Use Is the New Protectability, *Dawn Donuts* Are Still Hot This Season, and Other Trademark Issues

by Robert C. Cumbow

Traditionally, trademark law and jurisprudence have tended to focus on the strength and protectability of the trademark. Is the mark in a proffered application for federal trademark registration capable of functioning as a mark? Or is it merely a business name, a generic term, a bit of purely ornamental expression? Is the mark a plaintiff seeks to enforce a protectable mark or merely a descriptive word or phrase without the requisite secondary meaning to warrant enforcement?

Such questions are still asked, of course. But over the past couple of decades, our notion of what sort of thing is capable of being a trademark has expanded along with the scope of protection we are willing to provide, and, as a result, the long-standing concept of trademark *use* has taken on a new importance. In the past couple of years, we've seen a new emphasis on the idea of trademark use in issues as diverse as an advertising consultant's claim of prior rights in a slogan he developed; a company's defense that its sale of accessories bearing the unlicensed logos of various automobile brands was not actionable because it was using the logos as aesthetic ornamentations, not as trademarks; and, of course, the seemingly endless string of divergent opinions as to whether the use of a competitor's trademark as a key word to trigger online advertising gives rise to liability in either the search engine or the advertiser. Academics, attorneys, and jurists all seem to be refocusing their thinking about trademarks in terms of the elusive concept of *use*.

Recent discussions of trademark use have arisen in three key contexts.

- What sort of use is required to give rise to trademark ownership?
- What sort of use must a trademark owner make to be entitled to enjoin a junior user?
- What sort of use on the part of a defendant will give rise to liability?

This article briefly examines each of these and looks also in passing at the role the Internet use plays in the analysis.[1]

Use as a Prerequisite for Ownership

The notion of use is especially critical to trademark ownership in the United States, where trademark ownership rights arise from use, not from registration, as they do in many other countries. It is an often painful fact of life for trademark lawyers to hear "How do I trademark this?" or "We haven't trademarked our name yet," only to patiently explain for the umpteenth time that "trademark" isn't a verb, that registration is not required, and that you *do* have an enforceable trademark just by virtue of having adopted and used a mark for your products or services.

What sort of "use" has traditionally been required to give rise to common law trademark ownership? It has generally been sufficient that a person or business adopt a mark and use it in connection with the promotion and sale of goods or services. Of course, it must be capable of functioning as a mark and likely to be perceived as such by the relevant consumers. A generic term, no matter how much it is made to *look* like a brand, is by definition not capable of distinguishing its owner's goods from those of competitors, who themselves have every right to use the same term in describing their own products.

Similarly, a name that is merely a business name and is registered as such in the relevant jurisdiction does not automatically constitute a trademark unless used and recognized as a trademark. Putting the company's business name somewhere on the product label does not make it a trademark. Similarly, registration of an Internet domain name does not confer trademark ownership rights, and a domain name is not a trademark when used solely as part of an email address or a website URL; it must be used *as* a mark—as a "brand," if you will. AMAZON.COM and DRUGSTORE.COM are examples of domain names that are recognized and protected as trademarks because they are used as such.

Though the term "brand" is a marketing word, not a legal one, it provides a good way of identifying what most folks think of as a trademark use. They may not know all the alleyways of trademark law, but they know a brand when they see one. And as a rule for advising clients, if you speak in terms of brands and logos, you're likely to be able to give them a good sense of what we mean by use *as* a trademark.

Common law use is, of course, limited to the geographic area in which the mark has been used on products sold or services promoted—more about this in a moment. *Registration*, by contrast, confers protection within a defined jurisdiction: state trademark registration protects a mark statewide, even if it has been used only within a single city in the state, and federal registration protects trademarks nationally, even where their use has been limited to a region or only a couple of states.

The Lanham Act's definition of "use in commerce" seeks to codify the kind of use that creates trademark recognition at common law and that will thus confer national protectability upon trademarks applied for federal registration. Of course, it is important to recognize that use as defined in the Act is a criterion for *registration*, not for enforcement. Registration,

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though extremely beneficial, is not required for ownership or enforcement of a trademark. It is also important to bear in mind that the Lanham Act definition is concerned with use "in commerce," which in this context does not simply mean "in the course of trade" but means specifically "in commerce that may be regulated by Congress"—which, under the Constitution, means commerce between a state and (1) another state, (2) a foreign country, or (3) a sovereign tribe or nation. Nevertheless, despite its purely federal focus, the Lanham Act's definition provides a useful touchstone for the trademark attorney in advising clients.

