

# FAIR USE OF TRADEMARKS UNDER THE LANHAM ACT AND STATE LAW

Excerpted from Chapter 6 (Trademark, Service Mark,  
Trade Name and Trade Dress Protection in Cyberspace) of  
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the unique shapes and colors of plaintiff's videogame characters were arbitrary embellishments, rather than being merely functional.

Ultimately, while the arrangement and layout of many websites is highly original (and may be substantially more creative than the user-interface of most applications programs), the look of a site is determined in part by the particular browser used to view it. In addition, many of the features on a website, even if creative, are essentially functional, and therefore could be denied protection. Since trade dress typically refers to the packaging of a product, an owner may be able to make a stronger argument for protection where its product is its site (for example, for an online videogame) or where the site is coordinated with the trade dress of a good or service offered on *terra firma*, in which case the claim would not be dependent solely on the website.

## 6.14 Fair Use in Internet Cases

### 6.14[1] In General

As under copyright law, trademark fair use is a complete defense to a claim of infringement and its applicability is determined in part by case law and therefore essentially through litigation. The standards for evaluating fair use under the Lanham Act used to be more precisely defined than under the Copyright Act (which sets up a multi-part balancing test).<sup>1</sup> The increased prominence given to the nominative fair use doctrine since the early 1990s and statutory amendments to the Lanham Act during roughly the same time period have made case law even more important in evaluating fair use. At the present time, there are differences in how the circuits apply fair use tests which, in particular cases, could be outcome determinative.

Fair use (and First Amendment) issues arise more frequently in cyberspace than on *terra firma*. In addition to constituting intellectual property, a website or other Internet location constitutes a forum for speech. *Conduct* takes the form of *content* online and in mobile communications.<sup>2</sup> As a consequence, it has become increasingly more important to

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#### [Section 6.14[1]]

<sup>1</sup>See *supra* § 4.10.

<sup>2</sup>See *infra* § 39.01.

understand the contours of fair use.

In addition to the subsections set forth below, readers should review section 7.12, which addresses fair use and First Amendment defenses in connection with domain names.

## **6.14[2] Statutory Fair Use**

### **6.14[2][A] Overview**

Fair use is defined by statute in different places in Title 15 of the U.S. Code. Section 1115(b)(4) provides the basic fair use defense for uses “other than as a mark” and good faith product descriptions, which has long been codified as part of the Lanham Act. In 1996, Congress enacted additional fair use criteria applicable to all Lanham Act claims in conjunction with its enactment of the Federal Trademark Dilution Act, but in 2006 it scaled back these provisions to make them applicable only to claims for dilution (although as a practical matter the defenses remain viable under the general rubric of uses “other than as a mark.”). In addition, the 2006 amendment added an express reference to the judicially created doctrine of nominative fair use, although only with respect to dilution. In 1999, Congress also created a fair use exception for claims brought under the Anticybersquatting Consumer Protection Act. In addition to these statutory criteria, nominative fair use is separately considered in section 6.14[3].

In general, a “fair use may not be a confusing use.”<sup>1</sup>

### **6.14[2][B] Section 1115(b)(4)**

Trademark fair use is codified at 15 U.S.C.A. § 1115(b)(4), which exempts uses of a mark which are “otherwise than as a mark” or are used in good faith only to describe the goods or services of a party or their geographic origin. Section 1115(b)(4) provides that, in a suit for infringement of an incontestable trademark, it is a defense that a defendant’s use of a name, term or device alleged to be infringing is a

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#### **[Section 6.14[2][A]]**

<sup>1</sup>*Playboy Enterprises, Inc. v. Netscape Communications Corp.*, 354 F.3d 1020, 1029 (9th Cir. 2004). Courts apply a different text for nominative fair use than nominative use. *Playboy Enterprises, Inc. v. Netscape Communications Corp.*, 354 F.3d 1020, 1029 (9th Cir. 2004); see *infra* § 6.14[3] (nominative fair use).

use “otherwise than as a mark, of the party’s individual . . . .”<sup>1</sup>

The fair use defense insulates from liability a defendant’s use of a term or device “which is descriptive of and used fairly and in good faith only to describe the goods or services of such party, or their geographic origin.”<sup>2</sup> As explained by the Second Circuit, “[i]t is a fundamental principle . . . that, although trademark rights may be acquired in a word or image with descriptive qualities, the acquisition of such rights will not prevent others from using the word or image in good faith in its descriptive sense, and not as a trademark.”<sup>3</sup> For the defense to apply, it is not necessary that a plaintiff’s mark be classified as merely “descriptive” (as opposed to inherently distinctive, for purposes of evaluating the strength of the mark<sup>4</sup>), but rather that it be used to describe a product or service, rather than to claim trademark rights. Specifically, a defendant must show use (1) other than as a mark, (2) in good faith, and (3) in its descriptive sense.<sup>5</sup>

In *KP Permanent Make-Up, Inc. v. Lasting Impression I, Inc.*,<sup>6</sup> the U.S. Supreme Court made clear that the section 1115(b) “places the burden of proving likelihood of confusion (that is, infringement) on the party charging infringement

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**[Section 6.14[2][B]]**

<sup>1</sup>15 U.S.C.A. § 1115(b)(4).

<sup>2</sup>15 U.S.C.A. § 1115(b)(4).

<sup>3</sup>*Car-Freshner Corp. v. S.C. Johnson & Son, Inc.*, 70 F.3d 267, 269 (2d Cir. 1995); see also *Radio Channel Networks, Inc. v. Broadcast.com, Inc.*, 98 Civ. 4799 (RPP), 1999 WL 124455 (S.D.N.Y. Mar. 8, 1999) (holding Broadcast.com’s use of “the radio channel” to be a descriptive, fair use), *aff’d mem.*, 201 F.3d 432 (2d Cir. 1999); see also, e.g., *Pinterest, Inc. v. Pintrips, Inc.*, 140 F. Supp. 3d 997, 1023-28 (N.D. Cal. 2015) (holding, following a bench trial, that the defendant’s use of “Pin” as a verb for attaching one virtual object to another, consistent with a “long and pervasive use of similar pinning features and buttons employed” by other software and internet companies, including Microsoft and Facebook, to be a permissible use “otherwise than as a mark.”).

<sup>4</sup>See *supra* § 6.02[2] (analyzing the strength of a mark).

<sup>5</sup>*Kelly-Brown v. Winfrey*, 717 F.3d 295, 308 (2d Cir. 2013); *Car-Freshner Corp. v. S.C. Johnson & Son, Inc.*, 70 F.3d at 269–70; *U.S. v. Six Thousand Ninety-Four (6,094) Gecko Swimming Trunks*, 949 F. Supp. 768, 774 (D. Haw. 1996).

<sup>6</sup>*KP Permanent Make-Up, Inc. v. Lasting Impression I, Inc.*, 543 U.S. 111 (2004).

even when relying on an incontestable registration.”<sup>7</sup> The Court rejected the argument that a defendant relying on the affirmative defense of fair use had any obligation to negate likelihood of confusion to establish its entitlement to the defense. Instead, it held that “the defendant has no independent burden to negate the likelihood of any confusion in raising the affirmative defense that a term is used descriptively, not as a mark, fairly, and in good faith.”<sup>8</sup>

Justice Souter, writing for the Court, conceded that there could be some consumer confusion in a fair use case, especially where the mark at issue originally was descriptive. He wrote that “[w]hile we . . . recognize that mere risk of confusion will not rule out fair use, we think it would be improvident to go further in this case.”<sup>9</sup> He explained 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>10</sup>

On remand, the Ninth Circuit ruled that the issue of fair use presented a jury question that precluded summary judgment, citing the Supreme Court’s opinion for the proposition that “customer confusion remains a factor in evaluating fair use.”<sup>11</sup> Among the relevant factors for the jury to consider in evaluating the fairness of the use, the court cited the degree of likely confusion, the strength of the trademark, the descriptive nature of the term for the product or service being offered by KP and the availability of alternate descriptive terms, the extent of the use of the term prior to the registration of the trademark, and any differences among the times and contexts in which KP used the term.<sup>12</sup>

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<sup>7</sup>*KP Permanent Make-Up, Inc. v. Lasting Impression I, Inc.*, 543 U.S. 111, 118 (2004).

<sup>8</sup>*KP Permanent Make-Up, Inc. v. Lasting Impression I, Inc.*, 543 U.S. 111, 124 (2004).

<sup>9</sup>*KP Permanent Make-Up, Inc. v. Lasting Impression I, Inc.*, 543 U.S. 111, 123 (2004).

<sup>10</sup>*KP Permanent Make-Up, Inc. v. Lasting Impression I, Inc.*, 543 U.S. 111 (2004).

<sup>11</sup>*KP Permanent Make-Up, Inc. v. Lasting Impression I, Inc.*, 408 F.3d 596, 609 (9th Cir. 2005).

<sup>12</sup>*KP Permanent Make-Up, Inc. v. Lasting Impression I, Inc.*, 408 F.3d 596, 609 (9th Cir. 2005).

### 6.14[2][C] Fair Use in Dilution Cases

Congress enacted specific statutory fair use defenses to claims for dilution under 15 U.S.C.A. § 1125(c). These defenses are:

- Any fair use, including a nominative or descriptive fair use, or facilitation of such fair use, of a famous mark by another person other than as a designation of source for the person's own goods or services, including use in connection with—
  - advertising or promotion that permits consumers to compare goods or services;<sup>1</sup> or
  - identifying and parodying, criticizing, or commenting upon the famous mark owner or the goods or services of the famous mark owner;<sup>2</sup>
- Noncommercial use of the mark;<sup>3</sup> and
- All forms of news reporting and news commentary<sup>4</sup>

As detailed in the first edition of this treatise, Congress in 1996 had originally provided that noncommercial use of a mark and all forms of news reporting and commentary applied to all claims brought under section 1125 and not merely dilution claims.<sup>5</sup> While these two defenses were not modified when section 1125(c) was revised in 2006, Congress changed the preface to section 1125(c)(3) to make clear that the defenses apply to claims for dilution by blurring or tarnish-

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#### [Section 6.14[2][C]]

<sup>1</sup>Comparative advertising involving a third party's mark is only permissible when the use is fair. *See supra* § 6.12[5][C].

<sup>2</sup>This defense was added in 2006 in place of:

- Fair use of a famous mark in a comparative commercial advertisement or promotion to identify competing goods or services.

<sup>3</sup>The examples of noncommercial use of a mark cited by Senator Orrin Hatch when he introduced the original bill in 1995 included “parody, satire, editorial and other forms of expression that are not part of a commercial transaction.” *World Championship Wrestling v. Titan Sports, Inc.*, 46 F. Supp. 2d 118, 122 (D. Conn. 1999) (statement of Sen. Hatch).

<sup>4</sup>15 U.S.C.A. § 1125(c)(3). As originally enacted in 1996, merely owning such a mark was sufficient to provide a complete defense under the statute. *See generally supra* § 6.11 (analyzing dilution claims and defenses).

<sup>5</sup>*See* Ian C. Ballon, *E-Commerce and Internet Law: Treatise with Forms* § 6.14[1][C] (Glasser LegalWorks 1st ed. 2001) (analyzing these provisions of the Federal Trademark Dilution Act).

ment only.<sup>6</sup> These defenses nonetheless would still have potential application to other Lanham Act claims, albeit no longer expressly.

Courts have held that the first bullet point above—fair use pursuant to section 1125(c)(3)(A)—requires a showing of good faith.<sup>7</sup>

In addition to fair use, the First Amendment also may limit a court’s ability to grant relief, especially injunctive relief that impinge upon protected speech.<sup>8</sup>

### **6.14[2][D] Fair Use Under the Anticybersquatting Consumer Protection Act**

The Anticybersquatting Consumer Protection Act (ACPA), which applies only to domain names, includes an express exception that “bad faith intent,” which is a required showing for relief under the statute, may not be found where a court determines that a registrant “believed and had reasonable grounds for believing” that the use of a domain name “was a fair use or otherwise lawful.”<sup>1</sup> Domain names are analyzed extensively in chapter 7, including sections 7.06 (analyzing the ACPA) and 7.12 (fair use).

### **6.14[3] Nominative Fair Use**

The nominative fair use defense developed as a judicial doctrine permitting certain uses of a trademark to refer to the trademarked product.<sup>1</sup> Nominative fair use is increasingly important in the era of the internet and smart phones

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<sup>6</sup>See 15 U.S.C.A. § 1125(c)(3).

<sup>7</sup>See, e.g., *JA Apparel Corp. v. Abboud*, 568 F.3d 390, 401 (2d Cir. 2009); *Rosetta Stone Ltd. v. Google, Inc.*, 676 F.3d 144, 169 (4th Cir. 2012).

<sup>8</sup>See *infra* § 7.12

#### **[Section 6.14[2][D]]**

<sup>1</sup>15 U.S.C.A. § 1125(d)(1)(B)(ii).

#### **[Section 6.14[3]]**

<sup>1</sup>Other fair use principles may apply when a mark is used to refer to something other than the mark holder’s goods or services. See *New Kids on the Block v. News Am. Pub., Inc.*, 971 F.2d 302, 308 (9th Cir. 1992) (“If the defendant’s use of the plaintiff’s trademark refers to something other than the plaintiff’s product, the traditional fair use inquiry will continue to govern.”); see also, e.g., *E.S.S. Entertainment 2000, Inc. v. Rock Star Videos, Inc.*, 547 F.3d 1095, 1099 (9th Cir. 2008) (affirming the entry of summary judgment for the defendant based on the First Amendment, but holding that the nominative fair use defense was inapplicable in a case brought by the owner of the “Play Pen Gentlemen’s Club” against the



where every individual potentially is a publisher and non-trademark use of protected terms in online discourse is more common. Nominative fair use is a judge-made doctrine devised by the Ninth Circuit in 1992 in *New Kids on the Block v. News America Publishing, Inc.*<sup>2</sup> In the Ninth Circuit, there is a separate 3 factor test for evaluating whether use of a mark is a nominative fair use—different from the likelihood of confusion test applied (with minor variations) in all circuits.<sup>3</sup> Under the Ninth Circuit test, a “defendant seeking to assert nominative fair use as a defense need only show that it used the mark to refer to the trademarked good. . . . The burden then reverts to the plaintiff to show a likelihood of confusion.”<sup>4</sup> In the Third Circuit, by contrast, nominative fair use is an affirmative defense that a defendant can assert if a plaintiff can establish a prima facie case of trademark infringement, judged by a potentially somewhat more restrictive test than that applied by the Ninth Circuit.<sup>5</sup> In the Second Circuit, courts are directed to consider both the Ninth Circuit and Third Circuit approaches in applying the traditional *Polaroid* test for likelihood of confusion.<sup>6</sup> The Fifth Circuit appears to agree with the Ninth Circuit that nominative fair use “is a claim that a mark’s use is noninfringing and therefore creates no likelihood of confusion.”<sup>7</sup> Courts in other circuits have not ruled definitely.<sup>8</sup>

The Lanham Act, in section 1114(b)(4), incorporated the

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creator of the *Grand Auto Theft* video game, which depicted a club named “Pig Pen” because the defendant did not use plaintiff’s trademarked logo to describe plaintiff’s product, and the defendant’s Lead Map Artist “testified the goal in designing the Pig Pen was . . . not to comment on Play Pen per se.”).

<sup>2</sup>*New Kids on the Block v. News America Pub., Inc.*, 971 F.2d 302 (9th Cir. 1992).

<sup>3</sup>*See supra* § 6.08.

<sup>4</sup>*Toyota Motor Sales, U.S.A., Inc. v. Tabari*, 610 F.3d 1171, 1183 (9th Cir. 2010).

<sup>5</sup>*See Century 21 Real Estate Corp. v. Lendingtree, Inc.*, 425 F.3d 211, 222-31 (3d Cir. 2005).

<sup>6</sup>*See International Information Systems Security Certification Consortium, Inc. v. Security University, LLC*, 823 F.3d 153, 167-68 (2d Cir. 2016).

<sup>7</sup>*Board of Supervisors for Louisiana State University Agricultural and Mechanical College v. Smack Apparel Co.*, 550 F.3d 465, 488-89 (5th Cir. 2008).

<sup>8</sup>*See, e.g., Swarovski Aktiengesellschaft v. Bldg. No. 19, Inc.*, 704 F.3d 44, 50 (1st Cir. 2013) (recognizing nominative fair use, noting that the

concept of “use otherwise than as a trademark” but only in connection with the description of a party’s own business or product, rather than the trademark owner’s product or service. Consequently, case law on “non-trademark use” of a mark developed over the years, which the Ninth Circuit came to call *nominative fair use* in 1992 in *New Kids on the Block v. News America Publishing, Inc.*<sup>9</sup> Even as the boy band from the early 1990s that is its namesake has long since been forgotten, *New Kids on the Block* remains a leading and widely cited case.

Nominative fair use occurs when (1) the alleged infringer uses the trademark holder’s mark to describe the trademark holder’s product, even if the goal of the accused infringer is to describe its own product; or (2) if the only practical way to refer to something is to use the trademarked term.<sup>10</sup>

The Ninth Circuit has the most developed body of case law on nominative fair use and applies its fair use test in place of the traditional test to evaluate likelihood of confusion.<sup>11</sup>

The Third Circuit, by contrast, incorporates aspects of the Ninth Circuit’s test with a modified test for evaluating likelihood of confusion, which could lead to a different outcome from the Ninth Circuit test, depending on the facts of a given case.

Second Circuit courts are directed to consider both approaches,<sup>12</sup> as discussed below.

While not all circuits have specifically considered nomina-

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circuit had “never endorsed any particular version of the doctrine.”); *Cheval Int’l v. Smartpak Equine, LLC*, Civ. 14-5010, 2016 WL 1064496, at \*6-10 (D.S.D. Mar. 15, 2016) (noting the lack of direction on how the Eighth Circuit would evaluate nominative fair use (or initial interest confusion) in denying defendant’s motion for summary judgment on plaintiff’s trademark infringement claim, where the plaintiff objected to the fact that when its marks were searched online, the defendant’s website appeared prominently).

<sup>9</sup>*New Kids on the Block v. News America Pub., Inc.*, 971 F.2d 302 (9th Cir. 1992).

<sup>10</sup>*Century 21 Real Estate Corp. v. Lendingtree, Inc.*, 425 F.3d 211, 214 (3d Cir. 2005).

<sup>11</sup>The *New Kids on the Block* test is applied only for evaluating nominative fair use. The regular likelihood of confusion test is applied by the Ninth Circuit in cases involving statutory fair use. *Playboy Enterprises, Inc. v. Netscape Communications Corp.*, 354 F.3d 1020, 1029 (9th Cir. 2004); see generally *supra* § 6.08.

<sup>12</sup>See *International Information Systems Security Certification*

tive fair use, even in the absence of controlling case law all circuits recognize the concept of non-trademark use.

Courts have long acknowledged that a mark may be found to involve “a non-trademark use” where it would be difficult to avoid the mark in describing particular goods or services or their geographic origin. For example, the use of the name “Volkswagen” in the sign for a Volkswagen repair shop was held to be a fair use because it would have been “difficult, if not impossible, . . . to avoid altogether the use of the word ‘Volkswagen’ or its abbreviation ‘VW . . . [to] signify appellants’ cars.’”<sup>13</sup> Similarly, a television station was held entitled to advertise its coverage of the “Boston Marathon” even though it did not have rights to use those words as a trademark.<sup>14</sup> In these cases, “where the use of a trademark does not attempt to capitalize on consumer confusion or to appropriate the cachet of one product for a different one,” the *nominative* use of a mark—“where the only word reasonably available to describe a thing is pressed into service—lies outside the strictures of trademark law.”<sup>15</sup> Nominative use “is fair because it does not imply sponsorship or endorsement by the trademark holder.”<sup>16</sup>

Under the Ninth Circuit test adopted in *New Kids on the*

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*Consortium, Inc. v. Security University, LLC*, 823 F.3d 153, 167-68 (2d Cir. 2016).

<sup>13</sup>*Volkswagenwerk Aktiengesellschaft v. Church*, 411 F.2d 350, 352 (9th Cir. 1969). As explained by the Ninth Circuit:

With many well-known trademarks, such as Jell-O, Scotch tape and Kleenex, there are equally informative non-trademark words describing the products (gelatin, cellophane tape and facial tissue). But . . . many goods and services are effectively identified only by their trademarks. For example, one might refer to “the two-time world champions” or “the professional basketball team from Chicago,” but it is far simpler (and more likely to be understood) to refer to the Chicago Bulls. In such cases, use of the trademark does not imply sponsorship or endorsement of the product because the mark is used only to describe the thing, rather than to identify its source.

Indeed, it is often virtually impossible to refer to a particular product for purposes of comparison, criticism, point of reference or any other such purpose without using the mark. For example, reference to a large automobile manufacturer based in Michigan would not differentiate among the Big Three

*New Kids on the Block v. News America Pub., Inc.*, 971 F.2d 302, 306–07 (9th Cir. 1992).

<sup>14</sup>*See WCVB-TV v. Boston Athletic Ass’n*, 926 F.2d 42, 46 (1st Cir. 1991).

<sup>15</sup>*New Kids on the Block v. News America Pub., Inc.*, 971 F.2d 302, 308 (9th Cir. 1992).

<sup>16</sup>*New Kids on the Block v. News America Pub., Inc.*, 971 F.2d 302,

*Block v. News America Publishing, Inc.*,<sup>17</sup> a use will be deemed fair if (1) the goods or services identified are not readily identifiable without use of the mark; (2) only so much of the mark or marks are used as is reasonably necessary to identify the product or service; and (3) the user does nothing that would, in conjunction with the mark, suggest sponsorship or endorsement by the trademark holder.<sup>18</sup> In potential

308 (9th Cir. 1992).

