

Trademark Law Update

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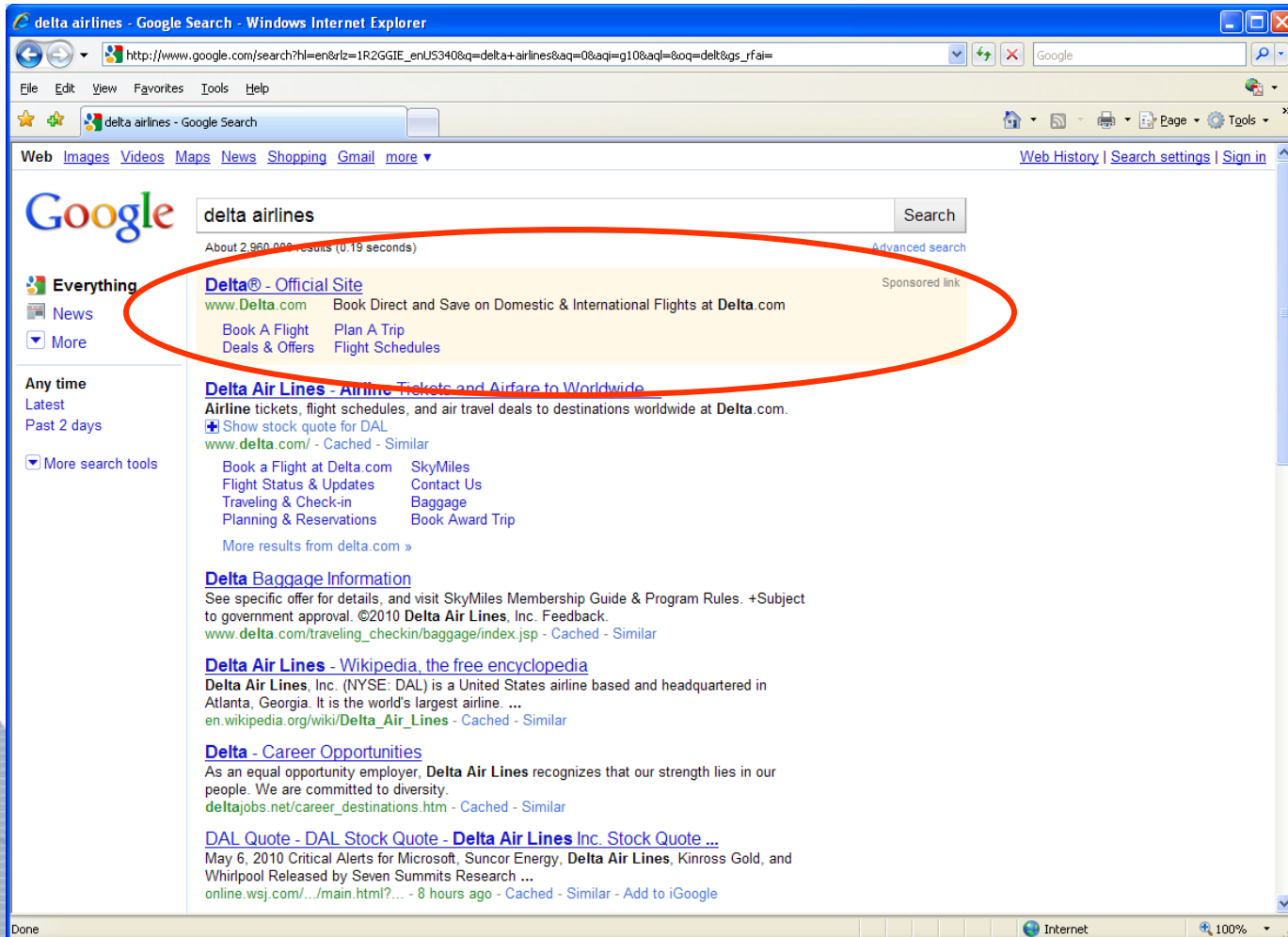
1. Keyword search terms - use in commerce: *Rescuecom v. Google*
2. Contributory infringement: *Tiffany v. eBay*
3. Trademark dilution
4. Fraud on the PTO: *In re Bose Corporation*

