engine’s (or other host site’s) key word program as a potential violation of the Lanham Act. The Second Circuit’s discussion in *Rescuecomm* reflects this ambivalence. And, of course, even if the plaintiff proves the “use” prong of the infringement inquiry, a confusion analysis must still be undertaken, or perceived fair use may be apparent, as in *Tiffany (NJ) v. eBay, Inc.*¹⁴²

Keyword use by Internet advertisers (rather than search engines) is subjected to a similar mode of analysis but, of course, a user employs a keyword differently than a search engine. The Tenth Circuit in *Australian Gold, Inc. v. Hatfield*¹⁴³ concluded that keyword use of another’s trademark was a use and could lead to initial interest confusion and a potential Lanham Act violation. *Brookfield Communications, Inc. v. West Coast Entertainment Corp.*,¹⁴⁴ applied a truncated Internet confusion test to reach the same conclusion, but did not rely upon initial interest confusion. Standing for the opposite conclusion and rejecting “mere diversion” as actionable under the Lanham Act is *Network Automation, Inc. v. Advanced System Concepts*.¹⁴⁵ Cases addressing keyword use as potential Lanham Act violations are typically fact bound, dependent on the precise use of the keywords, and heavily dependent on evidence supporting the claimed use and indicia of confusion. Cases are all over the board.¹⁴⁶

Rarely acknowledged by the courts is the evidentiary ambiguity associated with alleged keyword use. An Arizona district court explained the issue in *Rhino Sports, Inc. v. Sport Court, Inc.*, a dispute over the “sport court” trademark.¹⁴⁷ A prior chapter in the dispute had resulted in injunctive relief, which broadly prevented Rhino from using “sport court, or any words, marks, or

¹⁴⁰ *Rosetta Stone*, 676 F.3d at 156.

¹⁴¹ The court’s analysis thus implicitly suggests that the case might have taken a different turn had it focused solely on keyword use as it influenced prominence in search results. An enterprising plaintiff challenged Google’s entire AdWords program under various infringement theories in several cases bearing the caption *Jurin v. Google, Inc.* Although he was ultimately unsuccessful, *Jurin v. Google, Inc.*, 2012 WL 5011007 (E.D. Cal. Oct. 17, 2012), his theories survived Google’s earlier attempts at summary disposition, *Jurin v. Google, Inc.*, 768 F. Supp. 2d 1064 (E.D. Cal. 2011) and *Jurin v. Google, Inc.*, 2010 WL 3521955 (E.D. Cal. Sept. 8, 2010).

¹⁴² 576 F. Supp. 2d 463 (S.D.N.Y. 2008), *aff’d*, 600 F.3d 93 (2d Cir. 2010).

¹⁴³ 436 F.3d 1228 (10th Cir. 2008).

¹⁴⁴ 202 F.3d 1199 (9th Cir. 2000).

¹⁴⁵ 638 F.3d 1137 (9th Cir. 2011).

¹⁴⁶ A sample of courts finding keywords to be a trademark “use” and a potential Lanham Act violation include *Morningware, Inc. v. Hearthware Home Products, Inc.*, 673 F. Supp. 2d 630 (N.D. Ill. 2009); *1-800 Contacts, Inc. v. Memorial Eye, PA*, 755 F. Supp. 2d 1151 (D. Utah 2010); *Fair Isaac Corp. v. Experian Information Systems, Inc.*, 645 F. Supp. 2d 734 (D. Minn. 2009). Some cases reaching the opposite conclusion include *Grout Shield Industries, LLC v. Elio E. Salvo, Inc.*, 824 F. Supp. 2d 389 (E.D.N.Y. 2011); *U-Haul Int’l v. WhenU.com, Inc.*, 279 F. Supp. 2d 723 (E.D. Va. 2003) (use of another’s mark to trigger pop-up ads not a trademark use); *Merck Co, Inc. v. Mediplan Health Consulting, Inc.*, 425 F. Supp. 2d 402 (S.D.N.Y. 2006) (keyword application not a trademark use).

¹⁴⁷ No. CV-02-1815, 2007 WL 1302745 (D. Ariz. May 2, 2007).

phrases confusingly similar thereto either alone or in combination with other words, marks or phrases, and including any plural forms . . . in connection with the Internet, such as an Internet domain name, as a sponsored link, in connection with an Internet web page, or as HTML code for an Internet website in any manner, such as the title or keyword portions of a metatag, or otherwise.”¹⁴⁸ The current dispute (a contempt proceeding) was sparked by Sport Court’s discovery that Rhino’s website appeared as a sponsored link in a search using “sport court” (without quotation marks) as the search term.

The court refused to declare Rhino in contempt. Because of the way Google’s AdWords program functions, “[a] current Google search of the term sport court (next to each other, with or without quotes) could yield Rhino Sports’ sponsored ad or the www.RhinoCourts.com website address as a sponsored link result even if Rhino Sports is not purchasing the mark SPORT COURT or variations thereof . . . [T]he fact that a party purchases a keyword does not guarantee that it will appear as a sponsored link when searching that keyword. Conversely, the fact that a party does not purchase a keyword does not guarantee that it will not appear as a sponsored link for a search containing that word.”¹⁴⁹ Appearance or absence depends on many factors, including the algorithms informing Google’s broad match search.¹⁵⁰ There was simply no evidence that the appearance of Rhino Sports (or any other competitor of Sport Court) in search results was caused by the competitor’s purchase of “Sport Court” as a keyword.¹⁵¹

A judicial consensus on keywords as potentially infringing uses has yet to be reached. Critical factors in the analysis, as evident in precedent to date include: nature of the user (competitor, search engine, sales site, social media host), affirmative actions of the host to promote the use, appearance of the mark, and distinction between the mark and the user’s pages.

b. Other SEO Practices

Metadata may be invisible, but its invisibility does not mean that use of another’s trademark as metadata escapes Lanham Act scrutiny. Leaving aside keyword use, some courts have concluded that internal metadata use cannot constitute trademark infringement.¹⁵² The case involved pop-up ads triggered by the defendant’s metadata use of the plaintiff’s trademark. A search for the product caused the defendant’s pop-up ad to appear on the screen, which the searcher had to close before reaching the target site. Invisibility of the trademark use in that case influenced the court’s declaration of non-infringement.

Other courts have concluded that, although invisible, use of a trademark in metadata *might* result in initial interest confusion, thereby offending the Lanham Act. In *Brookfield*

¹⁴⁸ *Rhino Sports*, 2007 WL 1302745 at *1.

¹⁴⁹ 2007 WL 1302745 at *4.

¹⁵⁰ See Section II, *supra*, Things People Do Wrong, for a discussion of Google search options.

¹⁵¹ See also *Grout Shield Distributors v. Elio E. Salvo, Inc.*, 824 F. Supp. 2d 389 (E.D.N.Y. 2011) (court weighed evidence from Google searches and compared the relative positions of plaintiff and defendant in the organic search results; none of the searches convinced the court that the defendant had improperly used the plaintiff’s mark); *Mary Elizabeth, Inc. v. Scripps Networks Interactive, LLC*, No. 1:10-cv-1244, 2011 WL 1705711 (W.D. Mich. May 9, 2011) (court using its own searches in keyword case).

¹⁵² *E.g., 1-800 Contacts, Inc. v. WhenU.com*, 414 F.3d 400 (2d Cir. 2005).

Communications, Inc. v. West Coast Entertainment,¹⁵³ the Ninth Circuit theorized that a user conducting a brand search might assume that the specific brand site would be ranked most prominently. Only sometime after the initial click to the interloper's site would the searcher realize the truth; in the meantime, the interloper has drawn interest away from the brand owner's site (or that of the franchisees or distributors) – initial interest confusion.

The First Circuit likewise found a potential Lanham Act violation in *Venture Tape Corp. v. McGills Glass Warehouse*,¹⁵⁴ a case that assessed the legality of hard-core metadata. A competitor embedded the mark owner's trademark on its website, in the form of metatags and invisible background text. The court applied an eight-factor confusion analysis and found a Lanham Act violation based on that exercise. The defendant's admission that his purpose in using the plaintiff's trademark as metadata was to lure customers to his website probably didn't aid his cause. Other courts have reached similar conclusions based on similar modes of analysis.¹⁵⁵

More recently, *Ascentive LLC v. Opinion Corp.* dealt with a variety of SEO practices. Opinion Corp. ran the www.PissedConsumer.com website, a consumer review site that invited consumers to post reviews of businesses. It then created subdomains (third level domains) for each company reviewed, e.g., ascentive.pissedconsumer.com. On these subdomain pages the defendant posted consumer comments, described the subject company and displayed rotating ads for the company's competitors and other advertisers. Opinion Corp. has drawn the ire of its targets on several occasions but thus far appears to have escaped liability,¹⁵⁶ as it did in the *Ascentive* case.

The defendant's PissedConsumer site ranked prominently in search engine results, according to Ascentive, because of its effective SEO tactics. These included (a) creating websites without content solely to link to PissedConsumer's site (farm links), (b) making excessive use of keywords in text, addresses and metatags (keyword stuffing), (c) reporting the same complaints on multiple websites (page stuffing) and (d) creating Twitter accounts solely to link to PissedConsumer.com (another form of farm link). Ascentive's mark was employed in all these tactics. After attempting other resolutions, Ascentive filed suit, asserting Lanham Act claims (§32 and §43(a)) and seeking preliminary injunctive relief, specifically requesting that the court disable the subdomains related to it. But Ascentive's efforts failed.

Significantly, although PissedConsumer.com functioned largely as a gripe site, the court did not rely on fair use to defeat Ascentive's claims.¹⁵⁷ Instead, it applied the Second Circuit's

¹⁵³ 174 F.3d 534 (9th Cir. 2006).

¹⁵⁴ 540 F.3d 56 (1st Cir. 2008).

¹⁵⁵ *E.g.*, *Promatek Inds., Ltd. v. Equitrac Corp.*, 300 F.3d 808 (7th Cir. 2002); *Australian Gold*, 436 F.3d 1228 (10th Cir. 2008); *North American Medical Corp. v. Axion Worldwide, Inc.*, 522 F.3d 1211 (11th Cir. 2008); *Boston Duck Tours, LP v. Super Duck Tours, LLC*, 527 F. Supp. 2d 205 (D. Mass. 2007); *TData, Inc. v. Aircraft Technical Publishers*, 411 F. Supp. 2d 901 (S.D. Ohio 2006).

¹⁵⁶ *Amerigas Propane, LP v. Opinion Corp.*, No. 12-713, 2012 WL 2327788 (E.D. Pa. June 19, 2012); *DeVere Group GmbH v. Opinion Corp.*, 877 F. Supp. 2d 67 (E.D.N.Y. 2012).

¹⁵⁷ In addition to operating the PissedConsumer.com website, the defendant offered reputation management services. Not surprisingly, payment to the defendant and participation in its services resulted in removal of negative comments from PissedConsumer.com. Although not discussed in the opinion, this clear profit motive would likely have doomed a fair use defense.

multi-factor analysis to determine that there was no likelihood of consumer confusion. Plaintiff and defendant were in different areas of commerce, and the defendant was not using the Ascentive mark to exploit the goodwill associated with the company's services.¹⁵⁸ The domain name itself, *ascentive.pissedconsumer.com*, was critical of the company, so that no user could possibly confuse it with Ascentive's website.¹⁵⁹ As the court observed, the domain names "bespeak negativity."¹⁶⁰

The court acknowledged the defendant's "sharp-elbowed and perhaps unethical SEO practices,"¹⁶¹ including metatag use of the Ascentive mark, but declared "that fact has no bearing on the inquiry here."¹⁶² The court began its discussion with the inevitable reference to the Ninth Circuit's 1999 decision in *Brookfield Communications v. West Coast Entertainment Corp.*, *supra*, in which the court held that use of another's mark as a metatag could create initial interest confusion. In addition to distinguishing the metatag use in *Brookwood* from PissedConsumer's, the court enthusiastically related the wide criticism the *Brookwood* opinion has received and declared that it would not be followed.

The *Ascentive* court also cited the vast technological difference between 1999 and 2011 as a basis for its opinion. Specifically, changes in search engine algorithms have rendered metatags less relevant to search engine results. Other SEO practices may be improper or unethical, the court observed, but they were not within the purview of the Lanham Act. "If the search engines conclude that PissedConsumer's SEO practices are indeed in violation of their terms of service or guidelines, they can take steps to punish PissedConsumer including lowering the site's place in their search result lists or removing the site from their lists completely – the so called 'death penalty.'"¹⁶³

c. Post-domain Use

An effective remedy for unauthorized post-domain trademark use has yet to be found. All approaches are problematic. No U.S. court has found post-domain use to offend the Lanham Act, ICANN views its jurisdiction as limited to TLDs only, and search engines rarely restrict such use.

Thus far, all attempts to remedy perceived post-domain infringement have been rejected by U.S. and Canadian courts.¹⁶⁴ The post-domain appearance of the plaintiff's trademark in a search on a competitor's website failed to impress the court in *Interactive Products Corp. v. a2z*

¹⁵⁸ *Ascentive*, 842 F. Supp. 2d at 461.

¹⁵⁹ *Ascentive*, 842 F. Supp. 2d at 462, citing *Taubman Co. v. Webfeats*, 319 F.3d 770 (6th Cir. 2003) ("suck" site did not create confusion).

¹⁶⁰ *Ascentive*, 842 F. Supp. 2d at 464.

¹⁶¹ *Ascentive*, 842 F. Supp. 2d at 462.

¹⁶² *Ascentive*, 842 F. Supp. 2d at 462.

¹⁶³ *Ascentive*, 842 F. Supp. 2d at 468.

¹⁶⁴ *E.g.*, *Knight-McConnell v. Cummins*, 2004 U.S. Dist. LEXIS 14746 (S.D.N.Y. June 29, 2004); *Patmount Motor Werks, Inc. v. Gateway Marine, Inc.*, No. C96-2703, 1997 U.S. Dist. LEXIS 20877 (N.D. Cal. Dec. 17, 1997); *Interactive Products Corp. v. a2z Mobile Office Solutions, Inc.*, 326 F.3d 687 (6th Cir. 2003); *Nagler v. Garcia*, 370 Fed. Appx. 678 (6th Cir. Mar. 25, 2010).