The first sentence of the section cautions against token use made merely in order to reserve a mark. Use, though it may be small, must be substantial and made in good faith. The language then goes on to recite very specific activities required for a mark to be used on goods and more general, fuzzier requirements for use of a mark with services. This distinction has strong implications in the age of the Internet: Using a mark in connection with promoting your organization's *services* on a website is generally sufficient to confer trademark rights, while using your mark on *goods* still requires physical attachment of the mark to the goods and transport of the goods in interstate commerce.

In any event, in addition to the question of whether a particular mark is capable of being perceived as a mark and of distinguishing its owner's products, the question of how—and even *whether*—it is used as a mark is critical to the determination of whether a claimant of trademark rights actually *has* a trademark to begin with. Along with the expanding notion of what we consider to be a trademark and how broadly we protect trademark rights has come an increase in claims of ownership based on minimal or nonexistent use. In part, such claims arise from claimants' confusion of trademark with copyright or their misunderstanding of what it takes to have a trademark. Once these claimants have engaged trademark attorneys, of course, there is no longer any excuse for such confusion.

To offer just one example: In a much-publicized case earlier this year, an advertising consultant who concededly developed the slogan "My Life, My Card" sued American Express for infringement arising from its abundant use of that mark in a national advertising campaign. The consultant, Stephen Goetz, had proposed the idea of personalized credit cards and the "My Life, My Card" slogan to American Express, MasterCard, and other card services. He did not contest the fact that American Express had independently adopted its MY LIFE. MY CARD. slogan in conjunction with another ad agency some time before Goetz presented his own proposal. But Goetz maintained that American Express's subsequent adoption and use of MY LIFE. MY CARD. infringed Goetz's own prior rights in his My Life, My Card mark.

The district court dismissed on grounds that Goetz had no enforceable rights in the trademark, and on appeal, the Second Circuit affirmed.[2] The message of the court's holding was that you do not own rights in a trademark by virtue of having thought up the mark; you have to have used the mark in connection with the promotion and sale of identifiable goods or services—and Goetz had not done so. He had offered the slogan for sale as a commodity—more precisely, as a component of a campaign he had developed—but he had not *used* the slogan *as* a trademark in connection with any goods or services of his own. Thus, he had no trademark rights that American Express could have violated. The slogan was the creative *work* of Goetz and his agency, not a trademark that distinguished their services. The holding is consistent with the fundamental notion that a trademark is not a word, phrase, or symbol in gross, but must be used to distinguish the goods or services of its owner; in other words, a trademark is the embodiment of goodwill between the public and a merchant who offers goods or services to the public—no goodwill, no trademark. And this applies both where the alleged trademark is sought to be registered and where it is sought to be enforced against an alleged infringer.

15 U.S.C. § 1127. Construction and definitions . . .

The term "use in commerce" means the bona fide use of a mark in the ordinary course of trade, and not made merely to reserve a right in a mark. For purposes of this chapter, a mark shall be deemed to be in use in commerce—

(1) on goods when—

(A) it is placed in any manner on the goods or their containers or the displays associated therewith or on the tags or labels affixed thereto, or if the nature of the goods makes such placement impracticable, then on documents associated with the goods or their sale, and

(B) the goods are sold or transported in commerce, and

(2) on services when it is used or displayed in the sale or advertising of services and the services are rendered in commerce, or the services are rendered in more than one State or in the United States and a foreign country and the person rendering the services is engaged in commerce in connection with the services.

Use as a Prerequisite for Enforcement

In holding that Stephen Goetz had no ownership rights in his trademark, the Second Circuit was also holding that he could not meet the threshold required for enforcing those rights. But even where a party meets the requirements for ownership—and federal registration—of a trademark, it may still not obtain a remedy against an alleged infringer without showing a likelihood of confusion. While all circuits have their own specific factor tests for determining whether a likelihood of confusion exists, chiefly emphasizing the similarities between the marks and between the parties' respective goods or services, the question whether confusion is likely relates to the use that the plaintiff and the defendant have made of the respective marks.

