

COMMITTEE NO. 254 - Carla C. Calcagno and Mark H. Wittow, Co-Chairs

SPECIAL COMMITTEE ON ONLINE TRADEMARK ISSUES

Scope of Committee: Issues arising from the use of trademarks and domain names on the internet, including:

1. Policies for managing generic top level domains.
2. Domain name management by the Internet Corporation for Assigned Names and Numbers (ICANN).
3. Trademarks and domain names in the United States - case law and litigation.
4. Practices of trademark registration of domain names by patent and trademark offices around the world.
5. International litigation and legislation involving trademarks and domain names.
6. Online contextual marketing, including pop-up ads to sponsored links, hyper-linking and framing, metatags, search engine manipulation and other uses of trademarks on the internet.

Subcommittees:

A - Domain Names

B - Online and Contextual Marketing

C - Presentations

SUBCOMMITTEE A – Paul Alan Levy, Chair

Subject 1. DOMAIN NAMES

NO PROPOSED RESOLUTION

Past Action. None.

Discussion -

A few tentative patterns may be discerned from this year's crop of domain name related trademark cases. First, the sheer number of cases seems to be declining. Fewer cases mentioning domain names were identified by a Westlaw search than last year, and fewer cases were judged by our subcommittee's members to raise significant trademark issues worth discussing. There were fewer cases that appeared to involve pure cybersquatting (in the sense of registering names for the purpose of extortion). In most cases involving domain names, the issue arose tangential to a broader dispute in the classic "likelihood of confusion" context.

One contentious issue from past years seems to be moving toward a consensus resolution, at least in the courts. Almost every court to be confronted with a truly non-commercial site about a trademark holder, whose URL was in the format www.trademark.com, absent any evidence of extortionate behavior, was deemed outside the scope of the Lanham Act. The question of what it means to be “truly” non-commercial in this context is thus coming to the fore. This included two appellate decisions from the Fourth and Ninth Circuits. However, there have been additional decisions from the District of Minnesota, all involving a single individual who lost a similar decision in the Eighth Circuit covered in last year’s report, suggesting that to be protected from liability, the site operator must add a negative or at least a clearly descriptive word to the domain name. In the UDRP, however, the outcome of such cases continues to be far more mixed, with some panelists generally forbidding even non-commercial uses of domain names for “gripe” or “fan” sites, and others finding it permissible. In the UDRP, even the addition of descriptive words to a trademark may not be enough to protect the domain name owner.

A similar issue, when arising in the commercial context, seems to produce different results. When a trademark is used in the domain name for a web site operated by an unauthorized reseller of the trademark holder’s goods, both courts and UDRP panelists seem to be more sympathetic to the trademark holder’s right to control who uses the mark in a domain name, even to describe the web site truthfully, for commercial gain. The Seventh Circuit’s decision in *Ty v. Prettyman*, which denied a claim against an unauthorized reseller, appears to be increasingly isolated.

The biggest issue that is discussed in this year’s cases pertaining to domain names, as in the online contextual advertising cases, is the role of “initial interest confusion” in cyberspace cases.

In the following, we first summarize the more significant trademark cases from the courts, and then summarize some significant UDRP panel decisions.

DC Circuit

No relevant cases

Federal Circuit

In re STEELBUILDING.COM, 415 F.3d 1293 (Fed. Cir. 2005)

Plaintiff operated a web site that permitted users to design custom steel buildings using interactive tools, determine the prices for the buildings as designed and then purchase the buildings online from Plaintiff. Plaintiff sought to register the mark “STEELBUILDING.COM” with the USPTO, but the application was refused on the ground that “steelbuilding” is descriptive of the products offered for sale on the web site. On appeal to the Trademark Trial and Appeal Board, the Board affirmed the refusal, concluding that “STEELBUILDING.COM is generic for a website that provides computerized on-line retail services in the field of pre-engineered metal buildings”

Plaintiff appealed to the Federal Circuit, which affirmed the ruling but firmly rejected the Board's determination that the mark was generic. The court concluded that in certain rare instances, the addition of a top level domain (such as .com, .net or .org) ("TLD") can convert an otherwise generic mark into a distinctive mark when the TLD suggests some "Internet feature of the item." Indeed, in some cases, the addition of a TLD can have some "source-identifying significance" beyond merely indicating a web address and can "render an otherwise descriptive term sufficiently distinctive for trademark registration." In this case, the court concluded that plaintiff's web site was not a mere shopping site, but instead offered an interactive design feature suggested by the addition of the ".com" to the mark, which feature was not considered by the Board. Ultimately, the court affirmed the refusal to register on the ground that the mark was descriptive and lacked secondary meaning, noting that the addition of a TLD "describes a significant feature of applicant's services, namely the Internet commerce connection."

First Circuit

Glenn Harrison v. Microfinancial, Inc., Civ. A. 03-11437, 2005 WL 435255, 74 U.S.P.Q.2d 1848 (D. Mass. 2005)

In this case, Plaintiff Glenn Harrison brought an action seeking to enjoin the transfer of the domain name leasecomm.org. to Microfinancial as ordered in a UDRP proceeding. Harrison used the leasecomm.org web site in order to criticize Microfinancial, a company he felt had scammed him. Microfinancial brought various counterclaims, asserting Harrison's violation of the ACPA and other laws. Before the court was Microfinancial's motion for summary judgment on its ACPA claim and Harrison's cross-motions for summary judgment on all claims and counterclaims. The court granted Microfinancial's motion, finding that Harrison had registered a domain name identical to Microfinancial's LEASECOMM mark and clearly evidenced a bad faith intent to profit from the domain name. As evidence of bad faith, the court found particularly persuasive Harrison's many attempts to sell the domain name to Microfinancial (as well as making other monetary demands) without having used the domain name in connection with a bona fide offering of any goods or services. The court rejected Harrison's contention that his criticism of the company was protected under the First Amendment. The court distinguished this domain name from others that contain within them an implication of criticism (such as leasecommsucks.org), and found that Harrison had purposefully registered the domain name to confuse current and potential customers into believing that the domain name was the company's own address.

Subsalve USA Corporation v. Watson Manufacturing, 392 F.Supp.2d 221 (D.R.I. 2005)
Subsalve's claims in this case emanated from Watson's use of Internet domain names. Subsalve alleged injury in Rhode Island, its home state. The court dismissed for lack of personal jurisdiction, stating that the mere existence of a web site does not show that a defendant is directing its business activities at every forum where the web site is visible. Indeed, the court stated, given the "omnipresence of Internet web sites today, allowing personal jurisdiction to be premised on such a contact alone would 'eviscerate' the limits on a state's jurisdiction over out-of-state or foreign defendants." In this case, Watson had

not derived any meaningful business revenue from Rhode Island, and did not have significant communications, electronic or otherwise, with Rhode Islanders.

Second Circuit

Information Superhighway v. Talk America, 395 F. Supp.2d 44 (S.D.N.Y. 2005)

Defendants Talk America and AOL made an agreement under which Talk America would be the exclusive distributor of telephone services offered by AOL to its subscribers, under the name Tel-Save, and announced the plan in February 1997. At that point, plaintiff's domain name was informationsuperhighway.com; but in March 1997, plaintiff registered several domain names using variations of telsave and telesave. Plaintiff also registered numerous domain names using the trademarks of others. Plaintiff sued defendants under 15 U.S.C. § 1125 and various other theories, complaining that AOL users who entered the keyword "telsave" were taken to the web site for the defendants' venture. The court granted summary judgment dismissing all of these claims, first because telsave was merely descriptive and plaintiff could not show that they had acquired secondary meaning (in fact, at one point plaintiff told defendants that its own domain name registrations were permissible because the terms were generic), and second because, even if the mark were suggestive, plaintiff had not shown any likelihood of confusion.

Omega S.A. v. Omega Engineering, 396 F.Supp.2d 166 (D. Conn. 2005)

The watchmaker ("OSA") and an engineering firm that have long litigated rights to their common trademark and settled their disputes in the past are back at it again, including a domain name counterclaim about omega.us registered by the engineering firm. The case is resolved according to ordinary trademark principles. The engineering firm claimed that because Omega SA is a foreign company, it showed bad faith for OSA (through its Swatch subsidiary) to register a .us domain name. But OSA has some, albeit demarcated, trademark rights in the US; and fact that Swatch has not yet used the .us registration is not evidence of bad faith.

United Parcel Service v. The Net, 275 F.R.D. 416 (E.D.N.Y. 2005)

In this hoary case, UPS filed suit in 1999 against the corporate entity The Net, and ten Doe defendants, who in 1997 registered the domain name ups.net, and benefited from advertising on the site linked to a porn site. The domain name was deposited in the Court's registry in 2000, and default judgment was entered. Keith Maydak has been arguing since 2001 that he is the proprietor of The Net and has been trying to accept service and defend the case. In this opinion, the court rejected Maydak's motion to intervene, noting that he has been in prison at all relevant times and hence it is incredible that he could be operating The Net or engaging in the other activity at issue. The court speculated that the intervention represents an effort by identified persons who have been associated with use of the name to shift the blame to a judgment proof party.

Mattel, Inc. v. Anderson, No. 04 civ 5275RCC, 2005 WL 1690528 (S.D.N.Y. July 18, 2005)

Mattel, the California-based toymaker, sued Calgary resident Barbara Anderson (whose nickname is apparently Barbie), for the domain name *barbiesshop.com*, which she used for her adult retail shop there called Barbie's Shop. Personal jurisdiction was predicated on a single sale from defendant's web site to plaintiff's own investigator. However, "Falsone's [the investigator's] purchase has nothing to do with Plaintiff's action for infringement since he cannot claim to have been confused as to with whom he was dealing."

Diarama Trading Co. v. J Walter Thompson, No. 01 civ 2950 (DAB) (DCF), 2005 WL 2148925 (S.D.N.Y. September 6, 2005)

This case involved a dispute over which party is entitled to the trademark DTC for use in the diamond business. Defendants' registration of *dtc.com*, and the resulting cybersquatting claim, were a small part of the fight. The court first decided that defendants have prior rights to the mark, and then granted summary judgment to defendants on the ACPA claim. The first three bad faith intent to profit factors favor defendants because it is they and not plaintiffs who have superior rights in the mark; and the fifth through eighth factors favor defendants because they were not trying to steal plaintiffs' customers, did not provide false contact information, and neither tried to shake plaintiffs down nor engaged in serial registration of domain names using others' trademarks.

Hamptons Locations v. Rubens, No. 01 CIV 5477 DRH/WDW, 2005 WL 2436209 (E.D.N.Y. September 30, 2005)

Plaintiffs, who provide and scout locations for photo shoots, commercials and meetings, and whose domain name is *hamptonslocations.com*, sued three individuals for infringement and cybersquatting. Defendants are a couple who designed and built a home in the Hamptons, which they use to advertise their work as designers through their web site at *dqny.com*, and their son Darrell. There is dispute about whether the couple were aware of plaintiffs; shortly after plaintiffs claim to have talked to the couple, Darrell registered the domain name *hamptonlocations.com*, allegedly for the purpose of expanding his real estate business into the offering of Hamptons summer rentals, and linked that domain to his parents' web site. Later he sent an email to plaintiffs asking if they would like to use his parents' house, providing them with his new domain name. After the dispute arose, he let his registration of the name expire. The court granted the couple's motion for summary judgment on the ground that, even if the domain name linked to their web site, that was not enough to show that they "used" plaintiffs' mark, given their denial that they even knew about what Darrell was doing. However, Darrell's motion for summary judgment was denied. With respect to cybersquatting, the issue was whether Darrell was shaking plaintiffs down, and coupled with the fact that many of the enumerated factors favor plaintiffs, both the timing and the email were at least ambiguous about whether he was trying to provoke an offer. As for infringement, there were

genuine issues of material fact going both to the likelihood of confusion and the defense that he was using the words “Hampton” and “locations” fairly in their descriptive sense.

