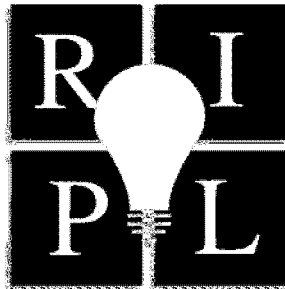


# THE JOHN MARSHALL REVIEW OF INTELLECTUAL PROPERTY LAW



## RECENT DEVELOPMENTS IN TRADEMARK LAW: CONFUSION, FREE SPEECH AND THE QUESTION OF USE

CHAD J. DOELLINGER

### ABSTRACT

The Supreme Court's continued trend of refining trademark rights combined with a new concern for free speech and expression brings current and unresolved trademark issues to light. The large amount of activity in the development of trademark law in 2004 has brought additional uncertainty to trademark law. This article discusses recent Supreme Court trademark jurisprudence refining trademark rights, the development of recent trademark dilution cases, the role of use in commerce as applied to internet search engines and keyword issues, and the emphasis on free speech and expression.

Copyright © 2005 The John Marshall Law School



*Cite as* Chad J. Doellinger, *Recent Developments in Trademark Law: Confusion, Free Speech and the Question of Use*, 4 J. MARSHALL REV. INTELL. PROP. L. 387 (2005).



# RECENT DEVELOPMENTS IN TRADEMARK LAW: CONFUSION, FREE SPEECH AND THE QUESTION OF USE

CHAD J. DOELLINGER\*

## INTRODUCTION

2004 was an eventful year in trademark law. Much like the last few years, the Supreme Court again decided a trademark case. Also much like the last few years, trademark rights continue to be refined (narrowed?) and reconnected to well-established doctrines. This year the trend continued, but with a new emphasis on free speech and free expression. While these refinements continue to bring stability to trademark law, a new issue, under the radar screens of many, has brought uncertainty and instability back to trademark law for the first time since the early days of the internet. This instability is driven by an esoteric issue: the definition of trademark use. The outcome, with billions of dollars hanging in the balance, is anything but.

### I. THE SUPREME COURT'S ONGOING INTEREST

Over the last fifteen years, the Supreme Court's interest in trademark law has been significant. The Court decided *Bonito Boats* (1989),<sup>1</sup> *Two Pesos* (1992),<sup>2</sup> *Qualitex* (1995),<sup>3</sup> *Wal-Mart Stores* (2000),<sup>4</sup> *Traffix* (2001),<sup>5</sup> *Moseley* (2003)<sup>6</sup> and *Dastar* (2003).<sup>7</sup> This interest continued in 2004 with the Supreme Court's decision in *KP Permanent Make-Up, Inc.*<sup>8</sup> The recent flurry of cases demonstrates the importance of trademark law in helping to shape societal institutions and managing business expectations both in the bricks-and-mortar world and cyberspace.

When considering the Supreme Court's recent trademark jurisprudence, a coherent theory of trademark rights emerges. In 2000, in *Wal-Mart Stores*, the Court narrowed the principle announced in *Two Pesos* by holding that a product design can never be inherently distinctive and thus can only be protected trade dress upon acquiring secondary meaning.<sup>9</sup> While acknowledging that *Two Pesos* established that trade dress can be inherently distinctive, Justice Scalia, who wrote the majority

---

\* Mr. Doellinger is an associate with Pattishall, McAuliffe, Newbury, Hilliard & Geraldson LLP. Mr. Doellinger concentrates his practice on litigation and counseling in the areas of domestic and international trademark, copyright and unfair competition law, with an emphasis on information technology law and e-commerce.

<sup>1</sup> *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141 (1989).

<sup>2</sup> *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763 (1992).

<sup>3</sup> *Qualitex Co. v. Jacobson Prods. Co., Inc.*, 514 U.S. 159 (1995).

<sup>4</sup> *Wal-Mart Stores, Inc. v. Samara Bros., Inc.*, 529 U.S. 205 (2000).

<sup>5</sup> *Traffix Devices, Inc. v. Marketing Displays, Inc.*, 532 U.S. 23 (2001).

<sup>6</sup> *Moseley v. V Secret Catalogue, Inc.*, 537 U.S. 418 (2003).

<sup>7</sup> *Dastar Corp. v. 20th Century Fox Film Corp.*, 123 S. Ct. 2041 (2003).

<sup>8</sup> *KP Permanent Make-Up, Inc. v. Lasting Impression I, Inc.*, 125 S. Ct. 542 (2004).

<sup>9</sup> 529 U.S. at 216.

opinion in *Wal-Mart Stores*, restricted the holding in *Two Pesos* to “product packaging” trade dress or some “*tertium quid* that is akin to product packaging trade dress, and not to product-design trade dress.”<sup>10</sup> Justice Scalia concluded that the *Two Pesos* holding therefore had no relevance in *Wal-Mart Stores* because the latter involved “product-design trade dress.”<sup>11</sup>

The next year, in *Traffix*, the Supreme Court held that an expired utility patent created a strong presumption of functionality and thus the design in question was not eligible for trademark protection.<sup>12</sup> This once again cut down on trademark owners’ efforts and courts’ ability to expand trademark rights. This presumption was recently constitutionalized in *Dastar*.<sup>13</sup>

The Supreme Court in *Dastar* examined the intersection between different forms of intellectual property rights and refused to protect a previously copyrighted product under a trademark rationale.<sup>14</sup> In other words, the Court would not permit the “limited time” provision of the copyright and patent clause<sup>15</sup> to be extended indefinitely via the Lanham Act.<sup>16</sup> The Court explained that doing so would create a “species of mutant copyright law that limits the public’s federal right to copy and use expired copyrights” and would be unconstitutional because it would extend *indefinitely* the limited monopoly granted by copyright law.<sup>17</sup>

This principle conforms with the analogous controlling principle set forth in *Bonito Boats* regarding the preemption of patent law. The court in *Bonito Boats* stated:

Where the public has paid the congressionally mandated price for disclosure, the States may not render the exchange fruitless by offering patent-like protection to the subject matter of the expired patent. It is self-evident that on the expiration of a patent the monopoly created by it ceases to exist, and the right to make the thing formerly covered by the patent becomes public property.<sup>18</sup>

Thus, the Court appears unwilling to allow trademark law to be used to extend the scope or duration of protection under either patent or copyright law. As the Court in *Dastar* explained, this is not a policy-based decision but one grounded in the Constitution: “To hold otherwise would be akin to finding that § 43(a) created a species of perpetual patent and copyright, which Congress may not do.”<sup>19</sup>

*Moseley*, also decided in 2003, continued this trend of contracting trademark rights.<sup>20</sup> The *Moseley* decision, and its affect on dilution law, is discussed in detail in Part II.

---

<sup>10</sup> *Id.* at 215.

<sup>11</sup> *Id.*

<sup>12</sup> *Traffix Devices, Inc. v. Marketing Displays, Inc.*, 532 U.S. 23, 29–30 (2001).

<sup>13</sup> *See Dastar Corp. v. 20th Century Fox Film Corp.*, 123 S. Ct. 2041 (2003).

<sup>14</sup> *Id.* at 2048.

<sup>15</sup> U.S. CONST. art. I, § 8, cl. 8.

<sup>16</sup> *Dastar*, 123 S. Ct. at 2048.

<sup>17</sup> *Id.*

<sup>18</sup> *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141, 152 (1989).