Search Engine Keywords

The screenshot shows a Google search for "sun country airlines" in an Internet Explorer browser. The search results page displays several organic and sponsored links. Two red circles highlight specific areas:

- The first circle highlights the top organic search results, including:
 - Sun country airlines** (www.SunCountry.com) - Rated the #1 Domestic Airline in Customer Satisfaction. Sun Country. Includes links for Fare Sale, Vacation Packages, Ufly Rewards, and Flight Schedule.
 - Sun Country Flights** (www.SunCountryFlights.Kayak.com) - Book Sun Country Deals Easily Find Deals on 100s of Sites.
 - Sun Country Airfare Sale** (www.CheapCenter.com/SunCountry) - Buy Cheap Sun Country Air Tickets. Extra \$10 Off Ends Soon. Book Now!
- The second circle highlights a sponsored link:
 - Sun Country Flights** - Fares Just Dropped! Flights Starting at \$49* LowFares.com/Cheap-Flights
 - NEW - \$49 Airline Tickets** - Fly Anywhere w/ Airline Tickets As Low As \$49! InsanelyCheapFlights.Travelspot.us Minneapolis-St. Paul, MN

Search Engine Keywords



Why Keywords Matter

- Approximately 9.5 billion Google searches each month
- Internet advertising profits increased from \$6 Billion in 2002 to \$23.4 Billion in 2008.
- Google Maps
- Twitter, Facebook, other social networking

“Use in Commerce”

- Whether defendant’s use qualifies as “use in commerce” under Lanham Act is threshold question.
 - *See, e.g., Hysitron Inc. v. MTS Sys. Corp.*, 2008 WL 3161969 (D. Minn. Aug. 1, 2008); 15 U.S.C. § 1127.

Rescuecom Resolves Use in Commerce Question

- Second Circuit previously held that purchasing third party trademark is not use in commerce
 - *1-800 Contacts, Inc. v. WhenU.com, Inc.*, 414 F.3d 400 (2d. Cir. 2005).
- Majority held purchase of third party trademark is use in commerce
 - *See, e.g., Google Inc. v. Am. Blind & Wallpaper*, 2007 WL 1159950 (N.D. Cal. April 18, 2007); *J.G. Wentworth S.S.C. Ltd. P'ship v. Settlement Funding LLC*, 2007 WL 30015 (E.D. Pa. 2007).

Basis of Rescuecom Opinion - Distinguishing from *1-800 Contacts*

1. Google sold the exact trademarked term to third parties
 2. Google allowed third parties to select any term, even encouraging the purchase of trademarked terms through the Keyword Suggestion Tool.
 3. Purchase of keywords is external
1. Only the domain name was sold as a search term.
 2. Users could only choose categories of advertising.
 3. Uses were only internal, appearing in unpublished directory on software.

Keyword Battle is Now Likelihood of Confusion

- Surveys more important, but few have been done
 - See, e.g., *Geico v. Google, Inc.*, 77 U.S.P.Q.2d 1841 (E.D. Vir. 2005); *Edina Realty, Inc. v. THEMLSONLINE.COM*, 2006 WL 737064 (D. Minn. March 20, 2006)

Contributory Infringement

- *Tiffany (NJ) Inc. v. eBay INC.*, 600 F.3d 93 (2d. Cir. 2010).
 - “Significant portion” of “Tiffany” jewelry sold on eBay was counterfeit
 - eBay received complaints and informed that some counterfeit goods were sold
 - Authentic Tiffany goods also sold on eBay

eBay's Use of "Tiffany"

- Advertised Tiffany goods on its website
- Purchased sponsored links for keyword "Tiffany"
- "Tiffany on eBay. Find tiffany items at low prices."