Weingrad v. Telepathy, Inc., No. 05 Civ. 2024 (MBM), 2005 WL 2990645 (S.D.N.Y. November 7, 2005)

Plaintiff, who allowed his domain name weingrad.com to expire but tried to recapture it within a few days of expiration, sued both the defendants who picked up the name, and Network Solutions, which may have given him false or outdated information about the status of the name, and then offered to give him the name back if he paid an extra fee, alleging infringement, dilution, cybersquatting, and conspiracy. Network Solutions moved to dismiss invoking the forum selection clause in the registration agreement, and the court enforced the clause, because even though the contract had expired at the time of suit, forum selection clauses do not expire with a contract and, in any event, the claims all arose out of the contract in one way or another. Moreover, the other defendants were also permitted to invoke the forum clause because they were accused on conspiring with each other and because all claims against the defendants turned on whether Network Solutions acted improperly concerning the disposition of the expired name.

Penn Warranty Corp. v. DiGiovanni, No. 600659/05, 2005 WL 2741947 (N.Y. Sup. Ct. October 24, 2005)

Plaintiff sued defendant for libel, extortion, and infringement, after who used the domain name pennwarrantylitigation.com for a gripe site about plaintiff, and allegedly sent plaintiff information about the web site and threatened to expose its misconduct unless it “did the right thing.” The court dismissed the complaint. The discussion of the trademark claim focused on alleged “cybersquatting” and “bad faith intent to profit” although the ACPA is not mentioned in the opinion as a cause of action. In that regard, the court dismissed because (1) the use was not commercial, (2) the domain name was not confusing because of the inclusion of the word “litigation,” and (3) even if there were initial confusion, someone reaching the web site would understand immediately that the site was sponsored by a critic and not by plaintiff. Although not in the course of the cybersquatting discussion, the court stated: “Since defendant has the right to express his opinion to the public about plaintiff’s services, the ‘threat’ to express such personal opinion cannot be actionable as coercion, extortion or any related tort.

Third Circuit

Endless Pools, Inc. v. Wave Tec Pools, Inc., 362 F. Supp. 2d 578 (E.D. Pa. 2005)

In a trademark infringement and cyberpiracy case, plaintiff alleged that its competitor (defendant) adopted a confusingly similar mark to identify certain of its products that directly competed with plaintiff’s products. Plaintiff also alleged that defendant purchased plaintiff’s mark as a keyword on various search engines and used plaintiff’s mark within the meta-tagging on defendant’s web site to misdirect potential purchasers from plaintiff’s web site. On a motion to dismiss for lack of jurisdiction, the court

concluded that, by using a confusingly similar name for competing products and by hiring some of plaintiff's former employees, defendant had sufficient minimum contacts with the state to warrant the exercise of specific jurisdiction. In reaching this conclusion, the court noted that while "the mere operation of a commercially interactive website does not subject [defendant] to jurisdiction anywhere in the world," Defendant's other non-Internet related contacts with Pennsylvania justified the exercise of jurisdiction.

DaVinci Techn. Corp. v. Rubino, No. Civ. 05-1561, 2005 WL 1249462 (D.N.J. May 25, 2005)

Following a contentious business break-up affecting several of defendants' (former) executives, including plaintiffs, plaintiffs formed a new company called "DaVinci Tek" that provided certain technical consulting services and used the Internet for marketing and sales purposes. While in the process of resolving certain other disputes with Defendants relating to the business break-up, plaintiffs learned that defendants had also registered a new corporation called "DaVinciTek Corporation" and filed a service mark application for "DAVINCITEK" for the same services that plaintiffs offered through their web site "davincitek.com." The Court granted plaintiffs a preliminary injunction against defendants' use of any permutation of "DaVinci Tek." The court followed traditional analysis of plaintiffs' trademark claims and concluded that plaintiffs had demonstrated a likelihood of confusion. Plaintiffs also demonstrated successfully that defendants had a bad faith intent to profit from plaintiffs' domain name registration in light of the parties' contentious history and other evidence.

Dluhos v. Strasberg et al., No. Civ. A. 00-3163(JCL), 2005 WL 1683696 (D.N.J. June 24, 2005)

Pro se Plaintiff filed suit against, among others, Network Solutions, Inc. and owners of a registered service mark in various iterations of "Lee Strasberg," challenging a UDRP ruling that ordered plaintiff's registered domain name (leestrasberg.com) to be transferred to the Estate of Lee Strasberg, a deceased actor, acting coach and writer. Defendants moved to dismiss and sought summary judgment on their counterclaims. On remand from *Dluhos v. Strasberg*, 321 F.3d 365, 373-74 (3d Cir.2003), the court analyzed each counterclaim (trademark infringement, trademark dilution and cybersquatting, among others) under traditional concepts, finding that plaintiff's use of the mark, even though arguably intended for parody purposes, was likely to confuse consumers, diluted defendant's registered marks and was the result of a bad faith intent to divert customers from defendant's sites. The court did not accept plaintiff's contention that the domain name should be read as "Lee's Trasberg.com," and thus, not confusingly similar: "What he [plaintiff] feels the domain name 'stands for' is irrelevant in determining similarity based on appearance. It is on the domain name itself that the Court must focus." The court declined to order return of the domain name to plaintiff and granted defendant's motions for summary judgment.

Goldfaden v. Miss World (Jersey) Ltd., No. Civ. A. 02-712(JAG), 2005 WL 1703207 (D.N.J. July 20, 2005)

Plaintiff sought a declaratory judgment that its registration of “MISS WORLD WIDE WEB” as a service mark and “missworld.com” as a domain name did not infringe on defendant’s senior registration of “MISS WORLD” as a service mark in the same class of entertainment services. Defendant counterclaimed for cancellation of plaintiffs’ service mark registration and for transfer of the domain name. On cross motions for summary judgment, the court addressed standard infringement and dilution arguments and was presented with defendant’s arguments that plaintiff’s domain name should be invalidated for non-use or, in the alternative, should be transferred under the Anticybersquatting Consumer Protection Act. The court concluded that it could not grant either party’s motions for summary judgment because there were concrete disputes of fact on all key issues. Of particular note, however, the court concluded that the mere operation of a web site at a particular domain address could suffice to satisfy the “use in commerce” requirement under the Lanham Act “because it affects a party’s ability to offer services.”

Fourth Circuit

Lamparello v. Falwell, 420 F.3d 309 (4th Cir.), cert. pending, No. 05-980 (2005) (reversing 360 F. Supp.2d 768 (E.D. Va. 2004)).

This case pitted the Reverend Jerry Falwell against a New Yorker who created a web site using domain name fallwell.com that criticized Falwell’s positions on homosexuality. After losing in a UDRP proceeding, Lamparello filed for a declaratory judgment, and Falwell counterclaimed for infringement and cybersquatting. Falwell obtained summary judgment in a fairly conclusory opinion that was issued in 2004 but reported in 2005, after last year’s report was complete.

The Fourth Circuit reversed with instructions to enter summary judgment for Lamparello. The court began with a skeptical discussion of Lamparello’s contention that infringement claims are limited to non-commercial speech, suggesting that it might not agree with the Sixth and Ninth Circuit’s acceptance of that proposition, but found it unnecessary to decide the question because there was no likelihood of confusion. In that regard, the court began by analyzing the likelihood of confusion factors, emphasizing that Lamparello did not sell competing goods but offered opposing ideas, and that nobody would be confused about whether Lamparello’s web site was sponsored by Falwell. The court also rejected application of the doctrine of initial interest confusion on the grounds that such analysis had never been adopted in the Fourth Circuit and that, in any event, its application was confined to situations where the defendant seeks to profit financially from the initial confusion or to capture the trademark owner’s customers and profits. The court distinguished its previous decision in *PETA v. Doughney*, 263 F.3d 359 (4th Cir. 2001), confining it close to its facts and holding that the use of a trademark in a domain name cannot be judged apart from the context in which it is used, here the contents of the web site. Indeed, the court’s extensive discussion of the doctrine of initial interest confusion may prove to be more significant than the remaining parts of the opinion. Finally, the Court rejected Lamparello’s ACPA claim, based both on an analysis of the “bad faith intent to profit” factors, and on the fact that Lamparello had not registered the

domain name to shake down Falwell, but to express his criticisms. “[T]he use of a mark in a domain name for a gripe site criticizing the markholder does not constitute cybersquatting.”

Continental Airlines v. continentalairlines.com, 390 F. Supp.2d 501 (E.D. Va. 2005)

The airline brought an *in rem* proceeding against the domain names continentalairlines.com and continentalexpressairlines.com, which are linked to an online travel service. Pursuant to § 1125(d)(2)(A)(ii)(II)(aa), plaintiff sent notification of the complaint by mail and email both to Mindal Park, the registrant of continentalairlines.com, and the unidentified registrant of continentalexpressairlines.com. Plaintiff received an email from Park stating that he would contest any effort to take away his continentalairlines.com domain name, but failing to mention continentalexpressairlines.com. Plaintiff made no effort to publish notice of the *in rem* action pursuant to § 1125(d)(2)(A)(ii)(II)(aa), even though Park denied that he was the registrant of continentalexpressairlines.com. Although the language of the statute would seem to require the plaintiff to send notice **both** by email and mail **“and by publishing notice of the action as the court may direct promptly after filing the action”** (emphasis added), the court held that publication is discretionary. Moreover, the Court decided that the evidence, although not unequivocal, suggests that the owner of continentalexpressairlines.com is the same person as Park, and because Park admitted getting notice, publication would not be required. The court then proceeded to find bad faith intent to profit under the ACPA. The court did not conduct a separate inquiry into likelihood of confusion, but did analyze that issue under the rubric of the fifth “bad faith intent to profit” factor.

Venetian Casino Resort v. Venetiangold.com, 380 F. Supp.2d 737 (E.D. Va. 2005)

An internet entrepreneur established an online gambling web site using as domain names several variants on the well-established name of the plaintiff’s Las Vegas casino. Plaintiff brought an *in rem* action against the domain names. The court had no difficulty finding a violation of the ACPA by applying the multitude of factors governing a bad faith intent to profit, analyzing each of the factors in turn and deciding that it favored one side or the other. It was admitted that it was not the registrant’s purpose to try to sell the domain names to the plaintiff. However, the registrant had no rights in the mark, and was attempting to divert gambling business to himself by exploiting the plaintiff’s trademarks for his own commercial gain.

NBC Universal, Inc. v. NBCUNIVERSAL.COM, 378 F. Supp.2d 715 (E.D. Va. 2005)

In this curious case, NBC brought and won a UDRP proceeding against the Korean registrant of nbcuniversal.com. Because plaintiff submitted to the jurisdiction of a Korean court in its UDRP complaint, the registrant sued there to block the UDRP outcome. Plaintiff then sued the domain name *in rem* in the Eastern District of Virginia. Rejecting a motion to dismiss, the court first decided that neither the invocation of the UDRP, nor the submission to jurisdiction in Korea, waived the right to proceed *in rem*.

Second, the court construed the *in rem* provisions of the ACPA as allowing the plaintiff to invoke *in rem* proceedings both to oppose cybersquatting under the ACPA, and to seek relief for violations of the Lanham Act's infringement and dilution provisions.

Fifth Circuit

Test Masters Educ. Svcs. v. Singh, 428 F.3d 559 (5th Cir. 2005)

In an initial proceeding between the parties, the domain name "testmasters.com" was at issue. Following a five-day trial, a jury found that defendant's mark "TESTMASTERS" was a descriptive mark that had acquired secondary meaning, and that plaintiff's use of the domain name "testmasters.com" unfairly competed in defendant's market. The district court ordered plaintiff to transfer the domain name to defendant.