<sup>19</sup> *Dastar*, 123 S. Ct. at 2050 (citation omitted).

<sup>20</sup> *See Moseley v. V Secret Catalogue, Inc.*, 537 U.S. 418 (2003).

2004 brought another trademark issue before the Supreme Court in *KP Permanent Make-Up, Inc., v. Lasting Impression I, Inc.*<sup>21</sup> The case involved a dispute between two competitors in the field of micropigmentation and their respective rights to use a mark including the term and variants of the term “micro color.”<sup>22</sup> Micropigmentation involves the application of permanent make-up, applied much like a tattoo, for cosmetic (e.g., permanent eye liner) or medical (e.g., correcting pigmentary disorder) purposes.<sup>23</sup> The district court held that KP was acting fairly and in good faith.<sup>24</sup> Without inquiring whether the practice was likely to cause confusion, the court concluded that KP had proved its affirmative defense and entered summary judgment for KP on Lasting’s infringement claim.<sup>25</sup>

The Ninth Circuit reversed.<sup>26</sup> In so doing, it held that no use could be recognized as fair where *any* consumer confusion was probable.<sup>27</sup> The district court thus erred, according to the Ninth Circuit, because it did not pointedly address the burden of proof on KP to show an absence of consumer confusion.<sup>28</sup>

The Supreme Court granted certiorari to resolve the issue of whether a party raising the statutory affirmative defense of fair use to a claim of trademark infringement has the burden to negate any likelihood that the practice complained of will confuse consumers about the origin of the goods or services affected.<sup>29</sup> The Court emphatically answered the question in the negative: “We hold it does not.”<sup>30</sup>

The fair use defense is partially codified in the Lanham Act.<sup>31</sup> Fair use is a “use of the name, term, or device charged to be an infringement, used (1) otherwise than as a mark . . . of a term or device which is (2) descriptive of and used fairly and (3) in good faith only to describe the goods or services of such party.”<sup>32</sup> The Supreme Court’s analysis in *KP Permanent* was based, in large part, on the statutory text: “Starting from these textual fixed points, it takes a long stretch to claim that a defense of fair use entails any burden to negate confusion.”<sup>33</sup> As the Court explained:

It is just not plausible that Congress would have used the descriptive phrase “likely to cause confusion, or to cause mistake, or to deceive” in § 1114 to describe the requirement that a markholder show likelihood of consumer confusion, but would have relied on the phrase “used fairly” in

---

<sup>21</sup> 125 S. Ct. 542 (2004).

<sup>22</sup> *KP Permanent Make-Up, Inc. v. Lasting Impression I, Inc.*, 328 F.3d 1061, 1062–63 (9th Cir. 2003).

<sup>23</sup> *See id.* at 1064.

<sup>24</sup> *Id.* at 1065.

<sup>25</sup> *See id.* at 1066.

<sup>26</sup> *See id.*

<sup>27</sup> *Id.* at 1073.

<sup>28</sup> *Id.* at 1071–73 (emphasis added).

<sup>29</sup> *See id.*

<sup>30</sup> *KP Permanent Make-Up, Inc. v. Lasting Impression I, Inc.*, 125 S. Ct. 542, 545–46 (2004).

<sup>31</sup> *Id.* at 546.

<sup>32</sup> 15 U.S.C. § 1115(b)(4) (2000).

<sup>33</sup> *Id.*

<sup>34</sup> *KP Permanent*, 125 S. Ct. at 548.

§ 1115(b)(4) in a fit of terse drafting meant to place a defendant under a burden to negate confusion.<sup>34</sup>

In addition to adhering to a strict textualist reading, the Supreme Court was driven by a long-standing principle of trademark law: certain amounts of confusion must be tolerated. The Court explained:

The common law's tolerance of a certain degree of confusion on the part of consumers followed from the very fact that in cases like this one an originally descriptive term was selected to be used as a mark, not to mention the undesirability of allowing anyone to obtain a complete monopoly on use of a descriptive term simply by grabbing it first. The Lanham Act adopts a similar leniency, there being no indication that the statute was meant to deprive commercial speakers of the ordinary utility of descriptive words. If any confusion results, that is a risk the plaintiff accepted when it decided to identify its product with a mark that uses a well known descriptive phrase.<sup>35</sup>

Thus, the Court concluded that "some possibility of consumer confusion must be compatible with fair use, and so it is."<sup>36</sup> In reaching its conclusion, the Supreme Court relied on two dated opinions, revealing the Court's ongoing effort to reconnect trademark law with its common law origins.<sup>37</sup> For example, the Court relied on *William R. Warner & Co. v. Eli Lilly & Co.*, which held that "[t]he use of a similar name by another to truthfully describe his own product does not constitute a legal or moral wrong, even if its effect be to cause the public to mistake the origin or ownership of the product."<sup>38</sup> Similarly, the Court relied on *Canal Co. v. Clark*, which held that "[p]urchasers may be mistaken, but they are not deceived by false representations, and equity will not enjoin against telling the truth."<sup>39</sup> After a lengthy discussion of the relationship between confusion and liability, the Court concluded as follows:

While we thus recognize that mere risk of confusion will not rule out fair use, we think it would be improvident to go further in this case, for deciding anything more would take us beyond the Ninth Circuit's consideration of the subject. It suffices to realize that our holding that fair use can occur along with some degree of confusion does not foreclose the relevance of the extent of any likely consumer confusion in assessing whether a defendant's use is objectively fair.<sup>40</sup>

Although the decision resolves the circuit split and several issues regarding fair use, some questions are left open. For example, is confusion still relevant to the fair

---

<sup>34</sup> *Id.*

<sup>35</sup> *Id.* at 550.

<sup>36</sup> *Id.*

<sup>37</sup> *Id.* at 548–49.

<sup>38</sup> *Id.* at 548 (quoting *William R. Warner & Co. v. Eli Lilly & Co.*, 265 U.S. 526, 528 (1924)).

<sup>39</sup> *Id.* at 549 (quoting *Canal Co. v. Clark*, 80 U.S. (13 Wall.) 311, 327 (1872)).

<sup>40</sup> *Id.* at 550.

use inquiry? The answer is clearly “yes,” as explained by the Court in *KP Permanent* when it stated that “[o]ur holding that fair use can occur along with some degree of confusion does not foreclose the relevance of the extent of any likely consumer confusion in assessing whether a defendant’s use is objectively fair.”<sup>41</sup> Moreover, the Court acknowledged, and did not rule out, the pertinence of the degree of consumer confusion under the fair use defense.<sup>42</sup> While confusion is certainly still relevant, the question is how confusion is considered and how much confusion will be tolerated. The Court provided little guidance on these issues.

## II. DILUTION: WAS VICTOR’S LITTLE SECRET THE END?

In February 1998, Victor and Cathy Moseley opened a store in Elizabethtown, Kentucky, which they called “Victor’s Secret,” specializing in men’s and women’s lingerie, adult videos, sex toys and “adult novelties.”<sup>43</sup> V Secret Catalogue, Inc. soon filed suit. While the court dismissed the claim of trademark infringement, on grounds that there was no likelihood of confusion between the two marks,<sup>44</sup> the court granted V Secret summary judgment on its federal trademark dilution claim.<sup>45</sup> The U.S. Court of Appeals for the Sixth Circuit affirmed,<sup>46</sup> and the Moseleys appealed to the U.S. Supreme Court.<sup>47</sup>

The Supreme Court held that the Federal Trademark Dilution Act (“FTDA”)<sup>48</sup> requires proof of “actual dilution,” but proof of “actual economic harm” is not required.<sup>49</sup> The Court’s holding has provided little, if any, guidance for the lower courts to follow. The Court did not address the type of evidence or the factors courts should examine in determining whether actual dilution has occurred. Nevertheless, it is clear that the Court was bothered by the expansive property-like protection that the FTDA allowed and attempted to restrict the quasi-property right the FTDA appeared to grant.

