

TRADEMARK LAWS.
© 2002-03 Brett J. Trout

1. Introduction

There are many types of Intellectual Property, but the principal categories include patents, trademarks, copyrights and trade secrets. While an intangible may be protected under more than one type of Intellectual Property, it is very important not to confuse the different categories; the laws governing them are vastly different. Often the owner of the intellectual property has a choice of protection strategies. As you might well imagine, the more complex and expensive strategies typically provide the greatest protection.

2. Trademark

A trademark is a word, name or phrase or symbol used to identify the source or origin of a good or service provided through commerce. Trademark rights arise through use of the trademark in association with a good or service. For this reason, "naked" assignments of trademarks are not allowed. A valid assignment must assign the goodwill associated with the trademark. As soon as a trademark is used in commerce in association with a good or service, common law rights to the trademark attach. These common law rights can be rather effective in obtaining an injunction or a judgment against an infringer.

States also provide trademark protection.¹ State laws provide for both registration and enforcement. These state law protections, however, are often not much more valuable than common law rights. Accordingly, most trademark owners opt either for common law or federal law protection.

Federal trademark registration² provides several benefits, including treble damages and attorney fees for willful infringement. Federal registration also provides national constructive notice of the owners trademark rights. While federal trademark registrations must be renewed every ten years, trademark rights themselves are indefinite, lasting until the mark becomes abandoned, or in rare cases, generic.

The protection afforded a particular trademark depends in large part to how descriptive the mark is of the particular product or service provided in association with the mark. For example, if the product is apples, the mark "APPLE" would be deemed "generic," the mark "RED" would be deemed "descriptive," the mark "DEVIL'S FRUIT" would be "suggestive," the mark "ROYAL" would be "arbitrary," and the mark "QWIPPLE" would be "fanciful." These

¹ See Iowa Code Section 548 et seq.

² United States Code Title 15

distinctions are important as generic marks are neither protectable nor registerable, while suggestive, arbitrary and fanciful marks are both protectable and registerable.

Descriptive marks fall into two categories -- the descriptive and the merely descriptive. Descriptive marks, while often not registerable in and of themselves, may be registerable if the owner can demonstrate that consumers have attached a "secondary meaning" to the mark. Secondary meaning attaches when, in the minds of consumers, the mark is associated more with the particular product than with the word's ordinary meaning. If a mark is determined to be merely descriptive, however, the mark is not federally registerable. The United States Patent and Trademark Office has determined that in such cases the descriptive nature of the mark is such that no amount of advertising or sales would be sufficient to override the consuming public's descriptive association with the mark.

Trademarks are not limited to words, but include logos and symbols, and may even include such diverse attributes as color, in the case of pink fiberglass, sound, as is the case with the NBC chimes, or scent, for floral scented yarn. Trademarks typically associated with the Internet include .com Domain Names (of which over 30,000 are presently pending), animated browser icons, and "e" (for electronic), "I" (for Internet), and "o" (for online) marks, such as E-VIDEO or I-MUSIC. As with any other type of trademark, the types of protection available range from common law protection, which attaches to a protectable mark as soon as it is used in association with a good or service, to state law registration, to federal law registration. While state law protection provides some added benefit over common law registration, it is no substitute for full, federal registration, which provides constructive notice of the trademark rights and the availability treble damages and attorney fees in the case of willful infringement.

In determining whether to register your domain name as a trademark, it is important to be sure that your domain name is not merely an address, but acts as a source identifier for your particular good or service. The domain name must not primarily be a surname, without some evidence of secondary meaning, and must not be primarily geographically descriptive or misdescriptive. When registering your domain name, it is important not to register the <http://www>. portion of your domain name, and it is typically advisable to leave off the top-level domain name, such as .com or .biz from any registration. Such top-level domain names do not add additional uniqueness to your registration sufficient to overcome a similar mark, but may be held to limit the scope of your protection against subsequent infringers.