<sup>17</sup>*New Kids on the Block v. News America Pub., Inc.*, 971 F.2d 302 (9th Cir. 1992).

<sup>18</sup>*New Kids on the Block v. News America Pub., Inc.*, 971 F.2d 302, 308 (9th Cir. 1992); see also, e.g., *Adobe Systems Inc. v. Christenson*, 809 F.3d 1071, 1081-82 (9th Cir. 2015) (holding that a defendant's use of Adobe marks in connection with an alleged "bait and switch" campaign to market academic and OEM products by describing them as "full" or "retail" versions, while perhaps actionable under theories of false advertising or unfair competition, constituted nominative fair use in a trademark infringement suit because the use of the marks identified the products themselves, and was not intended to inspire a mistaken belief on the part of consumers that the defendant was sponsored or endorsed by the trademark holder); *Playboy Enterprises, Inc. v. Netscape Communications Corp.*, 354 F.3d 1020, 1030 (9th Cir. 2004) (holding that the purchase of "Playboy" and "Playmate" as keywords to trigger banner advertisements for a hard core pornography site was not a nominative fair use because defendants could have used other words, besides Playboy's trademarks, to trigger adult-oriented banner advertisements, and in fact did so, using over 400 other terms); *Horphag Research Ltd. v. Pellegrini*, 337 F.3d 1036 (9th Cir. 2003); *Brother Records, Inc. v. Jardine*, 318 F.3d 900 (9th Cir. 2003); *Cairns v. Franklin Mint Co.*, 292 F.3d 1139 (9th Cir. 2002) (holding that the sale of collectibles bearing the name and likeness of Princess Diana was a nominative fair use); *Playboy Enterprises, Inc. v. Welles*, 279 F.3d 796 (9th Cir. 2002) (holding that the use of "Playboy," "Playmate," and "Playmate of the Year 1981" on the terriwelles.com website and in headlines, banner advertisements and metatags used to promote and generate traffic to the site constituted a nominative fair use where the defendant in fact was the 1981 Playmate of the Year and therefore these uses served to identify the defendant rather than imply current sponsorship or endorsement, but use of "PMOY" as wallpaper in the background of the site was not a nominative use because Ms. Welles did not use only so much of the mark as necessary in that instance to identify herself as the 1981 Playmate of the Year); *Abdul-Jabbar v. General Motors Corp.*, 85 F.3d 407 (9th Cir. 1996). But see *Warner Bros. Entertainment, Inc. v. Global Asylum, Inc.*, 544 F. App'x 683, 683-84 (9th Cir. 2013) (affirming the district court's rejection of defendant's assertion of nominative fair use, in affirming the entry of a preliminary injunction, where the defendant had argued that the characters in its movie were based on members of the real species *homo floresiensis*, and not from Tolkien's fantasy hobbit characters, because members of the species *homo floresiensis* had been nicknamed "Hobbits" by scientists and journalists in reference to Tolkien's characters;

fair use case, this test has been applied in place of the test for likelihood of confusion. Once a defendant shows that a mark is used to describe the trademarked good, the burden shifts to the plaintiff to show likelihood of confusion.<sup>19</sup>

Following on statements about the interplay between statutory fair use under section 1115 and confusion in *dicta* in the U.S. Supreme Court's opinion in *KP Permanent Make-Up, Inc. v. Lasting Impression I, Inc.*,<sup>20</sup> the Third Circuit has adopted a two-part approach for evaluating nominative fair use cases. First, the plaintiff must prove that "confusion is likely due to the defendant's use of the mark."<sup>21</sup> Once the plaintiff has met its burden of showing a likelihood of confusion, "the burden then shifts to defendant to show that its nominative use of plaintiff's mark is nonetheless fair."<sup>22</sup>

The "likelihood of confusion" test applied in potential nominative fair use cases in the Third Circuit is a variation of the traditional multifactor test set forth in section 6.08.<sup>23</sup> Not all of the traditional factors, however, are applied. The

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"The district court properly recognized that a nominative fair use defense is not available because Asylum used the 'Hobbit' mark in the title *Age of the Hobbits* to refer to Asylum's product and not the Studios' product."

<sup>19</sup>*Toyota Motor Sales, U.S.A., Inc. v. Tabari*, 610 F.3d 1171, 1183 (9th Cir. 2010).

<sup>20</sup>*KP Permanent Make-Up, Inc. v. Lasting Impression I, Inc.*, 543 U.S. 111 (2004); see generally *supra* § 6.14[2][B]. KP Permanent was a statutory fair use case where, by definition, the mark at issue is descriptive.

<sup>21</sup>*Century 21 Real Estate Corp. v. Lendingtree, Inc.*, 425 F.3d 211, 222 (3d Cir. 2005).

<sup>22</sup>*Century 21 Real Estate Corp. v. Lendingtree, Inc.*, 425 F.3d 211, 222 (3d Cir. 2005).

<sup>23</sup>Those factors in the Third Circuit are:

- (1) the degree of similarity between the owner's mark and the alleged infringing mark;
- (2) the strength of the owner's mark;
- (3) the price of the goods and other factors indicative of the care and attention expected of consumers when making a purchase;
- (4) the length of time the defendant has used the mark without evidence of actual confusion;
- (5) the intent of the defendant in adopting the mark;
- (6) evidence of actual confusion;
- (7) whether the goods, though not competing, are marketed through the same channels of trade and advertised through the same media;
- (8) the extent to which the targets of the parties' sales efforts are the same;

first two factors—the degree of similarity and the strength of the mark—are deemed neither useful nor appropriate in a nominative fair use case.<sup>24</sup> The other factors may be considered, subject to the district court’s determination in each case which factors are appropriate, guided by the ultimate goal of “assess[ing] whether consumers are likely to be confused by the use not because of its nominative nature, but rather because of the manner in which the mark is being nominatively employed.”<sup>25</sup> In other words, likelihood of confusion would have to be shown without reference to the degree of similarity between the owner’s mark and the alleged infringer’s mark and the strength of the owner’s mark, because these factors would tend to show likelihood of confusion in a nominative fair use case, precisely “*because* the mark is being employed in a nominative manner.”<sup>26</sup>

If a plaintiff meets its burden of showing likelihood of confusion under this modified test, the burden then shifts to the defendant to show that the use is a nominative fair use. Characterizing the Ninth Circuit test as suffering from a lack of clarity, the Third Circuit requires consideration of whether: (1) the use of plaintiff’s mark is necessary to describe (a) plaintiff’s product or service, and (b) defendant’s product or service; (2) only so much of the plaintiff’s mark used as is necessary to describe plaintiff’s products or services; and (3) the defendant’s conduct or language reflect the true and accurate relationship between the plaintiff and

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- (9) the relationship of the goods in the minds of consumers because of the similarity of function; and
  - (10) other facts suggesting that the consuming public might expect the prior owner to manufacture a product in the defendant’s market or that he is likely to expand into that market.

See *Interpace Corp. v. Lapp, Inc.*, 721 F.2d 460, 463 (3d Cir. 1983); *Scott Paper Co. v. Scott’s Liquid Gold, Inc.*, 589 F.2d 1225 (3d Cir. 1978); see generally *supra* § 6.08.

<sup>24</sup>425 F.3d at 225.

<sup>25</sup>425 F.3d at 226 (emphasis in original); see also, e.g., *Buying For The Home, LLC v. Humble Abode, LLC*, 459 F. Supp. 2d 310 (D.N.J. 2006) (applying this test in a sponsored link case and evaluating (1) the price of the goods and other factors indicative of the care and attention expected of consumers when making a purchase; (2) the length of time the defendant has used the mark without evidence of actual confusion; (3) the intent of the defendant in adopting the mark; and (4) evidence of actual confusion).

<sup>26</sup>425 F.3d at 224 (emphasis in original).

defendant's products or services.<sup>27</sup>

The Third Circuit test, derived from Ninth Circuit law and the Supreme Court's *KP Permanent Make-Up, Inc.* decision, plainly differs from the Ninth Circuit in the particular fair use factors that each circuit applies. The Third Circuit's emphasis on whether use is necessary to describe both the plaintiff and the defendant's product arguably reflects a more cramped view of nominative fair use than that articulated by the Ninth Circuit, which focuses on whether the use is necessary to describe the trademark owner's product. The Third Circuit's focus on whether "the defendant's conduct or language reflect the true and accurate relationship between the plaintiff and defendant's products or services" likewise arguably may result in a different outcome at the margin than the Ninth Circuit's focus on whether the defendant falsely implies sponsorship or endorsement from the trademark owner.

Even years later, it is not entirely clear whether and to what extent likelihood of confusion would be considered in conjunction with nominative fair use in the Ninth Circuit in light of the U.S. Supreme Court's decision in *KP Permanent Make-Up, Inc.* *KP Permanent Make-Up* was a statutory fair use case, not one involving nominative fair use, and the Supreme Court merely suggested without expressly holding that confusion be considered in conjunction with fair use under section 1115. Nevertheless, even mere suggestions by the Supreme Court can be influential.

On remand, the Ninth Circuit ruled in *KP Permanent Make-Up, Inc.* that the issue of fair use presented a jury question that precluded summary judgment, citing the Supreme Court's opinion for the proposition that "customer confusion remains a factor in evaluating fair use."<sup>28</sup> It remains unclear whether the Ninth Circuit today would include confusion factors in its assessment of nominative, as opposed to statutory fair use and if so, precisely how they would be applied.

In the *New Kids on the Block* case, the pop group New Kids on the Block sued two newspapers which had run reader polls inviting people to register their votes for the

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<sup>27</sup>425 F.3d at 228–31.

<sup>28</sup>*KP Permanent Make-Up, Inc. v. Lasting Impression I, Inc.*, 408 F.3d 596, 609 (9th Cir. 2005); see generally *supra* § 6.14[2][B] (discussing the case).

most popular or sexiest member of the group on 900-number telephone lines maintained by the newspapers. The musical group, which operated its own 900-number, brought suit for trademark infringement, unfair competition, false advertising and related claims under the Lanham Act and California state law. The Ninth Circuit rejected plaintiff's argument that the newspapers' use of plaintiff's name in conducting unauthorized polls implied that the surveys were sponsored by the musical group, finding that trademark protection "does not extend to rendering newspaper articles, conversations, polls and comparative advertising."<sup>29</sup> The Ninth Circuit found that the newspapers only used the minimum references necessary to identify plaintiffs as the subject of their polls and did not imply that plaintiffs had sponsored or endorsed the surveys.<sup>30</sup> The fact that the newspapers used plaintiffs' mark for profit in competition with plaintiffs' own 900-number telephone service was deemed irrelevant since defendants' use of the mark did not imply plaintiffs' sponsorship or endorsement.<sup>31</sup>

By contrast, in *Abdul-Jabbar v. General Motors Corp.*,<sup>32</sup> the Ninth Circuit held that General Motors' use—without permission—of basketball star Kareem Abdul-Jabbar's given name, Lew Alcindor, was not so clearly a nominative fair use that the district court's entry of summary judgment for the defendants was justified. In reversing the lower court, the appellate panel noted that use of celebrity endorsements in television commercials was so well established that, unlike the reader's poll at issue in the *New Kids on the Block* case, a jury could well find that GM's use implied that Mr. Abdul-Jabbar endorsed its products.<sup>33</sup>

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<sup>29</sup>571 F.2d at 308.

<sup>30</sup>571 F.2d at 308. As an example, the Ninth Circuit clarified that "a soft drink competitor would be entitled to compare its product to Coca-Cola or Coke, but would not be entitled to use Coca-Cola's distinctive lettering." 571 F.2d at 308 n.7.

<sup>31</sup>571 F.2d at 309. The Ninth Circuit further noted that plaintiffs could not have used their trademarks to prevent publication of an unauthorized biography or to censor parodies which used their name. The court wrote that "the trademark laws do not give the New Kids the right to channel their fans' enthusiasm (and dollars) only into items licensed or authorized by them." 571 F.2d at 308.

<sup>32</sup>*Abdul-Jabbar v. General Motors Corp.*, 85 F.3d 407 (9th Cir. 1996).

<sup>33</sup>In that case, the Ninth Circuit also found that GM did not limit its



In *Playboy Enterprises, Inc. v. Welles*,<sup>34</sup> the Ninth Circuit held that Terri Welles' use of "Playboy," "Playmate," and "Playmate of the Year 1981" on the *terriwelles.com* website and in headlines, banner ads, and metatags used to promote and generate traffic to the site constituted a nominative fair use where the defendant in fact was the 1981 Playmate of the Year and therefore these uses served to identify the defendant rather than imply current sponsorship or endorsement. In the words of the district court:

[T]here is no other way that Ms. Welles can identify or describe herself and her services without venturing into absurd descriptive phrases. To describe herself as the "nude model selected by Mr. Hefner's magazine as its number-one prototypical woman for the year 1981" would be impractical as well as ineffectual in identifying Terri Welles to the public.<sup>35</sup>

The court held that Welles used only so much of the marks as reasonably necessary in connection with the banner advertisements and headlines because she used "only the trademarked words, not the font or symbols associated with the trademarks."<sup>36</sup> The court also concluded that Welles did nothing in conjunction with these uses to suggest sponsorship or endorsement by Playboy Enterprises, Inc. (PEI) It wrote that "[t]he marks are clearly used to describe the title she received from PEI in 1981, a title that helps describe who she is."<sup>37</sup> The court pointed out that in addition to doing nothing in conjunction with her use of the marks to suggest sponsorship or endorsement by PEI, Welles affirmatively

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use to plaintiff's name, but also made reference to his accomplishments which it compared to its Olds 88 automobile. *See Abdul-Jabbar v. General Motors Corp.*, 85 F.3d 407, 413 (9th Cir. 1996).

<sup>34</sup>*Playboy Enterprises, Inc. v. Welles*, 279 F.3d 796 (9th Cir. 2002).

<sup>35</sup>*Playboy Enterprises, Inc. v. Welles*, 279 F.3d 796, 802 (9th Cir. 2002) (quoting the district court). *Welles* was followed in a subsequent district court opinion involving factual assertions about the defendant's receipt of an award from the plaintiff. *See Comparion Medical Analytics, Inc. v. Prime Healthcare Services, Inc.*, Case No. 2:14-CV-3448 SVW (MANx), 2015 WL 12746228, at \*1-5 (C.D. Cal. Apr. 14, 2015) (granting summary judgment for the defendant on claims for trademark infringement and unfair competition under the Lanham Act and common law unfair competition, based on nominative fair use, in a case brought by a company that "grants to hospitals awards, and then sells them the right to publicize the awards . . .," where the plaintiff gave the defendant "numerous awards . . . [and] then sued Prime for posting news of the awards on its website . . ." without a license to do so).

<sup>36</sup>*Playboy Enterprises, Inc. v. Welles*, 279 F.3d 796 (9th Cir. 2002).

<sup>37</sup>*Playboy Enterprises, Inc. v. Welles*, 279 F.3d 796, 803 (9th Cir. 2002).

disavowed any sponsorship or endorsement by including a clear disclaimer. It cautioned, however, that “affirmative actions of this type” are not required when a use is nominative.<sup>38</sup>

The court found Welles’ use of Playboy’s marks as metatags to also be a nominative use because “Welles has no practical way of describing herself without using trademarked terms. In the context of metatags, . . . she has no practical way of identifying the content of her website without referring to PEI’s trademarks.”<sup>39</sup> The court noted that the terms were not repeated extensively, such that her site would appear at the top of a search results list.<sup>40</sup> The court found that the trademarked terms accurately described the contents of the website. In addition, the court wrote that:

Forcing Welles and others to use absurd turns of phrase in their metatags, such as those necessary to identify Welles, would be particularly damaging in the internet search context. Searchers would have a much more difficult time locating relevant websites if they could do so only by correctly guessing the long phrases necessary to substitute for trademarks . . . . There is simply no descriptive substitute for the trademarks used in Welles’ metatags. Precluding their use would have the unwanted effect of hindering the free flow of information on the Internet, something which is certainly not a goal of trademark law.<sup>41</sup>

The court noted in *dicta* that its decision might have been different “if the metatags listed the trademarked term so repeatedly that Welles’ site would regularly appear above PEI’s in searches for one of the trademarked terms.”<sup>42</sup>

By contrast, the court held that the use of wallpaper in the background of Welles’ site with the repeated, stylized use of the abbreviation “PMOY 1981” was not a nominative use. Put simply, the court found that the repeated depiction of “PMOY 1981” was not necessary to describe Welles.<sup>43</sup>

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<sup>38</sup>*Playboy Enterprises, Inc. v. Welles*, 279 F.3d 796, 803 n.26 (9th Cir. 2002).

<sup>39</sup>*Playboy Enterprises, Inc. v. Welles*, 279 F.3d 796, 803 (9th Cir. 2002).

<sup>40</sup>*Playboy Enterprises, Inc. v. Welles*, 279 F.3d 796 (9th Cir. 2002).

<sup>41</sup>*Playboy Enterprises, Inc. v. Welles*, 279 F.3d 796, 803–04 (9th Cir. 2002).

<sup>42</sup>*Playboy Enterprises, Inc. v. Welles*, 279 F.3d 796, 804 (9th Cir. 2002).

<sup>43</sup>*Playboy Enterprises, Inc. v. Welles*, 279 F.3d 796, 804–05 (9th Cir. 2002).

In *Tiffany (NJ) Inc. v. eBay, Inc.*,<sup>44</sup> Judge Richard Sullivan of the Southern District of New York entered judgment for eBay, following a bench trial, on claims for contributory trademark infringement, unfair competition, false advertising and dilution and ruled that eBay's use of Tiffany's trademarks in its advertising, on its homepage, and in sponsored links purchased through Yahoo! and Google constituted a nominative fair use. On appeal, the court largely affirmed, but declined to address the viability of the nominative fair use doctrine in the Second Circuit. Judge Sack, writing for the panel, ruled that eBay's use of the Tiffany mark to purchase sponsored links was not actionable because eBay used the mark to describe accurately the genuine Tiffany products offered for sale on its website and none of eBay's uses suggested that Tiffany affiliated itself with eBay or endorsed the sale of its products through eBay's website.<sup>45</sup> The court found it unnecessary to apply either the Third or Ninth Circuit tests or determine if nominative fair use is an affirmative defense or part of the likelihood of confusion analysis, holding simply that "a defendant may lawfully use a plaintiff's trademark where doing so is necessary to describe the plaintiff's product and does not imply a false affiliation or endorsement by the plaintiff of the defendant."<sup>46</sup>

The court likewise affirmed the entry of judgment for eBay on Tiffany's dilution claim based on the finding that eBay never used Tiffany's marks in an effort to create an association with its product, but merely to advertise the availability of authentic Tiffany merchandise on eBay's website.<sup>47</sup>

Although the Second Circuit did not articulate a view on nominative fair use in *Tiffany v. eBay*, several years later, in *International Information Systems Security Certification Consortium, Inc. v. Security University, LLC*,<sup>48</sup> it weighed in to disagree with Third Circuit's treatment of nominative fair

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<sup>44</sup>*Tiffany (NJ) Inc. v. eBay, Inc.*, 576 F. Supp. 2d 463 (S.D.N.Y. 2008), *aff'd*, 600 F.3d 93 (2d Cir.), *cert. denied*, 562 U.S. 1082 (2010).

<sup>45</sup>*Tiffany (NJ) Inc. v. eBay, Inc.*, 600 F.3d 93, 107–08 (2d Cir.), *cert. denied*, 562 U.S. 1082 (2010).

<sup>46</sup>*Tiffany (NJ) Inc. v. eBay, Inc.*, 600 F.3d 93, 107–08 (2d Cir.), *cert. denied*, 562 U.S. 1082 (2010).

<sup>47</sup>*Tiffany (NJ) Inc. v. eBay, Inc.*, 600 F.3d 93, 111–12 (2d Cir.), *cert. denied*, 562 U.S. 1082 (2010); *see supra* § 6.11[3]. *Tiffany v. eBay* is discussed more extensively in connection with secondary liability in section 6.10[2][I] and false advertising in section 6.12[5].

<sup>48</sup>*International Information Systems Security Certification*

use as an affirmative defense, finding that the Supreme Court’s analysis in *KP Permanent Make-Up, Inc. v. Lasting Impression I, Inc.*,<sup>49</sup> interpreted an express provision of the Lanham Act addressing “classic, or descriptive, fair use as an affirmative defense.”<sup>50</sup> As has long been noted in this treatise, the Second Circuit observed that nominative fair use is different from the descriptive use established as an affirmative defense by section 1115(b)(4). The Second Circuit rejected the notion that nominative fair use should be an affirmative defense because “[n]ominative use involves using the mark at issue as a mark to specifically invoke the markholder’s mark, rather than its use, other than as a mark, to describe the alleged infringer’s goods or services”—noting dismissively that “[i]f Congress had wanted nominative fair use to constitute an additional affirmative defense, it would have provided as such.”<sup>51</sup> Nevertheless, the court did not embrace the Ninth Circuit approach, “see[ing] no reason to replace the *Polaroid* test in this context . . .” with a separate test, like the Ninth Circuit’s.<sup>52</sup> Instead, recognizing “that many of the *Polaroid* factors are a bad fit” in a nominative fair use case, because the Second Circuit has “repeatedly emphasized that the *Polaroid* factors are non-exclusive[ . . . ,]” it articulated a modified version of the Second Circuit’s standard test for evaluating likelihood of confusion to account for nominative fair use.<sup>53</sup> Specifically, the court held that,

in nominative use cases, district courts are to consider the Ninth Circuit and Third Circuit’s nominative fair use factors, in addition to the *Polaroid* factors. When considering a likeli-

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*Consortium, Inc. v. Security University, LLC*, 823 F.3d 153, 167-68 (2d Cir. 2016).

