

## FOCUS ON THE INTERNET

## Protecting trademark rights over the Internet

In recent years, the worldwide web, i.e., internet, has become one of the most effective ways for a company to promote itself, as well as the goods and services it has to offer throughout the United States and the world. The Internet has been defined as "A global network connecting millions of computers. More than 100 countries are linked into exchanges of data, news and opinions."<sup>1</sup>

One of the most significant legal issues relating to the Internet is interplay of the Internet and trademarks. While domain name issues and cybersquatting are certainly very hot topics, there are many other issues related to the use of trademarks on the Internet. An overview of some of the more significant trademark issues on the World Wide Web, follows.

#### Domain Name Law/Cybersquatting

One common misperception among Internet entrepreneurs is that simply registering a domain name with an officially licensed domain name registrar such as [www.register.com](http://www.register.com) or [www.networksolutions.com](http://www.networksolutions.com) creates certain rights in the domain name registrant. An analogous example would be if the New York Secretary of State grants a corporate name to a party requesting the same. The ministerial act of registering a corporate name does not confer trademark rights to the name holder and immunize the name holder from trademark infringement by using the corporate name. Therefore, it is essential for parties seeking to register a domain name to conduct a comprehensive trademark search to determine whether third parties have legitimate trademark rights in a desired domain name. Failure to conduct such a search can open up a domain name user to a litany of

potential legal difficulties.

In the early days of the Internet, there was little regulation relating to the registration of trademarks as domain names. However, once the Internet began to influentially drive commerce, this lack of regulation cre-



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ated significant barriers for trademark holders who often had to resort to paying off "cybersquatters" to recover a disputed domain name. In addition, the lack of regulation of domain names created confusion among consumers expecting to obtain information about a particular product or service online and then being directed to an unrelated website. Accordingly, it became necessary to create a system whereby trademark owners could easily recover domain names from unauthorized "cybersquatters."

Presently, there are two avenues available to U.S. trademark owners seeking to transfer and secure a domain name from a "cybersquatter." The first is through filing of a complaint utilizing the Uniform Domain Name Dispute Resolution Policy ("UDRP"). The UDRP, implemented in 1999, is an internationally recognized proceeding to which all domain name registrars must subscribe. Many trademark owners utilize this quick and relatively inexpensive method (at least as compared to full-blown trademark litigation) to obtain a domain name to which the trademark owner is legally entitled. To be successful in a UDRP proceeding, a trademark owner must establish (1) the domain name is identical or confusingly similar to a trademark in which the trademark owner has rights, (2) the present domain name holder has no rights or legitimate interests in the domain name, and (3) the domain name has been registered and is being used in bad faith by the

present domain name holder.<sup>2</sup>

Generally speaking, a UDRP proceeding is desirable because it is relatively inexpensive and a trademark owner will obtain a resolution regarding the dispute fairly quickly. However, the UDRP does have significant limitations. Firstly, the only remedies available to UDRP Complainants include the cancellation of a domain name owned by the domain name holder or registrant (the UDRP respondent), as well as the transfer of the domain name to the trademark holder (the UDRP complainant). It is not possible for a trademark owner to recover damages through a UDRP proceeding. In addition, the decision in a domain name proceeding is not necessarily the final decision in a trademark/domain name dispute. If the trademark owner (the UDRP complainant) is unhappy with the decision because the panel decides against transferring the domain name, then the trademark owner may still file a complaint in a court of competent jurisdiction under federal trademark law.

If a trademark owner is not satisfied with the decision in a UDRP proceeding, or wants to recover monetary damages against an unauthorized cybersquatter, many trademark owners will utilize the Anti-Cybersquatting Consumer Protection Act (1999) (the "ACPA"), which was incorporated into the Lanham Act (1946), the statute passed by Congress regulating trademark law.

To recover monetary damages or obtain an injunction under the ACPA, a trademark owner must establish the domain name registrant has bad faith intent to profit from a trademark as detailed in the Lanham Act and registers, traffics in, or uses the domain name identical or confusingly similar to a distinctive trademark.<sup>3</sup>

#### Other types of trademark infringement on the Internet

While the issues of cybersquatting

or domain name law have garnered significant media attention over the last decade, the Internet has opened up a Pandora's box of new potential trademark infringement issues. A few of the new issues that have been raised regarding the use of trademarks on the Internet will follow:

#### **Sale of trademarked "keywords"**

Presently when an Internet user is seeking information about a particular subject, he/she will typically use a well-known search engine such as Yahoo® or Google® and enter certain key words. Typically search engines will list the search results based on relevance according to the terms listed in the search query.