Some courts have expressed their displeasure with the lack of guidance in adjudicating dilution cases. For example, in *Ty Inc. v. Softbelly’s, Inc.*, the Seventh Circuit reversed the district court’s judgment in favor of the plaintiff on the dilution claim.<sup>50</sup> Emphasizing the intervening decision in *Moseley*, the Court held that the plaintiff had failed to present any evidence to establish actual dilution.<sup>51</sup> While acknowledging the need for “trial-type” evidence, the Court focused on the lack of guidance provided in *Moseley*: “The Court did not explain and no one seems to know

---

<sup>41</sup> *Id.*

<sup>42</sup> *Id.* at 551.

<sup>43</sup> *V Secret Catalogue, Inc. v. Moseley*, No. 3:98CV-395-S, 2000 WL 370525, at \*1 (W.D. Ky. Feb. 9, 2000). Following an objection from V Secret Catalogue, Inc., the Moseleys changed the name of their store to “Victor’s Little Secret.” *Id.*

<sup>44</sup> *Id.* at \*4.

<sup>45</sup> *Id.* at \*6.

<sup>46</sup> *V Secret Catalogue, Inc. v. Moseley*, 259 F.3d 464, 466 (6th Cir. 2001).

<sup>47</sup> *Moseley v. V Secret Catalogue, Inc.*, 537 U.S. 418, 434 (2003).

<sup>48</sup> Federal Trademark Dilution Act of 1995, 15 U.S.C. §§ 1125(c), 1127 (2000).

<sup>49</sup> *Moseley*, 537 U.S. at 433–34.

<sup>50</sup> 353 F.3d 528, 537 (7th Cir. 2003).

<sup>51</sup> *Id.* at 535.

what that ‘circumstantial evidence’ might be.”<sup>52</sup> The Seventh Circuit further expressed its doubt about the ability of a plaintiff to conduct a survey by stating that the court was unsure as to “what questions could be put to consumers that would elicit a meaningful answer either in [*Moseley*] or this [case].”<sup>53</sup>

While some courts struggle with applying an unarticulated rule, others have proceeded by merely recasting old arguments involving a likelihood of dilution in terms of actual dilution. For example, the District Court for the Middle District of North Carolina applied *Moseley* in the domain-name context and found actual dilution because the defendant registered and used a domain name identical to the plaintiff’s famous mark.<sup>54</sup> The District Court for the Southern District of Georgia made a similar ruling in *Nike*, but attempted to support its decision with the language of *Moseley*; the court applied *Moseley* and found actual dilution was established “when the junior and senior marks are identical” without additional evidence.<sup>55</sup> The court referred to the statement in *Moseley* that it may not be necessary to present direct evidence of dilution “if actual dilution can reliably be proven through circumstantial evidence—the obvious case is one where the junior and senior marks are identical.”<sup>56</sup> Under the *Nike* court’s interpretation of *Moseley*, the only circumstantial evidence necessary to prove actual dilution when the marks are identical is evidence that the marks are identical.<sup>57</sup> This circular and strained reading of what is arguably dicta is difficult to support.

Other courts have rejected this plaintiff-friendly interpretation of dilution, instead requiring circumstantial evidence of actual dilution beyond the mere fact that the marks are identical.<sup>58</sup> For example, in *Savin Corp. v. Savin Group*, summary judgment was granted to the defendant because the plaintiff presented no circumstantial evidence of any kind tending to show actual dilution other than the fact that the marks are identical.<sup>59</sup>

Recently, however, the *Savin* decision was vacated and remanded by the Court of Appeals for the Second Circuit in the most important dilution decision since *Moseley*.<sup>60</sup> The defendant registered and was using the domain names “www.the savingroup.com” and “www.savinengineers.com.”<sup>61</sup> The plaintiff had strong trademark rights in its famous SAVIN trademark.<sup>62</sup> The defendant had derived its

<sup>52</sup> *Id.* at 536.

<sup>53</sup> *Id.* at 535.

<sup>54</sup> *Pinehurst, Inc. v. Wick*, 256 F. Supp. 2d 424, 431–32 (M.D.N.C. 2003).

<sup>55</sup> *Nike Inc. v. Variety Wholesalers, Inc.*, 274 F. Supp. 2d 1353, 1372 (S.D. Ga. 2003).

<sup>56</sup> *Id.*

<sup>57</sup> *Id.*

<sup>58</sup> *See, e.g., Savin Corp. v. Savin Group*, No. 02 Civ. 9377 (SAS), 2003 U.S. Dist. Lexis 19220, at \*43–\*44 (S.D.N.Y. Oct. 24, 2003); *see also Nitro Leisure Prods. v. Acushnet Co.*, 341 F.3d 1356, 1366 (Fed. Cir. 2003) (holding that “conclusory statements” regarding dilution are insufficient to establish actual dilution under *Moseley*).

<sup>59</sup> *Savin*, 2003 U.S. Dist. Lexis 19220, at \*44.

<sup>60</sup> *See Savin Corp. v. Savin Group*, 391 F.3d 439 (2d Cir. 2004).

<sup>61</sup> *Id.* at 447.

<sup>62</sup> *Id.* at 446. The SAVIN mark is a surname, *see id.* at 446, a fact that was not central in the opinion. Max Lowe, the corporation’s founder, named the company after his brother-in-law, Robert Savin. *Id.* This is surprising because the Second Circuit has interpreted the FTDA to mean that only *inherently distinctive* marks can be protected. *Nabisco, Inc. v. PF Brands, Inc.*, 191 F.3d 208, 216 (2d Cir. 1999). The Second Circuit first announced this view in *Nabisco*, where the court held that “[i]t is quite clear that the statute intends distinctiveness, in addition to fame, as an essential



SAVIN mark from the name of the defendant's founder and sole shareholder, Dr. Rengachari Srinivasarahavan.<sup>63</sup> He allegedly went by the nickname "Dr. Nivas" since 1987, and "Nivas" spelled backwards is "Savin."<sup>64</sup>

Relying on *Moseley*, the *Savin* Court allowed for the possibility that where marks are identical, that in itself, can be sufficient circumstantial evidence to support a finding of dilution.<sup>65</sup> The Court explained that "it interpret[s] *Moseley* to mean that where a plaintiff who owns a *famous* senior mark can show the commercial use of an *identical* mark, such a showing constitutes circumstantial evidence of the actual-dilution element of an FTDA claim."<sup>66</sup> The Court then used a hypothetical to further explain *Moseley*. "[F]or example, a store owner who loses a 7-Eleven franchise [and] yet continues to use the famous '7-Eleven' mark, in so doing, *violates the FTDA* and may be enjoined thereunder from using the mark."<sup>67</sup>

The *Savin* court emphasized the importance of the marks being identical: "It cannot be overstated, however, that for the presumption of dilution to apply, the marks must be identical. In other words, a mere similarity in the marks—even a close similarity—will not suffice to establish per se evidence of actual dilution."<sup>68</sup> For example, textually identical marks might not be identical for the purposes of establishing actual dilution if the font, size or color is different, or if they are pronounced differently.<sup>69</sup> Nevertheless, at least with respect to identical marks (whatever that might mean), dilution appears alive and well.