In determining infringement of trademark in the context of the worldwide web, the analysis is similar to that used in any other trademark analysis. Courts look at not only the similarity of the marks in sound, meaning and appearance, but also the similarity of goods or

services used in association with the marks, the similarity of trade channels, the sophistication of the associated buyers, the relative strength or weakness of the marks, and the existence or absence of any actual confusion in the minds of the consuming public.

If a court finds a trademark to have been infringed, the available remedies include an injunction, as well as the trademark owner's damages or the infringer's profits associated with the usage. In the case of a federal registration, as noted above, willful infringement may lead to treble damages and attorney fees in exceptional cases.

Special trademark issues arise online. Some of these issues relate to metatagging, "suck" sites, framing, keywords and domain names. Although there are many more trademark issues online, only these primary issues are discussed in detail below.

Metatags.

Metatags are invisible words on a webpage, coded into the hypertext markup language (HTML) used to create the page. Although the words are not visible to the naked eye, spiders, software used to collect data about webpages, can "see" the metatags and use this information to rank webpages for search engines. Unscrupulous website owners sometimes incorporate a competitor's trademark numerous times into various metatags, to increase the website's search engine ranking. This draws the competitor's customers to the website, without having to actually display the competitor's trademark.³ Although the competitor's trademark is not actually displayed, courts have uniformly held such bad faith use of a competitor's trademark in metatags is an infringement courts will enjoin.⁴ Although metatagging is generally forbidden, a metatagger may employ many legal defenses: When charged with cybersquatting, most defendants successfully argue that the Anticybersquatting Consumer Protection Act (ACPA)⁵ applies only to use of another's trademark in a domain name and does not apply to such use in metatags.⁶ This defense, of course, only removes an ACPA claim.

Many metataggers also try to employ the defense of "fair use," albeit with much less success. As in traditional trademark disputes, an accused infringer may successfully claim the use of the trademark in metatags or otherwise was merely descriptive. In one case, a former Playboy Playmate used the metatag "Playboy" to draw traffic to her website.⁷ In allowing this usage, the court found the usage to be truthful, accurate and factual. A trademark may also be used in a geographically descriptive manner. While metatagging the word "Amazon" might be

³ In Internet Explorer you can view the Metatags yourself by clicking on "Source" under the "View" pull-down menu.

⁴ Playboy Enterprises, Inc. v. Calvin Designer Label, 985 F.Supp. 1220 (N.D.Cal. 1997).

⁵ 15 U.S.C. Section 1125(d)

⁶ Bihari v. Gross, 2000 W.L. 1409757 (S.D.N.Y. Sept. 25, 2000)

⁷ Playboy v. Terri Welles, Civ.No. C-97-3204 (N.D.Cal., Sept. 8, 1997)

acceptable in association with a documentary, or atlas website concerning that particular geographic region. It would not be acceptable in association with a retail bookseller's website.

Another defense metataggers employ is their right of free speech. As with traditional trademark law, courts have been lenient in allowing the use of trademarks in association with opinion and critical commentary.⁸ Courts' leniency, however, is inversely proportional to the commercial nature of a particular website. If your website is generating substantial revenue attributable to the use of the trademark, the fair use defense may be out of reach.

Some metataggers claim that although the trademark is indeed used in the metatags, there is no likelihood that consumers will be confused as to source of origin of the website and, therefore, no infringement has occurred. This argument is viable in the context of a vendor selling an unrelated product in good faith, if the metatagging was done in bad faith, however, to attract the trademark owner's customers, the courts will enjoin the usage. Accused infringers often argue that although there may be initial confusion, when the customer reaches the website, the website clearly details that the website is unrelated to the trademark owner. Unfortunately, courts have held that this "initial interest" confusion is substantial enough to support a case of trademark infringement, and will typically enjoin such usage.