<sup>49</sup>*KP Permanent Make-Up, Inc. v. Lasting Impression I, Inc.*, 543 U.S. 111 (2004).

<sup>50</sup>*International Information Systems Security Certification Consortium, Inc. v. Security University, LLC*, 823 F.3d 153, 167 (2d Cir. 2016).

<sup>51</sup>*International Information Systems Security Certification Consortium, Inc. v. Security University, LLC*, 823 F.3d 153, 167 (2d Cir. 2016).

<sup>52</sup>*International Information Systems Security Certification Consortium, Inc. v. Security University, LLC*, 823 F.3d 153, 168 (2d Cir. 2016).

<sup>53</sup>*International Information Systems Security Certification Consortium, Inc. v. Security University, LLC*, 823 F.3d 153, 168 (2d Cir. 2016).

hood of confusion in nominative fair use cases, *in addition to* discussing each of the *Polaroid* factors, courts are to consider: (1) whether the use of the plaintiff's mark is necessary to describe both the plaintiff's product or service and the defendant's product or service, that is, whether the product or service is not readily identifiable without use of the mark; (2) whether the defendant uses only so much of the plaintiff's mark as is necessary to identify the product or service; and (3) whether the defendant did anything that would, in conjunction with the mark, suggest sponsorship or endorsement by the plaintiff holder, that is, whether the defendant's conduct or language reflects the true or accurate relationship between plaintiff's and defendant's products or services.<sup>54</sup>

Judge Pooler, writing for himself and Judges Calabresi and Straub, emphasized in a footnote, however, that in light of the flexible nature of the *Polaroid* test, "this combination of factors is not exclusive, and other factors may be considered where relevant."<sup>55</sup>

In remanding the case for further proceedings in light of its new test for nominative fair use, the Second Circuit panel offered two other observations about the test it articulated. With respect to the second nominative fair use factor in the Second Circuit's test, Judge Pooler directed courts "to consider whether the alleged infringer 'step[ped] over the line into a likelihood of confusion by using the senior user's mark too prominently or too often, in terms of size, emphasis, or repetition.'"<sup>56</sup>

With respect to the third factor in the Second Circuit's

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<sup>54</sup>*International Information Systems Security Certification Consortium, Inc. v. Security University, LLC*, 823 F.3d 153, 168 (2d Cir. 2016).

<sup>55</sup>*International Information Systems Security Certification Consortium, Inc. v. Security University, LLC*, 823 F.3d 153, 168 n.6 (2d Cir. 2016).

<sup>56</sup>*International Information Systems Security Certification Consortium, Inc. v. Security University, LLC*, 823 F.3d 153, 168-69 (2d Cir. 2016), *citing* McCarthy § 23:11; *PACCAR Inc. v. TeleScan Technologies, L.L.C.*, 319 F.3d 243, 256 (6th Cir. 2003) ("Using [the plaintiff's] trademarks in its domain names, repeating the marks in the main titles of the web sites and in the wallpaper underlying the web sites, and mimicking the distinctive fonts of the marks go beyond using the marks 'as is reasonably necessary to identify' [the plaintiff's] trucks, parts, and dealers."), *abrogated on other grounds by KP Permanent Make-Up, Inc.*, 543 U.S. at 116-17; *Brother Records, Inc. v. Jardine*, 318 F.3d 900, 908 (9th Cir. 2003) (considering the fact that the defendant used the mark "The Beach Boys' more prominently and boldly" than the rest of its name "The Beach Boys Family and Friends" such that event organizers and

test, Judge Pooler directed courts to “not, as the district court did here, consider only source confusion, but rather [courts] must consider confusion regarding affiliation, sponsorship, or endorsement by the mark holder.”<sup>57</sup>

Where applicable, nominative fair use may provide a defense to Lanham Act trademark infringement cases and unfair competition under both the Lanham Act and common law principles in at least some states.<sup>58</sup>

It remains to be seen how the nominative fair use doctrine develops. At the present time, at the margins, where a company sues or is sued could be outcome determinative in some cases that turn on nominative fair use.

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members of the audience were confused about who was performing); *Playboy Enters., Inc. v. Welles*, 279 F.3d 796, 804 (9th Cir. 2002) (holding that defendant’s repeated use of the abbreviation “PMOY ‘81” meaning “Playmate of the Year 1981” on the background/wallpaper of her website failed to establish nominative fair use because “[t]he repeated depiction of “PMOY ‘81” is not necessary to describe [the defendant]”), *abrogated on other grounds by Miller v. Gammie*, 335 F.3d 889 (9th Cir. 2003); *cf. Swarovski Aktiengesellschaft v. Building No. 19, Inc.*, 704 F.3d 44, 51–52 (1st Cir. 2013) (reversing preliminary injunction restricting discount retailer from using large size font in advertising sale of “Swarovski” crystal figurines because lower court erred by assuming that retailer used “more of the mark than necessary” without determining if large size font was likely to cause consumer confusion).

The long string cite provided by the Second Circuit panel provides some guidance for future cases.

<sup>57</sup>*International Information Systems Security Certification Consortium, Inc. v. Security University, LLC*, 823 F.3d 153, 169 (2d Cir. 2016), *citing Courtenay Commc’ns Corp. v. Hall*, 334 F.3d 210, 213 n. 1 (2d Cir. 2003) (vacating dismissal of Lanham Act claims and holding nominative fair use did not supply alternative grounds for dismissal because defendant’s “hyperlink connection to a page of endorsements suggests affiliation, sponsorship, or endorsement by” the plaintiff (internal quotation marks omitted)).

<sup>58</sup>*See, e.g., Comparion Medical Analytics, Inc. v. Prime Healthcare Services, Inc.*, Case No. 2:14-CV-3448 SVW (MANx), 2015 WL 12746228, at \*1-5 (C.D. Cal. Apr. 14, 2015) (applying nominative fair use in granting summary judgment for the defendant on claims for trademark infringement and unfair competition under the Lanham Act and common law unfair competition in a case brought by a company that “grants to hospitals awards, and then sells them the right to publicize the awards . . . ,” where the plaintiff gave the defendant “numerous awards . . . [and] then sued Prime for posting news of the awards on its website . . .” without a license to do so); *see generally Seltzer v. Green Day, Inc.*, 725 F.3d 1170, 1180 n.1 (9th Cir. 2013) (stating that California unfair competition claims are “substantially congruent” with the Lanham Act).

### 6.14[3.5] Logos, Thumbnail Images and Favicons

As outlined in section 6.14[3], trademark fair use focuses, among other things, on whether a party uses more of a mark than necessary to describe a product. It has long been an article of faith among trademark lawyers that while use of a name or description may be a permissible fair use, use of trademarked logo typically is not. In the modern world of digital communications, where more people access the Internet via mobile devices—and therefore on small screens—the use of a small logo or thumbnail image may in fact amount to use of no more of a mark than necessary and indeed in some cases the only reasonable way to identify a particular website, product or service.

Today, small reproductions of logos are commonly used on the web to identify websites, companies, products, services or protected content. Underscoring the growing acceptance of this practice, many websites create their own favicons (or icons that are displayed in a URL's display bar in Microsoft Explorer) to allow users to more quickly and easily identify their sites. Thumbnail images—or smaller reproductions of larger images – similarly are widely used by websites and search engines to allow users to more easily identify material. For example, a movie or song title may identify multiple different works that share the same title, whereas a thumbnail image may identify specifically which motion picture or song is being offered. Some of these thumbnail images are licensed, whereas some are not. Even logos, when reproduced in small size, may be the most effective way in some contexts to identify a company, product or service, where spelling out the name in text would not as easily or effectively do so—especially given space limitations on the screens of mobile devices.

While the law has not yet caught up with this phenomenon, the Ninth Circuit's decision in *Playboy Enterprises, Inc. v. Welles*<sup>1</sup> provides some guidance. In *Welles*, the Ninth Circuit held that Terri Welles' use of "Playboy," "Playmate," and "Playmate of the Year 1981" on the *terriwelles.com* website and in headlines, banner ads, and metatags used to promote and generate traffic to the site constituted a nominative fair use where the defendant in fact was the 1981

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#### [Section 6.14[3.5]]

<sup>1</sup>*Playboy Enterprises, Inc. v. Welles*, 279 F.3d 796 (9th Cir. 2002).

Playmate of the Year and therefore these uses served to identify Welles rather than imply current sponsorship or endorsement. In the words of the district court:

[T]here is no other way that Ms. Welles can identify or describe herself and her services without venturing into absurd descriptive phrases. To describe herself as the “nude model selected by Mr. Hefner’s magazine as its number-one prototypical woman for the year 1981” would be impractical as well as ineffectual in identifying Terri Welles to the public.<sup>2</sup>

The court held that Welles used only so much of the marks as reasonably necessary in connection with the banner advertisements and headlines because she used “only the trademarked words, not the font or symbols associated with the trademarks.”<sup>3</sup>

The court noted in *dicta* that its decision might have been different “if the metatags listed the trademarked term so repeatedly that Welles’ site would regularly appear above PEI’s in searches for one of the trademarked terms.”<sup>4</sup>

By contrast, the court held that the use of wallpaper in the background of Welles’ site with the repeated, stylized use of the abbreviation “PMOY 1981” was not a nominative use. Put simply, the court found that the repeated depiction of “PMOY 1981” was not necessary to describe Welles.<sup>5</sup>

While prominent use of a logo—such as for wallpaper in the background of a website—or repeated use of a mark, is unlikely to be a fair use, display of a mark as a small logo in the style of a favicon to identify a site, product or service may be permissible where used to accurately identify the site, product or service where screen size and other limitations would make it impractical to identify the location, product or service by a text description. Because a more traditional analysis would suggest that use of a logo in any capacity is unlikely to be a fair use, it is advisable to display a title or description, rather than a small trademarked image or logo, where possible to do so. Nevertheless, in the future, courts may well consider that the display of a small image, logo or favicon-style icon to clearly identify a third

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<sup>2</sup>*Playboy Enterprises, Inc. v. Welles*, 279 F.3d 796, 802 (9th Cir. 2002) (quoting the district court).

<sup>3</sup>*Playboy Enterprises, Inc. v. Welles*, 279 F.3d 796 (9th Cir. 2002).

<sup>4</sup>*Playboy Enterprises, Inc. v. Welles*, 279 F.3d 796, 804 (9th Cir. 2002).

<sup>5</sup>*Playboy Enterprises, Inc. v. Welles*, 279 F.3d 796, 804–05 (9th Cir. 2002).



party website, product or service is a permissible fair or non-trademark use where it is deemed to take no more of the mark than necessary to accurately identify the site, product or service, and where the use does not imply sponsorship or endorsement.

### 6.14[4] Parody

A common misperception online is that parody provides a complete defense to a claim of infringement. Just because something may be amusing does not mean it is not infringing. The Ninth Circuit clarified that:

Some parodies will constitute an infringement, some will not. But the cry of ‘parody!’ does not magically fend off otherwise legitimate claims of trademark infringement or dilution. There are confusing parodies and non-confusing parodies. All they have in common is an attempt at humor through someone else’s trademark. A non infringing parody is merely amusing, not confusing.<sup>1</sup>

“A parody is a humorous or satirical imitation of a work of art that ‘creates a new art work that makes ridiculous the style and expression of the original.’”<sup>2</sup> A parody “depends on a lack of confusion to make its point,” and “must convey two simultaneous-and contradictory-messages: that it is the original, but also that it is *not* the original and is instead a parody.”<sup>3</sup> By contrast, “an unsuccessful parody—one that creates a likelihood of confusion—is not protected from an infringement suit.”<sup>4</sup>

A parody may be deemed a fair use when it is “so obvious

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#### [Section 6.14[4]]

<sup>1</sup>*Dr. Seuss Enterprises, L.P. v. Penguin Books USA, Inc.*, 109 F.3d 1394, 1405 (9th Cir. 1997) (quoting McCarthy on Trademarks § 31.38[1], at 31-216 (rev. ed. 1995)).

<sup>2</sup>*Eli Lilly & Co. v. Natural Answers, Inc.*, 233 F.3d 456, 463 (7th Cir. 2000) (holding that the defendant’s use of HERBROZAC as an herbal alternative to the drug PROZAC® was not a parody), quoting *Rogers v. Koons*, 960 F.2d 301, 309–10 (2d Cir. 1992).

<sup>3</sup>*Hormel Foods Corp. v. Jim Henson Productions, Inc.*, 73 F.3d 497, 503 (2d Cir. 1996) (internal quotations and citations omitted) (emphasis in original).

<sup>4</sup>*Utah Lighthouse Ministry v. Foundation for Apologetic Information and Research*, 527 F.3d 1045, 1057 (10th Cir. 2008), citing *Cliffs Notes, Inc. v. Bantam Doubleday Dell Pub. Group, Inc.*, 886 F.2d 490, 494 (2d Cir. 1989) (holding confusing parodies “vulnerable under trademark law”) and *L.L. Bean, Inc. v. Drake Publishers, Inc.*, 811 F.2d 26, 32 n.3 (1st Cir. 1987) (writing that confusing parodies “implicate the legitimate com-

that a clear distinction is preserved between the source of the target and the source of the parody . . .” and the purpose of the parody is not “‘to capitalize on a famous mark’s popularity for the defendant’s own commercial use.’”<sup>5</sup> Thus, meat sauce labeled “A.2” as a pun of the “A.1” mark<sup>6</sup> and a diaper bag with the words “Gucchi Goo” and red and green bands, which allegedly was intended to poke fun at Gucci’s mark and logo,<sup>7</sup> were both held infringing. Similarly, the parody book “The Cat *Not* in the Hat! By Dr. Juice,” which satirized the O.J. Simpson murder trial in the style of Dr. Seuss’ “The Cat in the Hat” was found to raise serious questions on the issue of infringement<sup>8</sup> where the court found that the defendant’s parody used or traded on plaintiff’s trademarks (the Cat’s stove-pipe hat, the words “Dr. Juice” in place of “Dr. Seuss” and the title “The Cat in the Hat”; the court characterized these as evidencing strong proximity and similarity) and many of the other likelihood of confusion test factors were indeterminate.<sup>9</sup>

Although parody may be considered in the context of fair use (and the legislative history of the Federal Trademark Dilution Act evidences that at least with respect to consideration of whether a defendant is engaged in “noncommercial use of a mark” within the meaning of 15 U.S.C.A. § 1125(c) it must be),<sup>10</sup> several courts have treated parody as a factor which should be considered in evaluating whether a plaintiff has established likelihood of confusion.<sup>11</sup> Under this view, a critical parody derives benefit from the reputation of the

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mercial and consumer objectives of trademark law”).

<sup>5</sup>*Dr. Seuss Enterprises, L.P. v. Penguin Books USA, Inc.*, 109 F.3d at 1405–06, citing *Hard Rock Cafe Licensing Corp. v. Pacific Graphics, Inc.*, 776 F. Supp. 1454, 1462 (W.D. Wash. 1991) (“Hard Rain” logo held an infringement of “Hard Rock” logo).

<sup>6</sup>*See Nabisco Brands, Inc. v. Kaye*, 760 F. Supp. 25 (D. Conn. 1991).

<sup>7</sup>*See Gucci Shops, Inc. v. R. H. Macy & Co.*, 446 F. Supp. 838 (S.D.N.Y. 1977).

<sup>8</sup>The case was before the Ninth Circuit as an appeal from the entry of a preliminary injunction order where the appellate court needed to evaluate merely whether serious questions were raised going to the merits of the dispute and the balance of hardships favored entry of a preliminary injunction. *See* 109 F.3d at 1394.

<sup>9</sup>109 F.3d at 1405–06.

<sup>10</sup>*See supra* § 6.14[2][C].

<sup>11</sup>*See, e.g., Elvis Presley Enterprises, Inc. v. Capece*, 141 F.3d 188, 194 (5th Cir. 1998); *Nike, Inc. v. Just Did It Enterprises*, 6 F.3d 1225, 1231

mark owner in that no parody could be made without the initial mark but “the benefit ‘arises from the humorous association, not from public confusion as to the source of the marks,’ . . . so no inference of confusion can be drawn . . .” simply because a mark was intentionally used.<sup>12</sup>

Thus, for example, in *Louis Vuitton Malletier, S.A. v. My Other Bag, Inc.*,<sup>13</sup> the Second Circuit affirmed summary judgment for the defendant on claims of trademark infringement and dilution brought by the luxury handbag company, Louis Vuitton, against the manufacturer of an inexpensive canvas bag that depicted a reproduction of a Louis Vuitton bag with the caption “My Other Bag.”

On Louis Vuitton’s trademark infringement claim, the court explained that “obvious differences in MOB’s mimicking of LV’s mark, the lack of market proximity between the products at issue, and minimal, unconvincing evidence of consumer confusion compel a judgment in favor of MOB on LV’s trademark infringement claim.”<sup>14</sup>

With respect to dilution, the court explained that:

“A parody must convey two simultaneous—and contradictory—messages: that it is the original, but also that it is not the original and is instead a parody.” *Hormel Foods Corp. v. Jim Henson Prods., Inc.*, 73 F.3d 497, 503 (2d Cir. 1996) (quoting *Cliffs Notes, Inc. v. Bantam Doubleday Dell Publ’g Grp., Inc.*, 886 F.2d 490, 495 (2d Cir. 1989)). MOB’s bags do precisely that. At the same time that they mimic LV’s designs and handbags in a way that is recognizable, they do so as a drawing on a product that is such a conscious departure from LV’s image of luxury—in combination with the slogan “My other bag”—as to convey that MOB’s tote bags are not LV handbags. The fact that the joke on LV’s luxury image is gentle, and possibly even complimentary to LV, does not preclude it from being a parody. . . . Indeed, a parody of LV’s luxury image is the very point of MOB’s plebian product. That distinguishes this case from ones cited by LV where a trademark was used

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(7th Cir. 1993); *Jordache Enterprises, Inc. v. Hogg Wyld, Ltd.*, 828 F.2d 1482, 1486 (10th Cir. 1987); see generally *supra* § 6.08 (likelihood of confusion).

<sup>12</sup>*Utah Lighthouse Ministry v. Foundation for Apologetic Information and Research*, 527 F.3d 1045, 1055 (10th Cir. 2008), quoting *Jordache Enterprises, Inc. v. Hogg Wyld, Ltd.*, 828 F.2d 1482, 1486 (10th Cir. 1987).

<sup>13</sup>*Louis Vuitton Malletier, S.A. v. My Other Bag, Inc.*, 674 F. App’x 16 (2d Cir. 2016).

<sup>14</sup>*Louis Vuitton Malletier, S.A. v. My Other Bag, Inc.*, 674 F. App’x 16, 18 (2d Cir. 2016).

merely to “promote” or “sell” goods and services, which is impermissible.<sup>15</sup>

Likewise, a court in New York dismissed the Lanham Act claim of an actress featured in a viral Internet video where images of the actress were replaced with French fries and other appetizers, in an advertisement for the TGI Friday’s restaurant, because she could not plausibly allege that consumers would likely be “confused or misled into thinking that she endorsed TGI Friday’s or its appetizers.”<sup>16</sup>

While many Lanham Act parody cases involve uses in commerce, some parodies are non-commercial and therefore not even actionable under the Lanham Act.<sup>17</sup>

Where a parody involves a use in commerce, whether parody is evaluated as an element of the likelihood of confusion balancing test or the fair use defense determines whether a plaintiff has the burden to negate an inference of parody or the defendant the burden to establish it. Except in very close cases, the outcome should be the same, especially because “even though it portrays the original, it also sends a message that it is not the original and is a parody, thereby lessening any potential confusion.”<sup>18</sup> Under either formulation, a parody should be deemed permissible if it mimics the original work to make fun of that work (as opposed to something else).<sup>19</sup> By contrast, a noninfringing parody is unlikely to be found where a defendant uses a mark to make fun of something different or admits that its spoof would be

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<sup>15</sup>*Louis Vuitton Malletier, S.A. v. My Other Bag, Inc.*, 674 F. App’x 16, 18 (2d Cir. 2016).

<sup>16</sup>*Roberts v. Bliss*, 229 F. Supp. 3d 240, 251-53 (S.D.N.Y. 2017).

<sup>17</sup>*See, e.g., Koch Indus., Inc. v. Does*, No. 2:10CV1275DAK, 2011 WL 1775765 (D. Utah May 9, 2011) (dismissing Lanham Act trademark infringement and unfair competition claims where a parody press release with a link to a phony website that had the same look as the actual Koch Industries site (which in turn contained a link to the real site) involved no commercial use. The press release related only to Koch’s political views and activities with no reference to any of its products or business practices, none of the media outlets that received the press release believed it and the only press coverage of the event referred to it as a hoax). When a parody or other potentially fair use may not be deemed to involve a use in commerce is analyzed further in section 6.14[5].

<sup>18</sup>*See, e.g., Elvis Presley Enterprises, Inc. v. Capece*, 141 F.3d 188, 199 (5th Cir. 1998).

<sup>19</sup>A virtually identical rule is applied in evaluating whether a parody constitutes a fair use under U.S. copyright law. *See supra* § 4.10.

almost as effective without use of the plaintiff's mark.<sup>20</sup>

Where a parody constitutes a legitimate noncommercial use of a mark, the fact that it was undertaken for profit or in fact devalues or places a mark in a negative context will not affect the outcome of a case.<sup>21</sup>

Additional parody cases are considered in the following section. A checklist of issues to consider is set forth in section 6.14[6].