### III. USE IN COMMERCE: A NEW UNCERTAINTY

While courts and commentators struggled during the early days of the internet, courts quickly realized that it truly was business as usual. Judge Easterbrook led the way in this movement in rejecting "the law of the horse":<sup>70</sup> "[K]eep doing what you have been doing. Most behavior in cyberspace is easy to classify under current property principles."<sup>71</sup> Courts quickly adopted this approach and allowed well-established legal doctrines to accommodate what seemed like radically new fact

---

element. . . . A mark that, notwithstanding its fame, has no distinctiveness is lacking the very attribute that the antidilution statute seeks to protect." *Id.*; see also *TCPIP Holding Co., Inc. v. Haar Communications, Inc.*, 244 F.3d 88, 98 (2d Cir. 2001) (holding that "[b]ecause TCPIP's mark, 'The Children's Place,' as a designator of stores for children's clothing and accessories, is descriptive, and thus, lacks inherent distinctiveness, it cannot qualify for the protection of the Dilution Act"); *N.Y. Stock Exch. v. N.Y., N.Y. Hotel, L.L.C.*, 293 F.3d 550, 556–57 (2d Cir. 2002) ("We follow [the *TCPIP*] decision.").

<sup>63</sup> *Savin*, 391 F.3d at 447.

<sup>64</sup> *Id.*

<sup>65</sup> *Id.* at 452.

<sup>66</sup> *Id.* (emphasis added).

<sup>67</sup> *Id.* at 452–53 (emphasis added).

<sup>68</sup> *Id.* at 453.

<sup>69</sup> See *id.*

<sup>70</sup> Frank H. Easterbrook, *Cyberspace and the Law of the Horse*, 1996 U. CHI. LEGAL F. 207 (explaining that the phrase "the law of the horse," coined by former University of Chicago Law School Dean Gerhard Casper, refers metonymically to a field of law that is unneeded because it does not "illuminate the entire law" and is subsumed or preempted by a field that does).

<sup>71</sup> *Id.* at 210.

patterns.<sup>72</sup> “Some of the evidence in this case strongly suggests that some companies operating in the area of the internet may have a misconception that, because their technology is somewhat novel, they are somehow immune from the ordinary applications of laws of the United States. They need to understand that *the law’s domain knows no such limits*.”<sup>73</sup> Grounded in long-standing and well-developed legal doctrine, courts successfully accommodated the internet.<sup>74</sup> Recently, however, a new fact pattern has emerged that has, again, puzzled courts.

Several internet business models involve “selling” trademarks.<sup>75</sup> Unlike past episodes involving unsavory figures,<sup>76</sup> these disputes revolve around respectable and well-established companies. One prominent example involves Google and its sponsored links.<sup>77</sup> For example, if one is looking for insurance and types “geico” into the search engine, the first search result listed is Geico’s official website.<sup>78</sup> The search term “geico” will also generate a sponsored link to [www.insureme.com](http://www.insureme.com).<sup>79</sup> This website offers free quotes from a variety of insurance companies—competitors of Geico.<sup>80</sup> Is this an improper and infringing use of Geico’s famous trademark, or is this merely a form of comparative advertising and competition?

Appealing to bricks-and-mortar analogies, as courts often do, provides little guidance. On one hand, competing products are nearly always placed in close proximity on store shelves. This permits customers to have a choice. On the other hand, a competing product is not permitted into a company store. Reebok is not permitted to place its competing shoes next to Nike’s shoes at a Nike Town retail store. If I wanted to find insurance companies, the argument goes, I would enter “insurance” in the search engine. Because I entered “geico,” I specifically wanted Geico, and thus a competitor should not be able to place its “choice” in close proximity to Geico. With plausible bricks-and-mortar analogies on both sides, courts are left with little guidance.

Another peculiarity with these disputes is that the sides are not clearly drawn. Of course, search engines all line one side of the debate. Powerful trademark owners, however, are not unified. Some argue that this is blatant trademark infringement and ought to be enjoined.<sup>81</sup> Other trademark owners, who are profitably using this

---

<sup>72</sup> See generally *UMG Recordings, Inc. v. MP3.COM, Inc.*, No. 00 CIV. 472(JSR), 2000 WL 1262568 (S.D.N.Y. Sept. 6, 2000); *Zippo Mfg. Co. v. Zippo Dot Com, Inc.*, 952 F. Supp. 1119 (W.D. Pa. 1997); *Kremen v. Cohen*, 337 F.3d 1024 (9th Cir. 2003).

<sup>73</sup> *UMG Recordings*, 2000 WL 1262568, at \*6 (emphasis added).

<sup>74</sup> See cases cited *supra* note .

<sup>75</sup> *Gov’t Employees Ins. v. Google, Inc.*, 330 F. Supp. 2d 700 (E.D. Va. 2004) (Plaintiff Government Employees Insurance Co. is commonly known as “Geico.”).

<sup>76</sup> See, e.g., *Shields v. Zuccarini*, 254 F.3d 476 (3d Cir. 2001) (Plaintiff graphic artist registered a domain name in 1997 and operated it as a commercial web site, and defendant wholesaler of domain names registered five spelling variations on artist’s site in 1999 that trapped visitors until they clicked their way through a succession of advertisements; wholesaler was paid for each click.)

<sup>77</sup> Numerous search engines make similar use of trademarks and paid placement or sponsored links.

<sup>78</sup> <http://www.google.com/search?hl=en&q=geico> (last searched Mar. 26, 2005).

<sup>79</sup> *Id.* However, [www.Quoteserv.com](http://www.Quoteserv.com) sometimes is the sponsored link that appeared when the “geico” search was conducted on March 26, 2005. Nonetheless, [Quoteserv.com](http://Quoteserv.com) is similar to [insureme.com](http://insureme.com).

<sup>80</sup> *Id.*; see *supra* text accompanying note 79.

<sup>81</sup> See, e.g., *Gov’t Employees Ins. v. Google, Inc.*, 330 F. Supp. 2d 700, 702 (E.D. Va. 2004).

form of “advertising,” argue that it is merely comparative advertising and provides consumers with a choice.<sup>82</sup>

With so little direction and so much uncertainty, where ought courts turn for guidance? Surprisingly, this debate should be resolved by examining the language of a previously insignificant provision of the Lanham Act: the definition of trademark use in commerce.<sup>83</sup>

Use of a trademark in commerce is a necessary condition for trademark infringement.<sup>84</sup>

Any person who shall, without the consent of the registrant . . . *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.<sup>85</sup>

Similarly,

[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, which . . . is likely to cause confusion . . . shall be liable in a civil action by any person who believes that he or she is or is likely to be damaged by such act.<sup>86</sup>

Thus, without use in commerce, no liability can attach, regardless of whether confusion exists. Furthermore, the Lanham Act defines trademark use in commerce:

The term “use in commerce” means the bona fide use of a mark in the ordinary course of trade, and not merely to reserve a right in a mark. For the purposes of this Act, a mark shall be deemed to be in use in commerce . . . on goods when . . . 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 . . . the goods are sold or transported in commerce, and . . . 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

---

<sup>82</sup> *See id.*

<sup>83</sup> 15 U.S.C. § 1114 (2000).