In addition to an injunction, metatagging can lead to damage awards into the millions of dollars.⁹ Accordingly, if you are a web designer, it is critical to place metatag liability clearly in the lap of the customer. Although the web designer is actually inputting the metatags into the code, it is the customer who dictates and, therefore, should be responsible for, the content itself. If you are the customer, you would be well advised to contact a trademark attorney to discuss any potential metatag issues before embarking on a course of action which could lead to seven-figure damages.

"Suck" Sites

Another issue associated with trademark online is the use of so-called "suck" sites. With the low-cost and wide dissemination associated with web sites, disgruntled customers and employees often create web sites under the entity's trademark, simply adding "sucks" to the end of the domain. In a case such as Walmartsucks.com, the particular individual can cause the entity a substantial amount of bad press and grief. If such activities are not conducted for profit, and are simply used as a platform to vent non-defamatory views about an entity, they often acquire substantial First Amendment protection and can be extremely costly and difficult, if not

⁸ Bihari v. Gross

⁹ PEI v. Asia Focus Int'l Inc., Civ.No. C-97-3204 (N.V.Cal., Sept. 8, 1997) (\$3 Million damage award).

impossible, for the entity to remove. Accordingly, when investigating available domain names, it is often wise to investigate the availability of the "suck" site domain name as well.

Framing.

Another activity associated with the web site includes "framing," whereby a web site includes a link to an alternate web site. Instead of merely displaying the alternate web site, the web site "frames" the website with banner advertising or the original web site's marks or logos, thereby giving the impression the content is associated with or provided by the original link provider. Such activity could subject the purveyor to substantial liability including, but not limited to, copyright and/or trademark infringement.

Keywords.

Paid ad placement in association with search engine requests is big business. Typically a user types a word into a search engine. Along with the ranked results, the search engine often displays a paid advertising banner relating to the word. By associating the advertising banner with the requested word, the search engine is able to extract premium advertising rates from the competitor. Although courts have held that such usage is allowable in the case of words such as "PLAYBOY", having alternative English meanings, courts have held that such activity in association with unique trademarks may very well constitute actionable infringement.

Domain Names.

One obtains rights to a domain name by registering the name with a top-level domain name registrar. Although there are numerous top-level domain name registrars, all are bound by the Uniform Domain Name Dispute Resolution Policy ("UDRP"). The Internet Corporation for Assigned Names and Numbers ("ICAN"), implemented this policy on October 24, 1999. The UDRP allows for electronic submission of domain name disputes and the arbitration thereof. The four dispute resolution providers, the World Intellectual Property Organization ("WIPO"), the National Arbitration Forum ("NAF"), eResolution Consortium ("eRS"), and the CPR Institute for Dispute Resolution ("CPR"), all use alternative dispute resolution tools in their dispute resolution procedures. Although the resolution procedures are similar, the outcome varies substantially, ranging from a 40% finding in favor of complainant by eRS to an 81% finding in favor of complainant by WIPO.

While a trademark owner can always file a trademark infringement suit, the UDRP is often much cheaper and faster, and has the ability to reach international defendants who might not otherwise be under the purview of the United States courts. To obtain a favorable resolution in favor of the complainant, the complainant must prove (a) the domain name at issue is identical, or confusingly similar, to a trademark or service mark in which the complainant has rights, (b) the

registrant of the domain name at issue has no rights or legitimate interest in the domain name, and (c) the registrant registered and used the domain name in bad faith.

Another avenue for addressing domain name disputes is the AntiCybersquatting Consumer Protection Act ("ACPA")¹⁰. The ACPA was signed into law November 30, 1999. Whereas trademark law relates to uses of marks in association with a specified good or service, the ACPA applies to any bad faith intent to profit from a trademark that is distinctive or famous. Although compensatory damages and statutory damages, ranging from \$1000 to \$100,000 per abuse, are available, if the registrant is beyond the jurisdiction of the federal courts, the trademark owner can institute a "in rem" proceed, foregoing personal liability in exchange for cancellation and/or transfer of a domain name registered by a person outside of the United States.

¹⁰ 15 USC Section 1115(d)