### **6.14[5] Fair Use and First Amendment Issues Involving Consumer Criticism and Gripe Sites, Blogs and Personal Homepages**

Consumer criticism sites (also called gripe sites and sometimes denominated as “sucks” sites when that appellation is applicable) are websites and blogs dedicated to complaints about a single company or multiple businesses. It is often difficult to successfully challenge one of these sites because noncommercial use of a mark is not actionable as trademark infringement, dilution or unfair competition under the Lanham Act. Where a site has commercial components, remedies may be available (to the extent of the commercial use) unless the use of a mark represents a fair use. Even if potentially actionable, an infringement or unfair competition claim may be unsuccessful if a mark owner cannot show likelihood of confusion or dilution. For example, likelihood of confusion may be difficult to establish if a site owner's antipathy for the mark owner is clear (as in the case of “sucks” sites) or the site's status as a forum for criticism or commentary is apparent. Regardless of the commercial,

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<sup>20</sup>See *Elvis Presley Enterprises, Inc. v. Capece*, 141 F.3d 188, 200 (5th Cir. 1998) (deposition testimony that “The Velvet Elvis” lounge was intended to poke fun at faddish bars from the 1960s and “more pretentious” rock clubs like The Hard Rock Cafe or Planet Hollywood and “perhaps indirectly the country's fascination with Elvis,” but that the defendants “could successfully perform their parody without using Elvis Presley's name”).

<sup>21</sup>See *L.L. Bean, Inc. v. Drake Publishers, Inc.*, 811 F.2d 26, 31, (1st Cir. 1987) (pornographic parody of a mail order catalogue); *Mattel, Inc. v. MCA Records, Inc.*, 296 F.3d 894 (9th Cir. 2002) (holding Aqua's 1997 hit song “Barbie Girl” to be a noncommercial use of the “Barbie” and “Ken” marks and a protected parody under the First Amendment), *cert. denied*, 537 U.S. 1171 (2003). Both the *L.L. Bean* and *Mattel* cases analyze parody as protected speech under the First Amendment. First Amendment issues frequently arise in connection with celebrity rights of publicity, which are separately considered in sections 12.03 and 12.05[4].

confusing or dilutive nature of a site or the absence of any of these factors, where a confusingly similar or dilutive variation of a mark is used as a domain name, remedies may be available under the Anticybersquatting Consumer Protection Act (ACPA) if, but only if, a bad faith intent to profit from the use, registration or trafficking in the domain name may be shown. Alternatively, if a domain name is merely used in bad faith (rather than with a bad faith intent to profit), so long as use may be shown (and not mere registration), online arbitration in the form of ICANN's Uniform Domain Name Dispute Resolution Policy (UDRP) proceeding may be pursued, which is usually quick and inexpensive, although the decision is not binding if either party files suit within ten business days of receiving notice of a final decision.<sup>1</sup> In addition, if a mark is being used in a deceptive (as opposed to merely critical) manner, relief may be available because false or deceptive speech is not constitutionally protected. Businesses nevertheless should be careful and strategic in approaching user sites and blogs, both to evaluate whether and how a case could be presented that would be viable and to determine whether the very act of sending a cease and desist letter or filing suit will be productive or merely generate more publicity for the website or blog and the views expressed there. These strategic considerations, both in connection with Lanham Act claims and other remedies potentially available to address consumer critics or over-enthusiastic fans, are outlined in section 9.13. A checklist of Lanham Act issues to consider, which are analyzed in this subsection, is set forth in section 6.14[6].

Low barriers to entry allow almost anyone to publish content over the Internet. Fans, critics and others make it increasingly difficult for brand owners to control their identities in cyberspace.

Disgruntled former employees or angry customers, among others, may use a company's marks in ways harmful to the brand owner on blogs, social network pages or other Internet sites or services. While a business may be able to limit opportunities for mischief by registering in advance obvious variations of its marks and websites as domain names, and may use public relations firms and search optimization companies to increase the volume of positive material online

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**[Section 6.14[5]]**

<sup>1</sup>*See infra* § 7.05.

in response to critical information, once a gripe site has been established it may be difficult if not impossible to actually close it down. Depending on the facts of the case, use of a mark on a blog, personal homepage, fansite or consumer or employee criticism site—if undertaken in a noncommercial manner or not in a trademark sense, or potentially if qualified with adequate disclaimers or explanations (although disclaimers alone may not be sufficient)<sup>2</sup> and not deceptive—may be found not actionable, not likely to cause consumer confusion or dilute the value of the mark, a fair use or protected First Amendment speech. This may be the case even if the site displays harshly critical or offensive opinions about a company.<sup>3</sup>

Case law involving Internet fans and critics has evolved since the mid 1990s and is not entirely consistent. Decisions often turn on the specific facts presented—and those that appear most compelling to the trier of fact. As with any fact-specific area of law, the same essential facts presented by more skilled counsel or to triers of fact with different life experiences may, at the margin, lead to different outcomes. In addition, trial courts typically rule based on the legal positions presented to them by opposing parties and therefore may not consider better arguments that in hindsight should have been raised. Courts in different circuits also sometimes take a different view of the same legal question. All of these factors should be considered in evaluating potential claims and defenses—and whether to take action at all.

The first widely publicized case where the Internet was used to challenge a company arose out of *BellSouth Corp. v. Internet Classifieds*.<sup>4</sup> In that 1996 suit, BellSouth sought relief for state law dilution and other claims involving Internet website creator RealPages, Inc., which allegedly infringed its trademarks “The Real Yellow Pages,” “Real Talk,” “Real Consumer Tips,” “Real Savings Coupon” and “Let Your Fingers Do The Walking” by using the domain name

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<sup>2</sup>See *infra* § 7.08[3] (use of disclaimers).

<sup>3</sup>Many company executives and even lawyers who are not well versed with the law of defamation assume that nasty or offensive comments are actionable. Opinions, even when offensive, are protected by the First Amendment. Moreover, non-IP claims against sites or services for material posted by users or other third parties generally are preempted by the Communications Decency Act. See *infra* §§ 9.13, 37.05.

<sup>4</sup>*BellSouth Corp. v. Internet Classifieds of Ohio*, No. 1:96-CV-0769-CC, 1997 WL 33107251 (N.D. Ga. Nov. 12, 1997).

realpages.com and the terms “Real Pages,” “Real Internet Pages” and “Let Your Mouse Do the Walking.”<sup>5</sup> To publicize the dispute, defendants posted the pleadings on the realpages.com website and sought to gain public sympathy for their position (and generate negative publicity for BellSouth). The case underscored how the Internet had leveled the playing field—and indeed may give an advantage to a lone critic over a large organization or business entity by allowing that person a forum to air his or her grievances to the entire Internet community.

In *Bally Total Fitness Holding Corp. v. Faber*,<sup>6</sup> the first reported decision involving a consumer criticism site where the Lanham Act issues were analyzed extensively, a health club chain was unsuccessful in shutting down the “Bally Sucks” site operated by a website designer, which in the words of Judge Dean Pregerson of the Central District of California, was “dedicated to complaints about Bally’s health club business.” In analyzing likelihood of confusion, the court emphasized the limited possibility that consumers could confuse the defendant’s site with the genuine Bally site or the parties’ respective services:

Web page design is a service based on computer literacy and design skills. This service is far removed from the business of managing health clubs. The fact that the parties both advertise their respective services on the Internet may be a factor tending to show confusion, but it does not make the goods related. The Internet is a communications medium. It is not itself a product or a service. Further, Faber’s site states that it is “unauthorized” and contains the words “Bally sucks.” No reasonable consumer comparing Bally’s official website with Faber’s site would assume Faber’s site “to come from the same source, or thought to be affiliated with, connected with, or sponsored by, the trademark owner.”<sup>7</sup>

The court’s analysis illustrates potentially how easy it may be for a disgruntled former customer or employee to establish a blog or website critical of a mark owner. Indeed, the more blatantly abrasive the message, the less likely it is that a court would find consumer confusion. For example, Judge Pregerson found that use of the word “Sucks” superim-

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<sup>5</sup>For further discussion of the case, see generally *infra* § 7.29.

<sup>6</sup>*Bally Total Fitness Holding Corp. v. Faber*, 29 F. Supp. 2d 1161 (C.D. Cal. 1998).

<sup>7</sup>*Bally Total Fitness Holding Corp. v. Faber*, 29 F. Supp. 2d 1161 (C.D. Cal. 1998), quoting 3 J. Thomas McCarthy, McCarthy on Trademarks and Unfair Competition § 24:6, at 24-13 (1997).



posed over the plaintiff's mark made them dissimilar for purposes of likelihood of confusion analysis.<sup>8</sup> The use of the word "Sucks" also meant that "the reasonably prudent user would not mistake Faber's site for Bally's official site."

Judge Pregerson likewise held that the sites were not competitive, which also cut against a finding of likelihood of confusion. In the court's words, "Bally's site is a commercial advertisement. Faber's site is a consumer commentary. Having such different purposes demonstrates that these sites are not proximately competitive."

His analysis of the effect of defendant's site on consumers trying to reach Bally via a search engine request was especially instructive. Although Bally had argued that prospective users who mistakenly called up defendant's site might become discouraged and fail to continue to search for Bally's site, the court was unpersuaded because the defendant's site was intended for consumer criticism—rather than a commercial purpose—and the defendant prominently noted that it was "unauthorized." In addition, he did not use plaintiff's trademark as a domain name. Judge Pregerson wrote that:

Faber's use of the Bally mark does not significantly add to the large volume of information that the average user will have to sift through in performing the average Internet search. See *Teletech Customer Care Mgmt., Inc. v. TeleTech Co.*, 977 F. Supp. 1407, 1410 (C.D. Cal. 1997) (noting that average search can result in 800 to 1000 "hits"). Whether the average user has to sift through 799 or 800 "hits" to find the official Bally site will not cause the frustration indicated in *Teletech* and *Panavision* because Faber is not using Bally's marks in the domain name. Moreover, even if Faber did use the mark as part of a larger domain name, such as "ballysucks.com," this would not necessarily be a violation as a matter of law . . . . [N]o reasonably prudent Internet user would believe that "Ballysucks.com" is the official Bally site or is sponsored by Bally.

Judge Pregerson went even further, finding that the presence of a consumer criticism site actually could benefit consumers:

[T]he average Internet user may want to receive all the infor-

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<sup>8</sup>Judge Pregerson wrote that:

"Sucks" has entered the vernacular as a word loaded with criticism. Faber has superimposed this word over Bally's mark. It is impossible to see Bally's mark without seeing the word "sucks." Therefore, the attachment cannot be considered a minor change.

mation available on Bally. The user may want to access the official Internet site to see how Bally sells itself. Likewise, the user may also want to be apprised of the opinions of others about Bally.

For this reason, he found it important that the defendant be permitted to use Bally's trademark in metatags, since an order to the contrary "would effectively isolate him from all but the most savvy of Internet users." According to Judge Pregerson, "[t]he main remedy of the trademark owner is not an injunction to suppress the message, but a rebuttal to the message."

The court likewise held that the plaintiff was not likely to prevail on its claim of dilution. Although the site included internal links to other locations that showcased defendant's skills as a website designer, the court found that the site merely reflected his personal point of view, rather than an attempt to promote his business. Even if the defendant's use could be characterized as a commercial use in commerce (which was required at the time to state a claim for dilution),<sup>9</sup> the court held that tarnishment could not be shown. Moreover, Judge Pregerson ruled that dilution could not be established by links from the "Bally Sucks" site to gay pornographic content. The court also ruled that the plaintiff was unlikely to prevail on its claim for unfair competition.

By contrast, in another early case, *OBH, Inc. v. Spotlight Magazine, Inc.*,<sup>10</sup> a federal court in Buffalo found that the defendant's use of *thebuffalonews.com* domain name for a parody and criticism site was commercial because the site included links to defendant's other commercial websites. In that case the defendants, operators of a rental guide that competed for classified advertisements with the Buffalo News, used the same stylistic features on *thebuffalonews.com* as the genuine website for the newspaper (at *BuffNews.com*) and included links to other material on the Internet critical of *The Buffalo News*. The site included a prominent disclaimer explaining that it was intended as a parody site and a forum for commentary and was not affiliated with *The Buffalo News*. It also included links to competing news sites in Western New York. Defendants eventually also registered

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<sup>9</sup>Today, a plaintiff must show use in commerce, rather than "commercial use in commerce." See *supra* § 6.11.

<sup>10</sup>*OBH, Inc. v. Spotlight Magazine, Inc.*, 86 F. Supp. 2d 176 (W.D.N.Y. 2000).

*BuffaloNews.org* and *BuffaloNews.net*.

In finding initial interest confusion and preliminarily enjoining defendants from using the three Buffalo News domain names or holding themselves out as associated with *The Buffalo News* based on trademark infringement, dilution and unfair competition, the court concluded that the defendants used the mark “in the expectation that Internet users looking for *The Buffalo News*’ website would mistakenly come to his web site where they would encounter negative and disparaging comments about *The Buffalo News*. In other words, [they] hoped to trick users into coming to his web site and receiving his message.”<sup>11</sup> In so ruling, the court rejected defendants’ argument that their site was a fair use parody. The court noted that the site included a giant greeting “Welcome to thebuffalonews.com” that heightened confusion, rather than clarifying that the site was intended to be a parody.<sup>12</sup> Even if it were a parody, the court held that the use of the domain name created likelihood of initial interest confusion and therefore was actionable. It also ruled that likelihood of initial interest confusion could not be remedied by a disclaimer, which would not be seen by users until after they accessed the site.<sup>13</sup>

*Buffalo News* differs from *Bally* in that it involved the use of plaintiff’s mark as a domain name and its claimed non-trademark use (parody) was not evident from reviewing the site. In *Bally*, the non-commercial nature of the site was apparent and the domain name registrant did not use Bally’s mark as a domain name. The courts, however, also differed in their view of the significance of whether links to external sites amounted to commercial uses.

In subsequent cases the question of whether (and what type of) links may render a site commercial has likewise not been given uniform treatment by courts, although the number of links and whether they connect directly to commercial sites or only indirectly may be relevant. In *People for*

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<sup>11</sup>*OBH, Inc. v. Spotlight Magazine, Inc.*, 86 F. Supp. 2d 176, 183–84 (W.D.N.Y. 2000).

<sup>12</sup>An ineffective parody is often likely to cause confusion. *See supra* § 6.14[4] (analyzing fair use parody, which depends on a lack of confusion to make its point).

<sup>13</sup>*See infra* § 7.08[3] (use of disclaimers).

*the Ethical Treatment of Animals v. Doughney*,<sup>14</sup> the Fourth Circuit affirmed summary judgment for the mark owner where the defendant's parody site contained links to thirty commercial sites.<sup>15</sup> A link to a commercial site also may be viewed as actionable where the site on which it appears could be viewed as merely a conduit for another entity or organization, or a site whose purpose is to direct viewers to the other location, based on the limited nature of the site.<sup>16</sup> By contrast, in *Bosley Medical Institute, Inc. v. Kremer*,<sup>17</sup> the Ninth Circuit ruled that the defendant's use of *bosleymedical.com* as a consumer criticism site was not commercial merely because it linked to a newsgroup, *alt.baldspot*, which contained advertisements for Bosley Medical's competitors. The links in that case were deemed too attenuated.<sup>18</sup> Likewise, in *Utah Lighthouse Ministry v. Foundation for Apologetic Info. & Research (FAIR)*,<sup>19</sup> the Tenth Circuit, following *Bosley Medical*, held that three links from defendants' parody criticism site to articles on their main website were noncommercial where the links did not connect directly to the online bookstore housed on the site

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<sup>14</sup>*People for Ethical Treatment of Animals v. Doughney*, 263 F.3d 359 (4th Cir. 2001).

<sup>15</sup>In an early case following *Doughney* that did not involve links, *Fairbanks Capital Corp. v. Kenney*, 303 F. Supp. 2d 583, 591, 593-94 (D. Md. 2003), the court preliminarily enjoined the defendant from (1) using the 'FAIRBANKS' mark in any domain name associated with defendants' website; (2) using the 'FAIRBANKS' mark in the announcement on the Kenney website homepage, stating 'Welcome TO THE FAIRBANKS RESOURCE SITE' or as part of the website owner's contact address; and (3) using the 'FAIRBANKS' mark in the meta tags associated with the Kenney website." In that case, the defendant had registered a number of domain names that included the FAIRBANKS mark and confusingly named his site "The Fairbanks Resource Site," even though the purpose of the site plainly was consumer criticism. The opinion does not discuss commercial use or fair use principles and appears to be the result of superior lawyering by counsel for the plaintiff.

<sup>16</sup>*See Jews For Jesus v. Brodsky*, 993 F. Supp. 282, 297 (D.N.J. 1998) ("Considering the limited nature of the defendant's Internet site and its hyperlink to the outreach Judaism organization Internet site, it is apparent the defendant Internet site is a conduit to the outreach Judaism organization Internet site, notwithstanding the statement in the Disclaimer [to the contrary]."), *aff'd mem.*, 159 F.3d 1351 (3d Cir. 1998).

<sup>17</sup>*Bosley Medical Institute, Inc. v. Kremer*, 403 F.3d 672 (9th Cir. 2005).

<sup>18</sup>*Bosley Medical Institute, Inc. v. Kremer*, 403 F.3d 672, 677, (9th Cir. 2005).

<sup>19</sup>*Utah Lighthouse Ministry v. Foundation for Apologetic Information and Research*, 527 F.3d 1045 (10th Cir. 2008).

and the defendants' homepage was "overwhelmingly noncommercial in nature, and contain[ed] only an inconspicuous link to the . . . online bookstore."<sup>20</sup> Similarly, in *Lamparello v. Falwell*,<sup>21</sup> the Fourth Circuit discounted the significance of a link from a criticism site to Amazon.com, where users could purchase a book that the domain name registrant was promoting, although in that case evidence apparently was not presented to explain the potential commercial significance of the link.<sup>22</sup> Likewise, in *Taubman Co. v. Webfeats*,<sup>23</sup> the Sixth Circuit discounted the significance of links to the businesses of the registrant and his girlfriend. Similarly, in *Cintas Corp. v. United Here*,<sup>24</sup> a district court in the Southern District of New York discounted the significance of links from a union's gripe site to the UNITE HERE website, which in turn linked to the UNITE HERE store where the union sold "t-shirts, pins and other sundry items[,]" writing that "[t]he twice-removed links to a union 'store' is at least one bridge too far and insufficient to establish the use of the CINTAS mark for profit."<sup>25</sup> Links to commercial sites, in any case, are often not determinative, but merely one factor that

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<sup>20</sup>*Utah Lighthouse Ministry v. Foundation for Apologetic Information and Research*, 527 F.3d 1045, 1053 (10th Cir. 2008); see generally *infra* § 9.03[6] (analyzing links and the significance of *Utah Lighthouse* on this point).

<sup>21</sup>*Lamparello v. Falwell*, 420 F.3d 309 (4th Cir. 2005).

<sup>22</sup>*Lamparello v. Falwell*, 420 F.3d 309, 320 (4th Cir. 2005). The court noted that it was unclear that the defendant would necessarily profit from sales of the book purchased by users of his site. Given the way Amazon.com's affiliate program works, it is likely that the defendant would have earned revenue from sales of the book purchased by users who accessed Amazon.com from the fallwell.com website. Evidence to support this proposition, however, apparently was not presented to the court.

<sup>23</sup>*Taubman Co. v. Webfeats*, 319 F.3d 770, 775 (6th Cir. 2003).

<sup>24</sup>*Cintas Corp. v. United Here*, 601 F. Supp. 2d 571 (S.D.N.Y.), *aff'd mem.*, 355 F. App'x 508 (2d Cir. 2009).

<sup>25</sup>*Cintas Corp. v. United Here*, 601 F. Supp. 2d 571, 580 (S.D.N.Y) (dismissing dilution and ACPA claims based on the absence of a showing that defendant's conduct was undertaken for profit), *aff'd mem.*, 355 F. App'x 508 (2d Cir. 2009). In support of this proposition, the *Cintas* court cited *Utah Lighthouse Ministry v. Foundation for Apologetic Information & Research*, 527 F.3d 1045, 1053 (10th Cir. 2008) (holding that "the roundabout path to the commercial advertising of others is simply 'too attenuated'"), quoting *Bosley Med. Institute v. Kremer*, 403 F.3d 672, 679 (9th Cir. 2005).

courts will consider.<sup>26</sup>

Regardless of the import attached to links to commercial sites by different judges, courts generally agree that where criticism, fan or parody sites have *no* links to commercial sites, no advertising and no other specifically commercial content, they do not involve use of a mark in connection with goods or services or substantial advertising (i.e., any use is noncommercial or other than in a trademark sense) and therefore are not actionable under the Lanham Act<sup>27</sup> (other than potentially the ACPA).<sup>28</sup> Of course, whether a site is commercial or links to a commercial site are questions that may be hotly disputed in litigation and, at the margins, analyzed differently by different courts.

Where a use is entirely noncommercial, it will not be actionable. For example, in *Ford Motor Co. v. 2600 Enter-*

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<sup>26</sup>For example, in *Doughney*, it was likely more significant that the defendant was using the plaintiff's mark as a domain name, whereas in *Kremer* and *Utah Lighthouse* the courts focused on the non-commercial nature of the contents of the sites under consideration (and in *Utah Lighthouse*, the court found plaintiff's mark to be very weak).