The "*Dawn Donut* rule," arising from *Dawn Donut Company, Inc. v. Hart's Food Stores, Inc.*[3], holds essentially that even a federally registered senior user vested with nationwide rights may be denied injunctive relief against a remote junior user if the plaintiff's use of its mark has not made it sufficiently known in or near the defendant's geographic territory so as to create a likelihood of confusion. As a result, in "*Dawn Donut* situations," trademark plaintiffs' attorneys have tended to send warning letters rather than seek injunctions, and defendants' attorneys have tended to tell trademark owners to take a hike and call back when they are ready to use the mark in the local area—which is often never.

Does the notion of a territorial limitation on even federally registered trademark rights make any sense in the age of the commercial website? Should geographic proximity still be a prerequisite for relief? Those who maintain that the *Dawn Donut* rule is in the twilight of its years cite several persuasive factors that arguably make geographic proximity irrelevant or only minimally important to a contemporary federal registrant's ability to enforce.

- Increased travel, made possible by the dramatic development of interstate highway systems and rapid, affordable air transportation, has made it extremely common for consumers to carry familiarity with even purely regional marks from one part of the country to another and to often make assumptions about affiliations based thereon.
- National (and even global) advertising now frequently makes consumers aware of remote brand names that they do not encounter in their own specific geographic markets.
- Globally accessible websites today promote even tiny brands to a virtually limitless audience.
- Television's growth from three national networks to a complex web of both general and specialized broadcast bands focusing on increasingly fragmented geographic and subject-matter markets has made local and regional brands capable of achieving national recognition.
- Stock ownership is no longer the province solely of upper-stratum fat cats with disposable income, but is within the reach of every consumer, making it possible and even likely that a publicly traded company will have investors who know its brand even in regions where the brand is not actively marketed.

In light of this, is *Dawn Donut* ready for the trademark graveyard? A brief examination of the recent jurisprudence reveals that, with respect to some types of commerce, the *Dawn Donut* rule is still applied as an absolute, while in other circumstances some courts regard it as only one of several factors to be considered in a balancing test and still other courts have soundly questioned and criticized the viability of the rule altogether.

Dawn Donut *Alive and Well: Key Cases Affirming and Applying the Rule*

Dawn Donut is still generally applied by courts in the context of restaurants and other service industries that depend on the physical presence of an establishment rather than the sale of goods shipped in commerce.

Brennan's Inc. v. Brennan's Restaurant LLC, 360 F.3d 125, 134–35 (2d Cir. 2004).

- Plaintiff owned a restaurant in New Orleans and used the registered mark BRENNAN'S. Defendant used the same mark in New York for restaurants run by chef Terrance Brennan.
- The court found that because of the geographic remoteness, the likelihood of confusion is slight—especially given the nature of dining services whereby the customer's physical presence is required and the restaurant cannot rely on Internet or mail-order sales.
- No injunction granted.

Johnson v. Sosebee, 397 F. Supp. 2d 706 (D.S.C. 2005).

- Plaintiff provided land surveying services in South Carolina. He was based out of Charleston and used a stylized image of a transit machine as a mark that was registered in 1988. Defendant was also a land surveyor performing services in four counties of the state that were different from those served by plaintiff.
- Defendant initially used plaintiff's mark but then created a second mark that was the inverse of the plaintiff's mark surrounded by an outline of the state of South Carolina.
- The court found no likelihood of confusion because plaintiff had no statewide rights in the use, and there was no extension into the junior user's territory.
- The court noted that for companies that do a lot of business over the Internet, the traditional *Dawn Donut* analysis may be inappropriate.
- No injunction granted.

Courts have applied *Dawn Donut* and granted injunctions when senior users expand into the junior user's territory.

Citicasters Licenses, Inc. v. Cumulus Media, Inc., 189 F. Supp. 2d 1372 (S.D. Ga. 2002).