<sup>84</sup> *Id.* § 1114(1)(a).

<sup>85</sup> *Id.* (emphasis added).

<sup>86</sup> *Id.* § 1125(1)(a) (emphasis added).

rendering the services is engaged in commerce in connection with the services.<sup>87</sup>

The question then becomes whether using a trademark to generate search engine results is use of that trademark in commerce sufficient to activate the Lanham Act. Several courts have examined this issue in an analogous context. WhenU.com, Inc. is a company that specializes in “contextual advertising.”<sup>88</sup> WhenU.com explains:

WhenU is client-side, privacy protecting, desktop advertising software that is designed to provide informed consumers with relevant choice and value in their Web experience. As a WhenU consumer, you are privileged to receive special offers, coupons and deals that consistently exceed your expectations and deliver money-saving offers from brand-name retailers right to your desktop.<sup>89</sup>

WhenU offers its software under either the SAVE or SAVENOW brand.<sup>90</sup> This software is free and is usually bundled with other free software.<sup>91</sup> In fact, many consumers are not aware that they have received the SAVE or SAVENOW software on their computers.<sup>92</sup> The software generates “contextually relevant advertisements and coupons.”<sup>93</sup> This is accomplished via a directory of terms used to classify a user’s interest.<sup>94</sup> For example, the terms “Wells Fargo” and “www.wellsfargo.com” are included in the “finance.mortgage” category.<sup>95</sup> Thus, when a computer user enters “Wells Fargo” into a search engine or “www.wellsfargo.com” into a browser window, a relevant advertisement will be displayed in one of several ways.<sup>96</sup> An advertisement could be a small pop-up advertisement, a larger pop-under advertisement, or a horizontal “panoramic” window running along the bottom of the computer screen.<sup>97</sup> These advertisements are generally for competing products and services.<sup>98</sup>

Several companies have brought suit against WhenU.com, including Wells Fargo & Co., U-Haul International, Inc. and 1-800 Contacts, Inc., alleging trademark

---

<sup>87</sup> *Id.* § 1127.

<sup>88</sup> See WhenU.com, Inc., *Internet Advertising Resource Center*, at [http://www.whenu.com/pc\\_learning\\_center.html](http://www.whenu.com/pc_learning_center.html) (last visited Mar. 15, 2005).

<sup>89</sup> See WhenU.com, Inc., *Learn About WhenU*, at <http://www.whenu.com/learn.html> (last visited Mar. 15, 2005).

<sup>90</sup> *Id.*

<sup>91</sup> 1-800 Contacts, Inc. v. WhenU.com, Inc., 309 F. Supp. 2d 467, 477 (S.D.N.Y. 2003). WhenU’s SAVE or SAVENOW is bundled with other downloadable programs or shareware. *Id.* at 477. The user who downloads the program or shareware also downloads the SAVE or SAVENOW pop-up advertisement without having any knowledge of it until the SAVE or SAVENOW advertisements pop-up when the user conducts a search using GOOGLE or other search engines. *See id.* at 477–80.

<sup>92</sup> *See id.* at 480.

<sup>93</sup> Wells Fargo & Co. v. WhenU.com, Inc., 293 F. Supp. 2d 734, 739 (D. Mich. 2003).

<sup>94</sup> *Id.*

<sup>95</sup> *See id.* at 743–44.

<sup>96</sup> *Id.*

<sup>97</sup> *Id.* at 745.

<sup>98</sup> *Id.* at 743–44.

infringement.<sup>99</sup> These cases, however, provide little help in resolving this issue. In *1-800 Contacts, Inc. v. WhenU.com, Inc.*, the court found that the defendant was making use of the plaintiff's mark in commerce, a necessary element of trademark infringement.<sup>100</sup> In *Wells Fargo & Co. v. WhenU.com, Inc.*<sup>101</sup> and *U-Haul Int'l, Inc. v. WhenU.com, Inc.*,<sup>102</sup> the courts found that the defendant was not making use of the plaintiff's marks. Thus, the issue of whether WhenU.com's business violates trademark law is unresolved and is beginning to create a circuit split.

Two recent suits have brought this issue to the forefront in the search engine context, and the outcome of these cases could have multi-billion-dollar ramifications. Both Google and Netscape have been sued by companies for the search engines' use of the companies' trademarks to generate sponsored links of competitors, and both cases have initially found that the search engines were making use of the respective plaintiff's trademarks.<sup>103</sup> In *Playboy Enterprises, Inc. v. Netscape Communications Corp.*, the Ninth Circuit reversed the district court's grant of summary judgment for defendant Netscape.<sup>104</sup> The Ninth Circuit found trademark use, reasoning that "[t]he 'core element of trademark infringement,' the likelihood of confusion, lies at the center of this case. No dispute exists regarding the other requirements set forth by the statute: [Playboy] clearly holds the marks in question and defendants used the marks in commerce without [Playboy's] permission."<sup>105</sup>

Similarly, in denying defendant Google's motion to dismiss in *Government Employees Insurance Co. v. Google, Inc.*, the District Court for the Eastern District of Virginia reasoned that "when defendants sell rights to link advertising to plaintiff's trademarks, defendants are using the trademarks in commerce in a way that may imply that defendants have permission from the trademark holder to do so."<sup>106</sup>

The holding in *Playboy* ignores the district court's examination of trademark use. There, the court examined trademark use, stating "plaintiff has not shown that defendants use the terms in their trademark form, i.e., Playboy® and Playmate®, when marketing to advertisers or in the algorithm that effectuates the keying of the ads to the keywords. Thus, plaintiff's argument that defendants 'use' plaintiff's trademarks falls short."<sup>107</sup> The court emphasized this point in a later ruling:

Where a defendant does not use the plaintiff's mark as its trademark, there is no liability. A non-trademark use of a mark is a use to which the

---

<sup>99</sup> See *1-800 Contacts, Inc. v. WhenU.com, Inc.*, 309 F. Supp. 2d 467, 471 (S.D.N.Y. 2003); *Wells Fargo & Co. v. WhenU.com, Inc.*, 293 F. Supp. 2d at 734, 736 (E.D. Mich. 2003); *U-Haul Int'l, Inc. v. WhenU.com, Inc.*, 279 F. Supp. 2d 723, 724 (E.D. Va. 2003).

<sup>100</sup> *1-800 Contacts*, 309 F. Supp. 2d at 504–05; see also 15 U.S.C. § 1127 (2000) (defining "use in commerce").

<sup>101</sup> 293 F. Supp. 2d at 769.

<sup>102</sup> 279 F. Supp. 2d at 727.

<sup>103</sup> See *Gov't Employees Ins. Co. v. Google, Inc.*, 330 F. Supp. 2d 700, 704 (E.D. Va. 2004); *Playboy Enters., Inc. v. Netscape Communications Corp.*, 354 F.3d 1020, 1024 (9th Cir. 2004).

<sup>104</sup> *Playboy*, 354 F.3d at 1020.

<sup>105</sup> *Id.* at 1024 (quoting 15 U.S.C. § 1114(a)(1)) (footnotes omitted).

<sup>106</sup> 330 F. Supp. 2d at 704.