Mobile Office Solutions,¹⁶⁵ primarily because the post-domain path in which it appeared was automatically generated to identify the search trail for the requested product. Sections 32 and 43(a) of the Lanham Act were the plaintiff's chosen weapons in the case, but neither was effective.

The parties in *Goforit Entertainment, LLC v. Digimedia.com, LP*,¹⁶⁶ operated Internet directory websites. GEL's site, GoForIt.com, provided an index and directory for Internet search, essentially functioning as a search engine. The GoForIt mark was federally registered. Digimedia owned categorical domain names, e.g., recipes.com and computergames.com, that led to directories containing related subject matter and hyperlinks to third party websites. GEL complained that the defendants' use of a Wildcard DNS record¹⁶⁷ caused its registered GoForIt mark to appear in a subdomain and in the address bar on the defendant's sites. Answering GEL's Lanham Act claims, the defendants described Wildcard DNS as "a common, allowable process" and asserted that they had done nothing to set up GoForIt or any other name as a subdomain.

The court had a difficult time viewing the products of Wildcard DNS as a trademark "use." A "goforit.com.org" address appeared only if a user's misuse of the shortcut keys triggered Wildcard DNS. The court thus concluded, "[a]side from the address bar display (and even this is a verbatim display of what the third-party user, and not the defendants, inputted), there is nothing in defendants' websites that resembles [GEL's] mark. And simply using a web address for its function as a web address is not trademark infringement."¹⁶⁸ GEL's ACPA claim also failed because third level domains are not covered by the ACPA, not being "registered with or assigned by a registrar."¹⁶⁹ The court explained, "[c]ourts have never applied the ACPA to third level domains."¹⁷⁰

The ACPA likewise failed to provide a remedy for post-domain social media use in *Brothers of the Wheel MC Executive Council, Inc. v. Mollohan*.¹⁷¹ The case involved use of a motorcycle club's registered mark by a retired member in various allegedly wrongful ways, among them vanity URLs on myspace.com (www.myspace.com/brotherhoodofthewheelmc and http://www.myspace.com/chewybotw). The court adopted the U.S. Magistrate Judge's recommendation and rejected the ACPA claim. The Magistrate explained that the statute applied only to domains assigned by a domain registration authority; the defendant's post-domain uses

¹⁶⁵ 195 F. Supp. 2d 1024 (S.D. Ohio 2001).

¹⁶⁶ 750 F. Supp. 2d (N.D. Tex. 2010).

¹⁶⁷ A Wildcard DNS record will match requests for non-existent domain names by associating the requests with multiple possible destinations.

¹⁶⁸ *Goforit*, 750 F. Supp. 2d at 729.

¹⁶⁹ *Goforit*, 750 F. Supp. 2d at 723.

¹⁷⁰ *Goforit*, 750 F. Supp. 2d at 725. The plaintiff had greater success challenging the defendant's use of its Whiskey River mark on Facebook on an infringement theory in *Hammerhead Entertainment, LLC v. Ennis*, No. 4:11cv65, 2011 WL 2938488 (E.D. Va. 2011). Although resolved on a motion for default judgment, the court embarked on a close examination of the elements of a Lanham Act §32 violation and found each one in the defendant's use of a confusingly similar name, Whiskey River County Bar & Grill. The court reached a similar conclusion in connection with a Twitter username in *Pair Networks, Inc. v. Lim Cheng Soon*, No. 2:12-cv-00896, 2013 WL 452565 (W.D. Pa. Feb. 6, 2013).

¹⁷¹ 909 F. Supp. 2d 506 (S.D.W.Va. 2012).

thus “do not fall within coverage” of the ACPA.¹⁷² The *Brothers of the Wheel* case involved a vanity URL use, but its rationale reflects the legal consensus concerning the scope of the ACPA. In its current form, the statute simply does not reach below second level domains.

Social media policies are faint beacons of light on this generally bleak landscape, discussed below.¹⁷³

2. Trademark Dilution Revision Act, 15 U.S.C. §1125(c)

Remedies for wrongful use of a famous mark may also be available under the Trademark Dilution Revision Act (TDRA).¹⁷⁴ The basic elements of dilution bear an unsurprising similarity to those for trademark infringement: (a) Ownership of a famous mark that is distinctive; (b) defendant’s use of the mark in commerce; (c) defendant’s use began after the mark became famous; and (d) the defendant’s use of the mark is likely to impair the distinctiveness of the famous mark (blurring)¹⁷⁵ or to harm the reputation of the famous mark (tarnishment).¹⁷⁶ One court has explained that, “In cyberspace, dilution [by blurring] occurs when a defendant’s use of a mark lessens the plaintiff’s ability to identify and distinguish its goods and services by means of the Internet.”¹⁷⁷ Significantly, dilution may be found even absent the presence of actual confusion or injury.¹⁷⁸ The defenses of fair use, news commentary and non-commercial use limit dilution claims.¹⁷⁹

Reflecting the penchant for lists in trademark law, the TDRA includes a non-exhaustive, multi-factor test for determining whether a mark has gained sufficient recognition to warrant protection under the TDRA as a “famous” mark.¹⁸⁰ But courts have often described fame in a refreshingly non-legal fashion. In *Heller, Inc. v. Design Within Reach, Inc.*,¹⁸¹ the court commented that the statutory factors usually limit famous marks to those that are “almost universally recognized by the general public.”¹⁸²

¹⁷² 909 F. Supp. 2d at 520.

¹⁷³ Section V, *supra*, What To Do When Things Go Wrong, Social Media Remedies.

¹⁷⁴ 15 U.S.C. §1125(c).

¹⁷⁵ 15 U.S.C. §1125 (c)(2)(B).

¹⁷⁶ 15 U.S.C. §1125(c)(2)(C). The statute was substantially amended after the Supreme Court’s decision in *Moseley v. V Secret Catalogue, Inc.*, 537 U.S. 418, 123 S. Ct. 1115 (2003). On remand of that case, the district court opined that tarnishment by sexual association raises a near presumption of likely dilution. *V Secret Catalogue, Inc. v. Moseley*, 558 F. Supp. 2d 734 (W.D. Ky. 2008).

¹⁷⁷ *Avlon Industries v. Robinson*, 2005 WL 231561 at *1 (N.D. Ill. Feb. 8, 2005) (pre-TDRA).

¹⁷⁸ *Moseley v. V Secret Catalogue, Inc.*, 537 U.S. 418, 123 S.Ct. 1115 (2003).

¹⁷⁹ *Web-Adviso v. Trump*, No. 11-CV-1413, 2013 WL 763746 (E.D.N.Y. Feb. 28, 2013).

¹⁸⁰ These are at 15 U.S.C. §1125(c)(2)(A)(i)-(iv).

¹⁸¹ No. 09 Civ. 1909, 2009 WL 2486054 at *3 (S.D.N.Y. Aug. 14, 2009).

¹⁸² Same, *Luv N’ Care Ltd. v. Regent Baby Products Corp.*, 841 F. Supp. 2d 753, 758 (S.D.N.Y. 2012).

The TDRA and its predecessor the Federal Trademark Dilution Act have not been frequently used to combat Internet trademark use. In *Web-Adviso v. Trump*,¹⁸³ for instance, the court declared that the relief granted Mr. Trump under the ACPA mooted his dilution claim. The owner of a famous mark may nonetheless choose to proceed under the TDRA for injunctive relief and possible enhanced damages.¹⁸⁴ In dilution cases involving tarnishment, courts have been inclined to impose injunctive as well as monetary relief.¹⁸⁵

3. Anti-cyberpiracy Consumer Protection Act, 15 U.S.C. §1125(d)

The Anti-cyberpiracy Consumer Protection Act (ACPA) was enacted in 1999 and applies specifically to domain names. Elements of proof are: (a) the registrant's domain name is the same or confusingly similar to complainant's mark; (b) the registrant has no rights or legitimate interest in the domain name; (c) the domain name has been registered and is being used in bad faith. The Act provides a safe harbor defense if the defendant "believed and had reasonable grounds to believe that the use of the domain was a fair use or otherwise lawful."¹⁸⁶

Use of the mark in bad faith is a critical ACPA element. The statute identifies nine factors that may be considered in determining bad faith:¹⁸⁷ (a) the user's (defendant's) rights in the domain, (b) whether the domain is the user's name, (c) the user's use of the domain to offer bona fide goods or services, (d) the user's non-commercial or fair use, (e) the user's intent to divert customers for commercial gain, tarnishment or disparagement, (f) the user's offer to sell the domain, (g) providing false or misleading domain ownership information, (h) the extent to which the incorporated mark is not distinctive and famous. These are permissive, not limiting, factors.¹⁸⁸ Adding a disclaimer does not negate bad faith.¹⁸⁹

The Eighth Circuit's opinion in *Coca-Cola v. Purdy*,¹⁹⁰ demonstrates the ACPA in action. The case involved a defendant serial registrant of domains that comprised a well-known brand to which generic terms were added, e.g., drinkcoke.org, mymcdonalds.com, and mywashingtonpost.com. Each of the domains resolved to the defendant's www.abortionismurder.com website, which contained antiabortion commentary and graphic images of aborted fetuses. That website linked via a "What Can I Do?" button to another website offering merchandise with anti-abortion messages.

Shortly after the defendant Mr. Purdy registered the my-washington-post.com and drinkcoke.org domains, he set up a homepage that mimicked a Washington Post headline, included the Coke trademark and a play on Coke's "Things Go Better With Coke" slogan, but

¹⁸³ No. 11-cv-1413, 2013 WL 763746 (E.D.N.Y. Feb. 28, 2013).

¹⁸⁴ 15 U.S.C. §1125(c)(5); *Doctor's Associates, Inc. v. Subway, LLC*, 733 F. Supp. 2d 1083 (D. Minn. 2010).

¹⁸⁵ *New York City Triathlon, LLC v. NYC Triathlon Club, Inc.*, 704 F. Supp. 2d 305 (S.D.N.Y. 2010).

¹⁸⁶ 15 U.S.C. §1125(d)(1)(B)(ii).

¹⁸⁷ 15 U.S.C. §1125(d)(1)(A)(i).

¹⁸⁸ *Sporty's Farm, LLC v. Sportsman's Market, Inc.*, 202 F.3d 489, 498 (2d Cir. 2000).

¹⁸⁹ *Web-Adviso v. Trump*, No. 11-CV-1413, 2013 WL 763746 (E.D.N.Y. Feb. 28, 2013).

¹⁹⁰ 382 F.3d 74 (8th Cir. 2004),

contained anti-abortion comment and graphic images. Links to his abortionismurder.com site appeared on the sites later.

The Washington Post sent a cease and desist letter to Mr. Purdy, who responded by offering to comply with the request if the Post would publish something by him on its editorial page. The Post refused, after which Mr. Purdy's conduct continued. He admitted to a journalist that his use of famous marks was designed to attract "unwitting Internet users to his antiabortion message, and not because of the mark owners' positions on the issue."¹⁹¹ The court issued a preliminary injunction, but that didn't stop Mr. Purdy. He wrote to the Post's lawyer that he was "continuing to register domain names at an exciting pace."¹⁹² Despite a second restraining order, the registrations continued. The case arrived in the Sixth Circuit on appeal of the district court's entry of preliminary injunctive relief and contempt order.

A likelihood of confusion was evident, bolstered by actual confusion demonstrated by angry messages sent by consumers to Coke and the Washington Post. The marks used by Mr. Purdy were identical to the Coke and the Washington Post marks, and indeed the defendant admitted that he used them to lure consumers to his anti-abortion site. The court commented, "[I]ntentional infringers are likely to succeed in creating confusion."¹⁹³ Adding a generic term such as "my," or "drink" to the mark did not alleviate confusion.

Mr. Purdy denied bad faith, arguing that his aim was to spread his message, not to make a profit. The court applied the non-exclusive statutory bad faith factors and rejected his argument. Some non-commercial or fair use of the sites (critical comment) may have occurred prior to the lawsuit, but the balance of factors clearly supported bad faith:

- The sites solicited monetary contributions and offered anti-abortion merchandise for sale;
- Mr. Purdy provided direct links to third party sites with the same features;
- Mr. Purdy "registered multiple domain names knowing they were identical or confusingly similar to plaintiffs' indisputably famous and distinctive marks,"¹⁹⁴
- Mr. Purdy offered to exchange domain names for valuable consideration (the Post editorial), which the court characterized as "not insignificant in respect to the issue of bad faith and intent to profit."¹⁹⁵ The court explained

¹⁹¹ *Coca-Cola v. Purdy*, 382 F.3d at 779-780. Compare to protected cyber-grippers whose gripe sites criticize the mark owners, e.g., *Savannah College of Art and Design v. Houeix*, 369 F. Supp. 2d 929 (S.D. Ohio 2004).

¹⁹² *Coca-Cola*, 382 F.3d at 780.

¹⁹³ *Id.* at 784.

¹⁹⁴ *Id.* at 786.

¹⁹⁵ *Id.*

that “[p]rofit includes an attempt to procure an advantageous gain or return.”¹⁹⁶

Mr. Purdy’s reliance on the First Amendment was unavailing. The court acknowledged the defendant’s right to protest abortion, but “[t]he First Amendment [does] not protect the use of a trademark in a domain name that creates a likelihood of confusion as to source or sponsorship of the attached website.”¹⁹⁷ Nor did the ACPA’s safe harbor protect the defendant. Mr. Purdy lacked any reasonable grounds to believe that his use of the domains was lawful. He had received repeated warnings from the plaintiffs, and the district court had issued preliminary injunctive relief, yet still his conduct continued.¹⁹⁸

Coca-Cola v. Purdy,¹⁹⁹ is significant because it incorporates in one case so many aspects of the ACPA. Its modes of analysis are reflected in many other ACPA decisions. As in other Lanham Act claims, the tests that courts apply to the “confusingly similar” inquiry in ACPA cases may vary. Some courts apply a confusion analysis “narrower than the traditional multifactor likelihood of confusion test for trademark infringement,”²⁰⁰ while other courts examine a more complete list of confusion factors. Incorporating an entire mark, adding generic terms to the mark, rearranging letters in the mark or typosquatting are usually considered confusingly similar.²⁰¹ A registrant’s offer to sell the domain has been considered strongly indicative of bad faith,²⁰² and bad faith has been found in typo-squatting.²⁰³

Serial registrants infrequently find forgiveness in the courts,²⁰⁴ as Web-Adviso discovered in *Web-Adviso v. Trump*.²⁰⁵ Web-Adviso obtained several Internet domains that incorporated the “Trump” mark plus a location indicator, e.g., www.trumpbeijing.com. The sites were lightly populated with disparaging remarks about Donald Trump’s show “The Apprentice” and in response to Trump’s ACPA claim Web-Adviso argued that the sites were fair use criticism. The

¹⁹⁶ *Id.*

¹⁹⁷ *Id.*

¹⁹⁸ Interestingly, Mr. Purdy’s experience with Coke apparently didn’t change his behavior. See *Faegre & Benson LLP v. Purdy*, 447 F. Supp. 2d 1008 (D. Minn. 2006).