- This case involved the right to use KISS in the name of radio stations in Savannah, Georgia. Plaintiff had registered marks KIIS and KISS FM in Los Angeles since 1998 and had acquired numerous other stations around the country, operating and licensed as some form of KISS FM. Defendant began operating KISS 104 in Savannah, Georgia, and had not received a license from plaintiffs.
- Plaintiffs began broadcasting their Los Angeles station via satellite and purchased two stations, one in Augusta as KISS 96, and one in Savannah, formerly called Mix 97.3, now 97 KISS FM.
- Plaintiff's motion for injunction was granted. Defendants had notice and plaintiff had a federally registered trademark. Under Dawn Donut, the senior user had the right to preempt junior users when they expand into a territory.

Lone Star Steakhouse & Saloon, Inc. v. Alpha of Virginia, Inc., 43 F.3d 922 (4th Cir. 1995).

- Plaintiffs were related businesses with separate opera-

tions in Virginia and New York. The Virginia plaintiff had four Lone Star Steakhouse restaurants in Virginia; the New York plaintiff had one in New York. Defendant had opened restaurants under the name Lone Star Grill in Arlington, Virginia, and Baltimore, Maryland, using a similar five-point star as part of its logo. The Virginia plaintiffs subsequently opened two locations in the D.C. area, and the two related plaintiffs sought to enjoin the junior user.
- The court applied the *Dawn Donut* rule and found that the Virginia plaintiff's presence in the D.C. area was sufficient to sustain a likelihood of confusion, and that an injunction was thus properly sought by the Virginia plaintiff but not by the New York plaintiff.

Dawn Donut *Challengeable: Key Cases Criticizing the Rule as Inapplicable in Today's World*

Members First Federal Credit Union v. Members 1st Federal Credit Union, 54 F. Supp. 2d 393, 402 (M.D. Pa. 1999).

- A credit union using the mark MEMBERS FIRST was not required to show likelihood of entry into the territory of a credit union using a MEMBERS 1ST mark in overlapping areas of Pennsylvania in order to obtain injunctive relief.
- This case is one of the first to consider *Dawn Donut* not a dispositive rule.
- The court looked at whether or not plaintiff can establish a likelihood of confusion of the two marks under a 10-factor test, and it was unwilling to deny injunctive relief based solely on lack of geographic proximity.
- The court specifically noted that the Third Circuit has not addressed the relevance of the *Dawn Donut* rule in a highly mobile, technologically driven society, and thus it considered the *Dawn Donut* principle but declined to apply it specifically, limiting its analysis instead to the Third Circuit's established 10-factor likelihood of confusion test.
- Injunctive relief does not require a showing of likelihood of entry into a territory; the defendant's motion for summary judgment was denied.

Circuit City Stores, Inc. v. CarMax, Inc., 165 F.3d 1047, 1057 (6th Cir. 1999).

- Plaintiff Circuit City Stores used CARMAX for their used car superstores and obtained federal registration in 1995. Defendant is an Ohio corporation that has used the CARMAX mark in connection with a used car business in northern Ohio since 1991.
- The court found that if there has been a finding of infringement, no showing of likelihood of entry would be required for injunctive relief.
- The Sixth Circuit uses an eight-factor test; likelihood of entry is just one of those factors and is not alone dispositive. The injunction was granted.
- In a concurring opinion, Judge Nathaniel Jones observed that there is, per se, no *Dawn Donut* rule against injunctions when parties do not compete in the same geographical market.

In cases where the users use the same marketing channels and target the same audiences, the courts still rely on the *Dawn Donut* rule as a heavily weighted, if not decisive, factor.

Biosafe-One, Inc. v. Hawks, 524 F .Supp. 2d 452, 465 (S.D.N.Y. 2007).

- Septic system cleaning products targeted the same clients for the same uses. They were similar in price and both were distributed primarily through the Internet.
- The court applied the *Dawn Donut* doctrine as one of seven factors and granted an injunction.

Rush Industries, Inc. v. Garnier LLC, 496 F. Supp. 2d 220, 227 (E.D.N.Y. 2007).

- Companies selling hair products used the words "long and strong" to market their hair products.
- One company markets solely via phone, mail, and the Internet, while the other company's products are available for online order but are sold primarily in large retail establishments. The overlap of certain potential customers and advertising outlets (including an online presence) favored the plaintiff, the senior user.
- The court applied *Dawn Donut* reasoning as one of many factors. But geographic proximity and sharing of marketing channels was only one of seven factors.
- Summary judgment of no likelihood of confusion was granted for the defendant.