<sup>107</sup> *Playboy Enters., Inc. v. Netscape Communications Corp.*, 55 F. Supp. 2d at 1070, 1073–74 (C.D. Cal. 1999). It should be noted that this use analysis focuses more on the fair use defense rather than on the threshold use-in-commerce inquiry. Nevertheless, the Ninth Circuit's total disregard for any use analysis is surprising.

infringement laws simply do not apply. Defendants' use of the words "playboy" and "playmate" in their search engines does not equate to commercial exploitation of plaintiffs ("PEII") trademarks. Defendants do not use PEII's trademarks *qua* trademarks. Although PEII uses its trademarks to identify its goods and services, defendants do not.<sup>108</sup>

Thus, the Ninth Circuit's unreasoned dismissal of the issue is disconcerting.

If cases continue along these lines, the outcomes could be devastating for search engines. The real issue, as noted above, is whether such "use" of a trademark is infringement, misappropriation or competition. Commentators have taken a variety of positions as well. One commentator, Uli Widmaier, argues that such use is not a violation:

[The trademark use] requirement permeates all facets of common-law trademark law and of the Lanham Act, and it holds that any conduct to which trademark law is to apply must involve the use of a symbol in a way that consumers can perceive the symbol so that it can exert its commercial magnetism on them.<sup>109</sup>

However, Mr. Widmaier not only challenges liability in these new cases but argues that courts have wrongly decided an entire line of initial-interest confusion cases:

Trademark use must become once again a mandatory element of all trademark claims. The courts must stop disregarding this foundational premise of trademark law. There ought to be no liability for invisible keyword and metatag use of another's trademarks. The metatag cases—*Brookfield* and its ilk—were wrongly decided as a matter of black-letter law. Once this is understood, the complicated problems posed by the recent keyword advertising cases become doctrinally manageable, and initial interest confusion—boosted by the demise of the use requirement into a doctrine of almost limitless efficacy—recedes to the proper and humble place it used to inhabit prior to the rise of the Internet.<sup>110</sup>

As this issue gains more prominence, we can expect other courts to weigh in on this difficult aspect of trademark law.

#### IV. DOMAIN NAMES AND FREE SPEECH

Several recent domain name decisions have examined free speech in the internet context. Even where the domain name of a defendant's website consists *in its*

---

<sup>108</sup> *Playboy Enters., Inc. v. Netscape Communications Corp.*, Nos. SACV 99-320 AHS EEX, SACV 99-321 AHS EEX, 2000 WL 1308815, at \*1 (C.D. Cal. Sept. 13, 2000) (citations omitted).

<sup>109</sup> Uli Widmaier, *Use, Liability, and the Structure of Trademark Law*, 33 HOFSTRA L. REV. 603, 606 (2004).

<sup>110</sup> *Id.* at 708-09; see generally Mark A. Lemley & Stacey L. Dogan, *Trademarks and Consumer Search Costs on the Internet*, 41 HOUS. L. REV. 777 (2004).

*entirety* of a plaintiff's trademark, the defendant is protected under the First Amendment if the defendant's relevant conduct consists of communicating important information about the plaintiff to consumers.<sup>111</sup> Although this issue was addressed in 2000,<sup>112</sup> several recent decisions have affirmed this controversial principle.

In *TMI, Inc. v. Maxwell*, the defendant was unsatisfied with his experience with a company that builds homes under the name "TrendMaker Homes."<sup>113</sup> The defendant thus registered "www.trendmakerhome.com" and "www.trendmaker.info," while TrendMaker Homes was already using the "www.trendmakerhomes.com" domain name.<sup>114</sup> At the defendant's websites, the defendant detailed his story and dispute with TMI.<sup>115</sup> In reversing the district court's ruling for TMI, the Court of Appeals for the Fifth Circuit focused on the purpose of the website and found that "the site's purpose as a method to inform potential customers about a negative experience with the company is key."<sup>116</sup> In addition, the court focused on the purpose of the Anti-Cybersquatting Consumer Protection Act ("ACPA")<sup>117</sup> and noted that "[the defendant's] conduct is not the kind of harm that ACPA was designed to prevent."<sup>118</sup>

A similar dispute arose with a landscaping company in *Lucas Nursery & Landscaping, Inc. v. Grosse*.<sup>119</sup> The defendant, unsatisfied with the work provided by Lucas Nursery and Landscaping, registered the domain name "www.lucasnursery.com" to detail her bad experience.<sup>120</sup> The Court of Appeals for the Sixth Circuit affirmed the district court's grant of summary judgment for the defendant.<sup>121</sup> Again, the court focused on the purpose behind the ACPA and explained that "the paradigmatic harm that the ACPA was enacted to eradicate—the practice of cybersquatters registering several hundred domain names in an effort to sell them to the legitimate owners of the mark—is simply not present in any of [the defendant's] actions."<sup>122</sup> The court hinged its decision on the defendant's intentions, which comported with the ACPA's spirit of consumer protection.<sup>123</sup> The Court explained:

Perhaps most important to our conclusion are [the defendant's] actions, which seem to have been undertaken in the spirit of informing fellow

---

<sup>111</sup> See *Bihari v. Gross*, 119 F. Supp. 2d 309, 325–26 (S.D.N.Y. 2000) (holding that use of the plaintiff's mark is not actionable). In *Bihari*, the court explained that the defendant's "websites concern the business practices and alleged fraud of a well-known interior designer. Such speech is 'arguably within the sphere of legitimate public concern,' which imbues the speech with a heavy presumption of constitutional protection." *Id.* (quoting *Chapadeau v. Utica Observer-Dispatch, Inc.*, 341 N.E.2d 569, 571 (N.Y. 1975)).

<sup>112</sup> *Id.*

<sup>113</sup> 368 F.3d 433, 434 (5th Cir. 2004).

<sup>114</sup> *Id.*

<sup>115</sup> *Id.* at 435.

<sup>116</sup> *Id.* at 439.

<sup>117</sup> Anti-Cybersquatting Consumer Protection Act, 15 U.S.C. § 1125(d) (2000).

<sup>118</sup> *TMI*, 368 F.3d at 440.

<sup>119</sup> 359 F.3d 806 (6th Cir. 2004).

<sup>120</sup> *Id.* at 808.

<sup>121</sup> *Id.*

<sup>122</sup> *Id.* at 810.

<sup>123</sup> See *id.* at 810–11.

consumers about the practices of a landscaping company that she believed had performed. One of the ACPA's main objectives is the protection of consumers from slick internet peddlers who trade on the names and reputations of established brands. The practice of informing fellow consumers of one's experience with a particular service provider is surely not inconsistent with this ideal.<sup>124</sup>

In a confused decision, the Court in *Nissan* attempted (unsuccessfully) to follow this line of cases.<sup>125</sup> There, the court was faced with a situation in which the defendant used the "www.nissan.com" domain name both to criticize Nissan Motor Co. and to advertise and promote competitive products.<sup>126</sup> The district court issued a permanent injunction, but the Ninth Circuit reversed in part, concluding that the "permanent injunction violates the First Amendment to the extent that it enjoins the placing of links on nissan.com to sites with disparaging comments about Nissan Motor."<sup>127</sup> Thus, if followed to its logical end, one could never transfer a domain name under the ACPA without violating the First Amendment. Put another way, cybersquatters and infringers appear to have *carte blanche* to use a domain name identical to a famous trademark so long as, once complained of, they begin to post criticism on the website.