<sup>27</sup>See, e.g., *Taylor Building Corp. of America v. Benfield*, 507 F. Supp. 2d 832, 846 (S.D. Ohio 2007) (granting summary judgment for a consumer critic in a trade dress infringement case where "Benfield's website contained no commercial content, provided no links to commercial websites, and offered no products or services for sale on the website."); *Savannah College of Art and Design, Inc. v. Houeix*, 369 F. Supp. 2d 929 (S.D. Ohio 2004) (granting judgment for a former professor who set up a criticism site at scad.info, where the mark owner's site was located at scad.edu but other entities had registered "SCAD" as domain names in other TLDs, and where the site contained links to the professor's LiveJournal page and Yahoo! but included no advertisements or links to advertising, except during the first month after the professor registered the domain name (before he set up his own site) when it was hosted by Register.com, which put up a placeholder "under construction" page that advertised Register.com's services); *Ford Motor Co. v. 2600 Enterprises*, 177 F. Supp. 2d 661 (E.D. Mich. 2001) (holding that use of a mark in HTML code to create a link from a noncommercial website to ford.com, where the link was created as art, for humor or for political purposes, was noncommercial); see also *TMI, Inc. v. Maxwell*, 368 F.3d 433 (5th Cir. 2004) (finding no use in commerce on similar grounds, in an ACPA case). As discussed later in the text of this section, TMI may be criticized because, among other things, use in commerce is not an element of an ACPA claim.

<sup>28</sup>The Anticybersquatting Consumer Protection Act, 15 U.S.C.A. § 1125(d), does not require a showing of use in commerce; merely, a bad faith intent to profit from the use, registration or trafficking in a domain name. See *infra* § 7.06.

*prises*,<sup>29</sup> the court denied Ford's motion for injunctive relief in a trademark infringement and dilution case where the defendant had registered FuckGeneralMotors.com and used the domain name to redirect traffic to Ford.com. Ford argued that its mark was being used by the defendant because he had inserted the Ford.com address into HTML code so that users who accessed the FuckGeneralMotors.com site were redirected by a link to Ford's website. There was no suggestion, however, that defendants, who claimed to be humorists, artists and protestors, provided any goods or services for sale under the FORD mark or that they solicited funds or otherwise engaged in any commercial activity. The court ruled that the defendant's noncommercial use of the Ford mark to create a link was not actionable. Following *Bally Total Fitness Holding Corp. v. Faber*,<sup>30</sup> the court wrote that linking is central to the way the Internet operates. Congress did not enact the federal dilution statute to be used "as a tool for eliminating Internet links that, in the trademark holder's subjective view, somehow disparage its trademark. Trademark law does not permit plaintiff to enjoin persons from linking to its homepage simply because it does not like the domain name or other content of the linking webpage."<sup>31</sup> The court concluded that defendant's use of FORD in programming code was simply noncommercial.

Similarly, where a site is a noncommercial protest or consumer criticism site, using the mark of the targeted company in metatags associated with the site will also be deemed noncommercial.<sup>32</sup>

Where a site is primarily noncommercial, *de minimis ef-*

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<sup>29</sup>*Ford Motor Co. v. 2600 Enterprises*, 177 F. Supp. 2d 661 (E.D. Mich. 2001).

<sup>30</sup>*Bally Total Fitness Holding Corp. v. Faber*, 29 F. Supp. 2d 1161 (C.D. Cal. 1998).

<sup>31</sup>*Ford Motor Co. v. 2600 Enterprises*, 177 F. Supp. 2d 661, 664 (E.D. Mich. 2001).

<sup>32</sup>*See, e.g., Bihari v. Gross*, 119 F. Supp. 2d 309, 321–24 (S.D.N.Y. 2000) (holding defendant's use of plaintiff's mark in the metatags in a consumer criticism site focused on the plaintiff's company to be a fair use); *Bally Total Fitness Holding Corp. v. Faber*, 29 F. Supp. 2d 1161, 1165 n.2 (C.D. Cal. 1998) (holding that the use of Bally's trademark in the metatags of a consumer criticism site did not involve use of a mark in connection with the sale of goods or services or substantial advertising and was not actionable, noting that an order to the contrary "would effectively isolate him from all but the most savvy of Internet users."); *see generally infra* § 9.10 (analyzing metatags and white-on-white text).

forts at generating revenue may not be sufficient to support a Lanham Act claim. For example, in *Taubman Co. v. Webfeats*,<sup>33</sup> the Sixth Circuit discounted commercial components of a consumer criticism site. In that case, the individual plaintiff, a Web designer who registered *shopsatwillowbend.com* as soon as he heard that Taubman was planning to open a mall by that name in Plano, Texas, set up a website that he characterized as a “fan site,” which contained links to the individual websites of tenant stores, as well as to his own website development business and his girlfriend’s t-shirt business.

Judge Suhrheinrich, on behalf of himself and Judges Boggs and Clay, conceded that links to the business sites of the defendant and his girlfriend on the *shopsatwillowbend.com* site, while “extremely minimal,” constituted use of plaintiff’s mark in connection with advertising and therefore was actionable, but the court declined to enter injunctive relief because defendants had removed one of the links and the court expressed confidence that the other link either had been or would be removed.<sup>34</sup> Alternatively, the court held there could be no likelihood of confusion because the defendant placed a disclaimer on the site clarifying that it was not the official website.<sup>35</sup> In so ruling, the court noted that if the defendant had not registered and used *shopsatwillowbend.com* potential customers who accessed the site in error would have “reached a dead address” whereas instead the defendant had created a link that they could use to easily access plaintiff’s genuine site.<sup>36</sup> Needless to say, this observation betrayed a misunderstanding about the way many consumers surf the net and the nature of

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<sup>33</sup>*Taubman Co. v. Webfeats*, 319 F.3d 770 (6th Cir. 2003).

<sup>34</sup>See *Taubman Co. v. Webfeats*, 319 F.3d 770, 775 (6th Cir. 2003).

<sup>35</sup>Other courts have held that the use of a disclaimer does not mitigate initial interest confusion, which is likely to be heightened when a third party’s mark is registered as a domain name. See *infra* § 7.08[3] (citing cases).

<sup>36</sup>Other courts undoubtedly would have ruled differently in *Taubman* given that the plaintiff registered the domain name as soon as he learned of the new development project, which is a tactic used by cybersquatters to reserve names. In addition, the use of a mark as a domain name is actionable in some courts for preventing the mark holder from using its own mark as a domain name. Further, some courts hold that a disclaimer is generally ineffective in addressing initial interest confusion where a registrant is using a mark owner’s trademark as a domain name. See *infra* § 7.08[3].



potential Internet confusion (although it also reflects the fact that at the time of the decision the Sixth Circuit had not expressly embraced initial interest confusion).<sup>37</sup> If visitors access a dead link, they are likely to continue searching for the genuine site. If they encounter someone else's website, they may never resume their search (and if the accessed site is commercial, it may benefit financially from misdirected users).

In *TMI, Inc. v. Maxwell*,<sup>38</sup> the Fifth Circuit ruled that the defendant's operation of a consumer criticism site was not actionable under the ACPA or the Texas anti-dilution statute, where a disgruntled potential customer of TMI, Inc., a company that built houses under the Trendmaker Homes mark, registered TrendmakerHome.com—one letter shorter than TMI's TrendmakerHomes.com website—which he operated for a year before allowing the registration to lapse. Maxwell had used the site to tell the story of his dispute with TMI and included a disclaimer at the top of the homepage stating that Maxwell's site was not the TMI site. Maxwell accepted no advertising, but the site included a section called the "Treasure Chest," where people could share and obtain information about contractors and tradespeople who had done good work. During the one year that the site was operational, only one name had ever been posted in "Treasure Chest" (that of a man who had performed some work for Maxwell). TMI presented evidence of actual confusion: email messages intended for TMI were sent to Maxwell's site, but Maxwell forwarded these messages to TMI.<sup>39</sup> Shortly after his registration expired, Maxwell received a cease-and-desist letter from TMI. In response, Maxwell attempted to re-register the domain name, which he was unable to do because by that time TMI had registered it. Maxwell then registered *TrendmakerHome.info*, but was sued by TMI before he had the opportunity to use it.

The Fifth Circuit ruled that Maxwell's site was noncom-

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<sup>37</sup>See *infra* § 7.08[2] (initial interest confusion)

<sup>38</sup>*TMI, Inc. v. Maxwell*, 368 F.3d 433 (5th Cir. 2004).

<sup>39</sup>Actual confusion is only relevant in a trademark infringement suit if a mark owner first establishes that a defendant's use is actionable. In an ACPA action, actual confusion is not directly relevant, although in showing that a mark is confusingly similar under the ACPA a plaintiff may refer to likelihood of confusion factors, including actual confusion, which also may be an influential factor in some cases. See *generally supra* 6.08; *infra* 7.06.

mercial, although it specifically addressed the issue in terms of “use in commerce” rather than fair use,<sup>40</sup> and held that Maxwell lacked a bad faith intent to profit under the ACPA and that his use did not violate the Texas Anti-Dilution statute. TMI had argued that Maxwell’s site was “mixed use” and therefore not protected from the Lanham Act’s coverage because Maxwell put the site to commercial use by including the Treasure Chest section. The court rejected this argument by relying in part on a portion of the definition of “use in commerce” that applies to trademark registration applications by potential mark owners, not infringers, and therefore concluded that the mark was not commercial because TMI could not show “the bona fide use of a mark in the ordinary course of trade.”<sup>41</sup> Even so, Treasure Chest appears to have reflected a failed attempt to develop a directory of alternative tradesmen, which could be characterized as involving, at most, a *de minimis* commercial component—which as a practical matter was likely discounted by the court given that the site was no longer operational and that there was only one listing ever submitted—if not merely a venue for personal recommendations. While the court conceded that Maxwell added the Treasure Chest to draw more people to his site, it wrote that he did so, “so that they would see his story. This intent does not make his site commercial, however.”<sup>42</sup> The court emphasized that Maxwell never accepted payment for listings on Treasure Chest and charged no money for viewing it. The court also noted that the site contained neither advertising nor links to other sites, Maxwell did not seek to sell the domain names he registered and TMI had presented no evidence that Maxwell ever intended to charge money for using the site.

The outcome in *Maxwell* is consistent with court rulings from the Sixth, Ninth and Tenth Circuits discussed later in

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<sup>40</sup>The court considered whether defendants’ use constituted a “commercial use in commerce,” which was required in dilution cases prior to late 2006. Today, a mark owner must only show that a defendant used its mark or tradename in commerce to state a claim for dilution. *See supra* § 6.11. The “use in commerce” standard is sometimes confused with noncommercial use of a mark. *See infra* § 7.10[1].

<sup>41</sup>15 U.S.C.A. § 1127; *see generally Rescucom Corp. v. Google Inc.*, 562 F.3d 123, 131–41 (2d Cir. 2009) (explaining that the requirement for showing bona fide use of mark in the ordinary course of trade applies to registration applications submitted for approval to the Patent and Trademark Office, not infringement claims); *infra* § 7.10[1].

<sup>42</sup>368 F.3d at 438.

this section that have declined to find otherwise noncommercial sites actionable based solely on a registrant's use of a third party's mark as a domain name, although the court's discussion of use in commerce in *Maxwell* amounts to *dicta*. *Maxwell* was decided under the Anticybersquatting Consumer Protection Act (ACPA),<sup>43</sup> but turned on the court's finding of the absence of a use in commerce, which is not an element of an ACPA claim. The ACPA affords relief "without regard to the goods or services of the parties."<sup>44</sup> In addition, in evaluating use in commerce, the court relied in part on the strict definition of "use in commerce" applicable to registration applications, rather than infringement actions.<sup>45</sup> *Maxwell*, however, could be viewed as a fair use case, even if the wrong terminology (*use in commerce*) was used. One of the factors considered under the ACPA in evaluating liability is a registrant's *bona fide* noncommercial or fair use of the mark in a site accessible under the domain name.<sup>46</sup> Thus, although inartfully articulated, the court's holding in *Maxwell* is perhaps best understood as involving noncommercial use under the ACPA (even though it is more likely to be cited on the issue of use in commerce in connection with infringement, dilution and unfair competition claims). *Maxwell* underscores the difficulty that mark owners face in some courts when obvious variations of their marks are used as domain names that resolve to sites that are noncommercial.

Where a site is operated by a competitor, rather than a critic, fan, parodist, or disgruntled former customer or employee, courts may be more likely to find the site commercial and therefore actionable in an infringement, dilution or unfair competition case.<sup>47</sup> Criticism by a competitor against a competitor almost invariably amounts to commercial

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<sup>43</sup>15 U.S.C.A. § 1125(d); *see generally infra* § 7.06.

<sup>44</sup>15 U.S.C.A. § 1125(d)(1)(A).

<sup>45</sup>15 U.S.C.A. § 1127; *see generally Rescuecom Corp. v. Google Inc.*, 562 F.3d 123, 131–41 (2d Cir. 2009) (explaining that the requirement for showing bona fide use of mark in the ordinary course of trade applies to registration claims); *infra* § 7.10[1].

<sup>46</sup>15 U.S.C.A. § 1125(d)(1)(B)(i)(IV).

<sup>47</sup>*See, e.g., Flentye v. Kathrein*, 485 F. Supp. 2d 903 (N.D. Ill. 2007) (holding that the plaintiff stated claims for violations of the ACPA, unfair competition under the Lanham Act and Illinois law and the Illinois right of publicity statute, where he alleged the defendants, direct competitors in the apartment building management industry, used his name in domain names (including Flentye.com, TimFlentye.com and

speech.<sup>48</sup>

Similarly, where a registrant turns its website into a consumer criticism site *after* litigation ensues or is threatened, this ostensibly non-commercial *ex post facto* use should not be deemed relevant in evaluating what otherwise would be viewed as an infringing use (and indeed a party may even undermine its position by seeming to act disingenuously).<sup>49</sup>

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FlentyeProperties.com), metatags and email user IDs for commercial purposes); *HER, Inc. v. RE/MAX First Choice, LLC*, 468 F. Supp. 2d 964 (S.D. Ohio 2007) (preliminarily enjoining defendants under the ACPA and Lanham Act from using domain names (and linked sites) that incorporated plaintiff's marks and the names of its owners and their mobile phone numbers, which defendants had registered and used to contact plaintiff's own customers to criticize plaintiffs, where the plaintiffs and defendants were direct competitors and the domain names selected did not communicate to third parties that they were criticism sites); *SNA, Inc. v. Array*, 51 F. Supp. 2d 542, 552–53 (E.D. Pa. 1999) (preliminarily enjoining the defendant's use based on a finding that the plaintiff was likely to prevail on its claim for trademark infringement, writing that "[i]t is true that the highly critical and mean-spirited content of the website would indicate to a person examining its entire contents that this is not an SNA-sponsored or -approved website, but that might just add further to the viewer's confusion about just what the relationship is."), *aff'd mem.*, 259 F.3d 717 (3d Cir. 2001); *see also Sunlight Saunas, Inc. v. Sundance Sauna, Inc.*, 427 F. Supp. 2d 1032 (D. Kan. 2006) (denying defendants' motion for summary judgment on plaintiff's ACPA claim where the court could not determine on summary judgment if defendants operated a noncommercial criticism site for altruistic reasons or were motivated by competition to disparage a competitor).

<sup>48</sup>*See, e.g., MCSi, Inc. v. Woods*, 290 F. Supp. 2d 1030 (N.D. Cal. 2003) (denying an anti-SLAPP motion brought by a pseudonymous poster where the defendant posted messages on a Yahoo! stock message board from his work computer, which the court characterized as commercial speech by a competitor); *see generally infra* § 37.02 (discussing the case) & chapter 39 (First Amendment rights).

<sup>49</sup>*See, e.g., Northern Light Technology, Inc. v. Northern Lights Club*, 236 F.3d 57, 64–65 n.12 (1st Cir. 2001) (affirming an order preliminarily enjoining defendants' use of northernlights.com, where defendants' myriad explanations for their use of the site, including as a venue for aurora borealis admirers, undermined their claim of a subjective belief in fair use and hence their entitlement to the ACPA's safe harbor, and where their numerous other registrations of domain names incorporating third-party marks, history of disregarding cease and desist letters from legitimate trademark owners, apparent openness to sell the northernlight.com registration to the plaintiff at the right price and their past practices evidenced a bad faith intent to profit); *Shields v. Zuccarini*, 254 F.3d 476, 485 (3d Cir. 2001) (rejecting the defendant's argument in an ACPA case that his websites were "protest pages" protected under the First Amendment, not on its legal merits, but because First Amendment griping was "a

On the other hand, where a court finds the initial use to be noncommercial, it may not be overly troubled by a registrant's more antagonistic (but noncommercial) behavior once litigation ensues.<sup>50</sup>

Courts are split over whether a third party's use of a mark as a domain name, *as such*, constitutes use of a mark in a commercial context if it prevents the mark owner from using its own mark as a domain name. The better view, as reflected in a Fourth Circuit case<sup>51</sup> and district court opinions from New York<sup>52</sup> and New Jersey,<sup>53</sup> is that when a party with no

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spurious explanation cooked up purely for the suit" and did not reflect defendant's true profit motives); *E. & J. Gallo Winery v. Spider Webs Ltd.*, 286 F.3d 270 (5th Cir. 2002) (granting summary judgment under the ACPA and the Texas Anti-Dilution statute; holding that the registrants of hundreds of famous marks as domain names had a bad faith intent to profit from the registration of the earnestandjuluogallo.com domain name under the ACPA where defendants acknowledged that they knew about plaintiff's mark and hoped the mark owner would contact them about it and where the defendants, after they were sued, set up a "Whiney Winery" page linked to the domain name, which was critical of the lawsuit and alcohol consumption); *Cardservice Int'l, Inc. v. McGee*, 950 F. Supp. 737 (E.D. Va. 1997), *aff'd mem.*, 129 F.3d 1258 (4th Cir. 1998).

In *Cardservice Int'l*, a trademark owner with superior rights was granted permanent injunctive relief against the owner of the domain name equivalent of its mark, where the domain name registrant, after receiving a cease and desist letter from the plaintiff, turned his site into a consumer criticism location and threatened to "bad mouth" the heck out of" the plaintiff. 950 F. Supp. at 742. Among other things, the defendant posted statements at the disputed site accusing plaintiff of trying to steal his domain name; used the disputed site to refer visitors to plaintiff's competitors; and threatened to divert plaintiff's business to other locations. The court characterized these actions as "malicious"; not a "reasonable continuation" of ongoing litigation and indicative of "an intention . . . to use [plaintiff's] registered mark to harm the company's reputation and ability to do business on the Internet." 50 F. Supp. at 742-43.

<sup>50</sup>*See, e.g., Taubman Co. v. Webfeats*, 319 F.3d 770 (6th Cir. 2003) (noting the post-lawsuit registration of various Sucks sites, in denying a motion for a preliminary injunction); *Ford Motor Co. v. 2600 Enterprises*, 177 F. Supp. 2d 661, 662 n.2 (E.D. Mich. 2001) (redirecting users to FordReallySucks.com after being sued for linking to Ford.com).

<sup>51</sup>*People for Ethical Treatment of Animals v. Doughney*, 263 F.3d 359 (4th Cir. 2001).

<sup>52</sup>*OBH, Inc. v. Spotlight Magazine, Inc.*, 86 F. Supp. 2d 176, 183 (W.D.N.Y. 2000) (holding that a purported parody site located at buffalonews.com was commercial because the site was "likely to prevent or hinder Internet users from accessing plaintiffs' services on plaintiffs' own web site"); *Planned Parenthood Federation of America, Inc. v. Bucci*, 42 U.S.P.Q.2d 1430, 1997 WL 133313 (S.D.N.Y. 1997) (holding that a

trademark rights<sup>54</sup> uses someone else's mark as a domain name in a given Top Level Domain, the use is commercial to the extent that it prevents the mark owner from commercializing its own goods and services under its brand. Thus, domain names such as Peta.org, PlannedParenthood.com, jewsforjesus.org and jews-for-jesus.com have been held actionable when registered by third parties, but domain names that merely incorporate a mark without supplanting the mark owner's own use of its mark in a given Top Level Domain—such as, hypothetically, PetaComplaints.org or PlannedParenthoodSucks.com—would not be viewed as commercial absent additional facts (such as the nature of the content on a given site). In contrast to using a mark in metatags to improve a site's ranking in response to search engine queries<sup>55</sup> or as part of a URL or a longer non-confusing domain name (such as InformationAboutCompany.com, as opposed to Company.com), which do not concurrently restrict the rights owner's own use of its own mark as a domain name and which may or may not be actionable, registration of a third party's mark as a domain name, as such, may be deemed a commercial use in some courts if it prevents the mark owner from commercializing its own mark in a given Top Level Domain.

The contrary view, as reflected in Sixth,<sup>56</sup> Ninth<sup>57</sup> and Tenth<sup>58</sup> Circuit cases, focuses on a registrant's actual use without considering the impact of the use on the mark owner. These courts will not find the mere use of a mark as a

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website critical of Planned Parenthood's policies using the domain name plannedparenthood.com was commercial because it would frustrate users and prevent them from reaching the Planned Parenthood site), *aff'd mem.*, 152 F.3d 920 (2d Cir.), *cert. denied*, 525 U.S. 834 (1998).

<sup>53</sup>*Jews For Jesus v. Brodsky*, 993 F. Supp. 282, 297 (D.N.J. 1998), *aff'd mem.*, 159 F.3d 1351 (3d Cir. 1998).

<sup>54</sup>If a registrant owned rights to the same mark—which often happens when descriptive or suggestive marks are used by different companies in different streams of commerce—the fact that another mark owner was prevented from using the mark as a domain name would not on its own be deemed actionable.

<sup>55</sup>*See infra* § 9.10.

<sup>56</sup>*Taubman Co. v. Webfeats*, 319 F.3d 770 (6th Cir. 2003).