So Are the Courts Still Buying Dawn Donuts?

Though the law is not yet settled, and may not ever be, some generalizations can be drawn.

In cases involving services rendered at specific physical establishments (restaurants, clubs, salons, etc.), courts are still likely to apply the *Dawn Donut* rule as decisive of whether a senior registered trademark owner is entitled to enjoin a remote junior user.

In cases involving more generalized services (particularly delivered via the Internet) or the shipment of goods, courts appear increasingly likely to apply the rule only as one nondecisive element in a multifactor test or to question its applicability altogether in light of technological factors tending to heighten brand awareness in spite of the absence of geographically proximate use by the plaintiff.

Internet activity is frequently cited as a reason that *Dawn Donut* should have lowered applicability, and where both parties to a dispute have an online presence, courts will consider the specific nature of that presence and activity as one factor in the likelihood of confusion analysis. No court applying *Dawn Donut* principles has found the plaintiff's Internet presence alone sufficient to establish likelihood of confusion, however. Where the disputants engage in significantly different types of online activity, as they did in *Rush v. Garnier*, that fact may weigh against likelihood of confusion under traditional "trade channels" analysis.

Despite changing standards of application, *Dawn Donut* jurisprudence continues to be essential to determining what sorts of use by a senior registered trademark owner will be considered sufficient to cause a junior user's use to create confusion.

Use as a Prerequisite for Liability

The increasing inquiry into use creates a double burden for the trademark enforcement plaintiff, who must not only show that his own use is sufficient to create enforceable rights and entitlement to a remedy, but also that the *defendant's* use is one that should give rise to liability. Recent years have seen an increase in "nonuse" defenses. In an effort to avoid reaching likelihood of confusion analysis altogether, defendants are today more inclined to claim that their use of the accused mark is not the kind of "use" intended to be actionable under laws governing trademark infringement and dilution.

One source of the impetus for this has doubtless been the increasing willingness of courts to deny relief against domain names that are used as URLs for "gripe sites" and other noncommercial forms of information and comment. This trend is, of course, more tied to First Amendment analysis than to trademark analysis—especially in light of the Ninth Circuit's finding that there is no "commercial use" requirement for an anti-cybersquatting action under the Lanham Act.[4] But defendants who pursue "nonuse" defenses to infringement or dilution claims are on more solid ground since the plain language of the Lanham Act does make "use" of the accused mark a prerequisite to the liability inquiry.

The infringement provisions of section 1114 of the Lanham Act allow a civil action by the owner of a federally registered mark against "(1) Any person who shall, without the consent of the registrant . . . (a) *use in commerce* any reproduction, counterfeit, copy, or colorable imitation of a registered mark *in connection with the sale, offering for sale, distribution, or advertising of any goods or services* on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive . . . ." (emphasis added).

The false designation of origin, passing off, deceptive advertising, and unfair competition provisions of section 1125(a) allow even nonregistered plaintiffs to take civil action against "[a]ny person who, *on or in connection with any goods or services, or any container for goods, uses in commerce any word, term, name, symbol, or device, or any combination thereof*, or any false designation of origin, false or misleading description of fact, or false or misleading representation of fact that . . . is likely to cause confusion . . . to cause mistake . . . or misrepresent . . . ." (emphasis added).

The dilution provisions of section 115(c) of the Act provide for an action "against another person's *commercial use in commerce of a mark or trade name*, if such use begins after the mark has become famous and causes dilution of the distinctive quality of the mark . . . ." (emphasis added).