¹⁹⁹ 382 F.3d 74 (8th Cir. 2004).

²⁰⁰ E.g., *DSPT Int’l, Inc. v. Nahum*, 624 F.3d 1213 (9th Cir. 2010).

²⁰¹ E.g., *Shields v. Zuccarini*, 254 F.3d 476 (3d Cir. 2001); *Passport Health, Inc. v. Travel Med, Inc.*, No. 2:09-CV-01753, 2011 U.S. Dist. LEXIS 14049 (E.D. Cal. Feb. 10, 2010) (typosquatting); *Trans Union LLC v. Credit Research, Inc.*, 142 F. Supp. 2d 1029 (N.D. Ill. 2001) (typosquatting).

²⁰² E.g., *DaimlerChrysler v. Net, Inc.*, 388 F.3d 201 (6th Cir. 2004) and *Harrods, Ltd. v. Sixty Internet Domain Names*, 302 F.3d 214 (4th Cir. 2002). But see *Snap-On, Inc. v. Scotese*, WIPO Case No. D2013-0577 (May 9, 2013), an action under the UDRP, which employed a very similar confusion analysis, in which the panel discerned that the mark owner had entrapped the registrant into offering a high value sale. An offer to sell did not constitute bad faith in that circumstance.

²⁰³ E.g., *Verizon California, Inc. v. Navigation Catalyst System, Inc.* 568 F. Supp. 2d 1088 (C.D. Cal. 2008); *Elec. Boutique Holdings Corp. v. Zuccarini*, No. Civ. A. 00-4055, 2000 WL 1622760 (E.D. Pa. October 30, 2000).

²⁰⁴ See *Coca-Cola v. Purdy*, 382 F.3d 74 (8th Cir. 2004).

²⁰⁵ No. 11-CV-1413, 2013 WL 763746 (E.D.N.Y. Feb. 28, 2013).

Trump marks covering hotel and related services are incontestable federally-registered marks, and the court readily found an ACPA violation. Perhaps the single most important factor influencing the decision was the defendant's history. It reflected a past filled with similar practices, most leading to offers to sell domains to mark owners. Quoting the Southern District of New York in another case involving the same miscreant,²⁰⁶ the court in the *Trump* described the defendant as a "domainer" who "seeks to register domain names incorporating well-known marks with the hope that he can sell the domain names back to the trademark owners." Web-Adviso timed its purchase of scores of domains opportunistically. For instance, www.trumpmumbai.com was registered on the heels of press reports of a planned new Trump Hotel in Mumbai. Mr. Trump easily won summary judgment.

The ACPA "neither expressly recognizes nor expressly prohibits a claim for contributory cybersquatting."²⁰⁷ In some jurisdictions, however, domain registrars have been found potentially liable for contributory ACPA violations.²⁰⁸ Contributory cybersquatting gained traction in *Facebook, Inc. v. Banana Ads, LLC*,²⁰⁹ for instance. The defendant in that case provided Internet management services to a direct infringer and exercised "direct control and monitoring of the instrumentality used to infringe" the mark. In that situation, the court reasoned, a claim for contributory infringement may be cognizable. The defendant must know or should have known that the direct infringer was acting in bad faith, a requirement that may be met if "exceptional circumstances" demonstrate defendant's knowledge. In the *Facebook* case, exceptional circumstances existed where the landing websites looked like Facebook's, the contributory defendant was implicated in a "widespread pattern of cybersquatting," and the defendant refused to participate in the litigation, "thereby preventing Facebook from learning the full extent of its illegal conduct."²¹⁰

As in other Lanham Act claims, fair use limits the scope of the ACPA,²¹¹ a limitation that is particularly potent in considering cyber-gripe sites. Cyber-gripping is deemed a fair use (not an ACPA violation), so long as a commercial use is absent, as in parody, criticism or news uses. Nominative fair use also limits application of the Act.²¹²

Statutory damages under the ACPA range from a minimum of \$1,000 to a maximum of \$100,000 per domain name,²¹³ in addition to transfer or cancellation of URL.²¹⁴ The content of the

²⁰⁶ *Web-Adviso v. Bank of America*, No. 09 Civ. 5769, 2009 WL 5177997 at *2 (S.D.N.Y. Dec. 31, 2009).

²⁰⁷ *Verizon California v. Above.com*, 881 F. Supp. 2d 1173, 1176 (C.D. Cal. 2011).

²⁰⁸ *E.g., Verizon CA v. Above.com*, 881 F. Supp. 2d 473 (C.D. Cal. 2011); and *Petroleum Nasional Berhad v. GoDaddy.com*, 897 F. Supp. 2d 856 (N.D. Cal. 2012); *Ford Motor Co. v. Greatdomains.com, Inc.*, 177 F. Supp. 2d 635 (E.D. Mich. 2001).

²⁰⁹ No. C-11-3619, 2012 WL 1038752 (N.D. Cal. Apr. 30, 2013).

²¹⁰ 2012 WL 1038752 at *5.

²¹¹ 15 U.S.C. §1125(d)(1)(B)(ii).

²¹² See Section I, Things People Do, Fair Use.

²¹³ 15 U.S.C. §1117(d).

²¹⁴ 15 USC §1125(d)(1)(C).

landing page, actions of the defendant, and other factors are relevant to a court's damage deliberations. In *Facebook, Inc.*, the court described factors that indicated malicious conduct (supporting a higher award): the number of domains registered by a defendant, attempts to conceal registrant's identify, whether plaintiff's mark appears in full in the URL, whether a defendant is a serial cybersquatter, and whether the landing page imitates the plaintiff's. The *Facebook* case involved a long list of defendants and many, many domains. The court developed a damage formula, per domain name, based on the number of offending domains registered by each defendant.²¹⁵ Maximum damages were awarded for particularly offensive conduct in *eAdGear, Inc. v. Liu*.²¹⁶ The domain was virtually identical to the plaintiff's, the owner of copycat site was an ex-employee of mark owner, and the user directly solicited mark owner's customers by impersonating the mark owner's website.

Could Twitter or Facebook be defined as a "domain name registration authority" subject to the ACPA? Facebook and Twitter "acquir[ed] exclusive rights to that second domain level [www.twitter.com or www.facebook.com] and the ability to create as many third (or higher) level domains as desired under the second level domain."²¹⁷ Neither is authorized by ICANN to assign TLD or second level domains, but both allow subscribers to register unique, third level domain addresses. In *Facebook, Inc. v. Power Ventures, Inc.*,²¹⁸ the court described the social networking site as a "proprietary network." Users must register and assent to Facebook's Terms of Use before using the site. Third parties may create applications that interact with the network, so long as they adhere to a standard set of protocols and agree to the site's terms of service. Facebook permits integration of third party websites and permits exchange of data with those sites.²¹⁹ In short, Facebook appears to function as the "registrar" of its proprietary network, but it does so below second level domains. It is beyond the reach of the ACPA.

The ACPA has served a laudable purpose well. Coupled with ICANN's UDRP, it provides remedies to mark owners against unauthorized domain name users, regardless of their susceptibility to *in personam* jurisdiction in the U.S.²²⁰ But as use of the Internet becomes more critical, the narrow scope of the ACPA has prompted unanswered pleas for expansion.²²¹

²¹⁵ See also *Verizon California, Inc. v. Online NIC*, No. C08-2832, 2008 WL 5352022 (N.D. Cal. Dec. 9, 2008) (\$50,000 per URL against serial cybersquatter); *Anti-Defamation League v. Boris Pribich*, No. 2:07-cv-06528, 2008 WL 5119847 (C.D. Cal. Sept. 2, 2008) (infringer posed as ADL on websites promoting anti-semitism; \$25,000 for each of 11 infringing domain names).

²¹⁶ No. CV-11-05398, 2012 WL 2367805 (N.D. Cal. June 21, 2012).

²¹⁷ *Sallen v. Corinthians Licenciamentos Ltda.*, 273 F.3d 14, 19 (1st Cir. 2001).

²¹⁸ No. C08-05780, 2009 U.S. Dist. LEXIS 42367 at *4 (N.D. Cal. May 11, 2009).

²¹⁹ *Id.* at *3-4.

²²⁰ Prior to enactment of the ACPA, aggrieved mark owners were likely to sue domain registrars when the domain owner was either unknown or beyond the jurisdiction of U.S. courts, e.g., *Lockheed Martin Corp. v. Network Solutions, Inc.*, 985 F. Supp. 949 (C.D. Cal. 1997).

²²¹ See, e.g., Tom Curtin, "The Name Game: Cybersquatting and Trademark Infringement on Social Media Sites," January 2010 at http://works.bepress.com/tom_curtin/2.

4. Preliminary Injunctive Relief

Regardless of the specific cause of action, Internet infringement can quickly and profoundly damage an owner's trademark. If ever there were a situation tailor-made for preliminary injunctive relief, it is the immediate and widespread damage that can result from misdeeds on the Internet. What happens on the Internet stays on the Internet,²²² so moving quickly to reduce exposure time is critical.

The factors supporting preliminary injunctive relief are well known: a likelihood of success on the merits; irreparable injury absent injunction; the threatened injury outweighs potential harm to enjoined defendant; injunction serves the public interest.²²³ Where the requisite proof has been presented, courts have not been shy in granting preliminary relief.

In addition to helping staunch the flow of injuries from wrongdoing, preliminary injunctive relief may provide assistance in discovery efforts in an ACPA action against unknown (John Doe) domain owners. Fashion icon Tory Burch's company Tory Burch, LLC asserted ACPA claims against a long list of unknown domain owners over the ownership of an even longer list of domains in *Tory Burch, LLC v. The Partnerships and Associations*,²²⁴ Pre-filing investigation demonstrated that the websites associated with the registered domains sold low-quality counterfeit Tory Burch merchandise and appeared to be owned by individuals or entities in China who used various tactics to cloak their ownership. Obviously it would be difficult to enforce any judgment against the defendants. After filing suit, Tory Burch moved *ex parte* for temporary restraints, domain name transfer, an asset restraining order, an expedited discovery order, and an order allowing service of process by email and electronic publication. The court granted all the requested relief. As to asset freezing, the court observed, "The freezing of financial assets is . . . appropriate in this case because Defendants may otherwise transfer their financial assets to overseas accounts, thereby depriving Plaintiffs of final relief."²²⁵

The court in *Chanel, Inc. v. 7perfecthandbags.com, et al*,²²⁶ similarly entered an Order granting Chanel's Motion for preliminary injunctive relief on May 2, 2013. The case involved dozens of domain names with many different owners (most of whom cloaked their ownership). The accused domains included sites that completely incorporated the Chanel mark within URL, e.g., cheapchanel.co.uk; chaneloutletbagsuk.com; chanelonlineoutlet.co.uk; channelsaleonline.co.uk, through which counterfeit goods were sold. Payments were tracked through Pay Pal back to Bank of China accounts, thus providing names for at least some of the domain owners. Chanel sued for counterfeiting, cybersquatting and dilution.

On \$10,000 bond posted by Chanel, the court enjoined the long list of defendants (identified by URL). But because all appear to be in China, it was probably more important to Chanel's case that the court ordered Pay Pal to sequester and maintain in trust for the court all the funds that it received from online purchases over those URLs. The court also ordered domain

²²² See "Streisand Effect," above.

²²³ *eBay v. MercExchange, LLC*, 547 U.S. 388, 126 S. Ct. 1837 (2006).

²²⁴ 2013 WL 1283824 (N.D. Ill. Mar. 27, 2013).

²²⁵ 2013 WL 1283824 at *9.

²²⁶ Case No. 12-22057-CIV (S.D. Fla. May 2, 2013)

name registrants to redirect all the accused domains to a registrar-controlled site on which the Complaint, the Order for preliminary injunction and other papers concerning the litigation were to be filed, and ordered Pay Pal and the domain name registrars to disclose the identities of the owners and payment recipients to Chanel's attorneys.

Similar assistance from the court was provided in *Indigital Solutions, LLC v. Mohammed*,²²⁷ in a case that can only be described as literal hijacking. The unknown defendants hacked into the plaintiff's ISP accounts, copied plaintiff's President's signature, forged the same on a document transferring the plaintiff's domain to the defendant, set up a copy-cat site the mimicked the plaintiff's, established Pay Pal accounts on the new site, redirected the old site to resolve to the new one, then waited for funds to arrive through Pay Pal. Far beyond mere trademark use – just theft.

Going after bad actors may still be difficult, but registrars and pay sites that are subject to jurisdiction can be “encouraged” to cooperate.

B. Canadian Perspective

In Canada, the Trade-marks Act governs trademark usage and protection.²²⁸ Once registered, the owner of a trademark has the exclusive right across Canada to use, and license others to use the trademark in association with wares or services for which the mark is registered.

In terms of international cooperation, Canada has signed the Paris Convention. However, Canada is not a party to the Madrid Protocol – the primary international system for facilitating the registration of trademarks in multiple jurisdictions around the world. In addition, Canada does not employ the Nice Classification system - an international classification of goods and services applied for the registration of trademarks and service marks²²⁹, nor does it have a formal classification system for wares or services. All wares and services are to be listed in ordinary commercial terms, and the Canadian Intellectual Property Office does have established guidelines on what constitutes ordinary commercial terms in any one case.

Canadian legislation has not adapted to include statutory provisions regarding recent developments in technology. Canada has a regulatory body for registration of domain names, the Canadian Internet Registration Authority (“CIRA”). The CIRA oversees “.ca” domain names. Any discrepancies with Canadian domain names are resolved through the CIRA Dispute Resolution Policy (“CDRP”). The CDRP sets out all procedures and appropriate arbitration policies. Much like UDRP, the CDRP allows individuals and businesses that encounter issues concerning domain names to solve these issues while avoiding court proceedings. The types of disputes most commonly dealt with involve cases of bad faith registration of “.ca” domains. The CDRP provides processes for arbitration and resolution, while also outlining all necessary procedures for transfers and cancellations of domain names.