<sup>57</sup>*Bosley Medical Institute, Inc. v. Kremer*, 403 F.3d 672 (9th Cir. 2005).

<sup>58</sup>*Utah Lighthouse Ministry v. Foundation for Apologetic Information and Research*, 527 F.3d 1045 (10th Cir. 2008).

domain name actionable unless the use otherwise is commercial (or, under the ACPA, if the registrant has a bad faith intent to profit from use, registration or trafficking in a domain name).<sup>59</sup> These courts ruled that third parties that registered *ShopsatWillowBend.com*, *BosleyMedical.com*, *UtahLighthouse.com* and *UtahLighthouse.org* were not using their criticism sites in commerce—despite blocking plaintiffs from using their own marks as domain names—because the use of these marks in connection with criticism sites was deemed noncommercial (although two of these cases involved weak marks, which also may have contributed to the outcomes).

The issue of whether use of a mark as a domain name *per se* constitutes a use in connection with the sale of goods or services or substantial advertising when it prevents the mark owner from exploiting its own mark, comes up most frequently where an exact mark is used as a domain name by a third party in connection with a site for criticism, commentary or other noncommercial purposes and where the registrant has not shown a bad faith intent to profit from the use, registration or trafficking in the mark, such that remedies under the ACPA are unavailable and relief under the Lanham Act based the contents of the site appears doubtful. Where a site is used in connection with the sale of goods or services or substantial advertising, relief is available under the Lanham Act regardless of the domain name in use. Similarly, where a registrant exhibits a bad faith intent to profit from the use, registration or trafficking in a domain name, remedies are available under the ACPA even if the site is used for noncommercial purposes.<sup>60</sup>

Where actionable under the Lanham Act, a defendant's conduct in preventing a mark owner from using its mark as a domain name may allow for relief even where the balance of a defendant's use of a site (or even use of a mark in metatags<sup>61</sup> or for sponsored links)<sup>62</sup> may be justified as a fair use. Conversely, where relief is unavailable a smart cyber-

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<sup>59</sup>15 U.S.C.A. § 1125(d).

<sup>60</sup>As discussed later in this section, where a registrant is not shown to have had a bad faith intent to profit from the registration, use or trafficking in a domain name, an ACPA claim will not be successful even if the registrant used the plaintiff's exact mark as a domain name.

<sup>61</sup>See *infra* § 9.10.

<sup>62</sup>See *infra* § 9.11.

squatter can block a mark owner from using its own mark in a given Top Level Domain and simply wait until a settlement offer is made to sell the domain name registration.<sup>63</sup> Not surprisingly, some cases ultimately turn on whether the defendant is viewed as having ulterior motives to ransom the domain name—even if the present use appears to be noncommercial—or whether the registrant is a genuine critic, fan or parodist.

In *People for the Ethical Treatment of Animals v. Doughney*,<sup>64</sup> the Fourth Circuit ruled that Doughney—the operator of a parody site at *peta.org* (“People Eating Tasty Animals”)—violated the Lanham Act by preventing users from obtaining or using PETA’s goods or services.<sup>65</sup> The court held that “[t]o use PETA’s Mark ‘in connection with’ goods or services, Doughney need not have actually sold or advertised goods or services on the *www.peta.org* website. Rather, Doughney need only have prevented users from obtaining or using

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<sup>63</sup>If the registrant first approaches the mark owner, it may provide evidence of a bad faith intent to profit, allowing the mark owner to obtain relief under the ACPA. Where a registrant can be shown to have previously registered numerous third-party marks as domain names an ostensible noncommercial use may be discounted in an ACPA case. See *Shields v. Zuccarini*, 254 F.3d 476, 485 (3d Cir. 2001) (rejecting the defendant’s argument in an ACPA case that his websites were “protest pages” protected under the First Amendment, not on its legal merits, but because First Amendment griping was “a spurious explanation cooked up purely for the suit” and did not reflect defendant’s true profit motives); *Northern Light Technology, Inc. v. Northern Lights Club*, 236 F.3d 57, 64–65 n.12 (1st Cir. 2001) (affirming an order preliminarily enjoining defendants’ use of *northernlights.com*, where defendants’ myriad explanations for their use of the site, including as a venue for aurora borealis admirers, undermined their claim of a subjective belief in fair use and hence their entitlement to the safe harbor, and where their numerous other registrations of domain names containing marks, history of disregarding cease and desist letters from legitimate trademark owners, apparent openness to sell the *northernlight.com* registration to the plaintiff at the right price and their past practices evidenced a bad faith intent to profit; “Based on defendants’ apparent modus operandi of registering domain names containing the famous trademarks of others in the hope that the famous trademark holder will be willing to pay to reclaim its intellectual property rights, the district court reasonably concluded that defendants acted according to script in this case.”).

<sup>64</sup>*People for Ethical Treatment of Animals v. Doughney*, 263 F.3d 359 (4th Cir. 2001).

<sup>65</sup>*People for Ethical Treatment of Animals v. Doughney*, 263 F.3d 359, 365 (4th Cir. 2001). PETA previously had established its website at *peta.com*.



PETA's goods or services, or need only have connected the website to other's goods or services."<sup>66</sup> The court acknowledged that there was sparse case law on the issue, but cited with approval two district court opinions from courts in New York that had ruled the same way: *OBH, Inc. v. Spotlight Magazine, Inc.*,<sup>67</sup> which is discussed earlier in this section, and *Planned Parenthood Federation v. Bucci*.<sup>68</sup> The court also noted that the defendant's website included links to "thirty commercial operations offering goods and services."<sup>69</sup>

In *Planned Parenthood Federation v. Bucci*,<sup>70</sup> Planned Parenthood Federation of America, Inc., a nonprofit organization that owned incontestable service marks for "Planned Parenthood," sued a pro-life activist who registered *plannedparenthood.com*, which he used in connection with a website that promoted the book *The Cost of Abortion* by Lawrence Roberge and solicited funds in connection with Catholic Radio's broader effort to educate Catholics about abortion. In addition to finding that the mere establishment of a website constituted use of a domain name "in commerce,"<sup>71</sup> Judge Wood wrote that defendant's registration of the *plannedparenthood.com* domain name affected plaintiff's ability to offer its services "which, as health and information services offered in forty-eight states and over the Internet,

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<sup>66</sup>*People for Ethical Treatment of Animals v. Doughney*, 263 F.3d 359 (4th Cir. 2001).

<sup>67</sup>*OBH, Inc. v. Spotlight Magazine, Inc.*, 86 F. Supp. 2d 176, 183 (W.D.N.Y. 2000) (holding that a purported parody site located at *buffalonews.com* was commercial because the site was "likely to prevent or hinder Internet users from accessing plaintiffs' services on plaintiffs' own website").

<sup>68</sup>*Planned Parenthood Federation of America, Inc. v. Bucci*, 42 U.S.P. Q.2d 1430, 1997 WL 133313 (S.D.N.Y. 1997) (holding that a website critical of Planned Parenthood's policies using the domain name *plannedparenthood.com* was commercial because it would frustrate users and prevent them from reaching the Planned Parenthood site), *aff'd mem.*, 152 F.3d 920 (2d Cir.), *cert. denied*, 525 U.S. 834 (1998).

<sup>69</sup>263 F.3d at 366.

<sup>70</sup>*Planned Parenthood Federation of America, Inc. v. Bucci*, 42 U.S.P. Q.2d 1430, 1997 WL 133313 (S.D.N.Y. 1997), *aff'd mem.*, 152 F.3d 920 (2d Cir.), *cert. denied*, 525 U.S. 834 (1998).

<sup>71</sup>This assessment is likely correct with respect to the requirement for showing use in commerce. Although courts sometimes confuse the issue, standing to bring a Lanham Act claim also turns on a showing of use of a mark in connection with goods or services or substantial advertising, which is the issue that is usually more hotly contested in consumer criticism cases. *See infra* § 7.10.

are surely ‘in commerce.’” Judge Wood wrote that even if the defendant’s activities were not of a commercial nature, the effect of those activities on *plaintiff’s* interstate commerce activities placed defendant’s conduct within the reach of the Lanham Act. In other words, the defendant’s use of the mark was commercial because he was using it to cause harm to the plaintiff.<sup>72</sup>

*Planned Parenthood* was followed in another early district court case, *Jews for Jesus v. Brodsky*,<sup>73</sup> in which the court preliminarily enjoined the defendant’s use of plaintiff’s trademarks as domain names, holding that the use of plaintiff’s mark as a domain name for a site critical of plaintiff’s religious organization was actionable under the Lanham Act because the defendant was acting “commercially by disparaging it and preventing the plaintiff organization from exploiting the mark and the name of the plaintiff organization.”<sup>74</sup>

In that case, Steven Brodsky had registered *jewsforjesus.org* and *jews-for-jesus.com* to operate what he characterized as a “bogus” Internet site intended to divert traffic from Jews for Jesus—an evangelical outreach ministry of Jewish Christians—to his site, where he argued that Jews should not believe in Jesus as the messiah.

As in *Planned Parenthood*, the court focused on the defendant’s impact on the mark holder’s commercial use of its mark over the Internet. Jews for Jesus, in addition to owning registered and common law marks, operated a website at *jews-for-jesus.org*, which the court characterized as “commercial” within the meaning of the Lanham Act because various publications and materials could be purchased from the location.<sup>75</sup>

Defendant used the *jewsforjesus.org* domain name to

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<sup>72</sup>*Planned Parenthood Federation of America, Inc. v. Bucci*, 42 U.S.P. Q.2d 1430, 1997 WL 133313 (S.D.N.Y. 1997) (holding that a website critical of Planned Parenthood’s policies using the domain name *plannedparenthood.com* was commercial because it would frustrate users and prevent them from reaching the Planned Parenthood site) (citing *Franchised Stores of New York, Inc. v. Winter*, 394 F.2d 664, 669 (2d Cir. 1968)), *aff’d mem.*, 152 F.3d 920 (2d Cir.), *cert. denied*, 525 U.S. 834 (1998).

<sup>73</sup>*Jews For Jesus v. Brodsky*, 993 F. Supp. 282 (D.N.J. 1998), *aff’d mem.*, 159 F.3d 1351 (3d Cir. 1998).

<sup>74</sup>993 F. Supp. at 308.

<sup>75</sup>See 993 F. Supp. at 290.

provide a link to Outreach Judaism, an organization that is a vocal opponent of Jews for Jesus and which also offers books and other items for sale. Mr. Brodsky decided to register plaintiff's marks as domain names after becoming annoyed by seeing advertisements for the plaintiff's genuine website. In his words, he intended to "intercept potential converts before they ha[d] a chance to see the obscene garbage on the real J4J site."<sup>76</sup> He subsequently registered the *jews-for-jesus.com* domain name after receiving a demand letter about his use and registration of the *jewsforjesus.org* domain name. At that time, he also added a disclaimer to his site clarifying that he was not affiliated with Jews for Jesus.<sup>77</sup>

In holding that the plaintiff was likely to prevail on its federal dilution claim, the court rejected the defendant's argument that his use of plaintiff's mark in two domain names constituted non-commercial fair use of the mark.<sup>78</sup> Following the court's rationale in the *plannedparenthood.com* case, Judge Lechner concluded that:

Defendant has done more than merely register a domain name. He has created, in his words, a "bogus 'Jews for Jesus'" site intended to intercept, through the use of deceit and trickery, the audience sought by the plaintiff organization. Moreover, the defendant internet site uses the mark and the name of the plaintiff organization as its address, conveying the impression to Internet users that the Plaintiff . . . is the sponsor . . . . Although the defendant Internet site does not solicit funds like the defendant's site did in *Planned Parenthood*, the Outreach Judaism organization Internet site (available through a hyperlink) does so through the sale of certain merchandise . . . . Considering the limited nature of the defendant internet site and its hyperlink to the Outreach Judaism organization Internet site, it is apparent the defendant Internet site is a conduit to the Outreach Judaism organization Internet site, notwithstanding the statement in the Disclaimer [to the contrary] . . . .<sup>79</sup>

Judge Lechner also held that the defendant's conduct constituted a commercial use of the mark because it was designed to harm the mark owner "commercially by disparaging it and preventing the plaintiff organization from exploiting the mark and the name of the plaintiff

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<sup>76</sup>See 993 F. Supp. at 291.

<sup>77</sup>See 993 F. Supp. 292.

<sup>78</sup>See *supra* §§ 6.11, 6.14.

<sup>79</sup>993 F. Supp. at 308 (footnote omitted).

Organization.”<sup>80</sup> The court noted that the defendant’s site had and would continue to inhibit the efforts of Internet users to locate the mark owner’s genuine site.

In conjunction with discussing the public interest factor for purposes of issuing an injunction, the court also commented that “the public will not be deprived of the content of the comments from the defendant because he is free to publish on an Internet site that does not infringe upon the mark or the name of the plaintiff organization.”<sup>81</sup>

Courts that have been reticent about finding that use of a third party’s mark as a domain name, without more, constitutes use of a mark in connection with the sale of goods or services or advertising, generally have read *Doughney*, *OBH*, *Planned Parenthood* and *Jews For Jesus* narrowly as involving sites that had some plausible commercial component,<sup>82</sup> if they have considered these cases at all.

<sup>80</sup>993 F. Supp. at 308

<sup>81</sup>993 F. Supp. at 313.

<sup>82</sup>In *Taubman Co. v. Webfeats*, 319 F.3d 770 (6th Cir. 2003), the Sixth Circuit declined to adopt the *Planned Parenthood* court’s rationale for finding commercial use, although it noted that in any case *Planned Parenthood* was distinguishable from the case under consideration which involved a “sucks” site and therefore, unlike *Planned Parenthood*, was not likely to cause confusion. See *Taubman Co. v. Webfeats*, 319 F.3d 770, 777–78 (6th Cir. 2003); see also *Taylor Building Corp. of America v. Benfield*, 507 F. Supp. 2d 832, 845–46 (S.D. Ohio 2007) (declining to follow *Planned Parenthood* on this same issue, based on *Taubman*); *Savannah College of Art and Design, Inc. v. Houeix*, 369 F. Supp. 2d 929 (S.D. Ohio 2004) (distinguishing *Planned Parenthood* and *Jews for Jesus* because the defendant’s use did not deter plaintiff’s commercial success in an unlawful manner where the defendant, a former professor who set up a criticism site, does not offer goods and services for sale or endorse other products, like the defendant in *Planned Parenthood* and does not link to websites for fundraising or to sell products, as in *Jews for Jesus*).

The court in *Ford Motor Co. v. 2600 Enterprises*, 177 F. Supp. 2d 661 (E.D. Mich. 2001) distinguished *Planned Parenthood* and *Jews for Jesus* because *fuckgeneralmotors.com* did not incorporate the plaintiff’s mark (FORD). The court, however, also was critical of “the implication . . . that the ‘commercial use’ requirement is satisfied any time unauthorized use of a protected mark hinders the mark owner’s ability to establish a presence on the Internet or otherwise disparages the mark owner . . . .” *Id.* at 664. This analysis, however, is flawed because it fails to distinguish a mark owner’s desire to establish a presence on the Internet or avoid criticism (which are not, per se, protected by the Lanham Act) from a third party’s act in preventing the mark owner from using its own mark in a given Top Level Domain, which should be viewed as having a direct commercial consequence.

In *Bosley Med. Inst., Inc. v. Kremer*,<sup>83</sup> the Ninth Circuit ruled that the defendant's use of BosleyMedical.com as a consumer criticism site did not involve use of plaintiff's Bosley Medical mark in connection with the sale of goods or services and therefore plaintiff's claims for trademark infringement and dilution were not actionable. In that case, the defendant, Michael Kremer, was a dissatisfied former patient of Bosley Medical, a baldness treatment clinic. He registered BosleyMedical.com and BosleyMedicalViolations.com, which Bosley did not challenge, and five days later delivered an ultimatum to the president of Bosley Medical threatening to use the domain names to spread critical information on the Internet, which caused Bosley to file suit.

In rejecting the plaintiff's argument that it had shown a commercial use, the Ninth Circuit emphasized that the "[t]he Lanham Act, expressly enacted to be applied in commercial contexts, does not prohibit all unauthorized uses of a trademark."<sup>84</sup> The court explained that "[a]ny harm to Bosley arises not from a competitor's sale of a similar product under Bosley's mark, but from Kremer's criticism of their services. Bosley cannot use the Lanham Act either as a shield from Kremer's criticism, or as a sword to shut Kremer up."<sup>85</sup>

Bosley had argued that a mark used as a domain name in connection with an otherwise noncommercial website is nonetheless used in connection with goods and services

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In *Northland Ins. Companies v. Blaylock*, 115 F. Supp. 2d 1108 (D. Minn. 2000), the court denied plaintiff's motion for a preliminary injunction based on trademark infringement and dilution, among other claims, where the court found that defendant's use of *northlandinsurance.com* to criticize plaintiff Northland Insurance Companies likely constituted noncommercial speech. In so ruling, the court rejected plaintiff's argument that the defendant's use of its mark as a domain name was, as such, commercial. It emphasized, however, that its holding was made "at this preliminary stage and from this limited record before it."

<sup>83</sup>*Bosley Medical Institute, Inc. v. Kremer*, 403 F.3d 672 (9th Cir. 2005).

<sup>84</sup>*Bosley Medical Institute, Inc. v. Kremer*, 403 F.3d 672, 680 (9th Cir. 2005).

<sup>85</sup>*Bosley Medical Institute, Inc. v. Kremer*, 403 F.3d 672, 680 (9th Cir. 2005); see also *Career Agents Network, Inc. v. careeragentsnetwork.biz*, No. 09-CV-12269-DT, 2010 WL 743053, at \*10 (E.D. Mich. Feb. 26, 2010) (following *Bosley* in granting defendant's motion to dismiss, holding that a customer's use of plaintiff's trademark as part of a domain name used to negatively comment on plaintiff's business did not amount to a use of the mark in commerce).

where a user can click on a link available on that website to reach a commercial site. The court rejected this argument, however, because the links on Kremer's site led to the website for his lawyers (which the court said did not transform the noncommercial use into a commercial use) or involved a "roundabout path to the advertising of others that is too attenuated to render Kremer's site commercial."<sup>86</sup> Specifically, Kremer's site linked to a discussion group, *alt.baldspot*, which contained advertisements for companies that were competitors of Bosley Medical.

The court contrasted this use with the links in *Nissan Motor Co. v. Nissan Computer Corp.*<sup>87</sup> In *Nissan*, defendant Uzi Nissan operated a computer company that included his name, which he publicized on a website linked to the *nissan.com* and *nissan.net* domain names that he had registered and sought unsuccessfully to sell to Nissan Motor Co. In that case, the defendant's website was used to publicize his computer business and included direct links to other commercial websites, which the Ninth Circuit panel in *Bosley Medical* deemed significant.

The Ninth Circuit noted that the facts in *Bosley Medical* superficially appeared to suggest that the defendant sought to extort a payment in return for his agreement not to use the domain names as a criticism site, which the court conceded would have been deemed a use in commerce.<sup>88</sup> The plaintiff, however, had not sought discovery on this point. Absent additional evidence, the court concluded that Kremer had merely threatened to expose negative information about Bosley Medical, not seek to extort money for the domain name registrations.

The Ninth Circuit in *Bosley Medical* and the Tenth Circuit in *Utah Lighthouse Ministry v. Foundation for Apologetic*

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<sup>86</sup>*Bosley Medical Institute, Inc. v. Kremer*, 403 F.3d 672, 678 (9th Cir. 2005).

<sup>87</sup>*Nissan Motor Co. v. Nissan Computer Corp.*, 378 F.3d 1002 (9th Cir. 2004).

<sup>88</sup>3 F.3d at 678, citing *Panavision Int'l, L.P. v. Toeppen*, 141 F.3d 1316 (9th Cir. 1998) (holding an attempt to sell *panavision.com* and *panaflex.com* to the trademark owner a commercial use); *Intermatic Inc. v. Toeppen*, 947 F. Supp. 1227, 1239 (N.D. Ill. 1996) (holding that "Toeppen's intention to arbitrate the 'intermatic.com' domain name constituted a commercial use.").

*Info. & Research (FAIR)*,<sup>89</sup> which involved the near identical domain names *utahlighthouse.com* and *utahlighthouse.org* (among others), declined to follow *People for the Ethical Treatment of Animals v. Doughney*<sup>90</sup> in holding that merely preventing users from obtaining or using PETA's goods or services constituted commercial use, regardless of whether the defendant actually sold or advertised goods or services,<sup>91</sup> reasoning that "it would place most critical, otherwise protected consumer commentary under the restrictions of the Lanham Act."<sup>92</sup> The Ninth Circuit in *Bosley* also distinguished *Doughney* based on the fact that the defendant in that case had set up links to more than thirty commercial websites from his parody site. The Tenth Circuit in *Utah Lighthouse Ministry* further criticized the district court decisions relied upon by the Fourth Circuit in *PETA—OBH* and *Planned Parenthood*—as basing their conclusion that the defendant's use was in connection with goods and services but in fact only focused on the initial jurisdictional question of whether the defendant's use was "in commerce."<sup>93</sup>

*Bosley Medical* potentially could have been decided differ-

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<sup>89</sup>*Utah Lighthouse Ministry v. Foundation for Apologetic Information and Research*, 527 F.3d 1045, 1053 (10th Cir. 2008).

<sup>90</sup>*People for Ethical Treatment of Animals v. Doughney*, 263 F.3d 359 (4th Cir. 2001).

<sup>91</sup>*People for Ethical Treatment of Animals v. Doughney*, 263 F.3d 359, 365 (4th Cir. 2001).