It is increasingly common to hear the defense that the accused mark was "not used *as* a trademark." The basis for this defense is questionable. As indicated in the excerpts above, the Lanham Act requires only use "in commerce" or "in connection with" goods or services offered in commerce. The "not used as a trademark" defense usually boils down to a "not used as *my* trademark" defense, and the outcome usually rests on the extent to which the accused mark was nevertheless a misuse of someone *else's* trademark. An excellent example of this is the recent case of *Volkswagen v. Au-Tomotive Gold*.[5]

Au-Tomotive Gold makes and sells automobile accessories such as floor mats and key chains. Au-To Gold commonly licenses the marks and logos of auto manufacturers for use in the manufacture and sale of these accessories. When Volkswagen and Audi refused to license their marks to Au-To Gold for this purpose, Au-To Gold nevertheless offered for sale accessories bearing the Volkswagen and Audi logos. When the auto makers sued, Au-To Gold argued it should not be liable because it was not selling or promoting its goods *under* the Volkswagen and Audi marks, but rather under its own AU-TOMOTIVE GOLD mark. Consumers would not be confused because they knew from the packaging that the Volkswagen and Audi logo accessories they were purchasing came from Au-To Gold, not Volkswagen or Audi, and there was thus no likelihood of confusion. Au-To Gold also argued that it used the Volkswagen and Audi logos as salable commodities, not as brands under which their products were sold.

The Ninth Circuit rebuffed this "aesthetic functionality" argument by pointing out that it was precisely Volkswagen's and Audi's goodwill in their marks that made them salable commodities, in demand by owners of the auto makers' cars. Thus, Au-To Gold's use was still a use sufficient to give rise to liability since it traded on the goodwill of the plaintiffs, relying on plaintiffs' marks as source identifiers in order to provide value to their customers. Moreover, even if Au-To Gold's customers were unlikely to be confused that Volkswagen and Audi were the true *sources* of the accessories, it was sufficient for likelihood of confusion purposes if customers believed that Au-To Gold provided the goods under license from Volkswagen and Audi, as it did with respect to the marks of other auto manufacturers.

In the recent widely reported case of *adidas America, Inc. v. Payless Shoesource, Inc.*,[6] which is noted for its initial award of the highest damages ever allowed in a trademark infringement case (though the award was subsequently modified), Payless had made an argument similar to that of Au-Tomotive Gold. It claimed that, even though adidas used and registered its three-stripe motif as a trademark, Payless's use of a similar four-stripe motif was purely decorative and not intended to brand the shoes. The court held that it is not the user's intent but the consumer's perception that controls whether confusion with a plaintiff's mark is likely.

It is interesting to compare *American Express v. Goetz*, denying *plaintiff's* claim that use of the trademark as a commodity *was* a trademark use, with *Volkswagen v. Au-Tomotive Gold*, denying *defendant's* claim that use of the trademark as a commodity *was not* a trademark use. This is a reminder that the standard for ownership and enforceability differs from the standard for liability and also that trademark cases are intensely fact-specific, especially when it comes to the particulars of how (or whether) a mark is "used."

In the Internet context, defendants seldom claim that the mark was not used *as* a mark, but often claim that it was not used *in commerce*. By this, they usually mean "not used *commercially*," as opposed to "not used *in commerce* as defined in the Lanham Act." Such defendants mean to invoke the First

Amendment, which is often found to protect actions that might otherwise be trademark infringement. For example, in *MasterCard v. Nader*,[7] the Southern District of New York found Ralph Nader's unabashed duplication of MasterCard's PRICELESS trademark (and its copyright-protected "Priceless" commercials) protected by the First Amendment as political speech. Similarly, it has become standard for courts to find noncommercial websites protected under the First Amendment,[8] despite the fact that there is no "commercial use" requirement in the Lanham Act's anti-cybersquatting provisions, only a showing of bad faith.[9]

Ads Triggered by Search Terms: "Use" or Not?

The main area dominated by the question whether defendant's actions constitute actionable trademark use is the crowded field of keyword advertising lawsuits. Nearly a decade ago, when such lawsuits began being filed against search engines, courts established a two-step approach to the analysis. In a case alleging that the sale of advertising was tied to the use of a competitor's trademark as a keyword in a search query entered by a computer user, the court would first inquire whether the accused use was a use in commerce as contemplated by the Lanham Act. Only if it was found to be so would the court then proceed to reach the likelihood of confusion analysis.