²²⁷ No. H-12-2428, 2012 WL 5825824 (S.D. Tex. Nov. 15, 2012)

²²⁸ Trade-marks Act, 1985 RSC, c T13.

²²⁹ World Intellectual Property Organization, online: < <http://www.wipo.int/classifications/nice/en/>>.

1. The Trade-marks Act

Although Canada's legislation has not yet adapted to the virtual world, disputes have arisen regarding trademark infringement, dilution of goodwill, and passing-off on the internet and within social media.²³⁰ Generally, the rules of trademark law have been applied to these disputes in the same way as non-cyber trademark disputes.

A trademark holder's right to exclusive use of its mark is infringed when a third party uses the same, or a confusingly similar mark, as referred to above and provided in Section 6 of the Trade-marks Act. Under these provisions, it is deemed infringement when a person not entitled to use a trademark sells, distributes or advertises wares or services in association with a confusing trademark. It is important that the unauthorized trademark user is using the mark in association with wares or services.

Whether a mark is confusingly similar to another registered trademark is a major consideration when registering a new mark and in circumstances of alleged infringement.²³¹ The standards for confusion are defined in Section 6(5) of the Trade-marks Act. There are five factors considered in determining whether a mark is confusingly similar:

- The inherent distinctiveness of the trademarks or trade-names and the extent to which they have become known;
- The length of time the trademarks or trade-names have been in use;
- The nature of the wares, services or business;
- The nature of the trade; and
- The degree of resemblance between the trademarks or trade-names in appearance or sound or in the ideas suggested by them.

Section 22 of The Trade-marks Act provides a cause of action for depreciation of goodwill. An act of depreciation of goodwill occurs where a registered trademark is used in a manner likely to have a negative effect on the value of the goodwill attached to the mark. The action has four elements:

- The unauthorized use of another's registered trademark in connection with wares or services;
- A significant goodwill attaching to the registered trademark on the basis of the mark being sufficiently well known; however, the registered trademark need not be famous;
- The unauthorized use of the registered trademark is in a manner likely to have an effect on that goodwill; and

²³⁰ *Pro-C Ltd. v. Computer City Inc* [2001] 3600 (Can. Ont. CA); *British Columbia Automobile Association v. Office and Professional Employees' International Union, Local 378* [2000] BCCA No 312 (Can.) [hereinafter, *Pro-C Ltd.*].

²³¹ Trade-marks Act, 1985 RSC, c T13.

- The likely effect of depreciation of that goodwill.

Goodwill is not specifically defined in the Trade-marks Act, but case law has defined it to be the positive association that customers have with a business.²³² Further, it is what draws customer to one business's wares or services over another. A court will consider a number of factors when assessing goodwill, including degree of recognition of the mark within the relevant universe of customers, volume of sales and market penetration, the amount of advertising and publicity associated with the mark, geographic reach, degree of distinctiveness of the mark, the scope of the channel or trade of the wares or services associated with the mark, and the extent the mark is identified with a specific quality.²³³

Passing off results when a misrepresentation would cause the average target consumer to believe that wares or services that reference a trademark or trade-name, are in fact associated with the wares or services of the registered mark holder when they are not. Passing-off is a common law tort, as well as a statutory right of action as provided in Section 7(b) of the Trade-marks Act.

At common law passing-off can be initiated by a registered or un-registered trademark owner. In a passing off action, the plaintiff must prove that:

- A business exists in which there is a reputation, and that the conduit for that reputation resides in the association of the trademark, trade name, or other indicia with the business, goods or services of the plaintiff;
- There has been a misrepresentation; and
- There is a likelihood of damage.

Passing-off is also codified in the Trade-marks Act. Section 7(b) of the Act states no person is permitted to direct public attention to its wares, services or business in such a way as to cause or be likely to cause confusion in Canada between those wares, services or business and those of another.²³⁴ Only a registered mark holder can initiate a claim for passing off under the statutory provision. In order for a trademark holder to establish passing-off a trademark holder must prove the same three elements as the common law tort of passing-off, as listed above.

Section 50 of the Trade-marks Act provides the statutory rules for trademark licensing. Under the Trade-marks Act, there is a presumption that the licensed use of a mark has the same effect as use by the owner, if public notice is given of both the license and the identity of the owner. The validity of licensed trademarks depends on the licensor's control over the character and quality of the wares or services of its licensees in association with the licensed mark.

In the context of a franchise system, the franchisor must always therefore maintain some element of control over the franchisee's use of the mark. In addition franchisees must not be permitted to sub-license a trademark, for any purpose, without the franchisor's consent.

²³² *Clairol International Corp. v. Thomas Supply & Equipment Co Ltd.* (1968), 55 S.C.R.(Can.).

²³³ *Veuve Cliquot Ponsardin v. Les Boutiques Cliquot Ltée* [2004] S.C.R. no 324 (Can.) [hereinafter, *Veuve Cliquot*].

²³⁴ Trade-marks Act, 1985 RSC, c T13 at s 7(b).

In the event of an infringement, dilution of goodwill or passing-off, a licensee may enforce their right and pursue an infringer as if they were a trademark holder. The licensee first must contact the licensor. Following two months of inaction, a licensee can initiate proceedings on its own. The only added requirement is that the trademark owner be named a party to the action.²³⁵

a. Websites and Domain Names

At the most basic level, trademark infringement on the internet occurs when a party incorporates another's mark on their website, or in their domain name.²³⁶ Use of a trademark on a website must have a commercial purpose in order to elicit a penalty for infringement.²³⁷ In *British Columbia Automobile Association v. O.P.E.I.U.*²³⁸, the plaintiff registered the domain names "bcaa.com", "bcaa.bc.ca" and "bcaa.org" as a licensee of the marks CAA and BCAA. During a lawful strike, the union reproduced substantially the same website, displaying the plaintiff's trademarks and using the plaintiff's trademark in the Union's domain name and metatags. The website was strictly informative and not commercial in nature, causing the court to rule in the defendant's favor. Subsequent cases have also ruled that passive websites with no commercial purpose do not constitute trademark infringement.²³⁹

The same issues that arise in disputes about websites and domain names occur in the context of post-domain names. As previously discussed, a post-domain path is not a URL; it merely shows the organizational structure of the host's files. At this time there have been no Canadian decisions on the matter.

Canadian courts have determined that provided all three elements of passing-off are met, a trademark holder will be entitled to restrain use of a similar domain name.²⁴⁰ In *Saskatoon Star Phoenix Group Inc. v. Norton*, an individual registered domain names nearly identical to the plaintiff's domain and tried to sell the domains to the public.²⁴¹ The plaintiff was able to establish all three elements of passing off. However, the plaintiff could not prove monetary damage and only received an injunction against the plaintiff.²⁴²

b. Criticism Websites

It has been established that the internet is an appropriate forum for individuals to air their grievances with a company's products or services.²⁴³ As well, websites created in order to hinder

²³⁵ *Veuve Cliquot Ponsardin v. Les Boutiques Cliquot Ltée* [2004] S.C.R. no 324 (Can.)

²³⁶ *Tele-Direct (Publications) Inc. v. Canadian Business Online Inc.*, [1998] FCJ No 1306 (Can.).

²³⁷ Trade-marks Act, 1985 RSC, c T13.

²³⁸ *British Columbia Automobile Association v. Office and Professional Employees' International Union, Local 378* [2000] BCCA No 312 (Can) ("BCAA").

²³⁹ *Pro-C Ltd. v. Computer City Inc* [2001] 3600 (Can. Ont. CA).

²⁴⁰ *Saskatoon Star Phoenix Group Inc. v. Noton* [2001] S.J. No 275 (Can.).

²⁴¹ *Id.* at 22.

²⁴² *Saskatoon Star Phoenix Group Inc. v. Noton* [2001] S.J. No 275 (Can.).

²⁴³ *UFCW v. Sigurdur et al*, (2005) (Can. BCSC) 1454.

a company's business or counter-advertise are protected by the right to free speech under the Canadian Charter of Rights and Freedoms ("the Charter").²⁴⁴ The Charter is part of the Constitution of Canada which grants civil rights to all within Canada and political rights to Canadian citizens. Section 2 of the Charter provides Canadians the right to freedom of expression.

In situations resulting in depreciation of a mark's goodwill from criticism on a website, the individual speaking out will not be found liable.²⁴⁵ However, where a complaint website compromises the integrity of a mark, by creating confusion or by making misrepresentations, there may be a valid action for passing off or infringement. In addition, a cause of action may exist when the use of a registered mark in a domain name constitutes actual use for a commercial purpose. There have been a number of cases involving criticism sites with few results favoring the trademark holder. As mentioned above, BCAA²⁴⁶ is a good example of how courts will not interfere with rights of free speech and *Bell ExpressVu Ltd Partnership v. Tedmonds & Co.* illustrates the importance of considering commercial use.²⁴⁷

In *Investor's Group v. Hudson*, an individual used deformed versions of the mark holder's logo on a critical website. The website also included misleading hyperlinks. The combination of trademark display and hyperlinks resulted in an injunction restraining use of the trademarks on the site.²⁴⁸

In *U.F.C.W. v. Sigurdur* the plaintiff operated a site as a forum to discuss issues concerning a union. The union used the acronym "uicw", and the members used "uicw1518.com" with different number representations for each local group, in order to promote discussions amongst members.²⁴⁹ The defendant in this case created an alternate site for union reform "uicw.net". This site heavily criticized the union. Though it was made very clear that the site was not sponsored by the union and had no affiliation, the court granted damages and an injunction restraining use of the domain name. The similarity of the web address could have been confusing and in order to avoid further confusion, the court suggested more obvious domain names like "uicwfordemocracy" or "uicwfd".²⁵⁰

c. Metadata and Keywords

Use of the mark is the key factor in determining whether there is liability attached to the content of a metatag or a search engine keyword. Interestingly, the invisibility of metadata has not been an impediment in finding trademark infringement.

²⁴⁴ Constitution Act, 1982.

²⁴⁵ *Bell ExpressVu Ltd Partnership v Tedmonds & Co Inc* [2001] O.J. No. 1558 (Can. Ont. S.C.J.) 182 [hereinafter, *Bell Expressvu*].

²⁴⁶ *Id.*

²⁴⁷ *Bell ExpressVu Ltd Partnership v Tedmonds & Co Inc* [2001] O.J. No. 1558 (Can. Ont. S.C.J.) 182.

²⁴⁸ *Investors Group Inc. v. Hudson* [1998] (Can. Q.J.) No. 4543.

²⁴⁹ *UFCW v. Sigurdur et al*, (2005) (Can. BCSC) 1454.

²⁵⁰ *Id.*

In BCAA, the defendant's site had metadata identical to the mark holders'.²⁵¹ The metadata, like the domain name consideration, turned on the nature of the site. As a passive website the defendant was not liable for metadata.²⁵²

There has only been one case in Canada concerning search engine keywords. In *Private Career Training Institutions Agency v. Vancouver Career College (Burnaby) Inc.* (c.o.b. Vancouver Career College) the court did not consider the issues in the context of trademark infringement. The case involved a company using competitor trademarked business names as keywords to trigger the competitor's advertisements on search engines.²⁵³ As there was no precedential case, the court considered the matter in terms of confusion within section 7 of the Trademarks Act.²⁵⁴ The court explained that the determining factor is whether the use of the trademark would be confusing to an individual that typically comprises the relevant marketplace.²⁵⁵

These cases make it clear that the basic principles of trademark law apply equally to Internet related uses of marks. Additionally, the tendency of courts to agree with the critics makes it difficult for companies to control their web presence.

C. French Perspective

French trademarks are governed by Law No. 91-7, as well as a number of subsequent amendments. As a Member of the EU, French trademark law is an interaction between French and EU sources. EU Regulations are part of French law and apply directly to the governance of trademarks. EU Directives set the standards and must be implemented by domestic laws, statutes, and case law. The main intellectual property laws were codified in Code de la Propriété Intellectuelle, (translated to Intellectual Property Code) ("IPC"), which came into force on July 3, 1992. The statutory provisions with respect to trademarks form Book VII of Part II of the IPC Articles L.711-1 to L.722-5 and regulatory provisions under Articles 712-1 to R.712-1 to R.722-5.

The law permits the first trademark applicant exclusive use of the mark once registered. The owner of a registration is granted the exclusive right to use the mark, or similar marks in association with the goods or services listed in the registration.²⁵⁶ France applies the Nice International Classification of Goods and Services. An application may specify one or several classes of goods or services.

French domain names, ".fr" are regulated by Association Française pour le Nommage Internet en Cooperation ("AFNIC"). AFNIC is the State-appointed Registry for the management of domain names with the ".fr" TLD along with the following domains: ".re" for Reunion Island, ".pm"

²⁵¹ *Supra* at note 173.

²⁵² *Id.*

²⁵³ *Private Career Training Institutions Agency v. Vancouver Career College (Burnaby) Inc.* (c.o.b. Vancouver Career College) (Can. B.C.J.) No 210 [hereinafter, *Private Career Training*].

²⁵⁴ Trade-marks Act, *supra* note 41.

²⁵⁵ *Private Career Training*, *supra* note 194.

²⁵⁶ Article L. 712-1 I.P.C. (Fr.).

for St. Pierre and Miquelon, “.tf” for French Southern and Antarctic Territories, “.wf” for Wallis and Futuna and “.yt” for Mayotte.

1. Code de la Propriété Intellectuelle

Use of a registered trademark (or of a well-known unregistered mark) by another person in any way in connection with goods or services identical to or similar to those listed in the registration is an infringement. An action for trademark infringement may be brought either before a civil court or a criminal court.

Depending on the facts of each case, the plaintiff may have to demonstrate the risk of confusion between the registered mark and the alleged infringing mark. However, proof of the risk of confusion is not required when the contested mark is identical to the registered one, and it is used, whether visually or orally, in association with identical goods or services to those listed in the registration. This is known as literal infringement.²⁵⁷ The following are the requirements for a literal trademark infringement:

- The reproduction, use or affixing of a mark, even with the addition of words such as: "formula, style, system, imitation, type, method," and the use of a trademark reproduced for goods or services identical to those designated in the registration;
- The removal or modification of a duly affixed mark.²⁵⁸

An examination of the similarity of marks will be conducted where the reproduction, use or affixing of a mark, and the use of a reproduced mark for goods or services, are similar to those designated in the registration. The similarity of marks may be examined when the imitation and use of an imitated mark are comparable to those designated in the registration.