On appeal, the Fifth Circuit held that defendant had failed to provide sufficient evidence that TESTMASTERS had acquired secondary meaning; the court vacated the district court's order transferring the domain name to defendant, and, in fact, rendered judgment for plaintiff, remanding the case to the district court for an order invalidating defendant's trademark. Following another district court order on this and other issues, the case was appealed to the Fifth Circuit again, this time with defendant requesting, among other things, a reexamination of whether defendant had acquired (in the 16 months following the trial) secondary meaning in its descriptive mark. Recognizing that the issue of the amount of time required to acquire secondary meaning in a descriptive mark had not been previously decided by the Circuit, the court declined to rule on this question. Instead, the Fifth Circuit left in place the district court's order invalidating defendant's trademark, but lifted the district court's injunction preventing defendant from having any further contact with Plaintiff.

March Madness Athletic Assoc. v. Netfire Inc., 120 Fed. Appx. 540, 73 U.S.P.Q.2d 1599 (5th Cir. 2005)

At the heart of this dispute was the domain name "marchmadness.com," which was acquired by defendants in the following way: a representative of defendants contacted the original owner of the domain, seeking to acquire it and claiming that the representative was affiliated with the NCAA and was the rightful owner of the domain name, neither of which was true. Immediately upon the completion of the acquisition, defendants began creating content for the site relating solely to NCAA basketball games. Within days, the NCAA sent defendants a cease and desist letter relating to the use of the domain name as an infringement of the NCAA's common law mark in the words "March Madness." The Fifth Circuit affirmed the judgment of the trial court against defendants, including affirming the conclusion that defendants had a bad faith intent to profit from the use of plaintiffs' mark and the conclusion that Plaintiffs could not obtain monetary damages under the ACPA.

Global 360 v. Spittin' Image Software, No. Civ. A.3:-04-CV-1857-L, 2005 WL 625493 (N.D. Tex. March 17, 2005)

The court denied a motion to dismiss a copyright and trademark infringement action, centered on a web site called “ImagingforWindows.com,” for lack of jurisdiction. The court concluded that personal jurisdiction was established when an interactive web site used to sell the allegedly infringing product into the forum state (Texas) was coupled with specific direct contacts by defendant with Texas consumers by telephone, e-mail and fax regarding sale and servicing of the infringing product and by defendant’s travel to Texas to discuss a potential resolution of the dispute between the parties. The fact that defendant disconnected the interactive web site and ceased selling the allegedly infringing product at the beginning of the dispute did not defeat the court’s jurisdiction.

Sixth Circuit

Gibson Guitar Corp. v. Paul Reed Smith Guitars, 423 F.3d 539, 76 U.S.P.Q.2d 1372, 2005 Fed.App. 0387P (6th Cir. September 12, 2005)

In the course of a trademark dispute over the shape of rival guitars, the majority and minority disagreed sharply over the meaning of *PACCAR v. Telescan*, 319 F.3d 243, 253 (6th Cir. 2003). The majority suggested that the Sixth Circuit’s approval of the doctrine of initial interest confusion has been confined to Internet cases, and that, indeed, *PACCAR*’s discussion of that issue is not even a holding because the outcome did not rest on the doctrine of initial interest confusion. The dissent, by contrast, treated *PACCAR* as having adopted initial interest confusion as a viable doctrine for all purposes.

Audi AG v. D’Amato, 381 F. Supp.2d 644 (E.D. Mich. 2005)

The automaker sued an individual who created a web site at www.audisport.com, with “permission” from a local Audi dealer, to promote Audi-related products such as apparel, and claiming to be affiliated with Audi. Following denial of a motion to dismiss for lack of personal jurisdiction, discussed in last year’s report, the manufacturer moved for summary judgment. The court rejected defendant’s attempt to defend based on post-complaint alteration of the web site to stress non-commercial comment about Audi, per *Taubman v. WebFeats*, 319 F.3d 770 (6th Cir. 2003), on three grounds – first, that the changes did not insulate D’Amato against liability for the original site, second, that there was no guarantee that D’Amato might not revert to his prior conduct, and third, that D’Amato continues to sell advertising space on his web site. The court found for Audi on its infringement, dilution and ACPA theories. Analyzing the likelihood of confusion factors, the court noted that, like Audi itself, D’Amato was using his web site to sell Audi-related hats and shirts (as well as advertising), that D’Amato’s domain name was quite similar to Audi’s mark, and that his display of the Audi logo was likely to create viewer confusion. Finally, the court found D’Amato guilty of cybersquatting despite the absence of any contention that he was trying to shake Audi down for a payment. It was sufficient that the first six statutory factors favored Audi because defendant was making a commercial use of domain names using trademarks in which he had no rights, for his own benefit and without any proper authorization from Audi, and that the web site was designed in such a way as to make it likely to cause confusion. However, although the

court issued an injunction, it declined to award any damages because there was no proof of damage to Audi or profit by D'Amato.

Paws With a Cause, Inc. v. Paws For a Cause, LLC, No. 1:05-CV-147, 2005 WL 1118114 (W.D. Mich. May 11, 2005)

A Michigan-based trademark owner that trains assistance dogs and provides support for people with disabilities, whose domain name is pawswithacause.org, sued a New Jersey corporation engaged in management consulting and other forms of assistance to nonprofit organizations, particularly those involved in animal welfare and animal protection services, and whose domain name is pawsforacause.org. The court dismissed for lack of personal jurisdiction because defendant's web site was entirely passive; it did have a link to plaintiff's own web site as a courtesy, but that was taken down when plaintiff objected.

Savannah College of Art and Design. v. Houeix, 369 F.Supp.2d 929 (S.D. Ohio 2004); on attorney fee application, No. Civ. A. 1:02-CV-490, 2005 WL 1073608 (S.D. Ohio April 22, 2005)

In a 2004 decision reported after the 2004 report was completed, this court rejected defeating infringement, dilution and cybersquatting claims brought against an angry former employee who registered the scad.info domain name, and used it to host a web site that is critical of Savannah College. Both the dilution and the infringement claims were rejected because Houeix's use of the trademark was non-commercial. Relying on *Taubman Co. v. Webfeats*, 319 F.3d 770 (6th Cir. 2003), the court decided that although Houeix had made a "use in commerce" of plaintiff's mark, his use was non-commercial and not in connection with goods and services because the purpose of the site was to criticize plaintiffs and not to make money. Houeix had unpaid links to other sites (such as yahoo.com) which themselves carried advertising, but this was not sufficient to make his own site commercial. The court suggested that the initial posting at the domain name of an "under construction" site with an advertisement for register.com, which was carried in exchange for the provision of free hosting, might well have made the site commercial, but that was true only for one month and plaintiff sought only injunctive relief. And the fact the Houeix's site might interfere with plaintiff's own business did not make his site impermissibly commercial. The infringement claim was also rejected following a comprehensive review of the factors governing likelihood of confusion, because visitors finding defendant's web site would not be confused about whether his site was sponsored by plaintiff or was a criticism site. The absence of an express disclaimer and hyperlink to plaintiff's site, as was present in *Taubman*, was not critical to the outcome.

In the 2005 decision, the court decided that plaintiff's claims were not "exceptional," hence defendant's application for an award of attorney fees was rejected.

Morel Acoustic v. Morel Acoustics USA, No. 3:04-CV-348, 2005 WL 2211306 (S.D. Ohio September 7, 2005)

Morel, an Israeli company, sued MorelUSA, a Massachusetts company, and its president who lives in Massachusetts over the domain name morelaccoustics.com. Defendant's

motion to dismiss for lack of personal jurisdiction is denied based on application of the familiar sliding scale analysis. The web site is someplace in the intermediate range of interactivity – although orders cannot be placed on the web site itself, the site provides order forms for download as well as an email link that can be used to send those order forms to defendant. Coupled with defendant’s actual sales to Ohio customers, that is sufficient to warrant the exercise of personal jurisdiction.

Cernelle v. Graminex, No. 03-20391-BC, 2005 WL 3263894 (E.D. Mich. November 14, 2005)

In this case, A.B. Cernelle, a maker of dietary supplements made from bee pollen, sued Graminex, a former authorized distributor of Cernelle products whose web site falsely claimed a role in the production of Cernelle products and otherwise violated plaintiff’s trademark rights. In addition, Graminex registered a series of domain names using Cernelle’s name and “associate[d] these website” with its own site. The court apparently regarded infringement as the proper cause of action for content of the Graminex web sites and cybersquatting as the proper cause of action to deal with the domain names. However, it did not inquire whether Graminex was trying to use the domain names to extort any payments; its recitation of the bad faith intent to profit factors, leading to a ruling for plaintiff, read as if the real question in an ACPA case is whether there is a likelihood of confusion because the domain names have been selected to siphon customers.

Seventh Circuit

Full House Productions v. Showcase Productions, No. 05 C 4602, 2005 WL 3237729 (N.D. Ill. November 30, 2005)

Plaintiff Full House, a producer and organizer of home shows, and owner of thehomeshows.net, filed suit against Showcase Productions, for false designation under the Lanham Act, cyberpiracy, and various state law claims. Showhouse was a direct competitor that began doing business eight years after Full House, and had registered and started using thehomeshow.net. Full House contended that the metatags of Showcase’s web site included “full house productions” as well as the names of Full House employees. Two defendants, Daniel Survillas and Brent Woods, employees of Showcase, moved to dismiss of the claims against them for failure to state a claim. The court denied the motion. Regarding the false designation claim, the court stated that it was settled law in the circuit that the use of a competitor’s trademark in a web site’s metatags can be actionable under the Lanham Act because such uses cause initial interest confusion. As to the cyberpiracy claim, the court held that even though the complaint only referred to Showcase registering the domain name, it would be reasonable to believe that the persons responsible for designing the web site (Survillas and Woods) had a hand in registering the domain name. Finally, the court refused to dismiss the state law claims using the same analysis as for the Lanham Act claim.

Avlon Industries v. Arthur Robinson, No. 01 C 3615, 2005 WL 331561 (N.D. Ill. February 8, 2005)

Avlon Industries, the registered owner of a number of trademarks for hair care products, brought suit against Arthur Robinson based on Robinson's wrongful use of its trademarks to lure customers to his Sheldeez Hair Products and Salon web site, which offered competing products. Robinson's web site also sold Avlon products. Avlon owns the KERACARE trademark and owns an incontestable registrations for the mark. Robinson registered fifteen domain names based on the KERACARE mark, including keracare.com, kerecare.com, kerakare.org., and kerikare.net and pointed all fifteen at his www.sheldeez.com web site. In granting summary judgment for Avlon, the court noted that in cyberspace, dilution occurs when the use of a mark by a third party lessens the trademark owner's ability to identify and distinguish its goods on the Internet. The court held that Avlon's KERACARE mark was famous, using as evidence the fact that Robinson had registered fifteen variations of this mark in order to direct traffic to his own competing web site. The court found actual dilution, as required under *Moseley v. Victoria's Secret Catalog*, due to the use of domain names containing Avlon's exact marks and since Robinson's use of the domain names prevented Avlon from identifying its own web site and products using its own marks. The Court rejected any absolute rule that use of a trademark in a domain name constitutes dilution, but rested on the fact that Robinson was using a competitor's marks in that fashion. Indeed, Robinson's use of Avlon's mark permitted him to decide what messages and goods are associated with his web site, and by extension, with Avlon's marks, all of which lessened the capacity for Avlon's marks to identify and distinguish its goods and services. In essence, the court stated that Robinson had diluted Avlon's mark by "taking over" Avlon's marks and using them for a commercial purpose.