eBay's Remedial Actions

- “Notice-and-takedown” system
- “Special warning messages” to sellers advertising Tiffany goods
- Suspended suspected counterfeit sellers
- Link to tiffany.com with warning about counterfeit goods

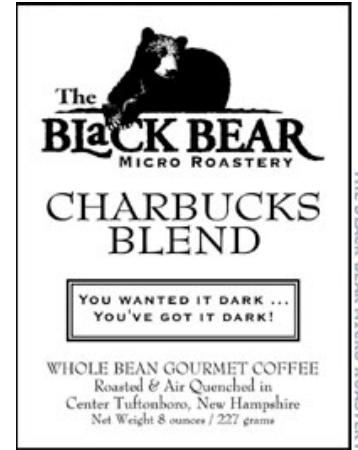
Contributory Infringement Test

- “Continues to supply its [service] to one whom it knows or has reason to know is engaging in trademark infringement”
- “Generalized knowledge” of counterfeit sales is not enough
- Must have “contemporary knowledge of which particular listings are infringing”

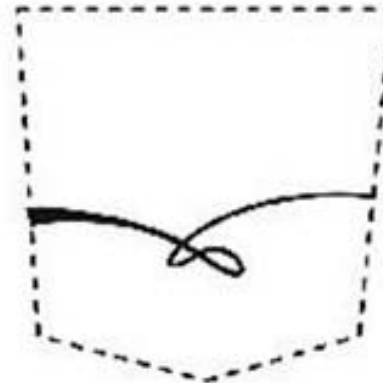
Trademark Dilution

- Association arising from similarity between a mark and a famous mark that impairs distinctiveness of famous mark
- Trademark Dilution Revision Act 2006 6 factors:
 - Degree of similarity between marks
 - Degree of distinctiveness of famous mark
 - Extent to which owner of famous mark has substantially exclusive use of the mark
 - Degree of recognition of famous mark
 - Whether user of non-famous mark intended to create association
 - Actual association between the mark and the famous mark

Find the Dilution



Levi's



Abercrombie and Fitch

Starbucks Corp. v. Wolfe's Borough Coffee, Inc., 588 F.3d 97 (2d. Cir. 2009)

- Starbucks sues for dilution based on use of CHARBUCKS marks for coffee
- Bench trial: finds no dilution
- Then TDRA enacted
- Another bench trial: finds no dilution

Second Circuit Held

- TDRA does not require marks to be “substantially similar”
- Similarity only one factor
- Remanded because error in requiring substantial similarity likely affected court’s analysis of other factors

How Will *Levi Strauss* Compare?

- 9th Circuit considering *Levi Strauss v. Abercrombie & Fitch*, 2009 WL 1561432 (N.D. Ca. 2009)
- Bench trial: dilution not found
- Holding: marks must be “identical or nearly identical” to prove dilution
- Court discredited survey

Fraud on the PTO – *In re Bose Corp.*, 580 F.3d 1240 (Fed. Cir. 2009)

- Previous standard: *Medinol*
- “A trademark applicant commits fraud in procuring a registration when it makes material representations . . . which it knows or should know to be false or misleading.”
- Test became what registrant objectively *should have known*.

Bose facts

- Bose's general counsel signed declaration to renew its registration stating that Bose continued to use the WAVE mark on "audio tape recorders and players" even though Bose had ceased making those products.
- Basis for declaration was that company continued to repair and service the products.

The dispute

- Bose filed a Notice of Opposition against application for the mark HEXAWAVE.
- Defense counterclaimed, seeking cancellation of WAVE mark, arguing that Bose committed fraud on the PTO due to the misstatements in its registration.
- TTAB held that Bose's general counsel should have known that his declaration was untrue.

Federal Circuit reverses TTAB; overturns *Medinol*

- Held: fraud on the PTO occurs only if the applicant knowingly makes a false, material representation with the intent to deceive the PTO.
- “There is no fraud if a false misrepresentation is occasioned by an honest misunderstanding or inadvertence without a willful intent to deceive.”