A representation of goods or services are deemed similar to the trademark holder's mark when customers are led to believe that the infringing products or services are produced by the owner of the registered trademark. If the registered mark's products and those offered by the contested mark maintain the same nature or serve the same purpose, they will likely be deemed similar.

The term imitation is defined as a sign close enough to the registered mark so as to generate a risk of confusion. In determining whether a mark is an imitation, the considerations are visual, oral and conceptual similarity between the marks, including the global impression created, and respective dominant distinctive elements. In order to demonstrate confusion, one need not provide evidence that confusion occurred, rather the existence of a likelihood of confusion is sufficient.

In France the doctrine of passing off does not exist. However, French legislation provides recourse for similar claims under the doctrines of unfair competition and parasitic behavior, which are further reaching remedies than passing off. Unfair competition or parasitic behavior can be used, notably but not exclusively, to enforce unregistered signs used in business.

²⁵⁷ Article L. 713-2 IPC (FR.).

²⁵⁸ *Id.*

Unfair competition is commonly used as a ground for an action in tort law.²⁵⁹ Liability for unfair competition exists only where the following conditions are met:

- The author of the damage must have committed a fault;²⁶⁰
- The victim must have suffered a damage, (financial or moral);²⁶¹
- There must be a cause and effect relation between the fault and the damage.²⁶²

Unfair competition exists only between parties who are competitors. The action for unfair competition can be brought alone, or as an ancillary claim to an action for infringement. The claim can only accompany infringement where the facts at hand for each claim are different. For example, when in addition to infringing on a trademark, a product is of very poor quality, or is being sold in a similar get-up, or is offered in the streets while the genuine product can be found only in select shops, the owner of the mark is entitled to make a claim for trademark infringement as well as a claim for unfair competition. The damages awarded relate to the harm done to the trademark as a result of the environment the product was sold in.

Parasitic behavior exists if a party is illegally taking advantage of an economic value belonging to another and causes harm. This may occur even when the victim and the wrongdoer are not competitors.

French legislation does not provide recourse for dilution of goodwill, however an action for unfair competition and parasitic behavior, as enumerated above, will provide recourse for a complainant.

If a trademark holder has entered into a license agreement, and the agreement between the parties has been recorded on the Trademark Registry, the exclusive licensee is permitted to join the trademark owner in seeking compensation for damages caused to him personally. In addition, a licensee can also sue for infringement in lieu of the trademark owner. In order to do so, the exclusive licensee must demonstrate that a suit for infringement has not been expressly excluded by the license agreement.²⁶³

2. Websites

Use of another's mark in a website will likely be deemed trademark infringement.²⁶⁴ The owner of a trademark is entitled to sue for infringement and seek cancellation of a domain name

²⁵⁹ Articles 1382 and 1383 of the Civil Code (Fr.).

²⁶⁰ Article 1382 of the Code Civil (Civil Code): "*Any act whatever of man, which causes damage to another, obliges the one by whose fault it occurred, to compensate it.*"

²⁶¹ Article 1382 of the Civil Code.

²⁶² Well-established case law about article 1382, Civil Code, e.g.: Cour de cassation (French Supreme Court), October 27, 1975, Gaz. Pal. 1976. 1. 169, note Plancqueel.: "*Liability under article 1382 requires a causal link between the fault and the damage.*"

²⁶³ Article L. 716-5 I.P.C. (Fr.).

²⁶⁴ Versailles Court of Appeal, September 14, 2000, PIBD 2000, No 709, III, 579.

and damages.²⁶⁵ However, the domain name in dispute must not only be reserved²⁶⁶ but also used in connection with a website offering goods or services identical or similar to those covered by trademark registration.²⁶⁷ Conversely, a domain name may constitute a bar to registering the same name as a trademark. This may only be employed when the prior domain name is used in association with goods or services identical to, or similar to those in connection to the trademark registration being sought.²⁶⁸

Cybersquatting may trigger an action for infringement and/or under the doctrines of unfair competition or parasitic behavior, in which case both doctrines would apply equally. However, typosquatting is regarded as solely parasitic behavior.²⁶⁹

Consumer opinion sites, airing grievances or negative opinions on identified branded goods or services are not illegal in France. Criticism is viewed as a part of the constitutional right of freedom of speech. As well, use of a trademark by a third party, in a domain name, or in a site, is permitted provided that it is not intended to identify products or services offered for sale, and the website has no commercial purpose. There are several decisions where French courts did not find an infringement when a depreciating suffix had been added to a domain of a registered trademark.²⁷⁰

3. Pop-up ads

Use of another's trademark in pop-up ads constitutes infringement, because it is created and used without the consent of the trademark holder. Depending on factual circumstances, it may also be considered unfair competition, parasitic behavior, or false advertising.²⁷¹

4. Metadata

Including a registered trademark in the metadata of a website may be deemed trademark infringement if it is intended to lead one to a competitor's website. The invisibility of metadata is not relevant to the infringement. French courts have referred to this practice as "cyberstuffing".²⁷²

²⁶⁵ Tribunal de Commerce de Paris (Paris Commercial Court), December 9, 2008, RIPIA 2009/1, No 235, p. 23.

²⁶⁶ Paris Court of Appeal, October 30, 2002, Ann. Prop. Ind. 2002, 410.

²⁶⁷ Cour de Cassation (Supreme Court), December 13, 2005, Legipresse 2006, III p. 81.

²⁶⁸ Paris Court of Appeal, January 30, 2013, RG No. 11/07952.

²⁶⁹ Paris Tribunal de Grande Instance (District Court) April 2, 2009, RG No. 09/00717; Paris Tribunal de Grande Instance, November 8, 2006. n° RG : 06/04953; Paris Tribunal de Grande Instance April 4, 2007, RLDI 2007/32, p 25 n° 1067.

²⁷⁰ Paris Court of Appeal, 4th chamber, Section A, dated April 30, 2003: Lexis Nexis-Jurisdata 2003-222118 (Fr.).

²⁷¹ Code de la Propriété Intellectuelle, art. L.713-2, L.713-3; Civil Code, art. 1382; Consumer Code (« Code de la consommation »), art. L.121-8, 121-0.

²⁷² Paris Court of Appeal, 14th Chamber, Section B, March 3, 2000: Lexis-Nexis-Jurisdata 2000-114934; District Court of Paris Court, October 29, 2002: Lexis-Nexis-Jurisdata 2002-218636; Paris Court of appeal 4th Chamber, October 19, 2001: Rev. mensuelle LexisNexis JurisClasseur – Propriété Intellectuelle, janvier 2006 (Fr.), p. 7.

Interflora v. Marks & Spencer ("Marks & Spencer") found that cyberstuffing, or use of another's mark in metadata, constituted unfair competition.²⁷³

5. Hyperlinks

A hyperlink created to lead the consumer to believe that the product or service offered is made with the consent of the trademark owner will attract liability. The owner of the trademark may bring an action on the grounds of trademark infringement, unfair competition or parasitism.

6. AdWords

In the case of *Marks & Spencer*, the European Court of Justice affirmed that the sole use of trademark in keyword advertising does not necessarily constitute a trademark infringement.²⁷⁴ The court required the trademark owner to show that the purpose of this use by the competitor was likely to be considered as free riding, dilution or tarnishment. The defendants had purchased the Google advertising keyword "Interflora" and used same in connection with its flower delivery service. When internet users searched "Interflora" a sponsored link referring to Marks & Spencer's flower delivery service appeared in the search results. The sponsored link did not contain any reference to the Interflora mark. The court found Marks & Spencer guilty of infringement of the Interflora trademark on the ground that the advertising displayed by Marks & Spencer in response to searches did not enable the reasonably well-informed and reasonably observant internet user to ascertain whether the goods or services originated from Interflora (or from an undertaking economically connected to it), or whether they originate from a third party.²⁷⁵

D. United Kingdom Perspective

The principal legislation governing trade marks in the UK is the Trade Marks Act 1994 (the "UK Act") derived from EU Directive 89/104/EEC which harmonized the laws of the EU Member States relating to trade marks (the "Directive") and the Community Trade Mark Regulation 207/2009 (the "Regulation"). The UK Act governs UK trademarks which have effect within the UK and the Regulation governs Community trademarks ("CTM") which apply throughout the European Union. In addition to domestic registered trademarks and CTMs, Madrid Protocol marks are also recognized.

The Nice International Classification applies with regard to defining the goods and/or services for which UK and Community trademarks are registered.²⁷⁶

UK domain names (e.g. those ending .co.uk) comprising trademarks may be registered. Nominet is the UK registry which manages and oversees the .uk domain space.

²⁷³ *Interflora v. Marks & Spencer* E.C.J., September 22, 2011 case C-323/09.

²⁷⁴ *Id.*

²⁷⁵ *Id.*

²⁷⁶ Nice International Classification WIPO, online <<http://www.wipo.int/classifications/nice/en/classifications.html>>.

1. UK Trade Mark Act

In general, a registered trademark will be infringed where, without the consent of the trademark proprietor, a third party uses in the course of trade:

- A sign identical to the mark in relation to goods/services identical to those for which it is registered;
- A sign identical to the mark in relation to goods/services similar to those for which it is registered, where there is a likelihood of confusion (including a likelihood of association with the registered mark in terms of origin, which is distinct from mere "bringing to mind");
- A sign similar to the mark in relation to goods/services identical to those for which it is registered, where there is a likelihood of confusion (including a likelihood of association with the registered mark); or
- A sign similar or identical to the registered mark where that mark has a reputation in the UK and the use of the sign takes unfair advantage or is detrimental to the distinctive character or repute of the trade mark.²⁷⁷

Assessment of the likelihood of confusion requires a global appreciation of a number of factors. Like many other jurisdictions, the matter must be judged through the eyes of the average consumer of the goods or services in question. The consumer is deemed to be reasonably well informed and reasonably circumspect and observant, but rarely has the chance to make direct comparisons between marks. Visual, aural and conceptual similarities of the marks are assessed by reference to the overall impressions created by the marks bearing in mind their distinctive and dominant components. A lesser degree of similarity between the marks may be offset by a greater degree of similarity between the goods, and vice versa.²⁷⁸

In the UK, the reputation of a mark does not provide grounds for presuming a likelihood of confusion simply because of a likelihood of association in the strict sense. However, if the association between the marks causes the public to wrongly believe that the respective goods come from the same or economically linked undertakings, there is a likelihood of confusion.²⁷⁹

The elements of passing off are also similar to those of North America and Australia, with the same three elements comprising the claim. Passing off will exist where:

- The claimant can show it has goodwill attached to goods or services;
- There has been a misrepresentation by the defendant which has led or is likely to lead the public to erroneously believe that the defendant's goods/services are in fact those of the claimant or that the claimant's goods/services are those of the defendant; and

²⁷⁷ s10 Trade Marks Act 1994.

²⁷⁸ C-251/95 *Sabel BV v. Puma AG, Rudolph Dassler Sport* 11/11/97; C-39/97 *Canon KK v Metro Goldwyn Mayer* 29/9/98; C-342/97 *Lloyd Schufabrik Meyer v. Klisien* 22/6/99.

²⁷⁹ *Wagamama Limited v city Centre Restaurants PLC* [1995] FSR 713.

- It has suffered or is likely to damage as a result.²⁸⁰

The UK Act and the Regulation both provide specific grounds of infringement for trademarks with reputations that prohibit uses which are detrimental to the distinctive character or reputation of the trade mark. Both dilution and erosion of/harm to goodwill are actionable forms of damage at common law under passing off.²⁸¹

In addition to 'classic' trademark infringement as described above there are provisions in the UK Act relating to criminal offences for unauthorized use of trademarks and special case marks such as Protected Emblems (e.g. the Crown) and marks denoting certain universal standards or qualities for goods or services.²⁸²

Beyond the UK Act and depending on the context of the use, a trademark owner or trader may be able to bring a malicious falsehood claim in respect of unauthorized use of its trademark or trade name, to bring a claim the claimant must establish:

- The defendant has published words about the plaintiff which are false;
- The words were published maliciously; and
- Damage has followed as a direct and natural result of the publication.²⁸³

An action for trademark infringement is usually preferable over malicious falsehood, however, as there is no requirement to prove malice on the part of the defendant.

The Consumer Protection from Unfair Trading Regulations 2008 (CPUTRs) and Business Protection from Misleading Marketing Regulations 2008 (BPRs) both contain provisions regarding advertisements which are misleading as to the nature, attributes and rights of the advertiser which includes ownership of intellectual property rights.²⁸⁴ They also regulate comparative advertising. Complaints concerning breach of the CPUTRs are usually made to local trading standards authorities and breach of the BPRs to the Office of Fair Trading or more commonly the Advertising Standards Authority and breaches of the CPUTRs and the BPRs can only be enforced by the enforcement authorities designated in the respective regulations, not by an individual.²⁸⁵

A licensee may well be able to engage in enforcement action but whether it can do so is dependent upon a number of elements: (a) the nature of the license (exclusive or non-exclusive);

²⁸⁰ *Reckitt & Colman Ltd v. Borden, Inc.* [1990] 1 All E.R. 873.

²⁸¹ *Taittinger SA and others v. Allbev Ltd and another* [1993] FSR 641 (Fr.).

²⁸² See sections 57, 58 and 92 of the UK Act, for example.

²⁸³ *Kaye v. Robertson* [1991] FSR 62.

²⁸⁴ s3 Business Protection from Misleading Marketing Regulations 2008 (SI 2008/1276) and s5 Consumer Protection from Unfair Trading Regulations 2008 (SI 2008/1277).

²⁸⁵ *Ibid* at ss 13 and 19 respectively.