Guided by the Second Circuit's analysis in *1-800 Contacts, Inc. v. WhenU.com*,[10] a case about pop-up ads rather than keyword advertising, many courts have found that the practice of keyword advertising does not constitute a "use" of the trademark by the search provider. The most notable case in this regard is *Rescuecom Corp. v. Google Inc.*[11] The analysis rests on two points. First, the "keyword" is a search term entered into a search engine by a computer user and is thus not "used" by any party "on or in connection with" an offering of goods or services. Second, the process by which the keystrokes entered by the user trigger an ad placed by the defendant is completely invisible to the computer user and it is thus not a "use in commerce" that, in the court's view, would necessarily have to have been published and plainly visible to a consumer.

Nevertheless, several courts have surmounted the "use" threshold and moved on to the likelihood of confusion analysis. This is especially true in the Ninth Circuit, where precedential findings of "initial interest confusion" in Web-related trademark disputes such as that in *Brookfield Communications Inc. v. West Coast Entertainment Corp.*[12] seem to dictate a conclusion that keyword searching does constitute the kind of use contemplated by the Lanham Act as a prerequisite for liability. And, indeed, the Ninth Circuit so found in *Playboy v. Netscape* in 2004.[13]

But no court has yet found a search engine liable for trademark infringement as a result of the practice of keyword advertising sales; nor has any court held that this practice constitutes trademark infringement per se absent a showing that the triggered advertisements themselves are likely to confuse. In *Playboy v. Netscape*, for example, the Ninth Circuit found that the absence of *any* trademark in competitor's ad was likely to confuse consumers into believing the ad was placed by the company whose name was used as a search term. And in *Geico v. Google*[14] the court held that the use of the *plaintiff's* trademark in the competitor's triggered ad may also be likely to confuse consumers.

As a result, plaintiff trademark owners in this still-growing field of litigation have drawn their attention away from search providers and are now instead targeting the competitors who pay to place such ads. This area of law remains unsettled and appears to be waiting for the right case to prompt the Supreme Court to rule. ■

Practice Tips

The new focus on trademark use gives rise to a few practice tips for attorneys in advising their trademark clients.

- Having a website is not automatically "use" of a trademark in connection with selling goods or providing services.
- Registering a domain name does not give rise to use of a trademark sufficient to establish ownership or enforceability.
- More than token use of a trademark is required to establish ownership and registrability; the mark must be used in connection with promoting and selling identifiable goods or services.
- Even a federally registered trademark owner is not automatically entitled to enjoin a remote junior user in a market where the trademark owner does not have a branding presence. Increasingly, however, the lack of geographic proximity is not dispositive, but is merely one of several factors to be considered in gauging whether confusion is likely.
- Unpermitted use of the trademark of another "as a commodity" in connection with a sale of merchandise is likely to be infringement even if the products are clearly branded as emanating from the defendant.
- Purchasing advertising triggered by computer users' entry of competitors' marks as key words is not per se infringement and is not likely to create liability on the part of the search provider. However, the advertiser may still incur liability unless the resulting ad is clear and unconfusing.

Endnotes

1. This article was originally presented in a different form as part of the Eastern Washington Intellectual Property Institute hosted by the Intellectual Property Section of the Washington State Bar Association in Spokane, Washington, on October 3, 2008.
2. Am. Express v. Goetz, 515 F.3d 156 (2d Cir. 2008).
3. 267 F.2d 358, 121 U.S.P.Q. 430 (2d Cir. 1959).
4. *See* Bosley v. Kremer, 403 F.3d 672 (9th Cir. 2005).
5. 457 F.3d 1062 (9th Cir. 2006), *cert. denied*, 127 S. Ct. 1839 (2007).
6. 2007 WL 4482201 (D. Or. Dec. 21, 2007).
7. 70 U.S.P.Q.2d 1046 (S.D.N.Y. 2004).
8. *See, e.g.*, Falwell v. Lamparello, 420 F.3d 309 (4th Cir. 2005), *cert. denied*, 547 U.S. 1069 (2006).
9. *See* 15 U.S.C. § 1125(d) and Bosley v. Kremer, 403 F.3d 672 (9th Cir. 2005).

10. 414 F.3d 400, 75 U.S.P.Q.2d 1161 (2d Cir. 2005).
11. 456 F. Supp. 2d 393 (N.D.N.Y. 2006).
12. 174 F.3d 1036 (9th Cir. 1999).
13. 354 F.3d 1020 (9th Cir. 2004).
14. 330 F. Supp. 2d 700 (E.D. Va. 2004).