American Girl v. Nameview, Inc., 381 F. Supp.2d 876 (E.D. Wis. 2005)

Plaintiff American Girl, LLC uses the AMERICAN GIRL trademark in connection with fictional characters, dolls, related books and girl's clothing and owns the americangirl.com domain name and web site. American Girl sued the domain name registrar Nameview, together with an unknown registrant who used americangirl.com for a pornographic web site, for trademark infringement and dilution, and for typosquatting under the ACPA. American Girl was unable to identify the registrant of the domain name because Nameview, a Canadian company with an office in Vancouver, Washington, offers an identity shield to registrants. The court denied American Girl's *ex parte* motion for a temporary restraining order. The court held that it could not exercise personal jurisdiction over the unknown registrant, since its only contact with Wisconsin was a passive web site. Nameview, the court held, also had not purposefully availed itself of Wisconsin's laws because it had only accepted a domain name registration from someone in the state. Even if personal jurisdiction could be found for Nameview, the court stated, American Girl had no substantive claim against Nameview because as a registrar, it is not liable for trademark infringement or dilution, unfair competition or violations of the ACPA absent collusion or some other affirmative malfeasance. Lastly, the court indicated that American Girl was not without a remedy; it

suggested that American Girl file a UDRP complaint or bring an *in rem* action in the Eastern District of Virginia, the home of Verisign.

Ameripay LLC v. Ameripay Payroll Ltd., No. 04 C 5253, 2005 WL 2293676 (N.D. Ill. September 16, 2005)

Ameripay LLC, a New Jersey company, brought suit against Ameripay Payroll Ltd of Illinois pursuant to the ACPA and also alleged trademark infringement and dilution. The plaintiff began using the AMERIPAY mark in New Jersey in 1995. In August 1997, the defendant began operating its business in Illinois under the name AMERIPAY Payroll Ltd. The plaintiff first became aware of the defendant's use of the mark in 1998, when it sent the defendant a cease and desist letter. The defendant did not cease using the mark, however, and in 1999 it purchased the domain name ameripay.com from the previous registrant, and shortly thereafter activated a web site. Later that year, plaintiff's counsel again sent the defendant a demand letter, stating that they would be forced to bring suit against Ameripay Payroll once the plaintiff completed its plans to offer its services in Illinois. The defendant continued to use the mark, and plaintiff, although it regularly monitored defendant's web site, did not contact the defendant again until filing this suit in July 2003. The court denied defendant's motion for summary judgment based on laches. It ruled first that laches does not apply to an ACPA claim. As to the remaining claims, while the court stated that the nearly five year delay in filing suit created a presumption of laches, the plaintiff had created a factual issue regarding the progressive encroachment doctrine. Based on plaintiff's statement that the defendant had entered its geographic market by aggressively marketing on the Internet and changing its web site to be highly interactive and able to deliver goods and services in New Jersey, the court found it was reasonable for plaintiff to have delayed taking action.

Best Vacuum v. Ian Design, No. 04 C 2249, 2005 WL 1185817 (N.D. Ill. January 18, 2005)

Best Vacuum has done business under the Best Vacuum name in Illinois since 1983, and registered its Internet domain name bestvacuum.com in 1996, for a web site that sells vacuums and accessories. Ian Design is a New Jersey business that also sells vacuums and accessories. In November 2003, Ian Design registered the domain name bestvacuumcleaner.com. Plaintiff demanded that Ian Design cease use of this domain name in February 2004, and immediately after this contact, Ian Design registered the domain name bestchoicevacuums.com. Ian Design's web sites are highly interactive and it heavily promotes its web sites on the Internet. Best Vacuum brought suit against Ian Design alleging trademark infringement and dilution, unfair competition, and deceptive trade practices under Illinois laws. The magistrate judge recommended Best vacuum's request for a preliminary injunction. As an initial matter, the judge found that the BEST VACUUM mark was descriptive and had not acquired secondary meaning. The judge refused to let Best Vacuum deny Ian Design the right to use the laudatory BEST and generic VACUUM in its domain names since there was a limited number of words in the English language for Ian Design to use to promote its goods. The judge found that Ian Design was not attempting to palm off its products as Best Vacuum's, and

did not use plaintiff's logo, but instead used generic and descriptive words to market its products. In recommending denial of Best Vacuum's dilution claim, the court held that the mark was not famous and that there had been no actual dilution.

Eighth Circuit

Faegre & Benson v. Purdy, 129 Fed. Appx. 323 (8th Cir. 2005); on motion for contempt sanctions, 367 F. Supp.2d 1238 (D. Minn. 2005)

Litigation continued against William Purdy, whose name has graced several previous reports due to registering domain names that use the names of well-known companies in order to find an audience for his displays of aborted fetuses. The preliminary injunction obtained by Faegre & Benson against him, mentioned in last year's report, was affirmed in an unreported decision based on "no abuse of discretion" – the opinion is not illuminating.

By contrast, the reported district court decision on Faegre's motion for contempt sanctions was extensive. Faegre objected to Purdy web sites that resembled Faegre's own site, to his use of the Faegre marks in his meta tags, and to his registration of additional domain names, most of which include the Faegre name as part of a long string of words – e.g., faegre-benson-tencommandments.com – and one consisting only of the nickname of a Faegre lawyer (hinderrocket.com). The court held Purdy in contempt for the domain names but not on the other two issues. With one exception, the domain names violated the injunction provision barring the use of any domain name that is "confusingly similar to [plaintiff's] mark and does not alert internet users to the protest or critical commentary nature of the attached web site within the language of the domain name itself." The exception is faegre-law-love-democraticjudgesmichaeldavis-judgeannmontgomery.com. The court held that name not to be confusing because no viewer would expect a law firm to register a domain name that states its "love" of two federal judges, and in any event the domain name is an expressive statement portraying Purdy's opinion of the relationship between the firm and the judges. The trade dress claims were rejected, however, because Purdy was offering a parody of the Faegre web sites, and his lack of intent to confuse was supported by the inclusion of a parody disclaimer. Finally, the meta tag claims were accepted only in part – meta tags could properly be used to call viewers' attention to his web site because it was about Faegre, but the wholesale copying of the meta tags from Faegre's own web site suggested that he was proceeding in bad faith.

Coca-Cola Co. v. Purdy, No. 02-1782, 2005 WL 212797, 74 U.S.P.Q.2d 1048 (D. Minn. January 28, 2005)

In this case, the ACPA preliminary injunction whose affirmance by the Eighth Circuit was discussed in last year's report was made permanent for the reasons stated in the preliminary injunction opinions, and summary judgment was also granted for plaintiffs on their infringement claims under section 32. The court conducted a modest analysis of the likelihood of confusion factors, emphasizing Purdy's bad faith as found under the

ACPA, and incidents of actual confusion involving a couple of his domain names. The court also invoked the proposition that Internet users are careless and unsophisticated when it comes to searching for web sites using domain names, and that they are “more likely to be confused as to the ownership of a web site than traditional patrons of a brick-and-mortar store would be of a store’s ownership.” This discussion is noteworthy because most of the recent decisions have not embraced that analysis.

Fargo Electronics v. Iris Ltd., No. 04-1017 (JRT/FLN), 2005 WL 1431653 (D. Minn. March 8, 2005)

This is a trademark and patent suit by a manufacturer of printers and ribbons against a former authorized distributor who registered the domain name fargosupplies.com while still authorized. Iris continued to use the domain name after the parties had a falling out, partly to sell off its remaining stocks of Fargo goods, and also to sell a ribbon for Fargo printers that it advertises as a good equivalent of the official Fargo ribbon. In this opinion, the court denied both a motion to dismiss and a preliminary injunction against the use of the domain name. The court found that Fargo showed a likelihood of success in showing likelihood of confusion, but considered the case very close. The court rejected Iris’ analogy to a leading decision allowing use of a mark by an unauthorized reseller, *Ty v. Prettyman*, 306 F.3d 509 (7th Cir. 2002), finding that other decisions are contra and all of them rested on individual facts. The court also cited the proposition that web users are generally careless and the general rule that disclaimers do not insulate infringing content while also noting that because the products at issue are so specialized, buyers are likely to be influenced by disclaimers. Despite the finding that Fargo had shown likelihood of success on the merits, the court concluded that this showing was so marginal that, in light of Iris’s very prominent disclaimers, it did not outweigh the considerable harm that the injunction would cause to Iris.

Ninth Circuit

Bosley Medical Institute, Inc. v. Kremer, 403 F.3d 672, 74 USPQ2d 1280 (9th Cir. 2005)

Defendant registered the domain names bosleymedical.com and bosleyviolations.com to host a “gripe site” complaining about the poor hair replacement treatment and services provided by plaintiff Bosley Medical Institute, Inc. (owner of the BOSLEY MEDICAL, and BOSLEY trademarks). Plaintiff sued for trademark infringement, dilution, unfair competition, and cybersquatting in an effort to shut down Defendant’s site, and to compel Defendant to transfer the domain names to Plaintiff.

On appeal, only the bosleymedical.com name remained at issue. The Ninth Circuit affirmed summary judgment for Kremer, holding that claims under the Lanham Act are subject to a *commercial use* requirement. However, the court invoked different grounds than in the district court – instead of focusing on the “use in commerce” language, the court relied on the requirement that defendant’s use be “in connection with a sale . . . of goods or services.” Although the district court relied separately on a finding of no likelihood of confusion, the court did not reach this part of the analysis. Defendant could

not be found liable for infringement or dilution because his use of the BOSLEY MEDICAL mark here was noncommercial; he did not market or sell products or services on the site, did not gain click-through or third party link advertising revenue for the site, and did not attempt to sell the subject domain names. Links to other sites that contained advertising were insufficient to make Kremer's own site commercial. The Court declined to address the issue of initial interest confusion because Kremer's use of Bosley's marks was noncommercial.

The court reversed the lower court's grant of summary judgment dismissing Bosley's claim under the ACPA, however, finding irrelevant the district court's conclusion that there was no commercial use of the BOSLEY marks. The ACPA does *not* contain a commercial use requirement. Bosley must be given the opportunity to establish that Kremer had a bad faith intent to profit from his use of the "bosley" domain names before a court may properly rule on the ACPA claim.

First Franklin Financial Corp. v. Franklin First Financial, Ltd., 356 F.Supp.2d 1048 (N.D. Cal. February 10, 2005).

In the course of a trademark infringement ruling conducting a classic likelihood of confusion analysis, the court used reasoning related to a domain name issue. In comparing Plaintiff's and Defendant's marks, the court stated that a similarity in domain names is "irrelevant as a matter of law" to the question of whether there is a likelihood of confusion between the parties. Citing, *Brookfield Communications v. West Coast Entertainment Corp.*, 174 F.3d 1036, 1055 (9th Cir. 1999).

Google, Inc. v. American Blind & Wallpaper Factory, No. C 03-054340, 2005 WL 832398, 74 USPQ2d 1385 (N.D. Cal. March 30, 2005)

The focus of this case was advertising keywords. However, one of the keywords sold by Defendant Google Inc. under its 'AdWords' program was the term "americanblinds.com" (a term in domain name format). Therefore, if someone searched for the term "americanblinds.com" via an internet search engine, instead of simply typing in the URL www.americanblinds.com, the keyword owner's link would appear as a "Sponsored Link," alongside the resulting web site hits (one of which would, of course, be the site of plaintiff American Blind & Wallpaper. The court denied defendant's motion to dismiss plaintiff's trademark and dilution claims, but determined that plaintiff had the burden at trial to establish that defendant's 'AdWords' program (selling third party marks as advertising keywords) is "trademark use" under the Lanham Act and therefore capable of infringing plaintiff's marks.

The Cruising Co v. Mahnken Enterprises, No. C05632P, 2005 WL 1354532 (W.D. Wash. June 6, 2005)

Plaintiff, a travel agent/services provider, sought a preliminary injunction against defendant, an independent contractor hired by plaintiff to develop and run plaintiff's web site, alleging that defendant had been cybersquatting plaintiff's two domain names.