(b) the terms of the license (c) whether the license has been registered with the Trade Marks Registry and (d) the relevant provisions of the UK Act.²⁸⁶

The provisions of the UK Act permitting licensees to bring enforcement proceedings only apply when an application to register the license has been made with the Trade Marks Registry. Where that application is made more than six months after the license is granted the court may disallow a claim for costs in proceedings for any infringements which occurred before the transaction was registered.²⁸⁷

With respect to domestic marks, a licensee can generally only bring infringement proceedings where it has called on the proprietor of the trade mark to do so but the proprietor refuses or has not done so within 2 months of the request and the right to bring proceedings is not excluded by the license. However, if the license is exclusive and the license gives the licensee the same rights and remedies as if it were an assignee, the exclusive licensee can bring proceedings in its own name without calling on the proprietor first.²⁸⁸

A licensee must join the proprietor as either a co-claimant or defendant in the proceedings failing which the permission of the court will be required to proceed with the action. An exclusive licensee with the ability to bring proceedings in its own name must do the same where the proceedings relate wholly or partly to an infringement in respect of which it has concurrent rights of action with the proprietor.²⁸⁹

A licensee's enforcement rights are similar but more limited than those of the proprietor. The licensee will be entitled to an injunction but the basis for an order for delivery up is less clear cut and the UK Act does not specifically provide for damages where the licensee alone is the claimant. Damages are likely to be recoverable but only through assessment of the loss to the proprietor where the loss to the licensee is to be taken into account. Again, an exclusive licensee with a right to sue has more extensive remedies as it will have been given the same remedies as if it were an assignee and the UK Act specifically provides for consideration of the proprietor and exclusive licensee's respective claims in the assessment of damages or an account of profits and an application for delivery up by the exclusive licensee. Although both the latter provisions only have effect to extent there is no agreement to the contrary on these points between the proprietor and the exclusive licensee.²⁹⁰

In the case of a CTM, a licensee can only bring proceedings if the proprietor has given its consent for the same or where the license is an exclusive license, the proprietor fails to bring proceedings within an appropriate period after been given formal notice to do so. Notably, a licensee of a CTM may intervene in proceedings brought by the proprietor to obtain compensation for damage suffered by him.²⁹¹

²⁸⁶ s30 *Trade Marks Act 1994*.

²⁸⁷ s25(4) *Trade Marks Act 1994*.

²⁸⁸ s30 *Trade Marks Act 1994*.

²⁸⁹ s31 *Trade Marks Act 1994*.

²⁹⁰ *Ibid.*

²⁹¹ Article 22 Council Regulation (EC) NO. 207/2009.

a. Internet and Domain Names

There are no special rules that apply to trademark use on the Internet in the U.K. However, there are exceptions to infringement where a competitor uses another party's trademark in a comparative advertisement. Comparative Advertising is strictly governed by the Comparative Advertising Directive 2006/114/EC which requires that the comparison,

- Is not misleading
- Compares goods or services meeting the same needs or intended for the same purpose;
- Objectively compares one or more material, relevant, verifiable and representative features of those goods and services, which may include price;
- Does not discredit or denigrate the trademarks, trade names, other distinguishing marks, goods, services, activities or circumstances of a competitor;
- For products with designation of origin, it relates in each case to products with the same designation;
- Does not take unfair advantage of the reputation of a trademark, trade name or other distinguishing marks of a competitor or of the designation of origin of competing products;
- Does not present goods or services as imitations or replicas of goods or services bearing a protected trademark or trade name;
- Does not create confusion among traders, between the advertiser and a competitor or between the advertiser's trademarks, trade names, other distinguishing marks, goods or services and those of a competitor.²⁹²

In principle, use of a domain name can be an infringement. The English Court of Appeal in *BT Plc v. One in a Million Ltd* clearly established that proceedings for trademark infringement and/or passing-off (on either the traditional analysis set out above or where the domain name is very distinctive and refers to only one party as an 'instrument of fraud') can be brought against domain name registrations infringing those rights.²⁹³

Use of a trademark in criticism or review, where such use is not in the course of trade, is unlikely to be trademark infringement or passing off. However, in certain circumstances it may be actionable as malicious falsehood as explained further below.

²⁹² Article 4 Comparative Advertising Directive 2006/114/EC.

²⁹³ *BT Plc v. One in a Million Ltd* [1999] 1 W.L.R 903 (Eng.).

b. Social Media

No special provisions apply to use on social media such as Facebook and Twitter. However, a key pre-requisite for trademark infringement and to a lesser extent passing off is that the use be in the course of a trade or business. As such, use which is purely social and has no commercial element may not infringe or amount to passing-off. In addition, many social media sites such as Facebook and Twitter have terms and conditions which place additional restrictions on the use of trademarks and trade names beyond the legal standards.

c. Pop-up ads

In principle, a pop-up ad will be considered in the same way as use on an Internet webpage and is actionable both under trademark law and passing off. However, there has been significant debate in the Court of Justice of the European Union concerning the legality of keyword advertising and the same gloss upon the provisions for trademark infringement held to apply there by the Court of Justice is likely to apply in the context of pop up ads which are triggered by reference to a trademark. Following, *Google France Sarl v. Louis Vuitton Malletier*, a pop-up ad is likely to infringe where the ad does not enable the average internet user, or enables them only with difficulty to ascertain whether the goods or services referred to by the ad originate from the trademark owner an undertaking economically connected to it or on the contrary, originate from a third party and/or takes unfair advantage of or is detrimental to the distinctive character or repute of the trademark.²⁹⁴

With regard to the latter ground of infringement, the distinctive character of the trademark is not likely to be detrimentally affected where the pop-up advertiser's use draws the user's attention to an alternate product or service to that of the trademark owner. Similarly, although the pop-up advertiser may gain a marketing advantage from a pop-up banner which may divert trade to it, such use will not amount to taking an unfair advantage provided the advertisement offers the alternative goods and/or services without (i) offering a mere imitation of the goods and/or services (ii) causing dilution or detriment to the trade mark and (iii) adversely affecting the functions of the mark.²⁹⁵

d. Metatags

Metatags visible in normal use of a website will be considered in the same way as use on an internet webpage. However, the position is different in relation to invisible use of metatags. Prior to a decision of the Court of Appeal in *Reed Executive v. Reed Business Information*²⁹⁶. use of trademarks as invisible metatags was considered to be trademark infringement. However in *Reed*, the Court of Appeal questioned whether the invisible use of metatags amounted to trade mark use and hence infringement at all. Assuming that it did, causing a website to appear in a search result without suggesting some form of economic connection with the trade mark owner such that there was a likelihood of confusion would not infringe. Furthermore, as the defendant's website always appeared below the claimant's in the search results, the Court considered it was

²⁹⁴ *Google France Sarl v. Louis Vuitton Malletier SA* (C-236/08) (Fr.) and *Interflora v. Marks and Spencer Marks & Spencer Plc* (C-323/09) (Fr.).

²⁹⁵ C-323/09 (1) *Interflora Inc.* (2) *Interflora British Unit v. (1) Marks & Spencer plc* (2) *Flowers Direct Online Ltd.* 22/9/11.

²⁹⁶ *Reed Executive v. Reed Business Information* [2004] R.P.C. 40.

obvious that the internet users would find the claimant and that there was no misrepresentation or passing off.

That decision now needs to be considered with care in the light of the *Google France* case following which metatag use will constitute trademark use opening up the possibility of trademark infringement.²⁹⁷

It is noteworthy that there is no decision under UK law as yet as to whether invisible use of a metatag comprising a well-known trademark with a reputation takes unfair advantage of or is detrimental to the distinctive character or the repute of the trademark but the same considerations as with pop-up ads are likely to apply in this context.

e. Hyperlinks

No special rules apply. Hyperlinking in general is likely to be descriptive but will depend on how the hyperlink is presented. Presentation which is liable to cause internet users to erroneously believe there is some form of economic connection in the course of trade between the third party and the trade mark owner may infringe or amount to passing-off and the issues discussed above in relation to *Google France* and *Interflora* are likely to apply here.

The civil remedies are largely the same for trademark infringement and passing off and include:

- Interim Injunctions pending trial
- Final Injunctions prohibiting use of the infringing sign/indicia (In the context of infringement of a CTM, a pan-European injunction can be obtained provided the action was brought in Member State where either the defendant or claimant was established or domiciled);
- Damages or an account of the defendant's profits derived from the infringements (and Interest);
- Orders for delivery up or destruction of infringing goods or erasure/obliteration of the infringing signs;
- Other relief, for example public dissemination of the judgment on the defendant's website;
- Costs.

Breach of the criminal provisions of the Act sanctions includes fines and potentially imprisonment. Forfeiture and Confiscation orders can also be made under the Proceeds of Crime legislation²⁹⁸. In the context of a Domain Name complaint to Nominet/under the UDRP, if the complaint is upheld the Domain Name Registration will be transferred to the Complainant.

²⁹⁷ *Id.*

²⁹⁸ See *R v. H Sheikh and others* [2004] EWCA (Crim) 492.

E. Australian Perspective

Australian trademark law is governed by the Australian Trade Marks Act 1995 (Cth), and the amending legislation including the recently enacted Intellectual Property Laws Amendment (Raising the Bar) Act 2012. Australia primarily recognizes rights of parties who use trademarks to the extent that they develop a reputation in their trademarks. Use of a trademark covers any legitimate use which serves to indicate the origin of goods or services.

In order for a trademark to be approved and registered, the applicant must be using or must intend to use the mark in relation to the goods and services covered by the specification. A trademark in Australia is valid for a 10 year period and is renewable. Australia uses the International Nice Classification System. Defensive trademarks are permitted, and cannot be removed for non-use. There are no specific provisions addressing domain names within Australian Trade Marks Act 1995.

1. Australian Trade Marks Act

Under Australian law, infringement of a trademark will occur in two scenarios.²⁹⁹

- a. A person infringes a registered trademark if the person uses as a trademark a sign that is substantially identical with, or deceptively similar to, the trademark in relation to goods or services in respect of which the trademark is registered.
- b. A person infringes a registered trademark if the person uses as a trademark a sign that is substantially identical with, or deceptively similar to, the trademark in relation to:
 - Goods of the same description as that of goods (*registered goods*) in respect of which the trademark is registered;³⁰⁰ or
 - Services that are closely related to registered goods; or
 - Services of the same description as that of services (*registered services*) in respect of which the trademark is registered; or
 - Goods that are closely related to registered services.³⁰¹

One infringes a registered trademark if the trademark is well known in Australia and the person uses as a trademark a sign that is substantially identical with, or deceptively similar to, the trademark in relation to goods and services unrelated to those that are registered, provided that:

- Because the trademark is well known, the sign would likely be taken to indicate a connection between the unrelated goods or services and the registered owner of the trademark; and

²⁹⁹ *Trade Marks Act 1995* (Cth) s 120 (Austl.) [hereinafter, Trade Marks Act].

³⁰⁰ *Trade Marks Act 1995* (Cth) s 120(1) (Austl.).

³⁰¹ *Trade Marks Act 1995* (Cth) s 120(2) (Austl.).

- For that reason, the interests of the registered owner would likely be adversely affected.³⁰²

In deciding whether a trade mark is well known in Australia, one must take account of the extent to which the trademark is known within the relevant sector of the public, whether as a result of the promotion of the trademark, or for any other reason.³⁰³

Each of these above situations relies on a mark being “substantially identical” or “deceptively similar”. These concepts are similar to confusion in North America.³⁰⁴

The Act does not provide a definition of ‘substantially identical’. However, it is clear that when determining whether two marks are substantially identical involves a side-by side comparison of the marks in question.

A trademark is deceptively similar to another trade mark if it so nearly resembles the other trademark that it is likely to deceive or cause confusion.³⁰⁵ When assessing whether a mark is deceptively similar to another, a number of factors are considered.

A key factor in the determination of deceptively similar marks is the nature of the marks themselves. When determining whether such marks are deceptively similar, it is necessary to consider the overall impression of each mark and the impression it is likely to leave in the mind of consumer. The question to be asked is whether or not, upon encountering the marks, there is a real likelihood that consumers will wonder whether the goods/ services provided under the marks come from the same source. The nature of the relevant goods or services to which the mark applies and how those goods or services are marketed and sold are also a consideration. If the associated goods or services are completely unrelated, there may be more tolerance for the similar mark. Additionally, the circumstances leading to the potential infringer’s adoption of the mark are a consideration. This consideration contemplates situations where an alleged infringer is trying to replicate the original owner’s mark. The last key factor in determining deceptive similarity is whether there is any evidence of actual deception among consumers caused by the use of the potential infringer’s mark.³⁰⁶

Passing-off is a common law action which may be used to protect one’s rights in trademarks that are not registered. In Australia the elements of passing-off include:³⁰⁷

- Goodwill owned by the mark holder (whether or not the mark is registered) in the relevant trade mark;

³⁰² *Trade Marks Act 1995* (Cth) s 120(3) (Austl.).

³⁰³ *Trade Marks Act 1995* (Cth) s 120(4) (Austl.).

³⁰⁴ *Id* at s 6.; *Lanham Act*, s 43(a).

³⁰⁵ *Trade Marks Act 1995* (Cth) s 10 (Austl.).

³⁰⁶ *Australia Woolen Mills v. FS Walton & Co Ltd* 1973) 58 CLR 641, 658; *Registrar of Trade Marks v. Woolworths Ltd* (199) 93 FCR 365; *Southern Cross Refrigerating Co v. Toowoomba Foundry Pty Ltd* 1954 91 DLR 592.

³⁰⁷ *Reckitt and Colman Products Ltd v. Borden Inc.* (1990) 1 All ER 873, 890; *ConAgra Inc. v. McCain* (1992) 33 FCR 302, 357 – 358.

- A misrepresentation made to members of the public by the accused party which leads or is likely to lead to members of the public believing that the goods or services offered by mark holder are the goods or services of the accused party; and
- The misrepresentation has caused or could cause damage to the reputation and/or goodwill of the trademark holder's business.

In Australia, passing-off can be considered as a cause of action that acts to protect goodwill, as there is no specified action for depreciation of goodwill. In addition, in relation to dilution, well known marks can be said to have an "anti-dilution" effect as it enables owners of well-known marks to stop use of such marks by others in relation to goods or services in respect of which the well-known mark is not registered.³⁰⁸ In addition to the above, sections 18 and 29 of the Australian Consumer Law prohibit misleading or deceptive conduct and certain misrepresentations made in trade and commerce.³⁰⁹ These sections are often used in conjunction with the tort of passing-off.