<sup>92</sup>403 F.3d at 679. In point of fact, the Fourth Circuit's rule does not stifle criticism—merely prevent a critic from blocking a mark holder from using its own mark as a domain name. In *Bosley Medical*, for example, the use of *BosleyMedical.com* would be deemed actionable under the Fourth Circuit's analysis because it prevents a mark owner from using its own trademark as a domain name, whereas, absent additional facts, the mere use of *BosleyMedicalViolations.com* would not be actionable, even though it incorporated the plaintiff's entire mark. Similarly, *BosleyMedicalSucks.com*, *IHateBosleyMedical.com* and multiple other variations typically exist that don't prevent a trademark owner from using its own mark as a domain name.

<sup>93</sup>527 F.3d at 1054. Following *Utah Lighthouse*, a district court in the Tenth Circuit in *Koch Indus., Inc. v. Does*, No. 2:10CV1275DAK, 2011 WL 1775765 (D. Utah May 9, 2011), dismissed plaintiff's claims for trademark infringement and unfair competition under the Lanham Act and cybersquatting under the ACPA where an identified person or people issued a parody press release with a link to a phony website that had the same look as the actual Koch Industries site (which in turn contained a link to the real site) but had not obvious commercial objective. The press release related only to Koch's political views and activities with no reference to any of its products or business practices, none of the media outlets that

ently if more evidence of the registrant's alleged efforts to market the domain name had been developed and presented to the court (assuming it existed). At the same time, under the facts of *Bosley Medical*, liability likely would have been found in the Fourth Circuit under *People for the Ethical Treatment of Animals v. Doughney*<sup>94</sup> and in other courts that view preventing a mark owner from using its own mark as a domain name in a given Top Level Domain, and thereby preventing users from accessing the mark owner's goods and services, actionable. Conversely, but for the links to thirty commercial sites in *Doughney*, the Ninth Circuit panel in *Bosley Medical* and the Tenth Circuit panel in *Utah Lighthouse* likely would have ruled differently had they been presented with the facts of *Doughney*. *Bosley Medical* and *Utah Lighthouse* simply apply a tougher standard.

Even in the Fourth Circuit, while use of a mark as a domain name may be actionable where it prevents the mark owner from using its own mark as a Top Level Domain, use of an obvious typographical variation of a mark may not be. In *Lamparello v. Falwell*,<sup>95</sup> the Fourth Circuit reversed the lower court's entry of a preliminary injunction in favor of the Reverend Jerry Falwell against the defendant's operation of a site critical of Dr. Falwell's ministry that the defendant had set up at fallwell.com (an obvious typographical misspelling of the plaintiff's name). The court conceded that the defendant's use likely met the commercialization require-

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received the press release believed it and the only press coverage of the event referred to it as a hoax. Koch argued that the defendants—who identified themselves in the litigation as Youth for Climate Truth—had undertaken the publicity stunt to generate donations for their cause and in using political case and alleged that the defendants had interfered with its ability to use its own name as a domain name by using koch-inc.com, but the court held that these arguments were foreclosed in the Tenth Circuit by *Utah Lighthouse*. Given that the website had only been operational for a few hours and that the defendants had only identified the name of their group during the course of the litigation, the court ruled that the case was political, not commercial. In the words of Judge Dale A. Kimball, “[t]he Lanham Act regulates only economic, not ideological or political, competition.” The court likewise held that plaintiffs could not state a plausible claim under the ACPA, which requires a showing of a bad faith intent to profit from the use, registration or trafficking in a domain name. Plaintiff's claim under the Computer Fraud and Abuse Act also was dismissed. See *infra* § 44.08 (discussing that aspect of the case).

<sup>94</sup>*People for Ethical Treatment of Animals v. Doughney*, 263 F.3d 359 (4th Cir. 2001).

<sup>95</sup>*Lamparello v. Falwell*, 420 F.3d 309 (4th Cir. 2005).



ment of the Lanham Act but concluded that the plaintiff could not show likelihood of confusion. Similarly, the court denied Dr. Falwell's claim under the ACPA because he could not show that the defendant had a bad faith intent to profit from the use of the site. Even though the defendant maintained a link from the site to Amazon.com, where users could purchase a book that he was promoting, the court held that this did not diminish the communicative function of the site.<sup>96</sup>

Where commercial use may be established, likelihood of confusion (or secondary meaning, if a mark is not inherently distinctive)<sup>97</sup> nonetheless may be difficult to prove if a defendant is savvy in the way he or she creates a criticism site. Several courts have held that use of "sucks" or similar words or features suggesting criticism undermines any possibility of likelihood of confusion.<sup>98</sup> For this reason, even commercial gripe sites such as PissedConsumer.com that

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<sup>96</sup>*Lamparello v. Falwell*, 420 F.3d 309, 320 (4th Cir. 2005). The court noted that it was unclear that the defendant would necessarily profit from sales of the book purchased by users of his site. Given the way Amazon.com's affiliate program works, it is likely that the defendant would have earned revenue from sales of the book purchased by users who accessed Amazon.com from the fallwell.com website. Evidence to support this proposition, however, apparently was not presented to the court.

<sup>97</sup>*See, e.g., New York Stock Exchange, Inc. v. Gahary*, 196 F. Supp. 2d 401 (S.D.N.Y. 2002) (denying cross motions for summary judgment in a suit brought against defendants, who used variations of NYSE CEO Richard Grasso's name as screen names for offensive posts on the Raging Bull stock message board, where the court found that factual questions on whether the CEO's name had acquired secondary meaning (as well as the issue of whether particular posts constituted parody protected by the First Amendment) precluded summary judgment); *see generally supra* § 6.02[2] (discussing the requirement to show secondary meaning when a mark is not inherently distinctive).

<sup>98</sup>*See, e.g., Taubman Co. v. Webfeats*, 319 F.3d 770 (6th Cir. 2003) (finding "no possibility of confusion" between Taubman and *taubmansucks.com* because inclusion of the word sucks removes any confusion about the source of the site); *Cintas Corp. v. United Here*, 601 F. Supp. 2d 571, 579–80 (S.D.N.Y.) (dismissing trademark infringement and unfair competition claims brought by the largest uniform supplier in the United States against two labor unions that operated a gripe site because the allegations did not create any plausible inference of intentional deception; "First, no consumer looking for a uniform company's website would mistakenly visit 'cintasexposed.org' or any of the affiliated websites. Second, the website, all of its content, and its prominent disclaimer show that the Defendants were transparent in their disdain for Cintas."), *aff'd mem.*, 355 F. App'x 508 (2d Cir. 2009); *Taylor Building Corp. of America v. Benfield*, 507 F. Supp. 2d 832, 847 (S.D. Ohio 2007) (granting summary judgment for a consumer critic in a trade dress infringement case based

create subdomains focused on individual companies, actively solicit negative comments, require brand owners to pay for services to be able to respond to or diminish the prominence accorded critical comments and which allegedly solicit ads from competitors, to date have largely been able to avoid liability for trademark infringement and related Lanham Act claims.<sup>99</sup>

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on the absence of commercial use, noting that the domain name *taylorhomesripoff.com* did not create a possibility of confusion because no one “seeking Taylor’s website would think—even momentarily—that Taylor in fact sponsored a website that included the word ‘ripoff’ in its website address.”); *Faegre & Benson, LLP v. Purdy*, 367 F. Supp. 2d 1238, 1247 (D. Minn. 2005) (holding that pictures of aborted fetuses and a large notice identifying defendant’s site as a “parody” and criticism site targeted at the law firm of Faegre & Benson made it unlikely that the plaintiff could show likelihood of confusion in connection with its trade dress claim based on defendant’s copying features of its website); *Bally Total Fitness Holding Corp. v. Faber*, 29 F. Supp. 2d 1161, 1165 n.2 (C.D. Cal. 1998) (*dicta*); see also *Stevo Design, Inc. v. SBR Mktg. Ltd.*, 968 F. Supp. 2d 1082, 1089 (D. Nev. 2013) (holding that the use of screennames by users to post comments on a message board was not actionable because they did not evidence plaintiffs’ sponsorship or endorsement and stating that “when a website includes comments critical of the mark owner, confusion as to the mark owner’s authorization or sponsorship is ‘incredible.’”; citing *Patmont Motor Werks, Inc. v. Gateway Marine, Inc.*, No. C 96-2703, 1997 WL 811770, at \*4 (N.D. Cal. Dec. 18, 1997)); *SaleHoo Group, Ltd. v. ABC Co.*, 722 F. Supp. 2d 1210 (W.D. Wash. 2010) (granting an anonymous defendant’s motion to quash a subpoena compelling the disclosure of his or her identity based on the finding that the plaintiff, SaleHoo Groups, Ltd., could not make a *prima facie* showing of trademark infringement in an effort to compel the disclosure of the identity of the anonymous owner of SaleHooSucks.com because neither the domain name nor the site’s contents was likely to cause confusion). *But see Sunlight Saunas, Inc. v. Sundance Sauna, Inc.*, 427 F. Supp. 2d 1032, 1065 (D. Kan. 2006) (suggesting that *sunlightsaunas-exposed.com* “presents a closer question . . . because the term ‘exposed’ does not send the same unequivocal negative message as ‘sucks.’”; and therefore denying defendants’ motion for summary judgment); *SNA, Inc. v. Array*, 51 F. Supp. 2d 542, 552–53 (E.D. Pa. 1999) (writing, in the context of likelihood of confusion analysis, that “[i]t is true that the highly critical and mean-spirited content of the website would indicate to a person examining its entire contents that this is not an SNA-sponsored or -approved website, but that might just add further to the viewer’s confusion about just what the relationship is.”), *aff’d mem.*, 259 F.3d 717 (3d Cir. 2001).

<sup>99</sup>See, e.g., *DeVere Group GmbH v. Opinion Corp.*, 877 F. Supp. 2d 67 (E.D.N.Y. 2012) (dismissing claims based on use of DeVere’s trade name in text on *PissedConsumer.com* and in the *DeVere.PissedConsumer.com* subdomain; applying Second Circuit law in finding initial interest confusion inapplicable in this case); *Ascentive, LLC v. Opinion Corp.*, 842 F.

Variations on a mark for a criticism or parody site similarly may be deemed unlikely to cause confusion. For example, in *Smith v. Wal-Mart Stores, Inc.*,<sup>100</sup> the court granted summary judgment for a critic who brought a declaratory judgment action to establish his right to operate a criticism site and engage in parody. The critic initially sold anti-Wal-Mart products on CafePress, but thereafter set up his own site at walocaust.com (comparing Wal-Mart to Nazi Germany). The court held that Wal-Mart failed to demonstrate a likelihood that its trademarks “WALMART,” “WAL-MART,” and “WAL MART” and its word mark “ALWAYS LOW PRICES. ALWAYS.” would be confused with Smith’s “WALOCAUST,” “WAL-QAEDA,” “FREEDOM HATER MART,” or “BENTON VILLEBULLIES ALWAYS” concepts and therefore granted summary judgment for the critic on Wal-Mart’s claims for trademark infringement, cybersquatting and unfair competition and deceptive trade practices.

The court also granted summary judgment for the critic on Wal-Mart’s dilution claim, finding that the plaintiff’s speech constituted non-commercial parody. In so ruling, the court held that Smith’s sale of anti-Wal-Mart t-shirts and related materials did not transform his activities into commercial ventures where they were primarily intended to express his views about Wal-Mart and “commercial success was a sec-

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Supp. 2d 450 (E.D.N.Y. 2011) (denying plaintiffs’ motion for preliminary injunction, finding plaintiffs unlikely to prevail on their Lanham Act claims based on the use of plaintiff’s marks in PissedConsumer.com’s subdomains (finallyfast.pissedconsumer.com, ascentive.pissedconsumer.com, dormia-matress.pissedconsumer.com and dormia.pissedconsumer.com), in metatags and in the text of its website, in connection with advertising for plaintiff’s competitor’s products and services); *MCW, Inc. v. Badbusinessbureau.com, LLC*, No. 02 Civ. 2727, 2004 WL 833595, at \*16 (N.D. Tex. Apr. 14, 2004) (dismissing Lanham Act unfair competition claims against RipOffReport.com and BadBusinessBureau.com that used plaintiff’s trademarks in connection with allegedly defamatory posts because no visitor to the websites would believe that the mark holder endorsed the comments). *But see Amerigas Propane, L.P. v. Opinion Corp.*, Civil Action No. 12-713, 2012 WL 2327788 (E.D. Pa. June 19, 2012) (denying defendant’s motion to dismiss claims based, in part, on the defendant’s use of plaintiff’s mark in the subdomain, *www.amerigas.PissedConsumer.com*; applying Third Circuit law on initial interest confusion).

<sup>100</sup>*Smith v. Wal-Mart Stores, Inc.*, 537 F. Supp. 2d 1302 (N.D. Ga. 2008).

ondary motive at most.”<sup>101</sup>

In contrast to claims for trademark infringement or dilution, it may be somewhat easier, depending on the facts of the case, to obtain relief against a consumer critic or other potentially noncommercial site owner under the Anticybersquatting Consumer Protection Act (ACPA),<sup>102</sup> if the defendant registered, used or trafficked in a domain name confusingly similar to (or, in the case of famous marks, dilutive of) the plaintiff's mark with a bad faith intent to profit.<sup>103</sup> For example, despite its ruling on plaintiff's trademark infringement and dilution claims, the Ninth Circuit in *Bosley Medi-*

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<sup>101</sup>*Smith v. Wal-Mart Stores, Inc.*, 537 F. Supp. 2d 1302, 1340 (N.D. Ga. 2008). The court based its decision on this point in part on *Ayres v. City of Chicago*, 125 F.3d 1010 (7th Cir. 1997), in which the court held that a social advocate who sold t-shirts that carried his group's social message was engaged in noncommercial speech which did not lose its protection because he sold the t-shirts rather than giving them away.

<sup>102</sup>15 U.S.C.A. § 1125(d); see generally *infra* § 7.06.

<sup>103</sup>See, e.g., *Northern Light Technology, Inc. v. Northern Lights Club*, 236 F.3d 57 (1st Cir. 2001) (affirming an order preliminarily enjoining defendants' use of *northernlights.com*, where defendants' myriad explanations for their use of the site, including as a venue for aurora borealis admirers, undermined their claim of a subjective belief in fair use and hence their entitlement to the safe harbor, and where their numerous other registrations of domain names containing marks and past practices evidenced a bad faith intent to profit); *People for Ethical Treatment of Animals v. Doughney*, 263 F.3d 359 (4th Cir. 2001) (granting summary judgment for the plaintiff on claims of trademark infringement/unfair competition and under the ACPA over defendant's use of *peta.org* as a parody site); *Coca-Cola Co. v. Purdy*, 382 F.3d 774 (8th Cir. 2004) (affirming an order preliminarily enjoining the defendant under the ACPA from using domain names confusingly similar to plaintiffs' marks, over First Amendment objections); *Bosley Medical Institute, Inc. v. Kremer*, 403 F.3d 672 (9th Cir. 2005) (reversing and remanding for further consideration plaintiff's ACPA claim in connection with the defendant's use of *bosleymedical.com*, where relief otherwise was unavailable for trademark infringement or dilution because the domain name was used to host a consumer criticism site); *Morrison & Foerster, LLP v. Wick*, 94 F. Supp. 2d 1125 (D. Colo. 2000) (finding a bad faith intent to profit where the defendant registered multiple variations of Morrison & Foerster as domain names through NameIsForSale.com, where the court rejected Wick's parody defense because the court concluded that use of Morrison & Foerster's mark as a domain name was likely to confuse the public and disparage the firm and where the defendant started using the tradename Morri, Son & Foerster only after it had registered the domain names); *Toronto-Dominion Bank v. Karpachev*, 188 F. Supp. 2d 110 (D. Mass. 2002) (finding bad faith where a disgruntled customer registered sixteen misspellings of plaintiff's corporate name as domain names).

*cal* reversed the lower court's dismissal of plaintiff's ACPA claim, ruling that in contrast to claims for trademark infringement and dilution, commercial use need not be shown to state a claim under the ACPA.<sup>104</sup> To state an ACPA claim, however, a plaintiff must allege bad faith intent to profit.<sup>105</sup> In addition, the ACPA includes a safe harbor where a defendant believed and had reasonable grounds to believe that its use of a domain name was a fair use or otherwise lawful.<sup>106</sup> The contours of this safe harbor are considered in greater detail in sections 7.06[2] and 7.12.

In *Coca-Cola Co. v. Purdy*,<sup>107</sup> the Eighth Circuit affirmed the entry of a preliminary injunction under the ACPA against a pro-life activist who registered multiple variations of famous marks such as Coca-Cola, Pepsi, McDonald's and The Washington Post (such as *my-washingtonpost.com*, *my-mcdonalds.com*, *drinkcoke.org*, *washingtonpost.cc* and *washingtonpost.ws*), to promote his political views. The court ruled that while there was "no dispute . . . about whether the First Amendment protects Purdy's right to use the Internet to protest abortion and criticize the plaintiffs or to use expressive domain names that are unlikely to cause confusion"<sup>108</sup> there was no First Amendment right to use misleading domain names that were intended to divert traffic to the defendant's pro-life website. In affirming the order, the court noted that Purdy had registered many of the domain names he used "not because of stands the plaintiffs had taken on abortion, but rather to divert Internet users to websites that could tarnish and disparage their marks by creating initial confusion as to the sponsorship of the attached websites and implying that their owners have taken positions on a hotly contested issue."<sup>109</sup>

On the other hand, even the ACPA will not provide relief

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<sup>104</sup>403 F.3d at 680–81.

<sup>105</sup>See 15 U.S.C.A. § 1125(d).

<sup>106</sup>15 U.S.C.A. § 1125(d)(1)(B)(ii).

<sup>107</sup>*Coca-Cola Co. v. Purdy*, 382 F.3d 774 (8th Cir. 2004).

<sup>108</sup>*Coca-Cola Co. v. Purdy*, 382 F.3d 774, 787 (8th Cir. 2004); see generally *infra* § 7.12 (analyzing First Amendment rights in connection with domain names).

<sup>109</sup>382 F.3d at 786. In affirming that Purdy's pro-life protests reflected a bad faith intent to profit, the court somewhat questionably cited evidence that Purdy offered to stop using the Washington Post's domain names in exchange for editorial space in that newspaper to express his views. While the Eighth Circuit makes much of the fact that this

if there is no bad faith intent to profit, as is often the case with consumer criticism sites.<sup>110</sup> Where a consumer critic does not evidence a bad faith intent to profit from use, registration or trafficking in a domain name, a mark owner may not prevail even if the critic is using a variation of its mark as a domain name.<sup>111</sup>

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newspaper space was quite valuable, it does not actually show an intent to profit. Purdy plainly was trying to obtain something of value—a broader forum for his political views—through a form of extortion. Although bad faith plainly was shown, bath faith is not the same thing as a bad faith intent to profit.

<sup>110</sup>In addition to the cases cited in the following footnote, which involve the verbatim use of a mark as a domain name, *see, e.g., Lamparello v. Falwell*, 420 F.3d 309 (4th Cir. 2005) (holding that a critic who registered and used *Falwell.com*, an obvious typographical variation on Dr. Falwell's name, for a criticism site, did not have a bad faith intention to profit from the registration, use or trafficking in the domain name); *Rohr-Gurnee Motors, Inc. v. Patterson.*, 71 U.S.P.Q.2d 1216, 2004 WL 422525 (N.D. Ill. 2004) (holding the registrant of *gurneevolkswagen.com* and *gurneevolkswagon.com* entitled to the safe harbor, where the defendant's dissatisfaction with a car bought from the plaintiff/car dealer led the plaintiff to register the domain names to detail her bad experience with the company); *see also Lucent Technologies, Inc. v. LucentSucks.com*, 95 F. Supp. 2d 528, 535–36 (E.D. Va. 2000) (writing that a “successful showing that lucentSucks.com is effective parody and/or a cite for critical commentary would seriously undermine the requisite elements for [the ACPA].”).

<sup>111</sup>*See, e.g., TMI, Inc. v. Maxwell*, 368 F.3d 433 (5th Cir. 2004) (finding no bad faith intent to profit in a case where the defendant registered *TrendmakerHome.com* and *TrendmakerHome.info* to criticize TMI, whose genuine site was located at *TrendmakerHomes.com*, where the defendant did not seek to sell the domain names, charged no money, displayed no advertising and had no links to commercial sites and generally was found to have made no commercial use of the .com site and no use at all of the .info site); *Lucas Nursery and Landscaping, Inc. v. Grosse*, 359 F.3d 806, 808–11 (6th Cir. 2004) (holding that a former customer of Lucas Nursery did not have a bad faith intent to profit when she registered and used *lucasnursery.com* to post complaints about the nursery); *Utah Lighthouse Ministry v. Foundation for Apologetic Information and Research*, 527 F.3d 1045, 1058–59 (10th Cir. 2008) (holding there was no bad faith intent to profit where the defendant registered and used ten domain names that constitute variations of the names of the plaintiff and its leadership, including the identical domain name as plaintiff's site in a different TLD, where defendants operated a critical parody site); *Career Agents Network, Inc. v. careeragentsnetwork.biz*, No. 09–CV–12269–DT, 2010 WL 743053, at \*8 (E.D. Mich. Feb. 26, 2010) (granting defendant's motion to dismiss; holding that a customer's use of plaintiff's trademark as part of a domain name used to negatively comment on plaintiff's business and use of a privacy protect service to conceal the defendant's identity did not evidence a bad faith intent to profit and therefore did not violate the ACPA);

If a domain name is used in bad faith, albeit not with a bad faith intent to profit, and the domain name actually is in use or was the subject of trafficking (but not mere registration), a mark owner may pursue online arbitration through ICANN's Uniform Domain Name Dispute Resolution Policy (UDRP). UDRP proceedings include potential traps for the unwary, but usually allow for quick and inexpensive relief in the form of an order transferring or canceling a domain name registration.<sup>112</sup> UDRP rulings, however, are not binding if either party files suit within ten business days from the time a party is notified of a final ruling, although as a practical matter most UDRP actions become final because they are not challenged.<sup>113</sup> Nevertheless, smart cybersquatters (as well as smart critics who have registered third party marks as domain names) know how to operate online without evidencing either bad faith or a bad faith intent to profit.