Defendant designed and developed plaintiff's web site, and registered both the *cruisingco.com* and *mouseearsvacations.com* for that purpose. Both domains remained in defendant's name until relatively soon after defendant stopped working for plaintiff. Under a stock acquisition agreement, defendant became an employee of plaintiff company with regard to certain administrative duties but retained her independent contractor status with regard to selling travel services. Although plaintiff terminated defendant's employment in March 2005 (and defendant transferred 'control' of the web site to plaintiff in April 2005) the court found that plaintiff had failed to establish that plaintiff has sufficient control and ownership of the company to enforce any of the company's trademark and copyright rights, since the Stock Acquisition Agreement provided defendant with an opportunity to be "bought out" if terminated. Accordingly, the court denied plaintiff's motion for preliminary injunction.

Fryer v. Brown, No. C04-5481, 2005 WL 1677940 (W.D. Wash. July 15, 2005)

Defendant, who formerly worked for plaintiff as an independent contractor, maintained a web site for its auto upholstery repair shop and owned the registration for the associated domain name *autoupholsterykit.com*. Plaintiff owned the *autoupholsterykits.com* domain name, as well as the copyright in its website, and bought trademark and copyright infringement claims against defendant.

Defendant argues that plaintiff's domain name *autoupholsterykits.com* is generic and therefore can not be the basis of a trademark infringement claim. The court disagreed, finding that plaintiff's domain name had acquired secondary meaning based entirely on the fact that defendant had intentionally registered its domain name because of Plaintiff's domain name: "[W]hen a defendant copies the trademark of a competitor, it is likely that he intended to appropriate some commercial advantage or benefit that his competitor derived from the use of the mark." Citing, *M. Kramer Mfg. v. Andrews*, 783 F.2d 421, 449 (4th Cir. 1986). The court concluded that deliberate copying of a trademark establishes both a presumption of likelihood of confusion and secondary meaning in the copied mark. The court concluded that plaintiff's domain name and trademark were distinct and not generic.

However, the court granted defendant's motion for summary judgment against the copyright claim, because a domain name cannot be copyright protected. 37 CFR 202.1(a) [words and short phrases such as names, titles, and slogans are not subject to copyright protection].

Fryer v. Brown, No. C04-5481, 2005 WL 1871112 (W.D. Wash. August 3, 2005)

Defendant is a web site designer for *autoupholstrykit.com* domain name owner ("Domain Owner"). Plaintiff owned the *autoupholsterykits.com* domain and brings a trademark infringement claim against domain owner and Brown. Although the domain owner was using the subject domain name in commerce (marketing its services via its web site), Brown's "use" of the domain name was for coding, linking and other web site

development and site creation purposes. The court held that when a domain name is used only to indicate an address on the internet, the domain name is not functioning as a trademark. Since Brown did not “use” the domain name as a trademark in commerce as defined in the Lanham Act, she could not be liable for trademark infringement. *See Bird v. Parsons*, 289 F.3d 865, 879 (6th Cir. 2002). Brown’s motion for summary judgment on the trademark infringement claim was granted.

Transamerica Corp. v. Compana LLC, No. C 05-00549MJJ, 2005 WL 2035594 (N.D. Cal. August 22, 2005)

Defendant is a domain name registration service company. Plaintiff alleges that registrant of the domain name transamericafund.com is a fictitious entity created to conceal Defendant’s true ownership of the subject domain name. The District Court finds that general jurisdiction over the domain name registrant is proper given that the parent company “totally controls the actions of the subsidiary so that the subsidiary is the mere alter ego of the parent.” Citing *Howard v. Everex Systems*, 228 F.3d 640, 653 (9th Cir. 2000). The domain name registrant’s actions must be imputed to Defendant.

Tenth Circuit

Santa Fe Properties v. French & French Fine Properties, CIV 04-0518, 2005 WL 2313680 (D.N.M. August 9, 2005)

In May 2004, plaintiff sued for trademark infringement to prevent defendant’s use of metatags or domain names containing plaintiff’s SANTA FE PROPERTIES trademark. A stipulated permanent injunction was entered by the court ordering defendant to cease all use of the marks SANTA FE PROPERTIES and SANTA FE LIVING “in any media, including but not limited to metatags for Website pages.” The injunction permitted defendant to use either of the words “Santa Fe” or “properties” (in lower case letters) descriptively, but not in “juxtaposition”. As of the date of the Order, defendant stopped using the prestigeesantafeproperties.com domain name. Plaintiff later discovered that although defendant has ceased using the prestigeesantafeproperties.com domain name, defendant was maintaining a web site at the domain name santafefinerproperties.com.

The court upheld the contempt motion, ruling that defendant’s new domain name violated the Order since “santa fe” and “properties” are used in “juxtaposition” (“close together or side by side”) as prohibited by the Order.

Overview of UDRP Panel decisions regarding domain names selected for novel or contentious issues.

Lockheed Martin Corp. v. The Skunkworx Custom Cycle, Case No. D2004-0824 (WIPO January 18, 2005)

Complainant, Lockheed Martin, challenged Respondent’s registration of the domain name skunkworxcc.com. Lockheed Martin previously registered several variations of the

trademark “SKUNK WORKS” with the United States Patent & Trademark Office. In deciding whether to address Respondent’s argument that the term “SKUNK WORDS” is a generic term and lacks trademark significance, the Panel refused because UDRP proceedings are not intended to deal with complicated factual questions. It suggested that the issue is best left to an administrative or judicial body, such as the United States PTO. Although the Panel found the domain name to be confusingly similar to Complainant’s registered marks, it acknowledged that Respondent’s development of its stellar reputation under the name “Skunkworx” satisfied the “rights or legitimate interests” requirement. The Panel consequently denied Complainant relief.

The Orange Bowl Committee, Inc. v. Front & Center Tickets, Inc., Case No. D2004-0947 (WIPO January 20, 2005)

Complainant, The Orange Bowl Committee, challenged Respondent’s registration of orangebowl.net and orangebowltickets.net. Complainant previously registered the trademark “ORANGE BOWL” with the United States Patent & Trademark Office. It sells tickets via its websites orangebowl.com and orangebowl.org. After determining that the addition of “TICKETS” to Complainant’s registered mark insufficiently dispelled confusion, the majority Panel turned to the issue of whether Respondent’s use of the domain name in conjunction with its commercial ticket brokering service constituted fair use. The majority decided that Respondent used more of Complainant’s mark than necessary to describe its services, thereby causing initial interest confusion. It cited several UDRP cases in support of its ruling. Furthermore, the majority denied that the recent United States Supreme Court decision in *KP Permanent Make-Up v. Lasting Impression* changed the outcome of its decision. Despite the existence of a disclaimer on the site, the majority concluded that Respondent’s commercial use of Complainant’s mark constituted bad faith. The majority thus ordered that the domain name be transferred to Complainant.

FMR Corp. v. Native American Warrior Society, Case No. D2004-0978 (WIPO January 20, 2005)

Complainant, FMR, challenged Respondent’s registration of the domain names fidelitybrokerageinvestmentsfraud.com, fidelitybrokerageservices.com, fidelityinvestmentsloss.com, fidelityinvestmenttheft.com, and fidelityretirements.com. In evaluating the rights/legitimate interests and bad faith prongs, the Panel engaged in a highly nuanced analysis of the interplay of domain names and gripe sites. It began by distinguishing “pure” gripe sites, those that only criticize the target, and “gripe-plus” sites, those presenting evidence of intrinsic (offering competing goods for sale) or extrinsic (offering to sell the domain name to the trademark owner) bad faith. The Panel considered judicial opinions from the United States, based on the Anti-Cybersquatting Consumer Protection Act, holding that a trademark-identical domain name may be legitimate as long as it does not evidence any indicia of bad faith other than being critical of the target. Moreover, while acknowledging that “pure” gripe sites are entirely acceptable, the Panel was much more skeptical of the legitimacy of “gripe-plus” sites. After finding evidence of bad faith in the form of pop-up advertisements, the Panel

concluded that those domain names that did not contain a pejorative term, such as fidelitybrokerageservices.com, fidelityinvestmentsloss.com, and fidelityretirements.com, must be transferred to Complainant, while fidelitybrokerageinvestmentsfraud.com and fidelityinvestmenttheft.com were legitimate gripe sites for which relief was denied.

Am. Online v. GO Tech. Corp., FA 403101 (Nat. Arb. Forum March 9, 2005)

Complainant filed a claim against Respondent, whose predecessor in interest appeared to be known as Lake Area Online, Inc and who registered the laol.com domain name over nine years ago. Even though the Panel found the domain name to be confusingly similar to Complainant's AOL mark and found that Respondent lacked rights or legitimate interests in the domain name, it denied Complainant's claim, finding that Respondent did not register the domain name in bad faith nine years ago and finding that there had been no instances of actual confusion in nine years. "While the Policy does not provide for the equitable defense of laches, the absence of any complaint over a long period of time in which domain names are in active use can suggest that such use does not give rise to a serious problem."

Starwood Hotels & Resorts Worldwide, Inc. v. Samjo DellTech. Ltd., FA 406512 (Nat. Arb. Forum Mar. 9, 2005)

Complainant, owner of the STARWOOD trademark and hotel chain, filed a claim against Respondent for registering the starwoods.com domain name. The Panel found that the domain name was confusingly similar to Complainant's mark and found that Respondent had no rights or legitimate interests in the domain name, despite Complainant's skimpy Complaint. The Panel could not, however, find any evidence in the Complaint of how Respondent registered or used the domain name in bad faith. The Panel clearly sets out how Complainant could have met its burden, then concludes that it did not, faulting a very "skimpy" Complaint. "Merely repeating the standards in the Policy does not make them true; rather, to prove bad faith, Complainant must present facts showing *how* Respondent is competing or obtaining an unfair commercial advantage."

Fresh Intellectual Properties, Inc. v. 800Network.com, Inc., Case No. D2005-0061 (WIPO March 21, 2005)

Complainant, Fresh Intellectual Properties, challenged Respondent's registration of the domain name 800-flowers.com. After finding that Complainant satisfied the requirements of the UDRP Policy, the Panel ordered the transfer of the domain name to Complainant. Of particular significance, the Panel noted the importance of consistency in UDRP decisions. It emphasized the value of precedent and consensus in applying the UDRP Policy to promote the legitimacy of the forum.

Fox News Network, LLC v. Solomon, D2005-0022 (WIPO March 25, 2005)

Respondent was using the hannityandcolmes.com domain name to operate a website that promoted Islam and purported to discredit Christianity. Respondent argued that such use

qualified as legitimate free speech criticism, because Complainant's television program "disseminated a negative picture of Islam . . . " and he hoped that "his website would reach substantially the same audience as that of the Program." However, the Panel found Respondent's assertions to be too attenuated to justify classifying Respondent's website as a "gripe site," *per se*, and there was hardly any connection between Respondent's website and Complainant's program. The Panel thus concluded that Respondent registered the disputed domain name to take advantage of the wide recognition and notoriety in Complainant's mark, and that Respondent lacked rights and legitimate interests pursuant to Policy ¶ 4(a)(ii), finding for Complainant.