A trademark licensee's rights are generally governed by the terms of the license agreement. However, an authorized user of a registered trademark has a statutory right to take action to enforce a registered trademark under Section 26 of the Trade Marks Act provided that the license agreement does not contain provisions to the contrary. The authorized user may bring an action for infringement of the trademark:

- At any time, with the consent of the registered owner;³¹⁰ or
- During the prescribed period, if the registered owner refuses to bring such an action on a particular occasion during the prescribed period;³¹¹ or
- After the end of the prescribed period, if the registered owner has failed to bring such an action during the prescribed period.³¹²

If the authorized user brings an action for infringement of the trademark, the authorized user must make the registered owner of the trademark a defendant in the action. However, the registered owner is not liable for costs if he or she does not take part in the proceedings. A Licensor can contract out of this section and many do, preferring to provide their own regime for enforcement.

In principle, the same standards for infringement and passing-off apply in the context of cyber issues and social media. Depending on the circumstances of its use, use of a domain name, metatags or hyperlinks may not constitute trademark use and as such, the provisions of the Trade Marks Act may not apply. Similarly, depending on the manner of use, passing off or the

³⁰⁸ *Id.*

³⁰⁹ *Competition and Consumer Act 2010* (Cth) (Austl.) § 2.

³¹⁰ *Trade Marks Act 1995* (Cth) s 26(b)(i) (Austl.).

³¹¹ *Trade Marks Act 1995* (Cth) s 26(b)(ii) (Austl.).

³¹² *Trade Marks Act 1995* (Cth) s 26(b)(iii) (Austl.).

provisions of the Australian Consumer Law may not apply if the conduct involved is unlikely to lead to confusion or deception on the part of consumers.

F. Private Remedies

At present, statutory remedies do not address all instances of perceived wrongful Internet trademark usage. For instance, as indicated above, remedies for post-domain infringement are few; reaching unknown or geographically remote actors is problematic; and fast action is at a premium with Internet issues. Private remedies may fill some of these serious gaps.

1. ICANN's Uniform Domain-Name Resolution Policy

As the agency created to administer the system of domain names on the Internet, it is appropriate that ICANN was also designated to mediate domain name disputes. Its Uniform Domain-Name Resolution Policy (UDRP) was created for that purpose. The UDRP is a formal arbitral process that takes place in an ICANN-approved arbitral forum. As its name implies, the Policy is limited to domain name disputes, not to post-domain or subdomain disputes.³¹³

ICANN has authorized selected arbitral forums to decide UDRP disputes, of which WIPO and the National Arbitration Forum (NAF) are the most frequently used. Others are the Asian Domain Name Dispute Resolution Centre and the Czech Arbitration Court Arbitration Center for Internet Disputes. Decisions are rendered by a panel of experts (one or three) appointed by the forum. Distinguishing the UDRP from other remedial measures, the *only* remedy available under the UDRP is cancellation or transfer of the domain name;³¹⁴ no damages are recoverable. UDRP claims are governed by ICANN's UDRP Policy and Rules³¹⁵ and the Supplemental Rules issued by each dispute resolution provider (e.g., WIPO, NAF, etc.). WIPO's UDRP opinions are fully searchable.³¹⁶ WIPO panel views on UDRP questions are also available and are referred to in WIPO decisions (similar to regulatory authority).³¹⁷ Interestingly, a majority of respondents do not reply to UDRP complaints, in which case the panel is allowed to accept as true all of a complainant's allegations.³¹⁸

Elements of a UDRP claim bear a strong resemblance to those of the ACPA: complainant's rights in mark, respondent's lack of rights in the mark and registrant's registration or use of the mark in bad faith.³¹⁹ The burden of proof is on the complainant, except as to

³¹³ E.g., *La Quinta Worldwide, LLC v. Heartland Times, LLC*, WIPO Case No. D2007-1660 (Jan. 17, 2008) (no jurisdiction to consider complainant's allegations that targeted domain contained false and defamatory material); *Coast Hotels, Ltd. v. Lewis*, WIPO Case No. D2009-1295 (Nov. 23, 2009) (no jurisdiction to consider complainant's allegations of tarnishment).

³¹⁴ UDRP Policy Paragraph 3.

³¹⁵ See UDRP Policy at www.icann.org/en/help/dndr/udrp/policy; and UDRP Rules at www.icann.org/en/help/dndr/udrp/rules (last visited June 28, 2013).

³¹⁶ <http://www.wipo.int/amc/en/domains/search> (last visited June 18, 2013).

³¹⁷ E.g., *The ServiceMaster Co. v. Maud McGucken*, WIPO Case No. DIE2011-0001 (Aug. 25, 2011); UDRP FAQs are available at <http://www.icann.org/en/help/dispute-resolution> (last visited April 29, 2013).

³¹⁸ See, for instance, *La Quinta Worldwide, LLC v. Paydues, Inc.* WIPO Case No. D2012-0016 (Feb. 22, 2012); UDRP Rules Paragraph 5(e).

³¹⁹ UDRP Policy, Paragraph 4(a) and (b).

respondent's lack of rights. The complainant must demonstrate a *prima facie* lack of rights, subject to respondent's rebuttal.

The issue of a respondent's rights to use a mark may become unclear where the parties have had a prior relationship. *Six Continents Hotels, Inc. v. Triptih doo*,³²⁰ involved the Holiday Inn hotel in Sarajevo, which became famous during Sarajevo Winter Olympics and the Bosnia-Herzegovina War, 1992-1995. The franchisor terminated the franchise agreement in 2011, and promptly after receiving the notice, the former franchisee registered the domain www.holidaysarajevo.com. The franchisor prevailed in the ensuing UDRP proceeding. The franchisor referred to the site's content to support its argument regarding confusion between the franchisor's mark and the former franchisee's new website. The panel commented that website content is "not usually admissible" to prove a confusing similarity, but nevertheless found the element satisfied because the domain would be understood by users as associated with the franchisor, apparently on the strength of the name alone. The fact that the Holiday Inn franchise relationship was terminated, and respondent's admission of that fact, meant that the respondent could not credibly argue that it had any rights in the name. The bad faith element was also satisfied. The respondent candidly explained that the hotel wanted to keep its business and reputation as it continued to operate. This demonstrated that the former franchisee/respondent knew it had no right and used the domain in bad faith.

InterContinental Hotels Group v. Dennis Stewart,³²¹ involved a South Carolina resident respondent who offered promotional services to hotels. His services were engaged by Holiday Inn's Charleston franchisee. The respondent set up a Seychelles website, www.holidayinn.sc. When users clicked on the site, not all Holiday Inns popped up, but only the Charleston franchisee's hotel. Holiday Inn's franchise agreement prohibited franchisees from using the Holiday Inn mark without the franchisor's permission, and of course, the franchisor hadn't given the Charleston franchisee permission to use its mark in such a fashion. The mark was identical to the franchisor's mark, the respondent had no rights in the mark and the domain was made to look like the franchisor's website. The panel concluded the domain was used in bad faith because respondent knew of the complainant, knew he didn't have permission from complainant to use the mark, and the franchisee's site emulated the franchisor's site.

The prior relationship between complainant and respondent was somewhat more complicated in *Krispy Kreme Doughnuts, Inc. v. Sharp*.³²² The respondent may have been able to launch a good argument on fair nominative use, as the defendant had done in *Toyota Motor Sales USA, Inc. v. Tabari*,³²³ but failed by turning his www.krispykremeexpress.com website to clear misuse after a dispute with Krispy Kreme. For more than nine years, the respondent delivered Krispy Kreme doughnuts, something that the mark owner knew, and as the panel commented, probably encouraged. The respondent initially set up his website to support that service, so that if a user clicked on that domain, it would resolve to the respondent's www.thedoughnutman.com website. Krispy Kreme objected to the respondent using the targeted domain to link to his doughnutman.com site, and objected to him using the Krispy Kreme mark in his domain. Krispy Kreme and the respondent tried to negotiate a deal that would formalize their relationship and

³²⁰ *E.g., Six Continents Hotels, Inc. v. Triptih doo*, WIPO Case No. D2012-1600 (Oct. 12, 2012).

³²¹ WIPO Case No. DSC2008-0001 (Jan. 30, 2009).

³²² WIPO Case No D2009-0099 (Apr. 20, 2009).

³²³ See discussion of *Tabari* case above, Section I, Fair Use.

resolve the domain issue. Negotiations failed, after which the respondent began using the krispykreemexpress.com domain to post ads for competing products and alternate fast foods, in addition to listing Krispy Kreme shops. The panel's position on elements of proof was interesting.

The tone of the panel opinion suggests that the respondent may have had legitimate interests in the domain while he was engaged in Krispy Kreme doughnut delivery, despite the absence of permission. But after Krispy Kreme complained and the parties tried to negotiate a deal, it was clear that the respondent lacked any (continuing) rights in the mark. His more recent use of the mark didn't help his argument. It is not clear based on this opinion whether the panel would have found legitimate rights had the respondent simply continued to offer the same service he had offered over the prior years, rather than changing the use of the domain after the negotiations failed.

Assessing the confusion issue, the panel in *Krispy Kreme* wrote, "a minor variation [in the mark], such as adding a short letter or number or even generic or highly descriptive words to a mark, is usually insufficient in and of itself, when used in forming a domain name that results from modifying the mark, to confer requisite and sufficient distinctiveness to that name to avoid user confusion." In fact, appending "express" may have exacerbated confusion because it suggested a service that Krispy Kreme itself might have provided.

As in other areas of Internet law, the issue of bad faith is critical to the UDRP. The target domain in *Two Men and a Truck/International, Inc. v. Sky Moving and Storage*,³²⁴ was www.twomenandatruck.com. The respondent/domain registrant was in the moving business in Florida. The panel had no question about use in bad faith, despite the respondent's argument that it selected the name because of its descriptive nature. The franchised moving company was very well known long before the respondents selected the name, and the franchisor's TWO MEN AND A TRUCK registered mark was incontestable. What was a little unusual in the panel opinion is the statement that "when a company holds incontestable Marks . . . the consumer public – and certainly those in the same industry – are deemed to have constructive knowledge of those Marks." The panel also concluded that the respondent was using the mark in an attempt "to attract, for commercial gain, Internet users" to respondent's website.³²⁵

As noted above, serial cyberpirates find no safe harbor in the ACPA, and the same comment applies to the UDRP. Panel decisions exhibit limited patience with respondents who register multiple domains without any clear factual basis for doing so. In UDRP parlance, these are "serial offenders." One such offender was the respondent in *Marriott International, Inc. v. Thomas, Burstein and Miller*,³²⁶ Marriott's complaint was based on the respondent's typosquatting, evidenced in the domains www.marriottreward.com (typosquatting on www.marriottrewards.com). Bad faith was easily found based on the registrant's offer to sell the website, use of the site to gather email addresses, incomplete or cloaked owner identity with registrar, and the respondent's registration of many other misspelled domains, e.g., odnavy.com, airborne-expres.com, uhul.com, nissn.com.

³²⁴ WIPO Case No. D2011-0827 (July 25, 2011).

³²⁵ Affecting the same mark, see *Two Men and a Truck/International, Inc. v. Choice Services*, WIPO Case No. D2012-1116 (July 25, 2012), in which the respondent sent a brief email in response to the petition, saying it was willing to sell the domain name at fair market value. The panel wasted little ink deciding that respondent's registration and use was in bad faith.

³²⁶ WIPO Case No. D2000-0610 (Sept. 14, 2000).

A similar sin was condemned in *ServiceMaster Brands, Inc. v. Texas International Property Associates*.³²⁷ The respondent did not respond to ServiceMaster's petition in the proceeding, but was a frequent respondent and had replied to some of the many complaints against it. The respondent registered thousands of domain names, including www.merrymaids.com, which resolved to the respondent's landing pages – which pages contained links to the mark owner's competitors. The respondent was paid for the linking services. The panel referred to this as typo-squatting, noting that the addition of the URL indicator “www” and the gTLD indicator “.com” did not alter the mark sufficiently to eliminate confusion. The respondent's click-through business diverted Internet users away from the mark owners site, which the panel said “constitute[s] *per se* bad faith under the Policy.” The panel found additional bad faith in the respondent's failure to reply to the mark owner's cease and desist letter.

In a familiar refrain, the doctrine of fair use limits application of the UDRP, although the extent of that limitation may vary based on national concepts of “fair use.”³²⁸ Nominative fair use, and no bad faith were the respondent's defenses in *Starwood Hotels & Resorts Worldwide, Inc. et al v. Media Insight*.³²⁹ In that case, the respondent, a tour operator, registered domains comprised of the names of complainant-branded hotels, e.g., www.westinresortaruba.com. The respondent agreed to transfer most of the names to the trademark owners, but resisted transferring www.lemeridiencancun.com, based on a contract between the mark owner and the respondent allowing respondent to book at the hotel. The respondent claimed that its use of the Meridien domain name was fair nominative use based on the agreement. The respondent's websites depicted the complainant's hotels and allowed users to book through the respondent, but the sites also featured ads for some of respondent's competitors. Citing *Okidata Americas, Inc. v. ASD, Inc.*, WIPO Case No. D2001-0903 (Nov. 6, 2001), the panel described the situation in which an authorized reseller can avoid a finding of bad faith (based on bona fide offering): (i) respondent actually offers the goods or services indicated; (ii) respondent offers only the trademarked goods using the domain; (iii) the site accurately discloses the respondent's relationship to the mark owner; and (iv) respondent doesn't try to “corner the market” on all relevant domain names, thus depriving mark owner of the ability to use its own mark in a domain name. At least conditions (ii) and (iii) were absent here, dooming the respondent's fair use defense.

The UDRP is not a panacea to cybergripping, as evident in *La Quinta Worldwide, LLC v. Heartland Times, LLC*.³³⁰ The site www.laquintasucks.com was established by the respondent to criticize LaQuinta franchisees in Lincoln and Omaha, Nebraska; the franchisor filed a UDRP proceeding in response. The respondent's LLC Heartland Times owned a large number of gripe sites, including www.chambersucks.com; www.drunkalcoholic.com; and www.screwthezoo.com., The Heartland Times defined itself as “Heartland's Common Sense Newspaper” and “Internet Cyber Gripe Site.” The complainant proved that Heartland's domain mark usage was confusingly similar to the La Quinta mark, but failed to prove (a) that the respondent lacked a legitimate interest in the challenged domain, or (b) that the respondent registered or used the domains in bad faith. One might certainly label Heartland as a serial interloper on marks owned by others, but, critically, the purposes of his repeated unauthorized use was neither commercial nor in bad faith.

³²⁷ WIPO Case No. D2009-1108 (Sept. 27, 2009).

³²⁸ See discussion above, Section I, Things People Do, Fair Use.