These decisions are bolstered by the Supreme Court's recent decision in *KP Permanent Make-Up, Inc., v. Lasting Impression I, Inc.*, discussed above.<sup>128</sup> The Supreme Court emphasized the need to protect free speech rights against trademark law, and cited the "undesirability of allowing anyone to obtain a complete monopoly on use of a descriptive term simply by grabbing it first."<sup>129</sup> The Court further explained that the Lanham Act was not meant "to deprive commercial speakers of the ordinary utility of descriptive words" and contains "safeguards . . . to prevent commercial monopolization of language."<sup>130</sup> The Court also noted the "importance of 'protect[ing] the right of society at large to use words or images in their primary descriptive sense'"<sup>131</sup> and cited with approval testimony from the legislative history of the Lanham Act stating that "[e]verybody has got a right to the use of the English language and has got a right to assume that nobody is going to take that English language away from him."<sup>132</sup>

The limiting factor in such disputes appears to be the relationship between the website content and the domain name. For example, Mr. Purdy registered domain

---

<sup>124</sup> *Id.* at 811.

<sup>125</sup> See *Nissan Motor Co. v. Nissan Computer Corp.*, 378 F.3d 1002 (9th Cir. 2004). The *Nissan* decision shows some of the problems that arise from adopting the principles put forth in *TMI, Inc. v. Maxwell*, 268 F.3d 433 (5th Cir. 2004), *Lucas Nursery & Landscaping, Inc. v. Grosse*, 359 F.3d 806 (6th Cir. 2004), and *Bihari v. Gross*, 119 F. Supp. 2d 309 (S.D.N.Y. 2000).

<sup>126</sup> *Nissan*, 378 F.3d. at 1007–08.

<sup>127</sup> *Id.* at 1018.

<sup>128</sup> See 125 S. Ct. 542, 550 (2004).

<sup>129</sup> *Id.*

<sup>130</sup> *Id.*

<sup>131</sup> *Id.* (quoting *Car-Freshner Corp. v. S.C. Johnson & Son, Inc.*, 70 F.3d 267, 269 (2d Cir. 1995)).

<sup>132</sup> *Id.* at n.5 (quoting *Hearings on H.R. 102 et al. Before the Subcomm. on Trade-Marks of the House Comm. on Patents*, 77th Cong., 1st Sess., 72 (1941) (testimony of Wallace Martin, Chairman, Am. Bar Ass'n Comm. on Trade-Mark Legis.)).



names incorporating several famous trademarks, including “www.drinkcoke.org” and “www.mycoca-cola.com.”<sup>133</sup> These domain names were used to divert consumers to Purdy’s primary website accessible via the domain name “www.abortionismurder.com,”<sup>134</sup> which displayed graphic images of aborted fetuses, including the initial shocking image of a decapitated fetus with its limbs broken off.<sup>135</sup> “The question raised in this case is whether the First Amendment protects a misleading use of plaintiffs’ marks in domain names to attract an unwitting and possibly unwilling audience to Purdy’s message.”<sup>136</sup>

The Court resolved the case by noting the lack of connection between the website and plaintiffs’ companies and explained that “[w]hile Purdy has the right to express his message over the Internet, he has not shown that the First Amendment protects his appropriation of plaintiffs’ marks in order to spread his protest message by confusing Internet users into thinking that they are entering one of the plaintiffs’ websites.”<sup>137</sup>

#### V. JURISDICTION: A RETURN TO FUNDAMENTAL PRINCIPLES

The internet-jurisdiction test announced in *Zippo Mfg. Co. v. Zippo Dot Com, Inc.* was based on a sliding scale approach designed to classify a website’s level of interactivity.<sup>138</sup> A highly interactive commercial website supported a finding of personal jurisdiction, while a passive website did not.<sup>139</sup> The flaws in this analysis are beginning to show as courts are returning to a traditional “minimum contacts” analysis. For example, in *Hy Cite Corp. v. Badbsuinnessbureau.com, L.L.C.*, the court declined to adopt the *Zippo* test, stating that

it is not clear why a website’s level of interactivity should be determinative on the issue of personal jurisdiction. . . . [R]egardless how interactive a website is, it cannot form the basis for personal jurisdiction unless a nexus exists between the website and the cause of action or unless the contacts through the website are so substantial that they may be considered “systematic and continuous” for the purpose of general jurisdiction.<sup>140</sup>

---

<sup>133</sup> *Coca-Cola Co. v. Purdy*, 382 F.3d 774, 787 (8th Cir. 2004).

<sup>134</sup> *Id.* at 779–80.

<sup>135</sup> *Id.*

<sup>136</sup> *Id.* at 787.

<sup>137</sup> *Id.* at 787–88; see generally Pierre N. Leval, *Trademark: Champion of Free Speech*, 27 COLUM. VLA J.L. & ARTS 187 (2004).

<sup>138</sup> 952 F. Supp. 1119, 1124 (W.D. Pa. 1997). If a website is purely commercial, such that it conducts business thereon, then personal jurisdiction is proper. *Id.* If a website is passive, such that it exchanges information with other users, then personal jurisdiction is not proper. *Id.* In the middle lie interactive websites where personal jurisdiction is determined by examining the level of interactivity and commercial nature of the exchange of information that occurs on the website. *Id.*

<sup>139</sup> See *id.*

<sup>140</sup> No. 03-C-04210C, 2004 WL 42641, at \*5 (W.D. Wis. Jan. 8, 2004).

The court concluded that “a rigid adherence to the *Zippo* test is likely to lead to erroneous results.”<sup>141</sup> Going forward, plaintiffs would be well-advised to ascertain whether a defendant has sufficient minimum contacts with the forum beyond merely having an interactive website.

## VI. ICONS: ATTACK ON THE STRONGEST MARKS

Driven in part by the free speech concerns discussed above, icons have recently fallen prey to attacks in the courts. The single biggest victim has been BARBIE®. Last year, in *Mattel, Inc. v. Walking Mountain Productions*, the use of Barbie dolls in a series of photographs in “an attempt to ‘critique [] the objectification of women associated with [Barbie], and [][to] lambast [] the conventional beauty myth and the societal acceptance of women as objects because this is what Barbie embodies’” was permitted.<sup>142</sup> The court explained “undoubtedly, one could make similar statements through other means about society, gender roles, sexuality and perhaps even social class, but Barbie, and all the associations she has acquired through Mattel’s impressive marketing success, conveys these messages in a particular way that is ripe for social comment.”<sup>143</sup> The court explained that the iconic status of certain marks, such as that of a Barbie doll, implicates First Amendment protections that eclipse trademark law.<sup>144</sup>

As we recently recognized[,] . . . when marks “transcend their identifying purpose” and “enter public discourse and become an integral part of our vocabulary,” they assume a role outside the bounds of trademark law. Where a mark assumes such cultural significance, First Amendment protections come into play. In these situations, “the trademark owner does not have the right to control public discourse whenever the public imbues his mark with a meaning beyond its source-identifying function.”<sup>145</sup>

Thus, the court focused on a tolerance of some confusion and, accordingly, stated that “the public interest in free and artistic expression greatly outweighs its interest in

---

<sup>141</sup> *Id.*; see also *Toys “R” US, Inc. v. Step Two, S.A.*, 318 F.3d 446 (3d Cir. 2003) (finding no personal jurisdiction in spite of a highly interactive commercial web site because there was no evidence of contacts with the forum state).