Yell Ltd. v. Ultimate Search, Case No. D2005-0091 (WIPO April 6, 2005)

Complainant, Yell, challenged Respondent's registration of the following domain names: yel.com, yellweb.com, ukyellowpages.com, and londonyellowpages.com. Complainant was the registered trademark owner of "YELLOW PAGES" and "YELL" in the United Kingdom and "YELL" in the United States. Complainant was able to establish confusing similarity between Complainant's marks and the domain name. The Panel also abstained from analyzing Respondent's laches argument because it considered the UDRP to be an improper forum to address this issue. Regarding the last three domain names, the Panel noted several factors supporting Complainant's contention that Respondent registered the domain name in bad faith, including the competitive nature of the two parties. It therefore decided that the domain names must be transferred to Complainant. Regarding yel.com, the Panel was unable to find that the domain name was registered in bad faith, based on Respondent's explanation that it only intended to acquire "3-letter domain names" and did not target Complainant specifically. Consequently, it denied Complainant relief as to that domain name.

Virtual Dates v. Xedoc Holding, FA 433802 (Nat. Arb. Forum April 27, 2005)

Complainant owned the voyeur.com domain name for an adult-oriented website and filed a Complaint against Respondent for using the similarly spelled voyuer.com to promote its own adult content. Respondent claimed that "voyuer" was a misspelling of a generic word, "voyeur." Complainant claimed to have rights in VOYEUR.COM based on a service mark registered with the USPTO. The Panel found that Complainant's mark was registered on the Supplemental Registry and that "[f]actually, the supplemental register, reflecting registration when the mark has been denied, creates a presumption that the mark is merely a generic or descriptive term." Complainant's claim was denied.

C & W Motors, Inc. v. Alvarez, D2005-0270 (WIPO May 2, 2005)

Respondent was using the arizonamotorsports.com and tucsonmotorsports.com domain names, which are confusingly similar to Complainant's ARIZONA MOTORSPORTS and TUCSON MOTORSPORTS marks, to operate a noncommercial website that was critical of Complainant. The Panel notes that there exists of split of opinion as to whether or not the use of a domain name to post criticism of a trademark owner is a fair or legitimate use of a domain name which wholly incorporates the trademark. The Panel

finds that such use is not legitimate pursuant to Policy ¶ 4(a)(ii), stating that “[i]t is true that Respondent has every right to criticize Complainant, to post criticism on the Internet, and to refer to the Complainant by name, which necessarily involves using Complainant’s trademarks in discussion. However, it does not follow that Respondent may hi-jack Complainant’s exact trade name and surreptitiously redirect Internet surfers, primarily seeking Complainant for normal commercial purposes, and subject them to commentary they were not looking for.”

National Spiritual Assembly of the Baha’is of the United States v. Second International Baha’I Council, Case No. D2005-0214 (WIPO May 8, 2005)

Complainant, National Spiritual Assembly of the Baha’is, challenged Respondent’s registration of the domain name, uhj.net. Complainant previously registered the mark “THE UNIVERSAL HOUSE OF JUSTICE” with the United States Patent & Trademark Office. The Panel denied Complainant relief because it found the marks not to be confusingly similar. It noted specifically that the acronym “UHI” has no inherent meaning, and the disputed domain name only contains a portion of the registered mark. It also distinguished the cases that Complainant cited based on the resemblance of those marks to the acronyms in those cases.

Volvo Trademark Holding AB v. Auto Shivuk, Case No. D2005-0447 (WIPO June 8, 2005)

Complainant, Volvo, challenged Respondent’s registration of the domain name volvo-auto-body-parts-online.com. In determining whether Respondent had rights or legitimate interests in the domain name, the Panel identified a split of authority regarding whether authorized or non-authorized resellers or distributors have a legitimate interest in a domain name identical to the original manufacturer’s trademark. The Panel followed the majority view that the use of the original manufacturer’s trademark in a domain name of an authorized reseller or distributor is legitimate only if (1) Respondent is actually offering the goods or services of the manufacturer, (2) the site must accurately disclose the relationship between the trademark owner and the registrant, and (3) Respondent must not attempt to “corner the market in all domain names” identical to a trademark owner. The Panel found that Respondent met the aforementioned criteria and thus, denied Complainant relief.

Nextag, Inc. v. Internet Ministry, Case No. DTV2005-0001 (WIPO June 13, 2005)

Complainant, Nextag, challenged Respondent’s registration of the domain name, nextag.tv. As opposed to the previous case, the Panel here found Respondent’s argument incredible that “NEXTAG” was an acronym for its mission statement. It found the domain name to be registered in bad faith and ordered the transfer of the domain name to Complainant.

Stevland Morris a/k/a Stevie Wonder v Unofficial Fan Club c/o Web Master, FA 453986 (Nat. Arb. Forum June 22, 2005)

Complainant, the nationally acclaimed recording artist Stevie Wonder, filed a Complaint against Respondent for registration and use of the *steviewonder.com* domain name. Respondent, who purported to be using the domain name to host an unofficial fan site, failed to convince the Panel that the site was legitimate. The Panel cited the WIPO Overview (<http://arbiter.wipo.int/domains/search/overview/index.html?lang=eng>) and analyzed several prior Panel decisions involving the names of other famous people and the legitimacy of fan sites in reaching a decision for Complainant.

Easygroup IP Licensing Ltd. v. The Carphone Warehouse Ltd., Case No. D2005-0477 (WIPO July 13, 2005)

Complainant, Easygroup IP Licensing, challenged Respondent's registration of the domain name *ezeemobile.com*. In determining confusing similarity, the Panel identified a split of authority regarding whether to view website content in determining confusing similarity, with the consensus holding that the content not be taken into account. The Panel reiterated the policy rationale for this view, emphasizing the potential for initial interest confusion when users originally arrive at the website and believe they are at their desired site when, in fact, they are at a different site. With this rationale in mind, the Panel concluded that the term "EZEEMOBILE" is unlikely to confuse users and thus, the domain name and Complainant's trademark, EASYMOBILE, are not confusingly similar. The Panel thus denied Complainant relief.

Investone Retirement Specialists, Inc. v. Motohisa Ohno, Case No. D2005-0643 (WIPO August 2, 2005)

Complainant, Investone Retirement Specialists, challenged Respondent's registration of the domain name *investone.com*. In analyzing whether Respondent registered the domain name in bad faith, Respondent conceded that it attempted to auction the domain name to the highest bidder. The Panel accepted this explanation as evidence of a legitimate intent because the framers of the UDRP Policy intended that Respondents in bad faith specifically target Complainant. It rejected Complainant's argument that the Policy prohibited trafficking in domain names. The Panel held that the Policy required "some evidence that Respondent knowingly registered and used a domain name which was identical or similar to Complainant's mark. ... it will not be sufficient to demonstrate that Respondent's conduct was directed to a mark in the abstract; rather, there must be a nexus between the mark and the Complainant, which is known to Respondent, before a finding of intentional misappropriation of the rights of that brand owner can be made." The Panel thus denied Complainant relief.

Shell International Petroleum Co. Ltd. v. Alfred Donovan, Case No. D2005-0538 (WIPO August 8, 2005)

Complainant, Shell International Petroleum, challenged Respondent's registration of *royaldutchshellgroup.com*, *royaldutchshellplc.com*, and *tellshell.org*. For the legitimate interests analysis, the Panel began by recognizing that "use of a domain name to criticize

a company is prima facie fair use.” The Panel rejected the Complainant’s argument that a www.trademark.com gripe site per se tarnishes a mark in finding that the Respondent had legitimate interests in the domain names. For the bad faith analysis, the Panel found little evidence of improper conduct, noting a lack of evidence of a bad faith intent on behalf of Respondent. It portrayed Respondent’s purpose as simply to attract attention to its viewpoint. Consequently, the Panel denied Complainant relief.

Estate of Brando v. thewordbank, FA 505502 (Nat. Arb. Forum August 16, 2005)

Estate of Brando v. Whois Guard, FA 503817 (Nat. Arb. Forum August 29, 2005)

The Estate of Marlon Brando filed two cases in 2005 involving marlonbrando.net and marlonbrando.com.

.NET

In the marlonbrando.net case, the Panel first determined that the Estate of Marlon Brando had standing to bring the domain name dispute and that the case was within the scope of the UDRP. Complainant argued in this case that it had common law rights in the MARLON BRANDO mark by virtue of the actor’s appearance in numerous films dating back to 1960. Furthermore, Complainant alleged that Respondent was using the domain name to sell Marlon Brando memorabilia in competition with Complainant and without a license. Respondent claimed to be using the domain name to sell products, including articles featuring Marlon Brando, and that it was authorized to sell these products as an affiliate of entities such as Amazon.com. Respondent further offered to use the domain name to create a tribute website for Marlon Brando, claiming to already offer some fan links. The Panel found that Complainant had common law rights in the MARLON BRANDO mark and that Respondent was not authorized to use the mark to sell memorabilia. The Panel also found that Respondent was not hosting a legitimate fan site and that Respondent’s registration and use of the domain was in bad faith, primarily due to its commercial use and the inherent likelihood of confusion as to the sponsor of the site.

.COM

In the marlonbrando.com case, the Panel determined from the record that the true Respondent in the case was Ms. Jo An Corrales, Mr. Brando’s former business manager. In this case, Complainant alleged that Ms. Corrales was listed as a contact person for the domain name while she was Mr. Brando’s business manager as part of her job duties and that she was terminated in early 2004. After Ms. Corrales’ termination, and Mr. Brando’s subsequent death, Ms. Corrales went into the control panel and changed ownership of marlonbrando.com to herself. Complainant alleged that Ms. Corrales was using and intended to use the domain name for commercial gain. Respondent alleged that the domain name was a gift to her from Mr. Brando, her close personal friend of over forty years. Ms. Corrales claimed to be using the website to host a forum for fans and friends mourning Mr. Brando’s demise and wishing to speak of his memory. The Panel determined that the true question in the case was “Did Mr. Brando make a valid inter vivos gift of the disputed domain name to Ms. Corrales?” and determined that the

question was outside the scope of the UDRP. The Complaint was dismissed for lack of jurisdiction.

Rectory Sch. v. LeClerc, FA 520459 (Nat. Arb. Forum September 5, 2005)

Respondent, a student at Complainant's educational institution was using the therectoryschool.org domain name to operate a bulletin board service relating to the school, including many derogatory and inflammatory statements about students and teachers. The Panel refused to consider Respondent's late response, which did not directly address the merits of the case, and decided to treat the decision as a default. In finding for Complainant, the Panel held that Respondent's use of the domain name did not qualify as a legitimate noncommercial or fair use. The Panel also held that "Respondent's appropriation of a domain name identical to Complainant's mark to criticize Complaint is evidence of bad faith registration and use pursuant to Policy ¶ 4(a)(iii)."

Eastman Chem. Co. v. Patel, FA 524752 (Nat. Arb. Forum September 7, 2005)

The Panel found that Respondent was using the eastman-chemical.com domain name in connection with a legitimate free speech interest, however, the Panel found that such interest does not permit the inclusion of the identical trademark in a domain name, especially given that the domain name uses the ".com" gTLD and not ".net" or ".org." The Panel, in finding for Complainant, reiterated that "it is not the *address* of the web site that is protected by free speech principles, but rather the *content* of the web site."

Smith v. EMMITSMITH.COM, FA 555486 (Nat. Arb. Forum October 26, 2005)

After the Complaint was filed, the National Arbitration Forum was informed that the emmittsmith.com domain name had expired or been deleted. Pursuant to ICANN's Expired Domain Deletion Policy (EDDP), Complainant, Emmitt Smith, redeemed the domain name for the purpose of the UDRP proceeding and was allowed to proceed with the case. The Panel found that Complainant had established common law rights in the name EMMITT SMITH through years of fame in the National Football League and that Respondent, whose identity was shielded by a privacy service and who did not respond to the Complaint, did not have any rights or legitimate interest in the domain name. Furthermore, the Panel found that Respondent had registered and used the domain name in bad faith by using Mr. Smith's famous name to attract consumers to its website for commercial gain. This case was the first to utilize the redemption provision of the EDDP.