³²⁹ WIPO Case No. 2010-0211 (Apr. 22, 2010).

³³⁰ WIPO Case No. D2007-1660 (Jan. 17, 2008).

A closer look at the *La Quinta* decision, especially its discussion of the respondent's legitimate interest in the domain and respondent's bad faith, reveals some of the critical facts that drove the panel's decision. As to the respondent's legitimate interest in the challenged domain, the three-member panel noted that the respondent didn't offer or advertise goods or services using the domain; its clear purpose was a "protest" or gripe site. The panel explained that it was "reluctant to find that public criticism of a proposed development is not a legitimate 'noncommercial' use of the Domain Name unless the Respondent is entirely disinterested in the financial impact of the project. Many individuals protesting development projects on environmental grounds stand to benefit indirectly to economic as well as other respects, but this does not necessarily deprive them of the right of expression, including fair-use references to the name of the developer or another interested party." The *La Quinta* panel demonstrated a protective attitude toward cyber-gripping, writing that "more than criticism is required to establish illegitimacy and bad faith within the meaning of the Policy." There was no evidence that the respondent was a competitor, or that the respondent used the domain to mislead users and attract them to the respondent's site for commercial gain.

A legitimate fan site probably qualifies as a fair use, but the respondent's reliance on that rationale in *Burberry Limited v. Carlos Lim*,³³¹ failed to win the day. The respondent claimed that he registered www.burberryworld.com as a fan site. Such a site, the panel commented, may create rights in domain registrant if the site is actively maintained, pay-per-view advertising is at a minimum, and there is a clear disclaimer of any relationship between the site and mark owner. But any attempt to suggest an association with mark owner or any attempt to derive a commercial benefit may doom respondent's alleged rights. Here, occasional ads for other luxury goods on the subject website doomed the registrant's argument.

The narrow subject matter jurisdiction of the UDRP may be disappointing, but on the positive side, the UDRP's reach is worldwide. Multi-national jurisdiction sometimes generates knotty issues, however, especially in the context of cyber-gripping or other claimed fair uses. Concepts of fair use and free speech are not consistent in all places that are reached by the Internet. In *Coast Hotels, Ltd. v. Lewis*³³² for instance, the complainant was in Canada and the respondent and his organization, Unite Here, were located in New York. The subject domain was www.coasthotels-bad-forbc.info, which was set up to criticize Coast Hotel's relationships with its employees. The complainant demonstrated its rights in the service mark and established that the respondent's domain was confusingly similar. But it could not prove that the respondent had no right to use the mark, and thus failed to prove registration or use in bad faith.

International issues arose during the panel's consideration in the *Coast Hotels* matter of the respondent's right to use the complainant's mark. The single-member panel explained that previous panels had not spoken uniformly on the issue of whether the use of another's mark to criticize the owner is a legitimate use under the Policy. The panel recited U.S. constitutional rights of free speech, but the mark owner was in Canada. The respondent and U.S. resident claimed application of U.S. law, based on Paragraph 15(b) of the Rules (which allows a panel to apply "and principles of law that it deems appropriate") but expressed concern that decisions under the UDRP should not be based on national law. Ultimately, the panel agreed with the respondent, citing "normative principles of international law" and prior UDRP decisions. The panel decided that: (1) the respondent's gripesite use is "a legitimate non-commercial use or fair use of" the

³³¹ WIPO Case No. D2011-0344 (Apr. 22, 2011).

³³² WIPO Case No. D2009-1295 (Nov. 23, 2009).

domain name; (2) fair use criticism isn't necessarily tarnishment of the mark; and (3) such use isn't prohibited by the UDRP Policy. The panel added that any tarnishment claim could be pursued "in other legal venues." The international knot in *Coast Hotels* was a relatively simple one, given the common ancestry of U.S. and Canadian law. As legal systems diverge, however, the issues may become thornier.³³³

In addition to the complexities of national laws, the *Coast Hotels* case alludes to another feature of the UDRP. Action in an arbitral panel under the UDRP does not foreclose parallel or even later action in a judicial forum. The complainant in the *Coast Hotels* matter could follow the WIPO Panel's suggestion and pursue a dilution or infringement action under the Lanham Act, as other UDRP complainants have done.³³⁴

The UDRP also reaches claims of reverse domain name hijacking,³³⁵ defined as a complaint brought in bad faith in an attempt to deprive a mark owner of a domain name, especially where complainant knows that the respondent has superior rights. In *Webpass, Inc. v. Paul Breitenbach*,³³⁶ the single-member panel defined reverse domain name hijacking as "filing an unjustifiable Complaint with malice aforethought," citing *Smart Design LLC v. Carolyn Hughes*.³³⁷ To demonstrate reverse domain name hijacking, the "respondent must show knowledge on the part of the complainant of the respondent's right or legitimate interest in the disputed domain name and evidence of harassment or similar conduct by the complainant in the face of such knowledge."³³⁸ Ron Paul was the miscreant in a recent reverse domain name hijacking proceeding, *Paul v. Domain Capital, Inc.*³³⁹ The targeted domain was ronpaul.org. Ron Paul approached the registrant about acquiring the domains, and the registrant offered to transfer the .org domain without charge. Instead of accepting the offer, Mr. Paul initiated a UDRP proceeding that backfired. The registrant made legitimate use of the site as a fan site and used the site to encourage political speech. This negated bad faith, the panel concluded. Mr. Paul's heavy-handed tactics constituted reverse domain name hijacking.

A UDRP proceeding is a paper trial, without live testimony, factors which may complicate a proceeding. In *Inter-Continental Hotels Corp. v. Khaled Ali Soussi*³⁴⁰ for instance, the facts suggested a greenmail attempt by Mr. Soussi, but not clearly so. The panel bemoaned the lack of live testimony, expressed reluctance to ignore respondent's sworn affidavits, and ultimately

³³³ In *Cartridge World Australia Pty Ltd. v. Kerry Recharge Limited*, WIPO Case No. DIE2011-0003 (Sept. 2, 2011), the complainant had registered a Community "Cartridge World" mark. The respondent was in Ireland, using the domain name www.cartridgeworld.ie. The panel concluded that use of the domain to create initial interest confusion constituted bad faith.

³³⁴ See, e.g., *Web-Adviso v. Trump*, *supra* (federal court action followed UDRP proceeding).

³³⁵ UDRP Rules, Paragraph 15(e).

³³⁶ WIPO Case No. D2010-1796 (Dec. 2, 2010).

³³⁷ WIPO Case No. D2000-0993 (Oct. 21, 2000).

³³⁸ Citing *Plan Express Inc. v. Plan Express*, WIPO Case No. D2000-0565 (July 20, 2000).

³³⁹ WIPO Case No. 2013-371 (May 11, 2013).

³⁴⁰ WIPO Case No. D2000-0252 (July 5, 2000).

denied the complaint. In doing so, however, the panel urged the complainant to seek redress in another forum offering an opportunity for discovery and live testimony (e.g., ACPA).

2. ICANN'S Uniform Rapid Suspension System

ICANN very recently promulgated its Rapid Suspension System (URS) to provide a streamlined process for challenging new gTLD registrations, in particular based on perceived trademark infringement. The sole remedy is suspension of the domain name. However, a complainant cannot use URS if a UDRP (or another URS proceeding) is active. The process is brand new, and Rules were issued on March 4, 2013.³⁴¹ The URS process adopts the UDRP concept of abusive complaints, i.e., complaints brought in bad faith and prohibits filers who repeatedly file abusive complaints. Similar remedies are available in foreign jurisdictions as well.³⁴²

3. Search Engine Remedies

As the search engine gorilla, Google has a fairly well-developed Adwords Trademark Policy,³⁴³ with published terms and updates. Google will investigate and “may” enforce use restrictions in response to complaints from trademark owners.

Ad text: Google will permit limited use of another’s mark in advertising text where (a) the sponsor is a reseller of genuine trademarked products, (b) the sponsor makes or sells component parts for a trademarked product, (c) the sponsor offers compatible parts or goods for use with the trademarked product, or (d) the sponsor provides information about or reviews trademarked products. Google has developed technology that automatically checks linked sites, to determine whether the sponsor’s trademark use complies with its policy.³⁴⁴ Google will not (knowingly) approve ads that use another’s trademark to sell competitor’s goods, or that facilitate the sale of counterfeit goods.

Keywords: Google will not investigate or restrict use of trademark terms in keywords, even if the mark owner complains. In E.U. and EFTA territories, however, Google will do a limited search to determine whether keyword use is confusing as to origin or affiliation of goods or services, in which case the specific ad will be disapproved. But the use of keywords in ads for competing goods or services will be permitted in those countries.

Ad display URLs: Google will not investigate use of trademark in display URLs, e.g., post-domain paths or subdomains. This follows U.S. case precedent on post-domain use³⁴⁵ which usually finds post-domain or subdomain use of another’s mark not to constitute a trademark use.

³⁴¹ www.newgtlds.icann.org/en/applicants/urs/rules (last visited June 17, 2013).

³⁴² See sections on foreign law above.

³⁴³ www.support.google.com/adwordspolicy/answer/61118?hl=en (last visited June 17, 2013).

³⁴⁴ *Id.* Google’s advertising policy was discussed in *Rosetta Stone, Ltd. v. Google, Inc.*, 676 F.3d 144, 151 (4th Cir. 2012). Google’s policy changes from time to time, however.

³⁴⁵ See Section V, *supra*, What to Do When Things Go Wrong, Post-Domain Use.

Search results: Google will not investigate the use of trademarks that appear in search results at a third party's urging. It may investigate SEO practices that appear to constitute a violation of its terms of use, however.³⁴⁶

Google's legal positions differ by geography. The differing approaches to keywords described above, for instance, result from divergence of approach in U.S. and Canada versus EU and other areas. Consult Google Advertising/Trademark Policies for territorial variations in the application of Google trademark policies.

Microsoft's Intellectual Property Guidelines³⁴⁷ apply to its Bing and Yahoo! search engines, but especially as compared to Google, Microsoft's guidance is weak. Microsoft encourages the trademark owner to contact the offending advertiser. Microsoft won't mediate trademark disputes and won't investigate trademark claims based on key word use (except in Brazil, France, Italy, Ireland, Singapore and U.K.), reflecting the lack of universal agreement on key words as infringement.

4. Social Media Remedies

Social media trademark policies, a few of which are summarized below, universally involve informal procedures and are subject to much subjective interpretation. Some of these policies *may* reach post-domain trademark use.

Facebook's Advertising Guidelines³⁴⁸ include the blanket statement, "Ads may not include content that infringes upon or violates the rights of any third party, including copyrights, trademark, privacy, publicity, or other personal or proprietary rights."³⁴⁹ Its enforcement process³⁵⁰ is an informal "send us a report and we'll investigate" procedure. Its terms of use specifically provide that a user will not infringe marks and threatens removal for repeated violations.³⁵¹

LinkedIn uses the same informal process (send us a report and we'll investigate). Its published policy³⁵² focuses on copyrights; trademark reference is follow-on. LinkedIn's strongest policy statement on trademarks is "Do not use trademarks that you are not permitted to use."³⁵³

³⁴⁶ See Section III, *supra*, Things People Do, SEO Practices for a discussion of white hat and black hat SEO practices.

³⁴⁷ www.advertise.bingads.microsoft.com/en-us/editorial-intellectual-property-guidelines (last visited June 17, 2013); <http://info.yahoo.com/copyright/us/details.html> (last visited June 17, 2013).

³⁴⁸ http://www.facebook.com/ad_guidelines.php (last visited June 17, 2013).

³⁴⁹ *Id.*

³⁵⁰ See Reporting Trademark Infringements at <http://www.facebook.com/help/223752991080711> (last visited Apr. 29, 2013).

³⁵¹ See, e.g., http://www.facebook.com/legal/copyright.php?howto_report (last visited June 25, 2013); <http://expertlaw.com/forums/showthread.php?t=136168>, for a Facebook cease and desist notice and related questions from the recipient. Of course, in that instance, Facebook was protecting its own mark, not yours.

³⁵² <http://support.twitter.com/articles/18311-the-twitter-rules>; and <http://support.twitter.com/articles/20170140-trademark-policy-for-promoted-products>; and <http://support.twitter.com/articles/18367-trademark-policy> (last visited Apr. 29, 2013).

Following the familiar pattern Twitter makes the same “send us a report and we’ll investigate” assurance.³⁵⁴ According to its published policy, Twitter only accepts reports from trademark owners, will not disable or investigate keyword use, and cannot protect usernames. Twitter reserves the right to punish username squatting by removing accounts that are inactive for more than six months.³⁵⁵

Consistent with its policy, Twitter has taken action against username squatters. In the “@Hyundai” situation described above,³⁵⁶ Twitter eventually transferred the name to Hyundai.³⁵⁷ A parody use of another Twitter account, “@BPGlobalPR,” however, was not curtailed.³⁵⁸ The account was established to mock BP’s response to the massive oil spill in the Gulf of Mexico. Among the posts that BP unsurprisingly found offensive: “Surprised ourselves by getting emotional on the coast today. Turns out the wind blew dispersant in our eyes.”³⁵⁹ Twitter refused to disable the account or transfer the username, but asked the account holder to “comply with Twitter’s guidelines regarding parody” by making it clear that the account was not associated with BP.

VI. CONCLUSION

It’s a jungle out there, albeit with pockets of civilization. The Internet is at least in the late teen stage, while Internet law is only slightly beyond toddlerhood. While one can hope that the law will catch up with the Internet, future technological advances – especially if they continue to occur at breakneck speed – are likely to continue to confound trademark and service mark owners and their attorneys. Protecting one’s marks in a social mediated world is likely to become more complex, rather than simpler. Patience, a wide view, and common sense, in addition to knowledge of the law, will be needed as the electronic landscape evolves.

³⁵³ *Id.*

³⁵⁴ <https://twitter.com/IPinfringement> (last visited June 25, 2013).

³⁵⁵ *Id.*

³⁵⁶ See Section II, *supra*, Things People Do Wrong, Social Media and Vanity URLs.

³⁵⁷ <http://twitter.com/hyundai> (last visited June 25, 2013).

³⁵⁸ Brian Stetler, *BP Account on Twitter? Just a Joke; K thx bye* June 9, 2010, N.Y. Times at <http://www.nytimes.com/2010/06-10/us/10twitter.html>.

³⁵⁹ *Id.*