<sup>142</sup> 353 F.3d 792, 796 (9th Cir. 2003) (quoting Declaration in Support of Defendant’s Motion for Summary Judgment) (alterations in original). The defendant produced a series of photographs entitled “Food Chain Barbie,” which

depicted Barbie in various absurd and often sexualized positions. . . . For example, “Malted Barbie” features a nude Barbie placed on a vintage Hamilton Beach malt machine. “Fondue a la Barbie” depicts Barbie heads in a fondue pot. “Barbie Enchiladas” depicts four Barbie dolls wrapped in tortillas and covered with salsa in a casserole dish in a lit oven.

*Id.*

<sup>143</sup> *Id.* at 802.

<sup>144</sup> *Id.* at 807.

<sup>145</sup> *Id.* (citations omitted) (quoting *Mattel, Inc. v. MCA Records, Inc.*, 296 F.3d 894, 898 (9th Cir. 2002)).

potential consumer confusion about Mattel's sponsorship of [the defendant's] works."<sup>146</sup>

This bad decision only got worse for Mattel in 2004, when the court considered the defendant's motion for attorneys' fees:<sup>147</sup>

Plaintiff's conduct also does not appear to be motivated by the protection of a valid interest. Plaintiff had access to sophisticated counsel who could have determined that such a suit was objectively unreasonable and frivolous. Instead, it appears Plaintiff forced Defendant into a costly litigation to discourage him from using Barbie's image in his artwork.<sup>148</sup>

"This Court, therefore, GRANTS Defendant \$1,584,089 in attorney's fees and \$241,797.09 in costs."<sup>149</sup>

In 2004, however, Mattel was not the only company struggling to protect its famous trademarks. For example, Ralph Nader used the following campaign advertisement:

Grilled tenderloin for fund-raiser; \$1,000 a plate. Campaign ads filled with half-truths; \$10 million. Promises to special interest groups; over \$100 billion. Finding out the truth: priceless. There are some things that money can't buy.<sup>150</sup>

MasterCard filed suit, alleging that the advertisement infringed its famous advertisements.<sup>151</sup> The court held that "there is no likelihood of confusion as a matter of law."<sup>152</sup> To avoid finding dilution, the court determined that the use of the plaintiff's trademarks was not commercial, "but instead political in nature and that therefore, it is exempted from coverage by the Federal Trademark Dilution Act."<sup>153</sup> This holding was in spite of the fact that contributions to Nader's campaign increased significantly after the advertisement was run.<sup>154</sup> In fact, contributions were \$5,125 before the advertisement ran and \$818,000 thereafter.<sup>155</sup>

An interesting case was recently filed that should, if decided, help set the boundaries for icons, free speech and misappropriation. Turner Broadcasting System ("TBS"), in advertising the *Sex and the City* television show, asked what a "yogasm" is.<sup>156</sup> The choices were "(a) a type of yo-yo trick, (b) sex with Yogi Berra and (c) what

<sup>146</sup> *Id.*

<sup>147</sup> See *Mattel Inc. v. Walking Mountain Prods.*, No. CV99-8543RSWL(RZX), 2004 WL 1454100, at \*2-\*4 (C.D. Cal. June 21, 2004).

<sup>148</sup> *Id.* at \*2.

<sup>149</sup> *Id.* at \*4.

<sup>150</sup> *MasterCard Int'l, Inc. v. Nader 2000 Primary Comm., Inc.*, No. 00 Civ.6068(GBD), 2004 WL 434404, at \*1 (S.D.N.Y. Mar. 8, 2004).

<sup>151</sup> *Id.* Since 1997, MasterCard has run a successful series of "Priceless Advertisements." *Id.*

<sup>152</sup> *Id.* at \*6.

<sup>153</sup> *Id.* at \*9.

<sup>154</sup> See *id.* at \*7.

<sup>155</sup> *Id.*

<sup>156</sup> Associated Press, *Yogi Berra has beef with Sex and the City* (Feb. 2, 2005), at <http://msnbc.msn.com/id/6897141/>.

Samantha has with a guy from yoga class.”<sup>157</sup> Yogi Berra objected to this use of his name and filed suit, complaining that

[a]s a long-retired baseball star, Mr. Berra earns his living in large part from his licensing or otherwise granting permission and consent to various commercial enterprises and businesses to use his name, image or picture for a substantial fee in connection with commercial ventures, products and services of which he approves.<sup>158</sup>

The complaint emphasizes Mr. Berra’s “integrity, decency and moral character” and charges TBS with creating “a false image of [Mr. Berra] . . . contrary to his personality, lifestyle and character.”<sup>159</sup>

Given the recent trend away from trademark rights and towards free speech and use of icons,<sup>160</sup> Mr. Berra faces a difficult challenge. Nevertheless, the lack of any connection between Mr. Berra and the television show provides some hope for Mr. Berra, and makes this a difficult decision.

## VII. CONCLUSION

2004 saw a great deal of activity in the ongoing development of trademark law. The Supreme Court continued its recent trend of restricting trademark rights and recognizing that not all confusion arises to the level of trademark infringement. This trend has been felt throughout trademark law, with a new concern for free speech and expression both in the domain name context and when applied to famous marks and icons. The most important issue in trademark law has yet to be resolved and is

---

<sup>157</sup> *Id.*

<sup>158</sup> Lawrence Peter Berra a/k/a Yogi Berra v. Turner Broadcasting System, Inc., Complaint No. 05600339, ¶ 21, available at <http://www.thesmokinggun.com/archive/0131052yogi8.html> (last visited May 17, 2005).

<sup>159</sup> *Id.* ¶ 23. The complaint stated:

Plaintiff is a married man and has children and grandchildren. He is a deeply religious man who has maintained and continues to maintain a moral lifestyle, and has a spotless reputation for integrity, decency and moral character with a vast public through the City and State of New York, the United States and overseas. The direct reference to the sexual act made in connection with Mr. Berra contained in the Advertisement . . . engenders a moral taint that has damaged his otherwise spotless reputation, is hurtful to his personal sensibilities, and has created a false image of plaintiff that is both contrary to his personality, lifestyle and character as well as abhorrent to him personally and to his family members, friends and colleagues.

*Id.*

<sup>160</sup> See, e.g., *Mattel Inc. v. Walking Mountain Prods.*, 353 F.3d 792, 812–13 (9th Cir. 2003); *ETW Corp. v. Jireh Publ’g, Inc.*, 332 F.3d 915, 922 (6th Cir. 2003) (holding that Tiger Woods could not “constitute . . . himself as a walking, talking trademark”). “[A] trademark, unlike a copyright or patent, is not a ‘right in gross’ that enables a holder to enjoin all reproductions.” *Id.* (quoting *Boston Athletic Ass’n v. Sullivan*, 867 F.2d 22, 35 (1st Cir. 1989)). To the contrary, “[t]he essence of a trademark is a designation in the form of a distinguishing name, symbol or device which is used to identify a person’s goods and distinguish them from the goods of another.” *Id.* at 921. Thus, “[a] celebrity’s name may be used in the title of an artistic work so long as there is some artistic relevance.” *Id.* at 920.

just beginning to concretize: Is the use of a trademark to generate sponsored links or contextual advertisements infringement or competition? As courts struggle with this issue, billions of dollars hang in the balance. The outcome will likely come as courts examine a rarely discussed statutory definition of “trademark use.” While this issue brought additional uncertainty and instability into trademark law in 2004, if resolved properly, trademark law will continue to hold steadfast to its well-established doctrinal underpinnings and provide stability and predictability for years to come.