Key Bank, NA v. Griffin, FA 562478 (Nat. Arb. Forum November 1, 2005)

Complainant, owner of the CHAMPION MORTGAGE trademark, filed a claim against Respondent, who was using the championmortgageclassaction.com domain name to solicit members of a class for a class action lawsuit against Complainant. Respondent argued that it had a right to use the mark to solicit or notify class members. The Panel

said that “the Panel is not aware that one suing another who holds a protected trademark acquires some right to use the targeted litigant’s protected mark in ways that benefit the user and not the holder of the mark.” The Panel, in finding for Complainant, further found that Respondent was using the mark to benefit financially because attorneys in class action suits typically stand to make a large profit.

Eastman Chem. Co. v. Patel, FA 561094 (Nat. Arb. Forum November 2, 2005)

The Panel found that Respondent’s use of the eastmanchemicalco.com domain name to operate a website that is critical of Complainant was not indicative of rights or legitimate interests in the domain name, especially given the fact that Respondent had attempted to sell the domain name registration to Complainant. Complainant prevailed.

Advanced Drivers Educ. Prods. & Testing, Inc. v. MDNH, Inc., FA 567039 (Nat. Arb. Forum November 10, 2005)

Complainant, owner of the TEEN SMART trademark for driver’s education and safety materials, filed this claim against Respondent, who was using the teensmart.com domain name as a portal to and compilation of other teen sites. Respondent argued that its use of its Teens Mart name was a legitimate interest because it used the domain name used was used in a purely descriptive manner and that it therefore could not have registered the domain name in bad faith. In finding for Respondent, the three-member Panel noted that it was displeased with Complainant’s argument that Respondent was put on constructive notice of its mark due to registration with the USPTO. The Panel stated that “if Complainant’s position were adopted, it would essentially establish a *per se* rule of bad faith any time a domain name is identical or similar to a previously-registered trademark, since constructive notice could be found in every such case. Such a result would be inconsistent with both the letter and the spirit of the policy, which requires actual bad faith.”

Yahoo! v. Skipton, FA 575666 (Nat. Arb. Forum November 23, 2005)

Complainant, Yahoo!, asserted that Respondent’s yprog.com domain name was confusingly similar to either its YAHOO or Y! marks and that Respondent was using the domain name to compete with Complainant. Respondent argued that Yahoo! could not claim exclusive rights in the letter “Y” and that the only similarity between Respondent’s domain name and Complainant’s mark was the single letter, minus the exclamation point. The Panel agreed with Respondent and said “[T]his Panel takes no position as to whether a single letter of the alphabet can ever ground a claim for confusing similarity under the Policy. We need only decide, as we do, that in the circumstances here presented, ‘Y’ does not.”

SUBCOMMITTEE B Jonathan Matkowsky, Co-Chairs
Subject 2. ONLINE CONTEXTUAL MARKETING: POP-UP ADS TO SPONSORED
LINKS

NO PROPOSED RESOLUTION.

Past Action. None.

Discussion.

Spyware/Adware Legislation Overview and Status

Over the past year, the debate has continued over the distinction between legitimate Internet advertising and spyware. The term “spyware” generally refers to a range of software programs that, among other things, track Internet browsing habits, enable unwanted “pop-up” advertising, collect personal information, alter computer settings, take control of a computer, and/or disable computer security programs and settings, all without the user’s knowledge or consent. Indeed, web users are often unaware that spyware has been downloaded to their computers, and it can be very difficult to remove. The term “adware” refers to software which displays unsolicited advertisements on a user’s computer; indeed, some consumers who desire more relevant and timely advertisements intentionally download such monitoring-enabling software in order receive pop-up ads. Importantly, these terms often mean different things to different people, and therefore, what may be “spyware” to one person is “adware” to another. It has become understood, however, that spyware and other types of rogue computer programs pose a great threat to individual privacy, and, by extension, to the reliability of the Internet itself.

In March 2005, the Federal Trade Commission (“FTC”) held a workshop entitled “Monitoring Software on Your PC: Spyware, Adware and Other Software.” In its staff report, the FTC concluded that, due to difficulty in defining the term spyware, coupled with the additional challenges of defining what constitutes adequate consent by a user and sufficient harm to merit the labeling of software as spyware, there remains significant concern that any anti-spyware legislation or regulations may define the term spyware so broadly as to also cover beneficial or benign software, such as security or parental control software. Any legislation in this area will need to ensure that it provides an effective response to spyware concerns while not disrupting the legitimate exchange of information over the Internet.

The U.S. Congress and individual state legislatures continue to consider a range of bills designed to impose civil and, in some cases, criminal penalties against vendors of spyware. While no legislation has been passed on the federal level, several states have enacted legislation that imposes significant penalties on spyware vendors. Furthermore, the FTC has filed several law suits against spyware vendors under various provisions of the Federal Trade Commission Act. In addition, several suits have been filed by private

individuals against spyware and adware vendors seeking relief for violation of their privacy rights, among other things.

On the federal level, four major pieces of legislation are currently pending in Congress. These bills follow on legislation already passed by several states, and indeed were prompted, at least in part, by state initiatives in this area. Arguably the most important piece of legislation in this area now pending before Congress is the SPY BLOCK Act (S. 687), which was recently approved by the Senate Committee on Commerce, Science and Transportation, and will now move to the full Senate for consideration. The SPY BLOCK Act, formally called the Software Principles Yielding Better Levels of Consumer Knowledge Act, addresses computer hijacking, loss of computer control, adware that conceals its operation, and the collection of personal information. Violations of the Act would be treated as unfair or deceptive practices in violation of the Federal Trade Commission Act. The Act would also specifically exempt anti-spyware product providers from liability for identifying, naming, removing, disabling or otherwise affecting the operation of a computer software of a third party who engage in the acts prohibited under the legislation. The subcommittee will continue to monitor the status of the SPY BLOCK Act, and the other federal legislation introduced this year.

On the state level, more than 25 states have enacted or are currently considering legislation to prohibit the distribution of spyware and related software. Many of these bills and enacted laws incorporate provisions currently under consideration by Congress, i.e., they prohibit the installation, transmission and use of software that (1) changes default settings on a user's computer; (2) alters security settings; (3) collects personally identifiable information; or (4) installs software that, without the user's notice or consent, generates pop-up advertisements that can be terminated only by closing the browser or turning off the computer, or otherwise takes control of a user's computer. Some states also allow private citizens to bring civil actions against spyware vendors.

The FTC has remained active in addressing spyware, and brought a series of well-publicized civil complaints against spyware vendors, including MaxTheater Inc., Odysseus Marketing, Seismic Entertainment, *et al.*, Enternet Media, *et al.*, and Trustsoft, Inc., all alleging unfair and deceptive trade practices under the Federal Trade Commission Act. In addition, the Center for Democracy and Technology filed a petition with the FTC and Canadian Internet Policy and Public Interest Clinic to investigate the business practices of Montreal-based Integrated Search Technologies and related entities.

In addition to the FTC, private individuals and states have been bringing suit against spyware vendors. In Illinois, New York, and Texas, class action suits have been filed claiming a variety of abuses, including trespass, consumer fraud, deceptive and unfair practices, false advertising and computer tampering. The subcommittee will continue to monitor these cases as they proceed.

Cases of Interest

GEICO v. Google, 2005 WL 1903128 (E.D. Va. Aug. 8, 2005)

This is a suit by the Government Employees Insurance Company (“GEICO”) against Google for the likelihood of confusion caused by the “sponsored listings” for companies other than GEICO that buy the right to have their ads displayed when Internet users perform searches of Google’s database using “GEICO” as a search term. Last year’s report discussed the court’s rejection Google’s defense based on the claim that it was not making a “use” of the trademark, and that its use was not “in commerce” or “in connection with . . . goods and services” because its use was only in invisible computer code, *GEICO v. Google*, 330 F. Supp. 2d 700 (E.D. Va. 2004), and its ruling from the bench at the conclusion of the trial on the liability issues in this suit. This opinion further explains its oral ruling, which essentially splits the baby, concluding that no likelihood of confusion is caused simply by returning sponsored listings purchased by third-parties who purchase the opportunity to have their messages displayed when a user searches for “GEICO,” but that a likelihood of confusion is created when the term GEICO appears in the displayed listing.

In some respects, the court went out of its way to note its intent to issue a narrow ruling based on the record and the peculiar facts of the case, but there are some interesting general comments in the introduction to the evidentiary discussion, at *4. Thus, the court begins by noting that the traditional multi-factor test for likelihood of confusion is “not really applicable” because the real question is initial interest confusion. That doctrine, has less impact in the Internet context because it is so easy for the Internet user to retrace steps. On the other hand, the court points to GEICO’s argument that initial interest confusion is more significant due to peculiarities of the car insurance business where customers tend to seek an average of fewer than two quotes.

The court then turns to a close analysis of the expert testimony on GEICO’s survey, and more specifically of several flaws which, the Court decided, weakened the survey’s probative value. At *5-*6. For example, the control failed to distinguish between the confusing effect of the language in the sponsored listings themselves and the impact of the fact that there **were** sponsored listings, and the frequent reference to “GEICO” in the questions posed the danger of improperly influencing the survey respondents’ answers to later questions. Moreover, there were visual differences between the results listings shown to the respondents and the actual results listings that an Internet user would see when using Google.

Consequently, the court decided that GEICO had failed to present sufficient evidence of likely confusion. At *7. However, the fraction of respondents experiencing some degree of confusion when looking at sponsored listings that included the term GEICO in their heading or text was so “extremely high” that, notwithstanding the flaws in the survey, and given Google’s refusal to present evidence to negate GEICO’s showing, the inclusion of the term in the listings was likely to cause confusion as a matter of law. The Court postponed consideration of the question whether Google was liable for such confusion,

and if so what the measure of damages would be, and postponed consideration of those issues to give the parties the opportunity to settle the remaining issues. *Id.*

The Court went out of its way to emphasize the limited nature of its holding. The decision was based on the specific facts proved, including GEICO's specific business model – under which only GEICO can write GEICO insurance, and hence independent brokers cannot offer GEICO insurance for sale. Moreover, the liability determinations were confined to “the unique business model employed by plaintiff and the specific design of defendant’s advertising program and search results page.” *Id.* One apparent oddity of the opinion, which may also be the product of the parties’ litigation choices, is the implication that **any** use of the trademarked search term in a sponsored listing is unlawful, which might imply that even a use of the term that made clear non-sponsorship by the mark owner would be forbidden.

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

On June 27, 2005, the United States Court of Appeals for the Second Circuit decided the long-awaited interlocutory appeal from The Honorable Deborah A. Batts’ issuance of a preliminary injunction enjoining WhenU’s display of pop-up ads to viewers of the 1-800 Contacts website, on grounds that such ads violated federal trademark law.

In a unanimous decision by Chief Judge John M. Walker, Jr., the Court reversed the district court’s entry of a preliminary injunction and remanded with instructions to dismiss with prejudice 1-800’s trademark infringement claims against WhenU. The Second Circuit held that, as a matter of law, WhenU does not “use” 1-800’s trademarks within the meaning of the Lanham Act, when it (i) includes 1-800’s website address, which is almost identical to 1-800’s trademark, in an unpublished directory of terms that trigger delivery of WhenU’s contextually relevant advertising to computer-users; or (2) causes separate, branded pop-up ads to appear on a computer-user’s screen displaying the 1-800 website window.

The Second Circuit expressly distinguished this case from those cases addressing keyword bidding practices used to trigger ads on search engines. An understanding of the distinction between this case and keyword cases requires an understanding of the differences between software used to trigger the WhenU pop-up ads and the software used to trigger sponsored results as a result of keyword bidding practices.