However, many of these search engines including Yahoo® and Google® offer a service whereby it is possible for entities to bid on certain "keywords" so that their websites are listed as "sponsored links."

One of the most used and successful search web sites in the world is Google®. One of the ways that Google® makes money is by selling advertising space on search pages as "sponsored links" located on the top of, and to the right of the non-paid search results. These text blocks appear when users enter in certain "keywords" into the search field. As an example, when a user e.g., types in a word such as "automobile" into the Google® search engine, the first hit to come up under the sponsored link section is a website with the domain name [www.newcar.com](http://www.newcar.com), which is a website where a user could obtain a quote on the cost of a new automobile.<sup>4</sup>

A lesser known practice that Google® utilizes is the sale of the registered trademarks of third parties to companies or individuals looking to attract customers to a particular industry. Therefore, for example, if a user were to type in the wording, e.g., "Arrow Electronics" into the Google® search engine, a sponsored link would appear on the right side of the search results for the domain name [www.supplyfx.com](http://www.supplyfx.com) which is a website

which promotes an on-line quote management tool, created specifically for the electronics industry.<sup>5</sup>

As one might expect, this practice has upset trademark owners, who feel that third parties are playing off the fame of their existing trademarks to attract people to a competitor's site. Presently, Google's® policy is to sell trademarks as "keywords" to the highest bidder, as long as the content of the advertisement that appears on the search results page does not include the trademark purchased as a "keyword".

One company, Geico®, the well-known insurance company, was so unhappy with this policy it took action by filing suit in federal court in the Eastern District of Virginia, against Google® on the grounds that the selling of trademarks as "keywords" to third parties constituted trademark infringement. Google® responded by filing a motion to dismiss the claims of trademark infringement on the grounds that the sale of trademarks as "keywords" is not trademark infringement.

In a bench ruling the judge ruled on two different points.<sup>6</sup> The judge first held that use of another entity's trademark in the text of a sponsored link on a search results web page may constitute trademark infringement. However, the judge then held, in this particular decision, that using a trademarked term as a "keyword" did not create confusion, as long as the purchased "keyword" did not appear in the text of the sponsored link. In other words, the judge found Google® incurred no liability for just selling "keywords." Geico® simply failed to present sufficient evidence to establish that confusion existed between its registered trademark and the sponsored link which did not contain the wordage.

Therefore, the judge may have been implying if there was evidence demonstrating that the Google® practice of selling trademarked "keywords" created consumer confusion, then it may be possible for a trade-

mark owner to establish trademark infringement, even if the trademark was not used in the text or body of the sponsored link.

#### **Pop-up Advertising**

In a related matter the Second Circuit Court of Appeals recently issued a decision regarding the use of pop-up advertising utilizing the "trademark" of a competitor.<sup>7</sup> In this case, the defendant was the distributor of software which triggered a "pop-up" advertisement for Vision Direct, one of the competitors of the plaintiff 1-800-CONTACTS, each time an individual computer user would type in the Plaintiff's 1-800-CONTACTS web site. The Second Circuit held that as a matter of law, creating and distributing software directing a "pop-up" advertisement to appear on a computer user's monitor while viewing a web page, is not "use" of a trademark and therefore does not constitute trademark infringement.

#### **Conclusion**

While the World Wide Web provides many exciting opportunities for business owners to promote their goods and services, the unchecked nature of business and commerce that takes place on the web creates many legal problems for trademark owners. It is important that trademark owners carefully monitor the use of their trademark on the Internet both by their own company and unauthorized third parties.

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1. <http://www.webopedia.com/>

2. Uniform Domain Name Dispute Resolution Policy 4(a) (1999).

3. 15 U.S.C. §1125 (2005)

4. <http://www.newcars.com/>

5. <http://www.quoteix.com/discover/index.html>

6. *Government Employees Insurance Co. v. Google Inc.*, 330 FS2d 700;73 USPQ2d 1212 (DC EVa 2004)

7. *1-800 Contacts Inc. v. WhenU.com*, 414F2d75 USPQ2d 1161 (CA 2 2005).