Sometimes disgruntled former employees, consumer critics and others making noncommercial use of a mark get cocky and cross the line into commercial activity (or move from legitimate commercial activity to conduct likely to cause confusion or dilution). Where infringement, dilution or cybersquatting may be shown, it may be enjoined. The scope of an injunction must be narrowly tailored to address infringement, however, not non-commercial activity. In *Nissan Motor Co. v. Nissan Computer Corp.*,<sup>114</sup> for example, defendants, Uzi Nissan and two commercial ventures he ran, had used his name in connection with various businesses for many years and had been using nissan.com since 1994 for commercial ventures unrelated to automobiles. After receiving a cease and desist letter from Nissan Motor Co. in 1995, Uzi Nissan also registered *nissan.net*. No legal action was taken at that time. In late 1999, however, Mr. Nissan began ac-

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*Mayflower Transit, LLC v. Prince*, 314 F. Supp. 2d 362 (D.N.J. 2004) (finding no bad faith intent to profit where a disgruntled former customer registered mayflowervanline.com to express dissatisfaction in doing business with the mark owner); *Northland Ins. Companies v. Blaylock*, 115 F. Supp. 2d 1108 (D. Minn. 2000) (denying a motion for injunctive relief where the plaintiff could not show a bad faith intent to profit in connection with the defendant's use of northlandinsurance.com to criticize plaintiff Northland Insurance Companies); see generally *infra* § 7.06 (analyzing the ACPA).

<sup>112</sup>See *infra* § 7.05.

<sup>113</sup>See *infra* § 7.05.

<sup>114</sup>*Nissan Motor Co. v. Nissan Computer Corp.*, 378 F.3d 1002 (9th Cir. 2004).

cepting automobile-related advertisements, at which point Nissan Motor Co. brought suit for infringement and dilution. Thereafter, he posted information about the lawsuit, solicited support from the public and established links to articles and other material that Nissan Motor Co. viewed as disparaging. The district court enjoined defendants from making any commercial use of the two domain names or linking to sites that contained negative or disparaging information about Nissan Motor Co.

The Ninth Circuit found initial interest confusion as a matter of law with respect to automobile-related uses, including links to third party sites (and remanded the case for further consideration of plaintiff's dilution claim). It vacated the part of the permanent injunction that restricted non-automobile related commercial content and disparaging material, however, as content-based restrictions that violated the First Amendment. The court held that this aspect of the order went "beyond control of the Nissan name as a source identifier"<sup>115</sup> and therefore constituted a content-based restriction on speech that was impermissible. It explained that where speech is not purely commercial—that is, if it does more than propose a commercial transaction—then it is entitled to full First Amendment protection. "Negative commentary about Nissan Motor does more than propose a commercial transaction and is, therefore, non-commercial."<sup>116</sup>

The Ninth Circuit also declined to transfer the two domain names.

Similarly, in *Garden of Life, Inc. v. Letzer*,<sup>117</sup> the defendant registered GardenofLife.com as a domain name before the plaintiff even acquired trademark rights in the same name, but he became greedy after being approached to sell the domain name registration and responded by registering more than seventy additional domain names that incorporated plaintiff's marks or products or the name of plaintiff's founder or a book he had authored. He also started using the domain names for sites that mocked Garden of Life, its founder and its products, but ultimately created confusion

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<sup>115</sup>*Nissan Motor Co. v. Nissan Computer Corp.*, 378 F.3d 1002, 1016 (9th Cir. 2004).

<sup>116</sup>*Nissan Motor Co. v. Nissan Computer Corp.*, 378 F.3d 1002, 1017 (9th Cir. 2004); see generally *infra* §§ 7.12, 9.03 (discussing the case in connection with domain names in chapter 7 and links in chapter 9).

<sup>117</sup>*Garden of Life, Inc. v. Letzer*, 318 F. Supp. 2d 946 (C.D. Cal. 2004).



about the origin of the sites and their connection to the plaintiff, resulting in a preliminary injunction order mandating, among other things, transfer of the domain names.<sup>118</sup>

Likewise, in *Faegre & Benson, LLP v. Purdy*,<sup>119</sup> the court, while acknowledging that the defendant had a fair use right to include plaintiff's marks in metatags for his "parody" criticism site about the plaintiff's law firm (particularly if he used a disclaimer), held that the defendant was not permitted to engage in wholesale copying of the metatags from plaintiff's site to use plaintiff's marks in metatags "in order to divert Internet users from Faegre's website."<sup>120</sup> The court explained that "Purdy's wholesale copying of some of Faegre's description tags indicates an intent to mislead the internet user rather than merely to categorize critical Web pages."<sup>121</sup>

On the other hand, filing suit can sometimes exacerbate the problem of adverse publicity created by a site making unauthorized use of a mark by drawing more attention to it—especially if the mark holder is unable to shut it down. In *Taubman Co. v. Webfeats*,<sup>122</sup> for example, the individual defendant, a Web designer who registered *shopsatwillowbend.com*, registered five more domain names after Taubman filed suit: *Taubmansucks.com*, *Shopsatwillowbendsucks.com*, *willowbendmallsucks.com* and *willowbendsucks.com*. During the pendency of the appeal, defendants also registered *giffordkrassgrohsprinklesucks.com*, which incorporated the name of the law firm representing Taubman. The court

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<sup>118</sup>*See Garden of Life, Inc. v. Letzer*, No. CV 04-2619 AHM(MANX), 2004 WL 1151593 (C.D. Cal. May 17, 2004) (ordering the transfer of seventy-two domain names as part of a preliminary injunction). The case subsequently settled. *See Garden of Life, Inc. v. Barry Letzer*, No. CV-04-2619 AHM (MANX), 2004 WL 1657396 (C.D. Cal. July 19, 2004) (entering as an order a stipulated permanent injunction).

<sup>119</sup>*Faegre & Benson, LLP v. Purdy*, 367 F. Supp. 2d 1238 (D. Minn. 2005).

<sup>120</sup>*Faegre & Benson, LLP v. Purdy*, 367 F. Supp. 2d 1238, 1247 (D. Minn. 2005).

<sup>121</sup>*Faegre & Benson, LLP v. Purdy*, 367 F. Supp. 2d 1238 (D. Minn. 2005) (enjoining the defendant from future use of plaintiff's marks as metatags, except as permitted by the Lanham Act); *see generally infra* § 9.10 (discussing the case further in connection with an analysis of metatags).

<sup>122</sup>*Taubman Co. v. Webfeats*, 319 F.3d 770 (6th Cir. 2003).

ultimately declined to preliminarily enjoin defendants' use.

In *Ford Motor Co. v. 2600 Enterprises*,<sup>123</sup> prior to the lawsuit the defendants were redirecting traffic from FuckGeneralMotors.com to plaintiff's website, Ford.com. After Ford filed suit, defendants put up a notice on their homepage inviting users to click on a link "[t]o learn more about FuckGeneralMotors.com . . ." When users clicked on the link, they were taken to FordReallySucks.com.<sup>124</sup>

These cases point out that it is better for owners to register domain names for obvious variations of their marks and sites, as well as any critical variations (such as companysucks.com) than to have to challenge critics in litigation. Even where remedies are available, the publicity resulting from a lawsuit (or even a cease and desist letter) may serve to popularize a critical blog or criticism site. In many cases, it is better to ignore an annoying but relatively obscure critic, rather than bring greater attention to his cause. Public relations and search optimization firms often can help generate positive content to counteract the negative effects of a criticism site. Where litigation is pursued, it is important that a claim be carefully thought out to avoid the multiple potential pitfalls outlined in this section.

Additional potential claims that may be raised in disputes involving critics (beyond merely those available under the Lanham Act) are outlined in section 9.13. A checklist of Lanham Act issues to consider is set forth in the following subsection.

#### **6.14[6] Checklist of Issues to Consider in Evaluating Critic, Fan, Parodist, Gripe, Consumer and Former Employee Sites**

The following is a checklist of issues to consider in evaluating disputes with purported fans, parodists or disgruntled customers or former employees. This checklist identifies elements that have been found or could be deemed relevant in litigation, but is not intended as an outline of the specific elements that necessarily must be proven to prevail in or defeat a claim. For example, the checklist includes a number of issues relating to links because this issue has been discussed in multiple cases, but the existence of links to

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<sup>123</sup>*Ford Motor Co. v. 2600 Enterprises*, 177 F. Supp. 2d 661 (E.D. Mich. 2001).

<sup>124</sup>See 177 F. Supp. 2d at 662 n.2.

third party sites is not a necessary element of a claim for relief and the absence of links does not, *per se*, provide a defense to claims for infringement, dilution, unfair competition or cybersquatting. The legal principles governing these disputes are analyzed extensively in sections 6.14[4] and 6.14[5]. Cases involving fans, parodists and disgruntled consumers and former employees often turn on the unique facts presented. This checklist is intended merely to provide guidance to parties in evaluating the merits of potential claims and defenses.

#### Commercial Use

- Is the site being used for commercial purposes?
- Are goods or services sold or advertised on the site or could it otherwise be characterized as commercial?
  - If so, are they merely incident to constitutionally protected speech (such as T-shirts that promote a particular message, which under certain circumstances could be viewed as either protected speech or actionable)?
- Is the site operated by a competitor or a cybersquatter?
- Is the site run by a legitimate fan, parodist or disgruntled former customer or employee? Or is the seemingly noncommercial nature of the site a sham?
- Is the site itself advertised in banner ads or sponsored links or elsewhere on the Internet?<sup>1</sup>
- Does the site use a mark in metatags in a commercial manner that is not a fair use?<sup>2</sup>
- Is the site attached to a domain name that uses a third party's mark as the domain name (company.com) in a manner that precludes the mark owner from using its own mark in a given Top Level Domain<sup>3</sup> or which is likely to cause initial interest confusion?<sup>4</sup> Or is the mark used in a non-confusing manner (companysucks.com)?

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#### [Section 6.14[6]]

<sup>1</sup>See *infra* § 9.11.

<sup>2</sup>See *infra* § 9.10.

<sup>3</sup>Note that this factor may be relevant in establishing commercial use of a mark only in some jurisdictions.

<sup>4</sup>If actionable, use of a mark as a domain name may be found to create initial interest confusion, where the doctrine is applied. See *infra* § 7.08[2].

- Are there links from the site to commercial locations?<sup>5</sup>
- Do the links connect directly to commercial pages or are the connections more attenuated?
- Does the site include merely one or two isolated links or does it include many commercial links?
- Are the links prominently featured?
  - Do the links and surrounding text create a commercial impression?
  - Is the site merely a conduit for another company or organization based on the limited nature of the site and the link(s) to another location?<sup>6</sup>

#### Elements of a Claim

- If the site is commercial:
- Is the use fair?
  - If the use plausibly may be fair, does the site use only so much of the mark as necessary or does it include prominent use of logos or other features on the site or in wallpaper or repeated use of the mark?<sup>7</sup>
- Is the plaintiff's mark distinctive (either inherently or as a result of secondary meaning)?
- Can likelihood of confusion be shown?<sup>8</sup>
  - Are the critical or humorous or otherwise noncommercial aspects of the site so apparent that there could not be any confusion?
  - Are disclaimers used (and if so are they effective)?<sup>9</sup>

<sup>5</sup>Links are rarely determinative in their own right, but may contribute to a finding that a mark is used in connection with the sale or substantial advertising of goods or services (and have been discussed in many consumer criticism cases). *See supra* § 6.14[5].

<sup>6</sup>*See Jews For Jesus v. Brodsky*, 993 F. Supp. 282, 297 (D.N.J. 1998) (“Considering the limited nature of the Defendant Internet site and its hyperlink to the Outreach Judaism Organization Internet site, it is apparent the Defendant Internet site is a conduit to the Outreach Judaism Organization Internet site, notwithstanding the statement in the Disclaimer [to the contrary] . . . .”), *aff'd mem.*, 159 F.3d 1351 (3d Cir. 1998).

<sup>7</sup>*See Playboy Enterprises, Inc. v. Welles*, 279 F.3d 796 (9th Cir. 2002); *see generally supra* § 6.14[3].

<sup>8</sup>*See supra* §§ 6.08, 6.09.

<sup>9</sup>Disclaimers are likely to be ineffective if a case turns on initial interest confusion because the disclaimer will not be seen prior to the time of initial interest confusion. *See infra* § 7.08[3].

- Does the court where a case is or may be venued recognize initial interest confusion?<sup>10</sup>
- Can dilution by tarnishment or blurring be shown?<sup>11</sup>
- Can other acts of unfair competition under the Lanham Act be shown?<sup>12</sup>
- Even if the site is not commercial, may suit nonetheless be maintained under the Anticybersquatting Consumer Protection Act based on a potential defendant's bad faith intent to profit from use, registration or trafficking in a domain name confusingly similar to, or dilutive of, plaintiff's mark?
- If bad faith and use may be shown, but not a bad faith intent to profit, should online arbitration be sought through a UDRP proceeding?<sup>13</sup>

#### Relief

- Can irreparable injury be shown?
- Where injunctive relief is sought, is the proposed order narrowly tailored to avoid impinging upon constitutionally protected speech?
- Is relief sought for all potential Internet uses, including in connection with websites, domain names, sponsored links and banner ads, metatags or other hidden text, links and frames, social networks and blogs?<sup>14</sup>
- Can the mark owner obtain an order transferring a domain name registration, or merely one that prohibits infringing uses?
  - the ACPA authorizes transfer, among other remedies<sup>15</sup>
  - transfer or a negative injunction may be obtained in the court's discretion in a trademark infringement or dilution suit or a claim for unfair competition
- Will taking action popularize the site or otherwise generate negative publicity for the trademark owner?

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<sup>10</sup>See *infra* § 7.08[2].

<sup>11</sup>See *supra* § 6.11.

<sup>12</sup>See *supra* § 6.12.

<sup>13</sup>See *infra* § 7.05.

<sup>14</sup>See *infra* § 6.16[1].

<sup>15</sup>See *infra* § 7.06.

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**Volume 1**


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**Part I. Sources of Internet Law and Practice: A Framework for Developing New Law**

- Chapter* 1. Context for Developing the Law of the Internet  
 2. A Framework for Developing New Law  
 3. [Reserved]

**Part II. Intellectual Property**

4. Copyright Protection in Cyberspace  
 5. Database Protection, Screen Scraping and the Use of Bots and Artificial Intelligence to Gather Content and Information  
 6. Trademark, Service Mark, Trade Name and Trade Dress Protection in Cyberspace  
 7. Rights in Internet Domain Names

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**Volume 2**


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- Chapter* 8. Internet Patents  
 9. Unique Intellectual Property Issues in Search Engine Marketing, Optimization and Related Indexing, Information Location Tools and Internet and Social Media Advertising Practices  
 10. Misappropriation of Trade Secrets in Cyberspace  
 11. Employer Rights in the Creation and Protection of Internet-Related Intellectual Property  
 12. Privacy and Publicity Rights of Celebrities and Others in Cyberspace  
 13. Idea Protection and Misappropriation

**Part III. Licenses and Contracts**

14. Documenting Internet Transactions: Introduction to Drafting License Agreements and Contracts  
 15. Drafting Agreements in Light of Model and Uniform Contract Laws: UCITA, the UETA, Federal Legislation and the EU Distance Sales Directive  
 16. Internet Licenses: Rights Subject to License and Limitations Imposed on Content, Access and Development  
 17. Licensing Pre-Existing Content for Use Online: Music, Literary Works, Video, Software and User Generated Content Licensing Pre-Existing Content  
 18. Drafting Internet Content and Development Licenses  
 19. Website Development and Hosting Agreements  
 20. Website Cross-Promotion and Cooperation: Co-Branding, Widget and Linking Agreements  
 21. Obtaining Assent in Cyberspace: Contract Formation for Click-Through and Other Unilateral Contracts  
 22. Structuring and Drafting Website Terms and Conditions  
 23. ISP Service Agreements

---

**Volume 3**


---

- Chapter* 24. Software as a Service: On-Demand, Rental and Application Service Provider Agreements

**Part IV. Privacy, Security and Internet Advertising**

25. Introduction to Consumer Protection in Cyberspace  
 26. Data Privacy  
 27. Cybersecurity: Information, Network and Data Security  
 28. Advertising in Cyberspace

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**Volume 4**


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- Chapter* 29. Email and Text Marketing, Spam and the Law of Unsolicited Commercial Email and Text Messaging

30. Online Gambling

**Part V. The Conduct and Regulation of Internet Commerce**

31. Online Financial Transactions and Payment Mechanisms  
 32. Online Securities Law  
 33. Taxation of Electronic Commerce  
 34. Antitrust Restrictions on Technology Companies and Electronic Commerce  
 35. State and Local Regulation of the Internet  
 36. Best Practices for U.S. Companies in Evaluating Global E-Commerce Regulations and Operating Internationally

**Part VI. Internet Speech, Defamation, Online Torts and the Good Samaritan Exemption**

37. Defamation, Torts and the Good Samaritan Exemption (47 U.S.C.A. § 230)  
 38. Tort and Related Liability for Hacking, Cracking, Computer Viruses, Disabling Devices and Other Network Disruptions  
 39. E-Commerce and the Rights of Free Speech, Press and Expression In Cyberspace

**Part VII. Obscenity, Pornography, Adult Entertainment and the Protection of Children**

40. Child Pornography and Obscenity  
 41. Laws Regulating Non-Obscene Adult Content Directed at Children  
 42. U.S. Jurisdiction, Venue and Procedure in Obscenity and Other Internet Crime Cases

**Part VIII. Theft of Digital Information and Related Internet Crimes**

43. Detecting and Retrieving Stolen Corporate Data  
 44. Criminal and Related Civil Remedies for Software and Digital Information Theft  
 45. Crimes Directed at Computer Networks and Users: Viruses and Malicious Code, Service Disabling Attacks and Threats Transmitted by Email

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**Volume 5**


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- Chapter* 46. Identity Theft  
 47. Civil Remedies for Unlawful Seizures

**Part IX. Liability of Internet Sites and Service (Including Social Networks and Blogs)**

48. Assessing and Limiting Liability Through Policies, Procedures and Website Audits  
 49. The Liability of Platforms (including Website Owners, App Providers, eCommerce Vendors, Cloud Storage and Other Internet and Mobile Service Providers) for User Generated Content and Misconduct  
 50. Cloud, Mobile and Internet Service Provider Liability and Compliance with Subpoenas and Court Orders  
 51. Web 2.0 Applications: Social Networks, Blogs, Wiki and UGC Sites

**Part X. Civil Jurisdiction and Litigation**

52. General Overview of Cyberspace Jurisdiction  
 53. Personal Jurisdiction in Cyberspace  
 54. Venue and the Doctrine of Forum Non Conveniens  
 55. Choice of Law in Cyberspace  
 56. Internet ADR  
 57. Internet Litigation Strategy and Practice  
 58. Electronic Business and Social Network Communications in the Workplace, in Litigation and in Corporate and Employer Policies  
 59. Use of Email in Attorney-Client Communications

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## ABOUT THE AUTHOR

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### IAN C. BALLON

Ian Ballon is Co-Chair of Greenberg Traurig LLP's Global Intellectual Property and Technology Practice Group and is a litigator based in the firm's Silicon Valley and Los Angeles offices. He defends data privacy, cybersecurity breach, TCPA, and other Internet and mobile class action suits and litigates copyright, trademark, patent, trade secret, right of publicity, database and other intellectual property matters, including disputes involving Internet-related safe harbors and exemptions and platform liability.



Mr. Ballon was the recipient of the 2010 Vanguard Award from the State Bar of California's Intellectual Property Law Section. He also has been recognized by *The Los Angeles and San Francisco Daily Journal* as one of the Top 75 Intellectual Property litigators, Top Cybersecurity and Artificial Intelligence (AI) lawyers, and Top 100 lawyers in California.

In 2017 Mr. Ballon was named a "Groundbreaker" by *The Recorder* at its 2017 Bay Area Litigation Departments of the Year awards ceremony and was selected as an "Intellectual Property Trailblazer" by the *National Law Journal*.

Mr. Ballon was named as the Lawyer of the Year for information technology law in the 2019, 2018, 2016 and 2013 editions of *The Best Lawyers in America* and is listed in Legal 500 U.S., *The Best Lawyers in America* (in the areas of information technology and intellectual property) and Chambers and Partners USA Guide in the areas of privacy and data security and information technology. He also serves as Executive Director of Stanford University Law School's Center for E-Commerce in Palo Alto.

Mr. Ballon received his B.A. *magna cum laude* from Tufts University, his J.D. *with honors* from George Washington University Law School and an LLM in international and comparative law from Georgetown University Law Center. He also holds the C.I.P.P./U.S. certification from the International Association of Privacy Professionals (IAPP).

In addition to *E-Commerce and Internet Law: Treatise with Forms 2d edition*, Mr. Ballon is the author of *The Complete CAN-SPAM Act Handbook* (West 2008) and *The Complete State Security Breach Notification Compliance Handbook* (West 2009), published by Thomson West ([www.IanBallon.net](http://www.IanBallon.net)).

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- > **Circuit splits on Article III standing in cybersecurity litigation** (chapter 27)
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