Both keyword bidding and pop-up ads deliver contextually-relevant advertisements that are designed to result in money-saving offers to Internet consumers. But they do so in different ways. Whether online contextual marketing is subject to the Lanham Act turns on these differences. To generate the pop-up ads that the Second Circuit held were not even subject to the Lanham Act, WhenU’s software scans the Internet activity of participating customers, specifically including the web addresses they entered in their browsers (e.g. <www.1800contacts.com>), and uses that information to deliver ads about goods or services in which participating consumers have an immediate interest.

WhenU consumers install Save Now software, which compares the users browsing activity with a directory of over 40,000 web addresses, non-trademark search phrases and keyword algorithms, sorted into various product and service categories, and determines whether any of the elements associated with the user's browsing activities are associated with a category in the Directory for which an appropriate ad is available. Internet addresses are included in the Directory as an indicator of a consumer's interest in a category of goods or services. The Save Now software does not specifically target individual websites. Thus, the Second Circuit pointed out that WhenU is using 1-800's website address (URL) precisely because it is a URL that functions like a "public key." "The contemporaneous display of the ads and trademarks is the result of the happenstance that 1-800 chose to use a mark similar to its trademark as the address to its web page. . ." The fact that the program is designed to achieve specific product placement in and of itself does not mean the program is using 1800's trademark. The Second Circuit observed that the Save Now software cannot trigger a WhenU pop-up and by a computer-user's input of the 1-800 trademark or the appearance of that trademark on a webpage accessed by a computer-user. In making this observation, the Second Circuit pointed out that WhenU did not put the actual trademark in the Directory and expressly stated that the Court "expresses no view" on whether inclusion of a trademark in the Directory would necessarily be an infringing "use."

Furthermore, the Court pointed out that in contrast to some of its competitors, WhenU does not disclose the content of the Directory to its advertising clients, nor does it permit its advertising clients to request or purchase specific keywords to add to the Directory.¹

These observations highlight the distinctions between keyword bidding and WhenU's Save Now software. In fact, the Second Circuit's decision is fairly limited to WhenU, not to pop-up ads more generally. The Second Circuit has not expressed that pop-up ads are not subject to the Lanham Act. The Court pointed out, for example, that Claria (formerly Gator) sells "keywords" to its advertising clients, highlighting that the Court's ruling is limited to the WhenU model of generating pop-up ads.

Keyword-triggered ads fall within the universe of online contextual marketing schemes not exempted from the Lanham Act on the basis that the threshold trademark "use" requirement is not satisfied, as is Save Now ads. Keyword bidding has all the characteristics that Save Now lacked, and that exempted Save Now from a likelihood of confusion analysis on the basis that the threshold trademarks "use" requirement was

¹ The Court also pointed out that the pop-up ad itself did *not* display the 1-800 trademark by virtue of the window appearing "on" the 1-800 website because the pop-up ad is a separate window and is not contingent upon the trademark's appearance on the 1-800 website. The Court's ruling is premised on the fact that 95% of personal computer-users operate in a Windows environment in which some programs, such as a calendar or email application, may cause windows to open on the desktop independently of any contemporaneous action by the computer user and it is only by virtue of a computer screen being two-dimensional that one window may appear to be "in front of" another window even though they are separate environments.

lacking. For example, sponsored results typically subject to trademark disputes are triggered by bidding on a precise keyword(s) comprised of a term identical or similar to a trademark, and in the context of search engine keyword advertising programs, are sometimes even suggested to advertisers as available to bid on.

With this juxtaposition in mind, and assuming keyword bidding practices are subject to a likelihood of confusion analysis because they satisfy the threshold trademark “use” requirement, we now turn to the more interesting question of whether it is possible to predict how the Second Circuit would apply a likelihood of confusion analysis to other forms of online contextual marketing schemes that are subject to the Lanham Act. Presently, the only Circuit to address this issue is the Ninth Circuit.

First, with respect to “use”-based pop-up ads, it appears the Court would consider the Microsoft Windows operating system environment as relevant to the likelihood of confusion analysis. The fact that a computer-user may open multiple windows simultaneously, allowing the computer-user to launch and use more than one software application at the same time appears to be relevant to the likelihood of confusion analysis -- not only to the threshold issue of whether there is trademark “use.” In other words, the Windows environment is part of the “marketplace” in which the two marks in issue would be presented and it appears this would be taken into account in the Second Circuit.²

Keyword-triggered ads, on the other hand, do not typically appear in separate windows, but within the same window. Arguably analogous to the use of separate windows, the search engines offering keyword-triggered ads shade off the organic search results from the triggered ads, and the extent to which their users understand the separation as an indication that a trademark owner is not necessarily the advertiser bidding on the equivalent or similar keyword would appear to be a factor in the marketplace. The extent to which Internet users are familiar with the manner in which online keyword-triggered marketing works appears to be an important factor in the likelihood of confusion analysis, considering the Court observed it is “fairly incredulous” to find there is a likelihood that computer-users would believe that a WhenU pop-up ad is sponsored by the website visited when they are familiar with WhenU pop-ups in varying contexts. Similarly, if Internet-users are familiar with sponsored results in varying contexts, they would not necessarily believe the ad is sponsored by the holder of the trademark being bid upon as a keyword. Determining what Internet search engine users understand about sponsored ads could be learned by conducting appropriate market research studies. These studies would ascertain the extent to which, in practice, search-engine users are familiar with the look, feel, and meaning of separately branded sponsored results, as not altering, in the context of searching for a trademark brand, organic search results. In other words, the extent to which sponsored results are seen as an “insertion” on search-results pages, or seen as unrelated, is a factor that the Second Circuit would likely consider as a relevant marketplace condition. Again, the

² See Brief for Def. - App. WhenU.com, Inc., p. 44 (citing cases standing for the proposition that in evaluating the similarity and the commercial presentation of marks under the *Polaroid* test, the courts consider how the marks are presented in the marketplace).

metaphorical thinking of sponsored results as being “on” search results page might be unmerited, according to the reasoning of Second Circuit, in relation to pop-ups, much like pop-up windows being “on” web pages was erroneous. The Second Circuit actually compared pop-up ads to the Ninth Circuit’s decision, and parenthetically described the holding as banner ads “on” search-results page, but this would ultimately be a matter of evidence and survey results.

Therefore, the extent to which the keyword-triggered ad contains a keyword that is identical or similar to a trademark and is “prominently branded” as an advertisement not affiliated, sponsored or endorsed by the trademark owner is likely more important in this context than in the context of pop-up ads. In the context of WhenU’s pop-ads for Vision Direct, 1-800’s competitor, the Court emphasized that the separate window was “prominently branded” and included a label stating “A WhenU offer - click? for info” with information available, when clicked upon about WhenU and its ads. In the context of keyword-triggered ads, advertisers typically reply upon the search engine from whom the keywords were bid upon and through whose platform the ad appears, to provide comparable information to consumers. For example, Google use the term “Sponsored Listings,” but the extent to which the ad text includes more detailed information regarding the source of the ad would be up to the individual advertiser bidding on the keyword.

Playboy Enterprises, Inc. v. Netscape Communications Corp., 354 F.3d 1020 (9th Cir. 2004) (report on further developments)

Initial interest confusion in cyberspace is one area of trademark law closely followed by this subcommittee. The vitality of the doctrine, however, remains to be tested.

Last year’s discussion reported on the Ninth Circuit’s application of the doctrine in *Playboy Enterprises, Inc. v. Netscape Communications Corp.*, 354 F. 3d 1020 (9th Cir. 2004) – a case brought by Playboy Enterprises Inc. (“PEI”) for trademark infringement and dilution. PEI asserted that by linking banner advertisements to PEI’s trademarks – “playboy” and “playmate” – the search engine companies triggered unlabeled adult-oriented banner ads unrelated to PEI to be displayed when users typed in these search terms.

The Ninth Circuit, reversing the district court’s grant of summary judgment in favor of the search engine companies, found PEI’s theory persuasive that the actions of the search engine companies created an initial interest confusion – i.e., initial interest in a competitor’s product which “[a]lthough dispelled before an actual sale occurs ... impermissibly capitalizes on the goodwill associated with a mark.” *Id.* at 367. The court, however, did not rely exclusively on initial interest confusion but instead applied the multi-factor test to determine likelihood of confusion.

Judge Berzon, in her concurrence, questioned whether the initial interest doctrine should be relegated to only particular Internet matters. Her concern centered on the

court's application of the doctrine to keyed advertising which, unlike the metatags in *Brookfield*, does not misdirect or hijack the user to another website (although she conceded that unlabeled banner ads may in a sense do that) but instead presents the user with a *choice* of which websites to visit. When a user is given a choice or is informed about a source or affiliation, such as by labeled banner ads, there could be no initial interest confusion and thus, no trademark infringement, she said. *Id.* at 386. This court's holding, she clarified, is restricted to unlabeled or unidentified banner ads. *Id.* at 388. However, unless some restrictions are placed on the use of the initial interest confusion doctrine in determining infringement, the potential exists for the doctrine to be misapplied, resulting in Lanham Act violations even when consumers are not confused, such as when banner ads are clearly labeled.

At this point, Judge Berzon's concurrence has not had an impact based on the three cases which cite *Playboy Enterprises*. One of the cases is *1-800-Contacts v. WhenU.com, Inc.*, 414 F.3d 400 (2nd Cir. 2005). That case is an interlocutory appeal on a trademark infringement action, challenging the lower court's enjoinder of WhenU from causing pop-up ads to appear contemporaneously with the plaintiff's website or otherwise using plaintiff's trademarks. WhenU had included 1-800's domain name in a list of nonviewable terms that triggered the pop-up ads. The Second Circuit court reversed the lower court on finding 1-800 failed to establish that WhenU "used" the trademark and remanded with instructions to dismiss with prejudice 1-800's trademark infringement claims. Because the court found that WhenU did not "use" 1-800's trademark, the court did not address the issue of likelihood of confusion.

The subcommittee will continue to monitor the courts and will report on future developments in this area.

SUBCOMMITTEE C Jennifer Miller, Chair

Subject 3. Presentations

NO PROPOSED RESOLUTION.

Past Action. None.

Discussion.

This subcommittee offered to provide a panel on one or more online trademark issues at (or immediately prior to) the section's June 2006 meeting. The committee's Domain Names Subcommittee noted that:

The biggest issue that is discussed in this year's cases pertaining to domain names, as in the online contextual advertising cases, is the role of "initial interest confusion" in cyberspace cases. If there is a single topic on which a panel might be presented, as requested by section leadership, we would suggest the issue of initial interest confusion, from a cyber angle and otherwise.

Although the subcommittee's offer was supported by the full committee, and the subcommittee leadership made significant efforts to offer a panel on this topic, no panel was included in the Section's programming related to its June 2006 meetings.

Members Approving Report:

Joseph Timothy Belton
James Leonard Bikoff
Todd Bontemps
Sheldon Burshtein
Carla Calcagno
Kristine Fordahl Dorrain
Judie Dziezak
Christina D. Frangiosa
Sean Garrison
Gregory H Guillot
Stacey Hope King
Paul Alan Levy
Jonathan Matkowsky
Jennifer Miller

Fred Nathanson
Joshua Paul
Claudia Ray
Elizabeth Plitzuweit
Christine Racocha
Kristina Rosette
Gregory John Sater
Uzma Siddiqui (student member)
Jonathan L Schwartz
Michael Schwarz
Kevin Smith
Vicki Steiner
Lisa M Willis
Mark Wittow

Members Disapproving Report: None

Members Not Heard From:

Michelle N Askew (not polled, no email contact)
Kenan Farrell
Samuel Edward Gasowski
Kristen Isaacson Spano
Christopher Jankowski
John L Krieger (not polled, no email contact)
Steven P Lipowski
Mindy Lok
William Andrew McComas
Daniel J Schaeffer
John A Scillieri
William F Swiggart